



25th Session

25 February – 1 March | 15 – 26 July 2019

Selected Decisions and Documents



Selected Decisions and Documents for **the twenty-fifth session**

25 February – 1 March | 15 – 26 July 2019

INTERNATIONAL SEABED AUTHORITY

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Report of the Secretary-General of the International Seabed Authority under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea

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I. Introduction

1. The present report is submitted to the Assembly of the International Seabed Authority pursuant to article 166, paragraph 4, of the 1982 United Nations Convention on the Law of the Sea (“the Convention”). The report provides information on the work of the Authority during the period from July 2018 to June 2019.
2. The Authority is an autonomous international organization established under the Convention and the 1994 Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea (“the 1994 Agreement”). It is the organization through which States parties to the Convention, in accordance with the Convention and the 1994 Agreement, organize and control activities in the Area, in particular with a view to administering the resources of the Area.
3. The Authority has a number of other obligations under the Convention, including the obligation to distribute to States parties payments or contributions in kind derived from the exploitation of the non-living resources of the continental shelf beyond 200 nautical miles, pursuant to article 82, paragraph 4, of the Convention.
4. Pending the approval of the first plan of work for exploitation, the Authority is to concentrate on the 11 areas of work listed in paragraph 5 of section 1 of the annex to the 1994 Agreement. In the light of the outcome of the first periodic review of the international regime of the Area pursuant to article 154 of the Convention, the Assembly adopted in 2018 the first strategic plan of the Authority for the period 2019–2023 (ISBA/24/A/10). The strategic plan embodies the vision for the implementation of Part XI and other provisions relating to the Area under the Convention and the 1994 Agreement. The plan provides direction for the development and implementation of the Authority’s mandate under the Convention and the 1994 Agreement, taking into consideration the current and projected workload, resources and capacity as well as other relevant international agreements, processes, principles and objectives, including the 2030 Agenda for Sustainable Development.

II. The Area

5. The Area is defined as the seabed and subsoil thereof beyond the limits of national jurisdiction. Establishing the exact geographic limits of the Area thus depends on the delineation of the limits of national jurisdiction, including the delineation of the continental shelf extending beyond 200 nautical miles from the baseline of the territorial sea. Pursuant to article 84, paragraph 2, of the Convention, coastal States are obliged to give due publicity to charts or lists of geographical coordinates and, in the case of those showing the outer limit lines of the continental shelf, to deposit a copy of each such chart or list with the Secretary-General of the Authority.
6. As at 31 May 2018, 10 members of the Authority have deposited such charts and lists with the Secretary-General, namely: Australia, Bahrain, France (with respect to Martinique, Guadeloupe, Guyana, New Caledonia and the Kerguelen islands), Ireland, Mauritius, Mexico, Niue, Pakistan, the Philippines and Tuvalu.
7. The Secretary-General urges all coastal States to deposit such charts or lists of coordinates as soon as possible after the establishment of the outer limit lines of their continental shelf, up to and beyond 200 nautical miles, in accordance with the relevant provisions of the Convention. The secretariat circulated a note verbale on 9 April 2019 requesting the deposit of such charts or lists of coordinates.

III. Membership of the Authority

8. In accordance with article 156, paragraph 2, of the Convention, all parties to the Convention are, ipso facto, members of the Authority. As at 31 May 2018, there were 168 parties to the Convention (167 States and the European Union) and thus 168 members of the Authority. On the same date, there were 150 parties to the 1994 Agreement. There were no further ratifications of or accessions to the Convention or the 1994 Agreement during the period covered by the present report.

9. There are therefore still 18 members of the Authority that became parties to the Convention before the adoption of the 1994 Agreement and that have yet to become parties to the Agreement. These are: Bahrain, Bosnia and Herzegovina, Comoros, Democratic Republic of the Congo, Djibouti, Dominica, Egypt, Gambia, Guinea-Bissau, Iraq, Mali, Marshall Islands, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sao Tome and Principe, Somalia and Sudan.

10. As provided by General Assembly resolution 48/263 and the 1994 Agreement itself, the provisions of the 1994 Agreement and Part XI of the Convention are to be interpreted and applied together as a single instrument. In the event of any inconsistency between the 1994 Agreement and Part XI of the Convention, the provisions of the 1994 Agreement shall prevail. Although members of the Authority that are not parties to the 1994 Agreement necessarily participate in the work of the Authority under arrangements based on that Agreement, becoming a party to the 1994 Agreement would remove any incongruity that currently exists for those States. The Secretary-General encourages those States to become parties to the Agreement at the earliest possible opportunity. The secretariat sent a note verbale individually to those States to that effect on 9 April 2019.

IV. Permanent missions to the Authority

11. As at 31 May 2019, the following 25 States, in addition to the European Union, maintained permanent missions to the Authority: Algeria, Argentina, Antigua and Barbuda, Bangladesh, Belgium, Brazil, Cameroon, Chile, China, Cuba, France, Gabon, Germany, Italy, Jamaica, Japan, Mexico, Nigeria, Panama, Republic of Korea, Russian Federation, Saint Kitts and Nevis, South Africa, Spain and Trinidad and Tobago. During the reporting period, new permanent representatives of Jamaica, Mexico, Germany, Chile, France and South Africa presented their credentials to the Secretary-General.

12. The Secretary-General held briefing sessions for the permanent missions to the Authority in December 2018 and February 2019 on the progress of the Authority's work and the programme of events to celebrate the twenty-fifth anniversary of the Authority. A separate visit to the headquarters was made by a delegation from Brazil in April 2019.

V. Protocol on the Privileges and Immunities of the International Seabed Authority

13. The Protocol on the Privileges and Immunities of the International Seabed Authority was adopted by the Assembly on 27 March 1998 and entered into force on 31 March 2003. Romania acceded to the Protocol on 14 June 2018. This brings the total number of parties to 47: Albania, Antigua and Barbuda, Argentina, Austria, Brazil, Bulgaria, Burkina Faso, Cameroon, Chile, Croatia, Cuba, Czechia, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Ghana, Guinea, Guyana, India,

Iraq, Ireland, Italy, Jamaica, Jordan, Lithuania, Mauritius, Mozambique, Netherlands, Nigeria, Norway, Oman, Panama, Poland, Portugal, Romania, Senegal, Slovakia, Slovenia, Spain, Togo, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland and Uruguay. A further 11 States have signed the Protocol but have yet to ratify it: Bahamas, Côte d'Ivoire, Greece, Indonesia, Kenya, Malta, Namibia, North Macedonia, Pakistan, Saudi Arabia and Sudan.

14. Members of the Authority that are not yet parties are strongly encouraged to take the necessary steps to become parties to the Protocol at their earliest convenience. The secretariat circulated a note verbale to that effect on 25 March 2019.

VI. Relations with the host country

15. The secretariat enjoys an excellent and cordial working relationship with the host country. A meeting was held in February 2019 between the Secretary-General and the Minister for Foreign Affairs and Foreign Trade of Jamaica, Kamina Johnson Smith, to discuss matters of common interest, including issues relating to the condition of the secretariat building, the proposed United Nations House project, the twenty-fifth anniversary of the Authority, visas for interns, scheduled meetings and other activities in Kingston and other matters of mutual interest. A follow-up meeting was held in April 2019 between officials of the Ministry and the secretariat. During that meeting, it was reiterated that the annual meeting would be held at the ministerial and Secretary-General level. Both sides agreed to establish a host country committee, which would meet quarterly to further enhance cooperation over the above-mentioned matters, with ad hoc meetings as required.

VII. Administrative matters

A. Secretariat

16. The secretariat is one of the principal organs of the Authority. In accordance with article 166 of the United Nations Convention on the Law of the Sea, the secretariat shall comprise a Secretary-General and such staff as the Authority may require. The number of established posts in the secretariat as at 22 May 2019 was 44 (26 Professional, 2 National and 16 General Service).

17. During the reporting period, three staff members retired, five separated from service and five vacant positions were filled, in addition to changes in temporary staffing arrangements.

18. The secretariat has attached importance to gender balance, particularly within the Professional and higher categories, as well as strategies to promote greater diversity within the workforce. Of all current 42 staff members (with 2 vacancies), 25 are women. The introduction of the United Nations Volunteers (UNV) and Junior Professional Officer programmes provide potential donors with alternative means to support the work of the Authority without increasing the regular budget, as well as encouraging diversity. An annual recruitment plan identifying the Junior Professional Officer requirements and strategic priorities for the respective offices of the secretariat will be developed and shared with interested members and potential donors.

19. In 2018, in the light of the growing requirements of the secretariat, the host Government allocated additional space in the headquarters building to the Authority. The area was renovated and rehabilitated to serve as a conference services area and delegates' lounge. The secretariat also refurbished the working space on the second

floor of the headquarters building to accommodate new staff arrivals and provide a better working environment.

B. Participation in the common system of the United Nations

20. The Authority applies the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies of the United Nations system. The Authority subscribed to the statute of the International Civil Service Commission (ICSC) with effect from January 2013 (see [ISBA/18/A/7](#)).

21. The secretariat was represented at the eighty-eighth session of ICSC, held at United Nations Headquarters in March 2019. The agenda included activities since the previous session, a review of consultative process and working arrangements in the Commission, working groups on operational rules, a review of General Service staff salary survey methodologies, career development and relocation shipment.

VIII. Financial matters

A. Budget

22. At its twenty-fourth session, the Assembly adopted the budget for the financial period 2019–2020 in the amount of \$18,235,850 (see [ISBA/24/A/11](#) and [ISBA/24/A/6–ISBA/24/C/19](#)).

B. Status of contributions

23. In accordance with the Convention and the 1994 Agreement, the administrative expenses of the Authority shall be met by assessed contributions of its members until the Authority has sufficient funds from other sources to meet those expenses. The scale of assessments shall be based on the scale used for the regular budget of the United Nations, adjusted for differences in membership. As at 31 May 2019, 62 per cent of the value of contributions to the 2019 budget due from member States and the European Union had been received. Only 29 per cent of the membership of the Authority had fully paid their 2019 assessed contributions.

24. Contributions outstanding from member States for prior periods (1998–2018) amounted to \$805,026 as at 31 May 2019. Notices are sent on a regular basis to member States, reminding them of the arrears. In accordance with article 184 of the Convention and rule 80 of the rules of procedure of the Assembly, a member of the Authority which is in arrears in the payment of its financial contribution shall have no vote if the amount of its arrears equals or exceeds the amount of financial contribution due from it for the preceding two years. As at 31 May 2019, the following 56 members of the Authority had been in arrears for two years or more: Angola, Belarus, Belize, Benin, Brazil, Burkina Faso, Cameroon, Cabo Verde, Chad, Comoros, Congo, Democratic Republic of the Congo, Djibouti, Dominican Republic, Eswatini, Equatorial Guinea, Gabon, Gambia, Grenada, Guinea, Guinea-Bissau, Honduras, Kenya, Lao People's Democratic Republic, Lebanon, Lesotho, Liberia, Lithuania, Malawi, Malaysia, Mali, Marshall Islands, Mauritania, Mongolia, Namibia, Niger, North Macedonia, Pakistan, Papua New Guinea, Saint Lucia, Saint Vincent and the Grenadines, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, State of Palestine, Sudan, Suriname, Timor-Leste, Tunisia, Uganda, Vanuatu, Yemen, Zambia and Zimbabwe.

25. As at 31 May 2019, the balance of the working capital fund stood at \$632,839 against an approved level of \$660,000.

C. Voluntary Trust Fund for the members of the Legal and Technical Commission and the Finance Committee

26. The Voluntary Trust Fund for the participation of members of the Legal and Technical Commission and the Finance Committee from developing countries was established in 2002. As at 31 May 2019, the total contributions to Fund over its lifetime amounted to \$886,464. During the reporting period, contributions were made by China (\$20,000), the Philippines (\$2,500) and various contractors (\$30,010, by Global Sea Mineral Resources NV; Marawa Research and Exploration Ltd., Nauru Ocean Resources Inc., UK Seabed Resources Ltd. and the Government of Poland). As at 31 May 2019, the balance of the Fund was \$69,759.

D. Voluntary Trust Fund for the members of the Council

27. At its twenty-third session, the Assembly requested the Secretary-General to establish a Voluntary Trust Fund to support the participation of members of the Council from developing States (see [ISBA/23/A/13](#)). As at 31 May 2019, the total contributions to the fund amounted to \$80,000, from Global Sea Mineral Resources NV, Nauru Ocean Resources Inc., Ocean Mineral Singapore PTE Ltd. and UK Seabed Resources Ltd, (\$20,000 each). As at 31 May 2019, the balance of the Fund was \$39,541.

E. Voluntary Trust Fund for the Special Representative of the Secretary-General for the Enterprise

28. At the first part of its twenty-fifth session, the Council requested the Secretary-General to establish a voluntary trust fund for the purpose of providing the requisite funds related to the work of the Special Representative of the Secretary-General for the Enterprise (see [ISBA/25/C/16](#)). The fund was created on 1 March 2019. As at 31 May 2019, two contributions had been made totalling \$17,500, with \$10,000 from Nauru Ocean Resources Inc. and 7,500 from Global Sea Mineral Resources NV, and the balance of the fund was \$3,125.

F. Endowment Fund for Marine Scientific Research in the Area

29. The Assembly established the Endowment Fund for Marine Scientific Research in the Area in 2006 (see [ISBA/12/A/11](#)). Detailed rules and procedures for the administration and utilization of the Fund were adopted in 2007 (see [ISBA/13/A/6](#), annex).

30. As at 31 May 2019, the capital of the Fund stood at \$3,503,567. At the same date, a total amount of \$582,617 had been disbursed from the interest accrued on the capital in the form of awards for projects. During 2019, contributions to the Fund were made by the Government of China (\$20,000) and the Government of Monaco (\$5,251).

G. Trust Fund for extrabudgetary support to the International Seabed Authority

31. The Authority receives extrabudgetary funds from member States and other donors, intended to support non-regular activities or activities not funded by the approved budget of the Authority. These may be one-off contributions or funds to support multi-year programmes or projects. Funds are to be used in accordance with the terms agreed with the respective donors, including reporting and audit requirements. In March 2018, the Secretary-General created a multi-donor trust fund for extrabudgetary support to the activities of the Authority. The fund is established pursuant to regulation 5.5 of the Financial Regulations of the Authority and shall be administered in accordance with the Financial Regulations.

32. As at 31 May 2019, the fund had a balance of \$630,716, being the result of \$754,569 of donations from the Pew Charitable Trusts (\$36,000), the African Development Bank (\$27,500), the Government of the Republic of Korea (\$20,000), the Norwegian Agency for Development Cooperation (\$524,069), the National Environment Research Council of the United Kingdom (\$10,000), the Department of Economic and Social Affairs (\$90,000), the Government of Monaco (\$17,000) and the Government of China (\$30,000), less expenditures recorded in accordance with project agreements in the amount of \$123,867, bank charges and interest.

IX. Satya N. Nandan Library

33. The Satya N. Nandan Library, named after the first Secretary-General of the Authority, is the main information resource for the secretariat, member States, permanent missions and other researchers seeking specialist information on the law of the sea, ocean affairs, deep seabed mining and seabed resources.

34. During the reporting period, the secretariat continued to improve library technologies, collaborations and shared services, and online repositories, in order to strengthen infrastructure and services to help bring down the cost of the provision of scientific and legal information and to position the library as a high-quality research centre. The library management system provides the facility to explore library materials using an online public access catalogue, bringing together print and digital publications, articles and web resources. The library catalogue and the system can be accessed at computer terminals in the Library.

35. The Library is an active member of the International Association of Aquatic and Marine Science Libraries and Information Centres and the Library and Information Association of Jamaica. The Library continues to strengthen its collaboration with the International Tribunal for the Law of the Sea and is a partner with the Tribunal in the United Nations System Electronic Information Acquisition Consortium. The Consortium is a system-wide libraries initiative, used through the United Nations system libraries, which generates considerable savings for participating agencies and continues to be beneficial to both the Authority and the Tribunal.

36. The Library continues its regular acquisition programme to develop the collection. During the reporting period, the holdings were further augmented by generous donations from organizations and individuals. The Secretary-General is grateful to all who supported the library, in particular: the Korean Society of Oceanography; the Polish Geological Institute; the Center for Oceans Law and Policy, the University of Virginia; the Law of the Sea Institute at the University of California, Berkeley; the Planning Institute of Jamaica; and the Ministry of Science, Energy and Technology of Jamaica. Individual donations were also received from Zhiguo Gao, International Tribunal for the Law of the Sea; Philomene Verlaan, University of

Hawai'i at Mānoa (Honolulu, United States of America); Nobuyuki Kato, Faculty of Law, Hokkaigakuen University, Sapporo, Japan; Sebastian E. Volkmann, Faculty of Georesources and Materials Engineering, RWTH Aachen University.

X. Communications, outreach and website

A. Communication and outreach

37. The secretariat proactively engages and communicates with members of the Authority and other stakeholders to inform them of issues related to the Convention and of the priorities and activities of the Organization. The outreach activities include cooperation with other organizations in the United Nations system on matters within the mandate of the Authority, including the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization (UNESCO) in relation to the preparation phase of the United Nations Decade of Ocean Science for Sustainable Development.

38. In order to advance the mission of the Authority by enhancing the visibility, credibility and impact of its activities and ensuring the effective dissemination of information to, and feedback from, its main target groups, the Secretary-General has established a communications unit within the secretariat. Its main function is to coordinate and initiate engagement with the media and relevant stakeholders. As part of its deliverables, the communications unit has initiated a communications campaign and outreach activities to support the goals and strategic directions of the Authority and has formulated a communications and stakeholder engagement strategy that will be submitted for public consultation in June 2019.

39. Outreach activities carried out during the reporting period included the issuance of policy briefs and technical studies summarizing legal and scientific workshops or seminars hosted by the Authority or jointly coordinated with members of the Authority, contractors or other stakeholders. In June 2019, a dedicated event was also organized by the Authority to celebrate World Oceans Day 2019, in partnership with the Ministry of Foreign Affairs and Foreign Trade of Jamaica and the Caribbean Maritime University.

40. The secretariat has continued to provide live video streaming for the Council and Assembly meetings.

B. Website

41. Progress has been made on the development of a new website for the Authority. The interface and session page were given priority, considering that the final phases of this initiative will be implemented progressively until the end of the year. The main objective is to better present and disseminate the various aspects of the work of the Authority in a consistent format that ensures the provision of an effective communication medium. The new website is powered by Drupal, an open-source content management platform, and is compatible with cross-browser platforms and mobile devices. A separate secure extranet will be maintained for members of the Legal and Technical Commission and the Finance Committee in order to keep them abreast of all the information that they need to perform their functions as members of those organs.

XI. Previous session of the Authority

A. Twenty-fourth session

42. The twenty-fourth session of the Assembly was held in Kingston from 23 to 27 July 2018. The Assembly held its 171st to 178th meetings and elected Mariusz Orion Jędrysek (Poland) as its President. During the session, the Assembly considered the annual report of the Secretary-General of the Authority, submitted in accordance with article 166, paragraph 4, of the Convention (see [ISBA/24/A/2](#) and a summary of the discussion in [ISBA/24/A/12](#)). The Assembly adopted a decision relating to the election to fill the vacancies on the Council (see [ISBA/24/A/9](#)) and a decision relating to the strategic plan of the Authority for the period 2019–2023 (see [ISBA/24/A/10](#)). The Assembly also adopted a decision relating to the budget of the Authority for the financial period 2019–2020 (see [ISBA/24/A/11](#) and [ISBA/24/A/12](#), para. 32). For the first time, the president of the Council gave an oral report to the Assembly on the work of the Council, and the Assembly requested that the practice should be a standing item on the agenda of the Assembly.

43. The twenty-fourth session of the Council was held in two parts, 10 meetings from 5 to 9 March and 10 meetings from 16 to 20 July 2018. Olav Myklebust (Norway) was elected as President. During the session, the Council considered the draft exploitation regulations in an informal setting (for details, see the statement of the President of the Council on the work of the Council as contained in [ISBA/24/C/8](#) and [ISBA/24/C/8/Add.1](#)). The Council also considered a report by the Secretary-General on the implementation of the decision of the Council in 2017 relating to the summary report of the Chair of the Legal and Technical Commission (see [ISBA/24/C/6](#)), the summary report of the Chair of the Commission on the work of the Commission during the twenty-fourth session (see [ISBA/24/C/9](#) and [ISBA/24/C/9/Add.1](#)) and adopted a decision relating to that report ([ISBA/24/C/22](#)). Acting on the recommendation of the Finance Committee, the Council adopted a decision relating to the budget of the Authority for the financial period 2019–2020 (see [ISBA/24/C/21](#)).

B. First part of the twenty-fifth session of the Council

44. The first part of the twenty-fifth session of the Council was held from 25 February to 1 March 2019. Lumka Yengeni (South Africa) was elected as President of the Council. The Council continued its consideration of the draft exploitation regulations in an informal setting and focused on pending key issues, including development regarding: the financial and payment mechanism; standards and guidelines and key concepts; delegation of functions and regulatory efficiencies; the relationship between the draft exploitation regulations and regional environmental management plans; further implementation of the precautionary approach; the mechanism and process for the independent review of environmental plans and performance assessments; and the inspection mechanism. The Council also considered matters related to the Enterprise on the basis of the report of the Special Representative for the Enterprise and adopted a decision on the Special Representative for the Enterprise (see [ISBA/25/C/16](#)). The statement of the President on the work of the Council at the first part of the twenty-fifth session is contained in document [ISBA/25/C/17](#).

45. On 21 and 22 February 2019, the first meeting of the open-ended working group of the Council in respect of the development of a financial and payment mechanism was held prior to the Council meeting. The Council agreed to the use of the voluntary trust fund to support the participation of members of the Council from the developing States in the second meeting of the working group in July 2019 (see [ISBA/25/C/17](#)).

XII. Strategic plan for the Authority for the five-year period 2019–2023

46. At its twenty-fourth session, the Assembly approved the strategic plan of the Authority for the period 2019–2023 (ISBA/24/A/10) which includes nine strategic directions to enable the Authority to realize its mission objectives. As the next step in the development of the Strategic Plan, the Assembly requested the Secretary-General, inter alia, to prepare a high-level action plan and to include key performance indicators and a list of outputs for the next five years, taking into account available financial and human resources. A draft high-level action plan identifying the actions required and providing the linkage between the Authority's strategy and the work of the various organs of the Authority has been developed and submitted for public consultation in May 2019. The draft will be revised to take into account the suggestions and comments received during the consultation period and submitted for consideration and adoption by the Assembly. A more detailed report on the implementation of the Strategic Plan is issued as a separate document.

XIII. Ongoing supervision of contracts for exploration and award of new contracts

A. Status of contracts for exploration

47. As at 31 May 2019, 29 contracts for exploration had entered into force (17 for polymetallic nodules, 7 for polymetallic sulphides and 5 for cobalt-rich ferromanganese crusts).

48. On 21 December 2018, an application for approval of a plan of work for exploration for polymetallic nodules in the Area of the Western Pacific Ocean was received from Beijing Pioneer Hi-Tech Development Corporation. The Commission considered the application in March 2019, during the first part of its session and will continue to do so in July, during the second part of its session.

B. Status of annual reports submitted by the contractors

49. Each contractor is required to submit an annual report to the Secretary-General within 90 days of the end of each calendar year, covering its programme of activities in the exploration area. In this respect, 29 annual reports in relation to 29 exploration contracts have been received by the secretariat.

C. Informal meeting of the contractors

50. Starting from 2017, the Secretary-General has convened an annual meeting of contractors. The next such meeting is scheduled for October 2019. The purposes of the meeting will include: further progressing discussion on the transparency of contracts; the status of the development of the regulatory framework for the exploitation of mineral resources; the status of the development of standards and guidelines in relation to the exploitation regulations; and the holding of informal exchanges on other matters of common concern.

XIV. Progressive development of the regulatory regime for activities in the Area

A. Prospecting and exploration

51. There are currently three sets of regulations covering prospecting and exploration for polymetallic nodules ([ISBA/19/C/17](#), annex), polymetallic sulphides ([ISBA/16/A/12/Rev.1](#), annex) and cobalt-rich ferromanganese crusts ([ISBA/18/A/11](#), annex).

52. The regulations are supplemented by recommendations for the guidance of contractors issued by the Legal and Technical Commission. At present, recommendations that have been issued by the Commission include:

(a) Recommendations for the guidance of contractors and sponsoring States relating to training programmes under plans of work for exploration ([ISBA/19/LTC/14](#));

(b) Recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for marine minerals in the Area ([ISBA/19/LTC/8](#)), which were revised by the Commission in March 2019 ([ISBA/25/LTC/6](#));

(c) Recommendations for the guidance of contractors for the reporting of actual and direct exploration expenditure ([ISBA/21/LTC/11](#));

(d) Recommendations for the guidance of contractors on the content, format and structure of annual reports ([ISBA/21/LTC/15](#)).

B. Exploitation

53. In July 2018, the Legal and Technical Commission issued revised draft regulations on exploitation of mineral resources in the Area (see [ISBA/24/LTC/WP.1/Rev.1](#)) for consideration by the Council of the International Seabed Authority, together with a commentary setting out matters on which the Commission sought the Council's guidance and identifying key matters that remained under consideration by the Commission (see [ISBA/24/C/20](#)). In response, the Council provided comments on the revised draft, which are annexed to the statement by the President of the Council on its work during the second part of the twenty-fourth session (see [ISBA/24/C/8/Add.1](#), annex I), and invited members of the Council to provide written comments on the revised draft by 30 September 2018. An overview of those comments, including those received from other stakeholders, and a discussion of the common themes arising in the submissions was provided to the Council (see [ISBA/25/C/2](#)). The Council continued its consideration during the first part of its 2019 session, in February/March, and provided further direction and guidance to the Commission (see [ISBA/25/C/17](#)).

54. During the first part of its 2019 session, in March, the Commission continued to consider the draft exploitation regulations as a matter of priority. On 15 March, the Commission issued a set of revised draft regulations, together with an accompanying commentary introducing changes to the text (see [ISBA/25/C/WP.1](#) and [ISBA/25/C/18](#)).

55. In May 2019, a workshop on the development of standards and guidelines for the mining code was held in Pretoria. The workshop was organized by the Authority in collaboration with the Government of South Africa and the Government of the United Kingdom. The outcome of the workshop will be issued as an International Seabed Authority technical study in due course.

C. National laws and regulations relating to deep seabed mining

56. At the seventeenth session of the Authority, in 2011, the Council requested the Secretary-General to prepare a report on the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with regard to activities in the Area, and invited, for that purpose, sponsoring States and other members of the Authority, as appropriate, to provide the secretariat with information on, or the texts of, relevant national laws, regulations and administrative measures (see [ISBA/17/C/20](#), para. 3). During the eighteenth session, the Council made the matter a standing item on its agenda and requested the Secretary-General to prepare an updated report annually for consideration by the Council. Subsequently, the secretariat established an online database of the information on, or the texts of, national laws, regulations and administrative measures that had been submitted to it.

57. As at 31 May 2019, the following 33 States had provided information on, or the texts of, relevant national laws, regulations and administrative measures: Belgium, Brazil, China, Cook Islands, Cuba, Czechia, Dominican Republic, Fiji, France, Georgia, Germany, Guyana, India, Japan, Kiribati, Mexico, Micronesia (Federated States of), Montenegro, Nauru, Netherlands, New Zealand, Nigeria, Niue, Oman, Republic of Korea, Russian Federation, Singapore, Sudan, Tonga, Tuvalu, United Kingdom, United States of America and Zambia. A submission was also received from the secretariat of the Pacific Community.

58. A comparative study on existing national legislation with a view to deriving common elements was conducted by the secretariat and posted on the website of the Authority. The study will be issued as an International Seabed Authority technical study.

XV. Promotion and encouragement of marine scientific research in the Area

59. The promotion of marine scientific research with respect to activities in the Area, with particular emphasis on research related to the environmental impact of activities in the Area, is a key focus area for the Authority. The Authority has engaged in several international initiatives as a partner in support of marine scientific research.

60. A workshop on processing technologies, metal recoveries and their impact on the economic feasibility of deep-sea mining was held by the Authority in Warsaw from 3 to 6 September 2018, in collaboration with Interoceanmetal Joint Organization and the Polish Ministry of Environment.

61. In February 2019, the secretariat initiated its collaboration with scientific groups and stakeholders to operationalize the Authority's existing work on developing a taxonomic atlas for the Clarion-Clipperton Zone and to standardize methodologies for taxonomic identification in support of deep sea observations and environmental monitoring and management. This initiative forms the core of two voluntary commitments of the Authority with respect to the United Nations Conference to Support the Implementation of Sustainable Development Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development, on improving the assessment of essential ecological functions of the deep sea oceans through long-term underwater oceanographic observatories in the Area; and enhancing deep sea marine biodiversity assessment through the creation of online taxonomic atlases linked to deep mining activities in the Area. A small group of experts met to identify potential areas of collaboration in an informal meeting

convened jointly by the secretariat and the Natural History Museum, London, in London in June 2019.

XVI. Regional environmental management plans

62. The Council adopted the first-ever environmental management plan for the Area in the Clarion-Clipperton Zone in 2012 (see [ISBA/17/LTC/7](#), [ISBA/17/C/19](#) and [ISBA/18/C/22](#)). The process included the designation of a network of nine areas of particular environmental interest through a collaborative process involving relevant stakeholders. Since 2012, the Council has repeatedly called upon the secretariat and the Legal and Technical Commission to make progress on the development of similar regional environmental management plans in other parts of the Area, in particular where those currently covered by contracts for exploration (see, inter alia, [ISBA/20/C/31](#), [ISBA/21/C/20](#), [ISBA/22/C/28](#) and [ISBA/23/C/18](#)). These calls have been reflected in the resolutions of the General Assembly.

63. In March 2019, a note was prepared by the secretariat to assist the Council in its consideration of the relationship between the draft regulations on exploitation of mineral resources in the Area and regional environmental management plans (see [ISBA/25/C/4](#)). Noting that such plans are not legal instruments but rather instruments of environmental policy, comments were articulated on the status of such plans and on their compliance scope vis-à-vis environmental requirements to applicants and contractors in the draft regulations. The Council also took note of a report of the Secretary-General on the implementation of the Authority's strategy for the development of regional environmental management plans for the Area (see [ISBA/25/C/13](#)), including a draft programme of work of the secretariat to implement the preliminary strategy for the development of regional environmental management plans for the period 2019–2020.

64. Several workshops have been planned for 2019 and 2020 to facilitate the development and review of regional environmental management plans. In May 2019, an expert meeting to explore the feasibility of applying various management approaches to regional environmental management plans, building on experiences and lessons learned from other ocean industries, was convened in Paris by the Atlantic regional environmental management plan project (sponsored by the European Union) in collaboration with the Authority. In October 2019, an expert workshop on deep Clarion-Clipperton Zone biodiversity synthesis will be convened by the secretariat and the Deep Clarion-Clipperton Zone (CCZ) Project of the University of Hawaii to review and analyse recent seafloor ecosystem data from the Clarion-Clipperton Zone to synthesize patterns of biodiversity, community structure, species ranges, genetic connectivity, ecosystem function and habitat heterogeneity along and across the Clarion-Clipperton Zone, and to assess the representativity of the areas of particular environmental interest relative to exploration contract areas.

65. In November 2019, a workshop on regional environmental assessment in support of the development of a regional environmental management plan for the northern Mid-Atlantic Ridge will be held in Portugal (subject to final confirmation), in collaboration with the Atlantic regional environmental management plan project and the Government of Portugal. In November 2019, a workshop will be held in Germany to discuss strategic approaches for developing regional environmental management plans, in collaboration with the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany. In February 2020, the second workshop on developing a regional environmental management plan in the cobalt-crust area of the north-west Pacific will be held in the Republic of Korea, in collaboration with the Ministry of Oceans and Fisheries of the Republic of Korea and

the Korea Institute of Ocean Science and Technology, building on the work of the workshop held in Qingdao, China, in May 2018. In June 2020, a workshop on developing a regional environmental management plan for the northern Mid-Atlantic Ridge will be held in the Russian Federation, in collaboration with the Atlantic regional environmental management plan project and the Ministry of Natural Resources and Environment of the Russian Federation.

XVII. Data management strategy

66. The data management programme has completed all nine phases of the initial implementation plan outlined in [ISBA/22/LTC/15](#), which saw the delivery of a fit-for-purpose database and application interface to store the Authority's digital data. Beta version releases of the database and application were initiated in October 2018, the first of which was conducted with representatives of the contractors. The second beta version release was conducted with members of the Commission in March 2019. Feedback received from both groups has been incorporated into subsequent versions. The environmental data of the Authority's database will be made available to the public during the final launch of the Authority's database management system in July 2019. The draft data management strategy report is to be submitted to the Commission for consideration during its July 2019 session. A series of training courses and workshops are to be conducted with the various stakeholders to address issues related to data management and effective use of the database and website interface.

XVIII. Capacity development and training

67. The Authority carries out its mandate of promoting marine scientific research in the Area and building the capacity of developing States in deep-sea research and technology through the contractor training programme, the Endowment Fund for Marine Scientific Research in the Area and the internship programme.

A. Contractor training programme

68. The Authority's contractors have a legal obligation to provide and fund training opportunities for trainees from developing States and the Authority. From 2013 to 2018, a total of 98 training places were provided by 19 contractors. The types of training included at-sea training, engineering training, fellowship training (including master's and PhD programmes), internships, workshops and seminars. Among the selected trainees, 34 were from the African group, 31 from the Asia-Pacific group, 3 from the Eastern European group and 30 from the Group of Latin American and Caribbean States. A total of 39 of the 98 trainees were women.

69. As at 31 May 2019, 36 candidates had been selected for training placements in 2019 pursuant to 11 exploration contracts (15 from the African group, 11 from the Asia-Pacific group, and 10 from the Group of Latin American and Caribbean States). A total of 18 of the successful candidates were women. All training opportunities are advertised on the Authority's website and social media platforms and are circulated to members of the Authority.

70. If all existing contracts and approved plans of work are implemented according to the recommendations made by the Legal and Technical Commission with respect to training programmes, approximately 270 additional training places will be made available by contractors between 2019 and 2023.

B. Endowment Fund for Marine Scientific Research in the Area

71. The Endowment Fund for Marine Scientific Research in the Area aims to promote and encourage the conduct of marine scientific research in the Area for the benefit of mankind as a whole, in particular by supporting the participation of qualified scientists and technical personnel from developing countries in marine scientific research programmes and offering them opportunities to participate in training, technical assistance and scientific cooperation programmes. In 2017, pursuant to the agreed procedures, an advisory panel was appointed by the Secretary-General to evaluate applications for assistance from the Fund and make recommendations to the Secretary-General. The names of the current members are listed in the annex to the present report. The panel will serve for a three-year period ending in November 2020.

72. Since receiving the award of \$10,000 in 2018, the Second Institute of Oceanography, China, has conducted preparatory work for the international cooperative study of seafloor sulphides on slow and ultra-slow spreading ridges, an international scientific collaboration to be conducted under the framework of InterRidge. In January 2019, two young scientists from developing countries (Democratic Republic of the Congo and Sri Lanka) were selected by the advisory panel of the Fund to receive training under the two-year project.

73. Also in 2018, an award of \$12,000 to the Deep-Ocean Stewardship Initiative supported five postgraduate students and researchers (from Argentina, Brazil, Mexico and South Africa) to attend the fifteenth International Deep-Sea Biology Symposium and a Deep-Ocean Stewardship Initiative workshop from 9 to 14 September 2018 in Monterey, United States; \$7,500 awarded to Xiamen University, China, enabled seven candidates (from Bangladesh and China) to participate in the 2018 summer session of the Marco Polo-Zheng He Academy of Oceans Law and Policy; and \$13,000 to Shanghai Jiao Tong University which supported the participation of five candidates (from Bolivia (Plurinational State of), Ghana, Kenya, Pakistan and Venezuela (Bolivarian Republic of)) in the 2018 summer academy on deep sea mining: deep seabed mining: an era towards exploitation.

74. As at 31 May 2019, a total of 145 young scientists or government officials from 50 countries had benefited from the Fund. The beneficiaries include representatives of all regional groups: 52 from the African group (Angola, Cameroon, Egypt, Ghana, Kenya, Madagascar, Mauritania, Mauritius, Namibia, Nigeria, Sierra Leone, South Africa and Tunisia); 56 from the Asia-Pacific group (Bangladesh, China, the Cook Islands, Fiji, India, Indonesia, Malaysia, Micronesia (Federated States of), Pakistan, Palau, Papua New Guinea, the Philippines, Sri Lanka, Thailand, Tonga and Viet Nam); four from the Eastern European group (Bulgaria and the Russian Federation); 24 from the group of Latin American and Caribbean States (Argentina, Bolivia (Plurinational State of), Brazil, Chile, Costa Rica, Guyana, Jamaica, Mexico, Suriname and Trinidad and Tobago); three from the Western European and other States group (Greece, Malta and Norway); and six from observer States (Colombia, the Islamic Republic of Iran, Peru, Turkey and Venezuela (Bolivarian Republic of)). Of the 145 beneficiaries to date, a total of 57 (or 39 per cent) were women.

75. The Fund is one of the principal mechanisms for enabling capacity-building in the field of marine scientific research in the Area, and the Secretary-General encourages members of the Authority, other States, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations, corporations and private persons to contribute to it. The secretariat will continue to take steps to generate interest in the Endowment Fund on the part of potential donors and institutional partners.

C. Internship

76. The Authority accepts interns on a limited basis, depending on the specific needs of respective offices and their capacity to effectively support, accommodate and supervise the interns.

77. As at 31 May 2019, a total of 29 university graduates or government officials from Australia, Belgium, Brazil, Chile, China, Colombia, the Cook Islands, Ecuador, Fiji, France, Germany, Italy, Jamaica, Japan, Norway, Papua New Guinea, Tonga, the United Kingdom and the United States have participated in the internship programme.

78. One consistent and major constraint in providing internships, especially to individuals from developing countries, is that the Authority has no funding to support interns, who must therefore find their own financial support for travel and subsistence. On 14 February 2019, a donation of \$10,000 was received from the National Oceanography Centre, Southampton, United Kingdom, to support the participation of up to two interns from developing countries between 2019 and 2020. More details will be made available to member States in the form of a call for nominations in the coming months. The Secretary-General would welcome any additional extrabudgetary support for the internship programme for the benefit of individuals from developing countries.

XIX. Implementation of voluntary commitments

79. The Authority actively contributed to the work and discussions of the United Nations Ocean Conference to Support the Implementation of Sustainable Development Goal 14, held in New York from 5 to 9 June 2017. On that occasion, the Authority registered a series of voluntary commitments with a view to (a) enhancing the role of women in marine scientific research through capacity-building; (b) encouraging the dissemination of research results through the Authority Secretary-General's Award for Excellence in Deep-Sea Research; (c) improving the assessment of essential ecological functions of the deep sea oceans through long-term underwater oceanographic observatories in the Area; and (d) enhancing deep sea marine biodiversity assessment through the creation of online taxonomic atlases linked to deep mining activities in the Area. Additional voluntary commitments were registered in partnership with other agencies, notably with the Department of Economic and Social Affairs of the United Nations Secretariat (on the Abyssal Initiative for Blue Growth: advancing Sustainable Development Goal 14 and the quest for a Blue Economy through the promotion of socioeconomic benefits for developing countries, including small island developing States, and increasing scientific knowledge and research capacity) and with the African Minerals Development Centre (on fostering cooperation to promote the sustainable development of Africa's deep seabed resources in support to Africa's Blue Economy and mapping the Blue Economy of Africa to support decision-making, investment and governance of activities undertaken on the extended continental shelf and in adjacent international seabed areas).

80. Progress has been made in the implementation of the voluntary commitment dedicated to enhancing the role of women in marine scientific research through capacity-building. Further initiatives are currently under consideration in partnership with the Intergovernmental Oceanographic Commission and the World Maritime University.

81. The inaugural event of the Secretary-General's Award for Excellence in Deep-Sea Research was held during the twenty-fourth session of the Assembly of the

Authority, in July 2018. Diva Amon (Trinidad and Tobago), a deep-sea biologist, received an award for her extensive research and exploration experience at sea, which have contributed to advancing understanding of abyssal ecosystems and the environmental impacts of human industrial activities in the deep sea. In February 2019, the Government of Monaco informed the Secretary-General of its decision to support the Award with a grant of \$15,000 that will be used to award a prize to the 2018 and 2019 awardees, cover the cost of the tickets for the attendance of the 2019 awardee, as well as the publication fees of her/his research in a relevant scientific (open-access) journal.

82. The implementation of the Abyssal Initiative for Blue Growth project started with the organization by the Authority of a workshop in Nuku'alofa, Kingdom of Tonga, from 12 to 14 February 2019. This workshop has been organized in cooperation with the Department of Economic and Social Affairs of the United Nations Secretariat, the Pacific Community and the Kingdom of Tonga. Representatives of Pacific Small Islands Developing States from the Cook Islands, Fiji, Kiribati, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, and Tonga were in attendance. International and regional organizations including the Commonwealth Secretariat, the Pacific Community, the Pacific Islands Forum Secretariat, the Pacific Islands Development Forum and the Pacific Islands Association of Non-governmental Organizations were also represented as well as representatives of two contractors: Nauru Ocean Resources Inc. and Tonga Offshore Mining Limited. The workshop issued an outcomes statement, which covers national legislation, regional cooperation, engagement with the Authority and identifies priority areas for cooperation among Pacific Small Islands Developing States and with the organizations involved in the implementation of the Abyssal Initiative project.

83. In October 2018, the Authority launched implementation of the Africa Deep Seabed Resources project in partnership with the African Minerals Development Centre of the Economic Commission for Africa (since transferred to the African Union), and the support of the Norwegian Agency for Development Cooperation. A workshop was organized in Abidjan, Côte d'Ivoire, in October 2018, which brought together representatives of francophone African countries, as well as international and regional organizations, the scientific community and academia. The Authority also organized a high-level side event in partnership with the African Minerals Development Centre on the sidelines of the Sustainable Blue Economy Conference, held in Nairobi in November 2018. A second workshop was organized in partnership with the Government of South Africa and the African Union in Pretoria in May 2019. In both cases, consultations with participants contributed to the identification of critical capacity-building needs for participating countries.

84. The Secretary-General, and the Legal Counsel of the United Nations, as the two focal points for the Community of Ocean Action on the implementation of international law as reflected in the Convention for the implementation of the voluntary commitments, identified three topics of focus for the Community of Ocean Action during 2018, hosted three thematic webinars in August, October and December 2018, respectively on each of the three topics, and attended a meeting of co-focal points and sherpas for the Communities of Ocean Action held in Nairobi in November 2018. Furthermore, a midterm assessment for the Community of Ocean Action on the implementation of international law as reflected in the Convention was submitted to the Department of Economics and Social Affairs in January 2019.

XX. Meeting of States Parties to the Convention

85. The Secretary-General participated in the twenty-ninth Meeting of States Parties to the Convention, held from 17 to 19 June 2019, and provided information on the activities of the Authority to the meeting.

XXI. Relations with the International Tribunal for the Law of the Sea

86. In September 2018, the Secretary-General met with members of the Tribunal and of the Seabed Disputes Chamber at the Tribunal's headquarters in Hamburg, Germany. The purpose of the visit to the Tribunal was to brief their members on the work of the Authority, in particular on the developments relating to draft exploitation regulations. During the visit, the Secretary-General also had a meeting with the President and the Registrar of the Tribunal to exchange views on administrative matters, including budgetary and financial issues, human resources, staff regulations and rules, implementation of the International Public Sector Accounting Standards (IPSAS) and library collaboration.

87. In addition, the Secretary-General and the Legal Counsel of the Authority held a meeting with the President and the Registrar of the Tribunal on 10 December 2018 in New York. At the invitation of both sides, officials from the Division for Ocean Affairs and the Law of the Sea also participated in this meeting. Discussions were also held on budgetary and cost-saving measures, IPSAS implementation, human resources and staff rules, UNV and Junior Professional Officer programmes, as well as on the possibility to cooperate to join the Inspira system.

XXII. Relations with the United Nations and other relevant international organizations and bodies

88. Activities undertaken in the ocean are closely intertwined, making cooperation and coordination essential among intergovernmental organizations with mandates over activities in the ocean. That fact is emphasized in articles 138 and 169 of the Convention itself, and is a critical element to ensuring a consistent approach to the protection and preservation of the marine environment and the sustainable development of ocean activities. To that end, the secretariat has participated in a number of initiatives with other relevant organizations aimed at facilitating the exchange of information and dialogue among users of the Area.

A. United Nations

89. The Authority has a close and productive working relationship with the United Nations, in particular the Division for Ocean Affairs and the Law of the Sea of the Office of Legal Affairs at the United Nations. An informal meeting was held in March 2019 between the secretariat and the Division to exchange information and promote cooperation, in particular in respect of updating a joint technical study on deep seabed minerals, geographic information systems and implementation of article 84 of the Convention.

90. The Secretary-General participated in the seventy-third session of the General Assembly, addressing the agenda item on Oceans and the Law of the Sea on 11 December 2018. The secretariat also contributed information, in June 2019, to the report of the Secretary-General on oceans and the law of the sea, pursuant to United

Nations General Assembly resolution [73/124](#) of 11 December 2018, entitled “Oceans and the law of the sea”.

91. The Secretary-General also participated as a panellist in the twentieth meeting of the United Nations Open-Ended Informal Consultative Process on Oceans and the Law of the Sea from 10 to 14 June 2019.

92. UN-Oceans is a United Nations inter-agency mechanism mandated to strengthen and promote the coordination and coherence of United Nations systems and activities related to ocean and coastal areas. The Authority is a member of UN-Oceans and the secretariat participates in its meetings, as appropriate, and in accordance with its mandate. During the reporting period, the secretariat participated remotely in the nineteenth face-to-face meeting of UN-Oceans held at the World Meteorological Organization headquarters in Geneva and contributed to discussions on the indicators of Sustainable Development Goal 14 (c) on enhancing the conservation and sustainable use of oceans and their resources by implementing international law, as reflected in the United Nations Convention on the Law of the Sea and as recalled in paragraph 158 of General Assembly resolution [66/288](#), entitled “The future we want”.

93. The United Nations Global Compact is a strategic initiative led by the United Nations that aims at engaging global companies to support the implementation of the 2030 Agenda for Sustainable Development through alignment of their own strategies and operations. It is the world’s largest corporate sustainability initiative, with stakeholders from 170 countries. The Global Compact Action Platform for Sustainable Ocean Business is designed to drive decision-making processes and catalyse partnerships to advance shared ocean priorities across all the Sustainable Development Goals, leading up to the 2020 Ocean Conference. A high-level Global Compact team visited the secretariat in April 2019, with a view to enabling the Global Compact Sustainable Ocean Business Platform to learn more about deep seabed mining and the governance arrangements within the Authority. The secretariat has been invited to contribute to the development of the report entitled *Global Goals, Ocean Opportunities*, which is aimed at providing an understanding of how ocean industries can deliver on the 17 Sustainable Development Goals. At the invitation, the Secretary-General attended the High-Level Meeting on Ocean/NOR-Shipping conference held by the Global Compact Action Platform in cooperation with the Government of Norway in June 2019 in Oslo.

B. Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization

94. During the reporting period, the secretariats of the Authority and the Intergovernmental Oceanographic Commission have worked in close collaboration to advance implementation of the existing memorandum of understanding between the two organizations. A series of working briefings and meetings were held in order to maintain an ongoing dialogue between the two organizations and coordinate activities of common interest.

95. The Authority, represented by the Deputy to the Secretary-General and Legal Counsel, participated at the first Global Planning Meeting in preparation for the United Nations Decade of Ocean Science for Sustainable Development, held from 13 to 15 May 2019 in Copenhagen. The secretariat highlighted that the Intergovernmental Oceanographic Commission and the Authority have joined forces to achieve shared objectives, such as improved mapping of the seabed through the Seabed 2030 project, exchange of data and information between the Ocean Biogeographic Information System and the database of the Authority, and promotion of a standardized approach for taxonomic identification, including the organization

of intercalibration workshops. The communications unit of the secretariat will be representing the Authority in the Communications Advisory Group for the United Nations Decade of Ocean Science for Sustainable Development.

C. International Maritime Organization and the World Maritime University

96. The Authority and the International Maritime Organization (IMO) concluded a Cooperation Agreement. Under the framework of that Agreement both organizations are actively and frequently cooperating on a number of issues, for instance, frequent meetings of the Secretaries-General of both organizations, as well as frequent exchanges and meetings of legal and technical teams. The most recent meeting between both Secretaries-General was on 26 November 2018 during the Sustainable Blue Economy Conference, held in Nairobi. The Authority is also cooperating with the Convention on the Dumping of Wastes and Other Matter (London Convention) of 1972 and the 1996 Protocol thereto, in particular on waste assessment frameworks for the protection of the marine environment. Another important joint initiative with IMO is the work to clarify the respective regulatory competences of IMO and the Authority on aspects related to ships and installations engaged in activities in the Area and related maritime transportation in the high seas, including the transportation of minerals for processing on land. One critical aspect that was explored under the initiative was that of the respective functions in the protection of the marine environment from pollution in areas beyond national jurisdiction.

97. In November 2018, the Authority and the World Maritime University signed a memorandum of understanding to strengthen their cooperation with a view, among other things, to advance achievement of Sustainable Development Goal 14, with a focus on improving education and capacity-building initiatives in marine science. In signing the memorandum of understanding, the Secretary-General highlighted the commitment of the Authority to strengthening the research and analytical capacities of developing countries, in particular small island developing States, landlocked developing countries and least developed countries to implement the 2030 Agenda for Sustainable Development.

98. Under the memorandum of understanding, both organizations have agreed to develop collaborative research in the fields of ocean sustainability, ocean governance, Sustainable Development Goal implementation for the oceans, deepening understanding of the ecosystem functions and services of the international deep seabed area and the science-law-policy interface. Both parties will also foster research, training opportunities and other capacity-building initiatives and cooperate in the conduct of studies and in the delivery of conferences, seminars, workshops and joint publications on matters of common interest.

99. The Deputy to the Secretary-General and Legal Counsel participated in the forty-third Annual Center for Oceans Law and Policy Conference on “Biodiversity beyond national jurisdiction: intractable challenges and potential solutions” from 14 to 17 May 2019 in Malmö, Sweden, organized by the World Maritime University, the Center for Oceans Law and Policy of the University of Virginia and the Nippon Foundation.

D. International Oil Pollution Compensation Funds

100. On 11 March 2019, the Director and Legal Counsel of the International Oil Pollution Compensation Funds paid a courtesy visit to the Secretary-General in Kingston. Both sides exchanged general views on the mandate of each organization

and on the draft exploitation regulations and agreed to explore possibilities for the promotion of mutual cooperation.

E. Pacific Islands Forum

101. At the invitation of the Chair of the Pacific Islands Forum, the Secretary-General attended the forty-ninth annual meeting of the Pacific Island Forum Leaders, held in Yaren, Nauru from 3 to 6 September 2018. It was the first time that the Authority had been represented at the forum. The Authority was also invited, on the margins of the meeting, to participate in a side event organized jointly by the Government of Nauru and Nauru Ocean Resources Inc. to discuss further the engagement of Pacific Island States in the work of the Authority and how increased participation in activities carried out in the Area could support national and regional Blue Economy objectives.

F. Asian-African Legal Consultative Organization

102. During the annual session of the Asian-African Legal Consultative Organization in Tokyo, from 8 to 12 October 2018, the memorandum of understanding between the Authority and the Consultative Organization was signed. The implementation of the memorandum of understanding will raise awareness of the activities of the Authority and identify opportunities for collaboration and cooperation on matters such as training and capacity-building for qualified candidates from Consultative Organization member States through initiatives such as fellowships, workshops and seminars.

G. Indian Ocean Rim Association

103. The Indian Ocean Rim Association is an intergovernmental organization which was established on 7 March 1997 with the aim of strengthening regional cooperation and sustainable development within the Indian Ocean region through its 22 member States and 9 dialogue partners.

104. During the reporting period, an exchange of views took place at the secretariat level between the Indian Ocean Rim Association and the Authority, which resulted in the preparation of a memorandum of understanding to encourage collaboration and cooperation in areas of mutual interest such as joint capacity-building programmes, the sharing of information relating to seabed activities and the promotion and encouragement of marine scientific research.

H. Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection

105. Currently, a working group of the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection is studying the impacts of wastes and other matter in the marine environment from mining operations, a subject of relevance to the work of the Authority in the Area. The objective of the working group is to provide independent advice on the environmental impacts that could arise from both land-based tailings and marine minerals mining wastes. The outcomes will be made public by the Joint Group in the form of a report. The secretariat continues to enhance collaboration and cooperation with the Joint Group.

I. International Cable Protection Committee

106. On 29 and 30 October 2018, under the framework of the memorandum of understanding between the International Cable Protection Committee and the Authority, the Authority and the Committee, in collaboration with the Ministry of Foreign Affairs of the Government of Thailand, organized a second workshop on submarine cables and activities in the Area, on “Developing practical options for the implementation of the ‘due regard and reasonable regard’ obligations under the United Nations Convention on the Law of the Sea”. The outcome of the workshop has been published as an International Seabed Authority technical study.

J. Sargasso Sea Commission

107. During the reporting period, the Sargasso Sea Commission and the Authority have continued to exchange views at the secretariat level to maximize opportunities for the sharing of research, expertise and practical experience. Both organizations have a strong interest in the protection of the marine environment, including the assessments of potential environmental impacts from activities in the Area. The secretariats of both organizations are working towards the conclusion of a memorandum of understanding to strengthen cooperation on marine scientific research, data-sharing and other matters of mutual interest.

XXIII. Participation in global and regional conferences

A. Participation in the intergovernmental conference on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction

108. The secretariat participated in the first and second substantive sessions of the intergovernmental conference on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction. During the first session, held in September 2018, the secretariat made five statements, respectively with regard to exchange of views; marine genetic resources, including questions on the sharing of benefits; measures such as area-based management tools, including marine protected areas; environmental impact assessment; and capacity-building and transfer of marine technology. In addition, the secretariat organized, with other partners, three side events, respectively on “Enhancing deep sea marine biodiversity assessment through the creation of taxonomic atlases and the ISA Open Deep-Sea Database”, “Promoting increased participation of developing States in marine scientific research programmes and transfer of technology through capacity-building: the role of the International Seabed Authority” and “Towards the development of regional environmental management plans in the Northwest Pacific, Atlantic and Indian Oceans”.

109. During the second session, in March and April 2019, the secretariat delivered a statement under general exchange of views and delivered a joint statement with IMO under cross-cutting issues. In the joint statement, both organizations highlighted that they favoured all those options reflected in the President’s aid to negotiations which facilitate mutual cooperation and which do not undermine it and that are fully consistent with rights and obligations established in the Convention, in particular in

those areas where there are well developed and detailed frameworks, such as shipping and navigation and the Part XI regime. Two side events were also organized, in collaboration with other partners. The first was entitled “Twenty-five years of ISA’s contribution to applying holistic approach to the protection of the marine environment in the Area” with the Marine Biodiversity Institute of Korea, and the other entitled “Twenty-five years of ISA’s contribution to deep-sea marine scientific research and the UN Decade of Ocean Science for sustainable development (2021–2030)”, which was organized in collaboration with the Intergovernmental Oceanographic Commission.

110. In response to a suggestion of the President of the Conference, the secretariat created a specific section on the Authority’s website on participation in the intergovernmental conference on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction to showcase the Authority’s participation and activities in the process.

B. Participation in the Sustainable Blue Economy Conference

111. The Authority was invited to participate in the first global high-level conference on the sustainable blue economy in Nairobi in November 2018, organized jointly by the Governments of Kenya, Canada and Japan. In addition to its participation in the plenary discussion, the business forum and the side event organized by the African Union, the Authority organized a side event in partnership with the Government of Norway and the Economic Commission for Africa (ECA) with a view to launching officially the Africa Deep Seabed Resources project, which concretizes the voluntary commitment registered in partnership with ECA. The side event was chaired by a high-level panel composed of the Secretary-General; Minister of International Development of Norway, Nikolai Astrup; the Secretary-General’s Special Envoy for the Ocean, Peter Thomson; and the Executive Secretary of ECA, Vera Songwe.

Annex

Members of the advisory panel of the International Seabed Authority Endowment Fund for Marine Scientific Research in the Area

(2017–2020)

Georgy Cherkashov (reappointed)

Deputy Director
Institute for Geology and Mineral Resources of the Ocean, Russian Federation

Tian Qi

Permanent Representative to the International Seabed Authority and Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to Jamaica

Josep María Bosch Bessa

Permanent Representative to the International Seabed Authority and Ambassador Extraordinary and Plenipotentiary of Spain to Jamaica

Inés Fors Fernández

Permanent Representative to the International Seabed Authority and Ambassador Extraordinary and Plenipotentiary of the Republic of Cuba to Jamaica

Janet Omoleegho Olisa

Permanent Representative to the International Seabed Authority and Ambassador Extraordinary and Plenipotentiary of the Federal Republic of Nigeria to Jamaica

Siosiua Utoikamanu

Economic policy and public financial management specialist, Tonga

Alan Evans

Marine Science Policy Adviser
National Oceanography Centre, Southampton, United Kingdom



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Item 12 of the provisional agenda of the Assembly*

Report and recommendations of the Finance Committee

Agenda item 13 of the Council

Report of the Finance Committee

Report of the Finance Committee

I. Introduction

1. During the twenty-fifth session of the International Seabed Authority, the Finance Committee held six meetings between 8 and 10 July 2019. On 9 July, the Finance Committee and the Legal and Technical Commission held a joint meeting in an informal setting.
2. The following members of the Committee participated in the meetings during the session: Frida María Armas-Pfirter, Duncan M. Laki, Konstantin G. Muraviov, Hiroshi Onuma, Didier Ortolland, Andrzej Przybycin, Mehdi Remaoun, Kerry-Ann Spaulding, Ahila Somarajah, Umasankar Yedla, David Wilkens and Kenneth Wong. Reinado Storani had informed the Secretary-General that he would be unable to attend the meetings. Following past practice, Nyan Lin Aung participated in the meetings of the Finance Committee prior to his formal election by the Assembly, planned for 22 July, to fill the position left vacant by the resignation of Ye Minn Thein.
3. On 8 July 2019, the Committee adopted its agenda ([ISBA/25/FC/1](#)), re-elected Andrzej Przybycin as Chair and elected Mehdi Remaoun as Vice-Chair.

II. Implementation of the budget for the financial period 2017–2018

4. The Committee was provided with a report on the implementation of the budget for the financial period 2017–2018 ([ISBA/25/FC/5](#)). The report showed an overspending of \$91,327 (0.54 per cent), covered by – surpluses from previous years. The Committee requested and received clarifications on various issues, such as certain variances between actual and planned expenditures, the use of temporary staff, the acquisition of furniture and the refurbishment of additional office space. The Committee took note of the report on the budget performance for the financial period 2017–2018.

* [ISBA/25/A/L.1/Rev.1](#).



III. Status of the Working Capital Fund

5. The Committee was provided with a report on the status of the Working Capital Fund ([ISBA/25/FC/2](#)), with updates provided by the secretariat.

6. Following the increase of the budget of the Authority, the level of the Working Capital Fund has increased to \$660,000, the most recent increase of \$100,000 having been approved by the Assembly in 2016. As at 30 June 2019, the balance of the Working Capital Fund was \$633,673, with a further \$26,327 to be collected in the financial period 2019–2020.

7. The Committee took note of the report on the status of the Working Capital Fund. Following the principle that the level of the Fund should be set as an approximate amount representing one twelfth of the annual budget of the Authority, the Committee recommended an increase of \$90,000, to be collected in the financial period 2021–2022. The corresponding indicative scale of assessment will be handed out upon request or distributed at a later stage.

IV. Status of contributions and related matters

8. The Committee expressed its concern about the status of contributions and took note with appreciation of a report on the status of contributions and related matters ([ISBA/25/FC/3](#)).

9. The Committee noted that as of 30 June 2019, 73.3 per cent of the contributions to the 2019 budget of the Authority had been received.

10. The Committee also noted with concern that the current amount of unpaid contributions represented more than one twelfth of the Authority's annual budget, which jeopardized the smooth functioning of the secretariat and investments in the substantive programmes. The Committee stressed the need to pay contributions in a timely manner.

11. The Committee renewed its concern about the recurrent issue of unpaid contributions and encouraged the secretariat to continue its efforts to bring the matter to the attention of the Member States concerned, including at the level of regional groups.

V. Review of costs of conference services and implementation of other cost-saving measures

12. The Committee was provided with a report entitled "Review of conference services costs and implementation of other cost-savings measures" ([ISBA/25/FC/4](#)). The remote simultaneous interpretation services provided to the Legal and Technical Commission and to the Finance Committee tended to be a major source of cost-saving. The Committee expressed its satisfaction with the exemplary work of the secretariat.

13. The review of cost-saving measures was supported by an analysis of five possible meeting scenarios for 2020 and their budgetary implications (see table below). The scenarios had been drawn up in the light of the need for the Council to make a decision on the pattern of meetings for 2020.

14. The five scenarios were based on different numbers of meetings with different interpretation services for each organ of the Authority and included the possibility that the Council increase the number of its meetings to be held in 2020.

15. The Committee examined the scenarios proposed by the secretariat. It noted that only three scenarios (scenarios 1, 2 and 5 in the table below) could be accommodated within the existing budgetary resources of the Authority. Of those, only two involved the use of remote simultaneous interpretation in all meetings (scenarios 2 and 5).

Budgetary impact of various meeting scenarios for 2020

<i>Scenario</i>	<i>Organ</i>	<i>Total weeks (meeting days) in 2020</i>	<i>Interpretation service</i>	<i>Budgetary impact</i>
1	Legal and Technical Commission	2 (10)	Remote	Within existing budgetary resources
	Finance Committee	1 (5)	Remote	
	Council	4 (20)	United Nations	
	Assembly	1 (5)	United Nations	
2	Legal and Technical Commission	2 (10)	Remote	Within existing budgetary resources
	Finance Committee	1 (5)	Remote	
	Council	4 (20)	Remote	
	Assembly	1 (5)	Remote	
3	Legal and Technical Commission	4 (20)	Remote	Exceeds existing budgetary resources
	Finance Committee	1 (5)	Remote	
	Council	4 (20)	United Nations	
	Assembly	1 (5)	United Nations	
4	Legal and Technical Commission	4 (20)	Remote	Exceeds existing budgetary resources
	Finance Committee	1 (5)	Remote	
	Council	4 (20)	Remote	
	Assembly	1 (5)	Remote	
5	Legal and Technical Commission	2.5 (14)	Remote	Within existing budgetary resources
	Finance Committee	1 (5)	Remote	
	Council	4 (18)	Remote	
	Assembly	1 (5)	Remote	

16. In the light of the above, the Committee proposed that the Council, in a decision on the number of meetings, take into account the budgetary constraints and the quality of interpretation services.

17. Other scenarios, if considered, would exceed existing budgetary resources. In the light of the above, the Committee requested that consideration be given to the use of remote simultaneous interpretation services for meetings of the Council and the Assembly, taking into account the approved budgetary ceiling.

VI. Audit report on the accounts of the International Seabed Authority for 2018

18. The Committee took note of the audit report and the management letter. The Committee noted that the financial statements gave a true and fair view of the financial position of the Authority as at 31 December 2018. The Committee was satisfied with the additional information provided by the secretariat on four qualified opinions given by the auditor regarding post-employment benefit obligations, furniture, provisions for workshops, and cash movements between the General Administrative Fund and trust funds maintained by the Authority. The qualified opinions of the auditor mainly resulted from the budget being established on a cash basis while being reported following international public sector accounting standards, i.e., on a period basis.

19. The Committee regretted that the audit report and the management letter were dated 4 July 2019, which had prevented their timely circulation prior to the meetings of the Committee.

VII. Status of the trust funds of the Authority and related matters

20. The Committee was provided with a report on the status of the trust funds of the International Seabed Authority and related matters of 29 May (ISBA/25/FC/6) and with updates on the balance of funds as of 30 June 2019. The Committee took note of the report and of the updates, which were provided by the secretariat.

A. Endowment Fund for Marine Scientific Research in the Area

21. The Committee noted that, as of 30 June 2019, the balance of the endowment fund stood at \$3,644,406. The Committee also noted that the interest rate was slightly higher at 2.0 per cent, compared with 0.7 per in 2018.

B. Voluntary trust fund for the purpose of defraying the cost of participation of members of the Legal and Technical Commission from developing countries and members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee

22. The Committee noted that voluntary contributions from Member States and from contractors had enabled the participation of members of the Finance Committee and of members of the Legal and Technical Commission from developing countries in 2019. The Committee recognized that five contractors had opted for the payment of \$6,000 on a voluntary basis and encouraged other contractors to follow their example. Noting that, as of 30 June 2019, the balance of the fund was negative (-\$3,682), the Committee reiterated its appeal for more voluntary contributions, including from observers, as a vital means to secure participation from members from developing countries at the meetings of the two subsidiary organs of the Authority.

C. Voluntary trust fund to support the participation of members of the Council of the International Seabed Authority from developing States in the meetings of the Council

23. The Committee noted that the balance of the voluntary trust fund to support the participation of members of the Council of the International Seabed Authority from developing States in the meetings of the Council stood at \$25,265. The Committee also noted that if the Council should hold more meetings in 2020, additional resources would be required for the fund.

D. Trust fund for extrabudgetary support for the International Seabed Authority

24. The Committee noted the creation of the trust fund for extrabudgetary support for the International Seabed Authority, also referred to as the support trust fund, which showed an estimated balance of \$630,731 as at 30 June 2019. The terms of reference of the fund are contained in annex I to the present report.

E. Voluntary trust fund for the purpose of providing the requisite funds related to the work of the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise

25. The Committee recalled that the fund had been established pursuant to the terms of the decision of the Council contained in [ISBA/25/C/16](#). The terms of reference of the fund are contained in annex II to the present report. The Committee noted that the fund was almost depleted with a balance of \$309.

VIII. Development of rules, regulations and procedures on the equitable sharing of financial and other economic benefits derived from activities in the Area pursuant to section 9, paragraph 7 (f), of the annex to the 1994 Agreement

26. In response to a request made by the Committee in 2018, a report on criteria for the equitable sharing of financial and other economic benefits derived from deep-seabed mining was prepared for consideration during three meetings held on 9 and 10 July 2019. The Committee noted with appreciation that the report had been made available in sufficient time for its consideration.

27. On 9 July 2019, in an informal meeting with the Legal and Technical Commission, a presentation on the report was made by the Secretary-General and by Dale Squires of the University of California, followed by a question and answer session.

28. In the two closed meetings that followed, the Committee held a preliminary discussion on equitable sharing of benefits under article 140 of the United Nations Convention on the Law of the Sea. The meetings enabled the identification of issues that needed to be addressed, including possible criteria to be taken into account and mechanisms for distribution, and the outlining of a way forward in the discussion. The Committee agreed that it was premature to make any recommendation to the Council and to the Assembly at this stage.

29. The Committee agreed that, in accordance with article 173, paragraph 2, of the Convention, the first priority was to cover the administrative expenses of the Authority, and that any funds to be equitably shared were those left over after administrative expenses had been covered. Article 151, paragraph 10, of the Convention regarding the economic assistance fund also needed to be taken into account.

30. In relation to the equitable distribution payment model, the Committee acknowledged that the report was a very helpful starting point, and agreed that, to ensure further work progress:

(a) The Committee would set out a list of factors that were options to be taken into account in calculating payments;

(b) The Committee would commission a report on best practices for discussion, either at the following session of the Committee or intersessionally, to consider which factors had been taken into account in other models and how funds had been apportioned;

(c) Where there was no practice available in relation to a factor, the secretariat would provide an analysis of whether it could be objectively measurable for consideration at the following session of the Committee.

31. The Committee identified the need to have a discussion on the matter of repayment of States parties' assessed contributions.

32. The Committee agreed to have a discussion on available options, including a sustainability fund, and requested the secretariat to prepare a report on the possible operationalization of such a fund.

33. The Committee committed to exploring the possibility of working intersessionally and reporting to the Council at its next session on the progress made. The Committee also committed to working on the issue of equitable sharing of benefits under article 82, paragraph 4, of the Convention.

IX. Other matters

A Possible contributions from observers of the Authority to the budget of the Authority

34. The Committee considered the question of possible financial contributions to cover the costs of participation in meetings of the Authority by observers, in particular States that were not yet members of the Authority. The Committee recognized that services provided to observers had costs, but expressed concern about the implications a fee could have, including for attendance by observers. The Committee recognized that some observers had already made contributions to several funds and encouraged observers to make voluntary contributions to the voluntary trust funds and the endowment fund of the Authority. It was noted that guidelines for requests for observer status were also included in the agenda of the Assembly at the current session and included references to contributions made by an applicant (see [ISBA/25/A/7](#), annex II, para. 5 (a), and enclosure 2, para. 5). The Committee requested the secretariat to prepare information on the practices followed by other organizations on that matter for its following session.

B Cost estimates for the office of the interim director general of the Enterprise

35. Noting the financial implications of one of the recommendations contained in the report of the Special Representative of the Secretary-General of the Authority for the Enterprise on issues relating to the operation of the Enterprise, in particular the legal, technical and financial implications for the Authority and for States parties to the Convention (ISBA/25/C/26), the Committee requested and was provided with cost estimates for the office of the interim director general of the Enterprise (see annex III to the present report).

X. Recommendations of the Finance Committee

36. In view of the foregoing, the Committee recommends that the Council and the Assembly of the Authority:

(a) Welcome the considerable reduction in the costs of conference services and the transfer of the resources made available by those savings to the programmes of the Authority;

(b) Note with concern the trend of late payments of assessed contributions to the budget;

(c) Urge the members of the Authority to pay their assessed contributions to the budget on time and in full;

(d) Note with concern the increasing amounts of outstanding contributions, appeal once more to the members of the Authority to pay outstanding contributions to the budget of the Authority from previous years as soon as possible and request the Secretary-General, at his discretion, to continue his efforts to recover those amounts;

(e) Approve an increase in the Working Capital Fund by \$90,000 to a total of \$750,000 and for the increase to be spread evenly over the two years of the next financial period, to be determined using the Authority's scale of assessments for the next financial period applied to the total of the Working Capital Fund;

(f) Express its deep concern over the negative balance of the voluntary trust fund for the purpose of defraying the cost of participation of members of the Legal and Technical Commission from developing countries and members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee and appeal to members and other possible donors to make contributions to that fund, and call on contractors to consider making a payment of \$6,000 on a voluntary basis;

(g) Urge members and other possible donors to make voluntary contributions to the other funds maintained by the Authority;

(h) Recommend that the use of remote simultaneous interpretation services be extended to the meetings of the Assembly and the Council in 2020;

(i) Adopt the terms of reference for the trust fund for extrabudgetary support for the International Seabed Authority as contained in annex I to the present report;

(j) Adopt the terms of reference for the voluntary trust fund for the purpose of providing the requisite funds related to the work of the Special Representative of the Secretary-General for the Enterprise as contained in annex II to the present report.

Annex I

Terms of reference for the trust fund for extrabudgetary support for the International Seabed Authority

1. The trust fund for extrabudgetary support for the International Seabed Authority was established pursuant to financial regulation 5.5 and shall be administered in accordance with the financial regulations of the Authority as provided for in financial regulation 5.6.
2. The purpose of the fund is to receive extrabudgetary contributions from member States and other donors intended to support non-regular and specific activities resulting from agreements which are not funded from the approved budget of the Authority.
3. Member States, observers, contractors with the Authority, non-governmental organizations, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations, corporations and private individuals may contribute to the fund.
4. The Office for Administrative Services of the secretariat is the implementing office for the fund and provides the services for its operation in liaison with the substantive offices in charge of the activities supported by the fund and in cooperation with the Executive Office of the Secretary-General.
5. The Secretary-General shall report annually to the Finance Committee on the status of the fund and, as often as may be required, individually to each donor in accordance with the reporting requirements specified in the agreement with each donor. The Secretary-General shall also report annually to the Assembly on the status of the fund.
6. The use of the fund is subject to the conditions that the Secretary-General will issue in compliance with the financial regulations of the Authority and amend from time to time in the light of specific terms in the agreements with the donors.

Annex II

Terms of reference for the voluntary trust fund for the purpose of providing the requisite funds related to the work of the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise

1. The voluntary trust fund for the purpose of providing the requisite funds related to the work of the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise was established pursuant to financial regulation 5.5 and shall be administered in accordance with the financial regulations of the Authority, as provided for in financial regulation 5.6.
2. The purpose of the fund is to receive voluntary contributions from member States and other donors that are intended to fund the work of the Special Representative of the Secretary-General for the Enterprise.
3. Member States, observers, contractors with the Authority, non-governmental organizations, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations, corporations and private individuals may contribute to the fund.
4. The Office for Administrative Services of the secretariat is the implementing office for the fund and provides the services for its operation.
5. The Secretary-General shall report annually to the Finance Committee on the use and status of the fund. The Secretary-General shall also report annually to the Assembly on the status of the fund.
6. The use of the fund is subject to the decision of the Council of the International Seabed Authority contained in [ISBA/25/C/16](#) and to the conditions that the Secretary-General will issue in compliance with the financial regulations of the Authority and amend from time to time in the light of specific terms in the agreements with the donors.

Annex III

Cost estimates for the office of the interim director general of the Enterprise

(United States dollars)

<i>Description</i>	<i>Amounts</i>
D-1: salary for one year	200 000
Installation grant and shipment	50 000
G-5: assistant salary for one year	25 000
Travel for official business	30 000
Overhead: 13 %	39 650
Total	344 650



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Agenda item 16

Other matters

Decision of the Assembly of the International Seabed Authority concerning an amendment to the staff regulations of the Authority

The Assembly of the International Seabed Authority,

Taking into account the recommendations of the Council of the International Seabed Authority,¹

1. *Approves* the amendment to regulation 9.4 of the staff regulations of the Authority on the age of retirement and the mandatory age of separation, as adopted by the Council and set out in the annex to the present decision;
2. *Decides* that the amendment shall take effect on 1 October 2019;
3. *Requests* that the Secretary-General reissue the staff regulations of the Authority using gender-inclusive language.

*186th meeting
26 July 2019*

¹ [ISBA/25/C/35](#).



Annex

Amendment to regulation 9.4 of the staff regulations of the International Seabed Authority

Current regulation 9.4

Amended regulation 9.4 as at 1 October 2019

Staff members shall not be retained in service beyond the age of 62 years or, if appointed on or after 1 January 2016, beyond the age of 65 years. In exceptional cases, the Secretary-General may, in the interest of the Authority, extend this age limit.

(a) The normal age of retirement shall be 60. However, it shall be 62 for staff members who joined the Authority and started to participate in the United Nations Joint Staff Pension Fund on or after 1 January 1990 but before 1 January 2014, and 65 for staff members who joined the Authority and started or restarted to participate in the Pension Fund on or after 1 January 2014;

(b) Staff members shall not be retained in active service beyond the age of 65 years. The Secretary-General may, in the interest of the Authority, extend this age limit in exceptional cases.



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Kingston, 1–26 July 2019

Agenda item 12

Report and recommendations of the Finance Committee

Decision of the Assembly of the International Seabed Authority relating to financial and budgetary matters

The Assembly of the International Seabed Authority,

Taking into account the recommendations of the Council of the International Seabed Authority,¹

1. *Welcomes* the considerable reduction in the costs of conference services and the transfer of the resources made available by those savings to the programmes of the Authority;
2. *Notes with concern* the trend of late payments of assessed contributions to the budget;
3. *Urges* the members of the Authority to pay their assessed contributions to the budget on time and in full;
4. *Notes with concern* the increasing amounts of outstanding contributions, appeals once more to the members of the Authority to pay outstanding contributions to the budget of the Authority from previous years as soon as possible, and requests that the Secretary-General, at his discretion, continue his efforts to recover those amounts;
5. *Approves* an increase in the Working Capital Fund of \$90,000 to a total of \$750,000 and for the increase to be spread evenly over the two years of the next financial period, to be determined using the Authority's scale of assessments for the next financial period applied to the total of the Working Capital Fund;
6. *Expresses its deep concern* over the negative balance of the voluntary trust fund for the purpose of defraying the cost of participation of members of the Legal and Technical Commission from developing countries and members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee, appeals to members and other possible donors to make contributions to that fund, and calls upon contractors to consider making a payment of \$6,000 on a voluntary basis;

¹ [ISBA/25/C/34](#).



7. *Urges* members and other possible donors to make voluntary contributions to the other funds maintained by the Authority;

8. *Adopts* the terms of reference for the trust fund for extrabudgetary support for the International Seabed Authority as contained in annex I to the report of the Finance Committee;²

9. *Also adopts* the terms of reference for the voluntary trust fund for the purpose of providing the requisite funds related to the work of the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise as contained in annex II to the report of the Finance Committee.²

*186th meeting
26 July 2019*

² [ISBA/25/A/10-ISBA/25/C/31](#).



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Kingston, 1–26 July 2019

Agenda item 10

Implementation of the strategic plan of the International Seabed Authority for the period 2019–2023

Decision of the Assembly of the International Seabed Authority relating to the implementation of the strategic plan for the Authority for the period 2019–2023

The Assembly of the International Seabed Authority,

Recalling its decision to adopt the strategic plan of the Authority for the period 2019–2023 at its twenty-fourth session,¹

Recalling also that, in the same decision, the Assembly requested the Secretary-General, as a matter of priority, to prepare a high-level action plan to include key performance indicators and a list of outputs for the period 2019–2023, taking into account available financial and human resources, for consideration by the Assembly at its twenty-fifth session,

Recalling further that, in the same decision, the Assembly also requested the Secretary-General to provide it with a detailed overview of the implementation mechanisms to be established, including for monitoring, evaluation and learning,

Having considered the reports of the Secretary-General² in which he provided the required information on the modalities for the implementation of the strategic plan and the high-level action plan,

Considering that the high-level action plan identifies the actions necessary to achieve the objectives in the strategic plan, as well as the priorities for the period 2019–2023, in relation to the actions required of the Authority to realize its mission objectives,

Committed to the strengthening of existing working practices of the Authority,

Emphasizing the importance of ensuring that the performance of the Authority towards achieving the strategic directions set out in the strategic plan is assessed in a regular manner and that the results are monitored for effectiveness,

¹ [ISBA/24/A/10](#).

² [ISBA/25/A/5](#) and [ISBA/25/A/6](#).



1. *Adopts* the performance indicators developed for each priority of the Authority against each of the strategic directions in the strategic plan of the Authority for the period 2019–2023 as set out in annex I to the present decision;
2. *Also adopts* the high-level action plan of the International Seabed Authority for the period 2019–2023, as provided in annex II to the present decision;
3. *Invites* members of the Authority and observers, as well as the organs of the Authority, to support the implementation of the strategic plan and the high-level action plan;
4. *Invites* the Secretary-General to take into consideration the list of performance indicators and outputs when developing the business plan of the secretariat for the period 2019–2023;
5. *Requests* that the Secretary-General, as appropriate, monitor and analyse progress and, as necessary, establish any mechanisms required to review and provide an update on progress made under the strategic plan;
6. *Also requests* that the Secretary-General prepare guidance on the format and content of reports for monitoring progress in the implementation of the strategic plan and high-level action plan and the achievement of identified outputs;
7. *Invites* member States and other relevant stakeholders to provide the data necessary to ensure accurate reporting on progress towards the implementation of the strategic plan and the high-level action plan and the achievement of identified outputs.

Annex I

Draft performance indicators and rationale

Strategic direction 1

Realize the role of the Authority in a global context

1. As stated in the overview of the context and challenges faced by the organization in the strategic plan, one of the challenges for the International Seabed Authority is to contribute to the timely and effective implementation of the Sustainable Development Goals, in particular Goal 14 (Conserve and sustainably use the oceans, seas and marine resources for sustainable development), through the implementation of the economic, environmental and social mandate assigned to it under the United Nations Convention on the Law of the Sea and the 1994 Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982.
2. A specific indicator that will enable the Authority to assess its efficiency towards meeting this objective is to be found in the programmes and initiatives developed by the organization that contribute to the achievement of relevant goals and targets of the 2030 Agenda for Sustainable Development (performance indicator 1.1).
3. Furthermore, the number of strategic alliances and partnerships established with regional and global organizations provides insights into the level of involvement of the Authority in the international efforts invested in the achievement of the 2030 Agenda, including for improving cooperation in the conservation and sustainable use of ocean resources (performance indicator 1.2).
4. The ratification of the key founding legal instruments is the first step towards the realization of the full role of the Authority in a global context. Therefore, the number of States that have ratified or acceded to the Convention (performance indicator 1.3), the 1994 Agreement (performance indicator 1.4) and the Protocol on the Privileges and Immunities of the International Seabed Authority of 1998 are also of particular importance (performance indicator 1.5). Monitoring the rate of ratification of and accession to those instruments will enable the Authority to track their development and, if agreed upon, to initiate specific activities to encourage such ratification and accession.
5. The number of member States that have deposited charts or lists of geographical coordinates of points that establish the limits of national jurisdictions, including the delimitation of the continental shelf extending beyond 200 nautical miles from the baselines of the territorial sea, with the Secretary-General is also a valuable indicator (performance indicator 1.6).
6. The consideration of the aforementioned factors for measuring the implementation of strategic direction 1 has resulted in the identification of the following indicators:

Performance indicator

- 1.1 Number of programmes and initiatives overseen by the Authority that contribute to the achievement of relevant goals and targets of the 2030 Agenda for Sustainable Development
- 1.2 Number of strategic alliances and partnerships established with regional and global organizations to improve cooperation in the conservation and sustainable use of ocean resources

Performance indicator

- 1.3 Number of States that have ratified or acceded to the United Nations Convention on the Law of the Sea
 - 1.4 Number of States that have ratified the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982
 - 1.5 Number of States parties that have ratified the Protocol on the Privileges and Immunities of the International Seabed Authority
 - 1.6 Number of member States of the Authority that have deposited charts or lists of geographical coordinates of points that establish the limits of national jurisdictions, including the delimitation of the continental shelf extending beyond 200 nautical miles from the baselines of the territorial sea, with the Secretary-General
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7. The data for performance indicators 1.2–1.6 are available and can be reported. The data for performance indicator 1.1 will become gradually available, as they depend on the implementation of the programmes and initiatives by the Authority.

Strategic direction 2**Strengthen the regulatory framework for activities in the Area**

8. The primary means by which the Authority is required to organize, carry out and control activities in the Area on behalf of mankind as a whole is to adopt and uniformly apply rules, regulations and procedures. Furthermore, it is stipulated in the 1994 Agreement that rules, regulations and procedures relating to the conduct of activities in the Area are to be adopted as those activities progress. However, as stated in the strategic plan (ISBA/24/A/10, annex, para. 11), if regulations governing exploration have been adopted, the challenge now is to adopt sound and balanced regulations for exploitation. Therefore, the first indicator for tracking the performance of the Authority in strengthening the regulatory framework for activities in the Area should be the adoption of the rules, regulations and procedures, as well as standards and guidelines, that will cover all phases of mineral exploration and exploitation (performance indicator 2.1).

9. In addition, three other indicators are considered important. The first is the number of sponsoring States that have enacted deep seabed-related laws that govern and administer contractors' activities in the Area (performance indicator 2.2). The second is the number of technical workshops, including virtual workshops held through online collaborative tools, convened to support member States in the implementation of the legal regime governing deep seabed activities in the Area (performance indicator 2.3). The third is the number of programmes and initiatives implemented by the Authority that contribute to addressing the specific challenges faced by developing States in implementing effectively relevant international legal instruments governing activities in the Area (performance indicator 2.4).

10. The consideration of the aforementioned factors for measuring the implementation of strategic direction 2 has resulted in the identification of the following indicators:

Performance indicator

- 2.1 Adoption of rules, regulations and procedures for the conduct of activities in the Area and progress towards the adoption of the associated standards and guidelines necessary for their effective implementation
 - 2.2 Number of sponsoring States that have enacted deep seabed-related laws that govern and administer contractors' activities in the Area
 - 2.3 Number of technical and targeted workshops, including virtual workshops held through online collaborative tools, convened to support members States in the implementation of the legal regime governing deep seabed activities in the Area
 - 2.4 Number of programmes and initiatives of the Authority that contribute to addressing the specific challenges faced by developing States in implementing effectively relevant international legal instruments governing activities in the Area
-

11. The data for all performance indicators currently proposed under strategic direction 2 are available and can be reported.

Strategic direction 3

Protect the marine environment

12. Ensuring effective protection of the marine environment from harmful effects that may arise from activities undertaken in the Area, through the development of rules, regulations and procedures, is a core component of the Authority's mandate. Accordingly, the 1994 Agreement provides that the adoption of rules, regulations and procedures incorporating applicable standards for the protection and preservation of the marine environment (1994 Agreement, annex, sect. 1, para. (5) (g)) is one of the matters on which the Authority needs to concentrate during the time between the entry into force of the Convention and the approval of the first plan of work for exploitation.

13. The performance of the Authority in achieving this goal will therefore be assessed through its capacity to develop, implement and keep under review rules, regulations and procedures that are based on the best available science, the precautionary approach and best environmental practices for the environmentally responsible management of activities in the Area and that will ensure the effective protection of the marine environment and related obligations contained in articles 145 and 194 (5) of the Convention, as well as the associated environmental standards and guidelines (performance indicator 3.1).

14. The number of regional environment management plans that are adopted and implemented will also provide an important indication of the performance of the Authority in fulfilling its mandate and responsibilities, as reflected in the Convention and the 1994 Agreement (performance indicator 3.2). In the same spirit, monitoring the number of areas of particular environmental interest that are established after being identified on the basis of the best available scientific information in the context of the design and adoption of regional environment management plans will provide a good indication of performance (performance indicator 3.3).

15. The Authority is also committed to ensuring the collaborative and transparent collection and sharing of environmental data. A relevant performance indicator will lie in the capacity of the Authority to ensure public access to environmental information (performance indicator 3.4).

16. The consideration of the aforementioned factors for measuring the implementation of strategic direction 3 has resulted in the identification of the following indicators:

Performance indicator

- 3.1 Development, implementation and review of rules, regulations and procedures based on the best available science, the precautionary approach and best environmental practices for the environmentally responsible management of activities in the Area
 - 3.2 Number of regional environmental management plans adopted and implemented
 - 3.3 Number of areas of particular environmental interest established after being identified on the basis of the best available scientific information
 - 3.4 Availability of environmental information to the general public
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17. The data for all performance indicators currently proposed under strategic direction 3 are available and can be reported.

Strategic direction 4

Promote and encourage marine scientific research in the Area

18. The focus of strategic direction 4 is the duty of the Authority to promote and encourage the conduct of marine scientific research in the Area, as well as the coordination and dissemination of the results of such research and analysis, when available (art. 143 (2) of the Convention). This necessarily involves the need to improve coordination among relevant stakeholders, including through the adoption of strategies designed to increase synergies and mobilize adequate resources. Consequently, the number of strategic alliances and partnerships that contribute to the achievement of strategic direction 4 will be monitored (performance indicator 4.1). Another important indicator will be the number of such strategic alliances and partnerships that contribute effectively to enhancing and expanding the sharing of data and information (performance indicator 4.3).

19. In addition, the ability of the organization to promote marine scientific research directed towards providing the scientific knowledge necessary to ensure the effective protection of the marine environment and related obligations contained in the Convention, including through regional environmental management plans (performance indicator 4.4), and the ability of the Authority to disseminate research results and analyses through its database (performance indicator 4.2) should also be considered as key performance indicators.

20. The consideration of the aforementioned factors for measuring the implementation of strategic direction 4 has resulted in the identification of the following indicators:

Performance indicator

- 4.1 Number of strategic alliances and partnerships that contribute to the promotion and encouragement of marine scientific research in the Area
 - 4.2 Number of research results and analyses, including from contractors, disseminated through the Authority's database
 - 4.3 Number of strategic alliances and partnerships that contribute to enhancing and expanding the sharing of data and information
 - 4.4 Promote marine scientific research directed towards providing the scientific knowledge necessary to ensure the effective protection of the marine environment
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21. The data for all performance indicators currently proposed under strategic direction 4 are available and can be reported.

Strategic direction 5
Build capacity for developing States

22. Strategic direction 5 focuses on the role of the Authority in ensuring that capacity-building measures are developed and implemented effectively and that they meet the needs of developing States, identified through transparent processes in which such States are fully involved (performance indicator 5.1).

23. As such, the performance of the Authority in implementing strategic direction 5 will be monitored through a series of indicators. The numbers of qualified personnel from developing States who have participated in the capacity-building activities of the Authority will of course provide an important indication of the overall performance of the programmes implemented by the Authority (performance indicator 5.2). However, it will also be important to identify the percentage of capacity-building activities with long-term impact for the receiving States (performance indicator 5.3).

24. The number of women from developing States who have participated in the Authority's capacity-building programmes will also be a critical indication of the commitment of the organization to addressing the existing gender gap (performance indicator 5.4).

25. Particular attention will also be given to the number of qualified personnel who have benefited from training funded through the Endowment Fund for Marine Scientific Research in the Area (performance indicator 5.5). Given that performance against such indicators will depend on the availability of funds in the Endowment Fund, the number of members and non-members of the Authority that have contributed to the Endowment Fund will also be monitored (performance indicators 5.6 and 5.7).

26. The consideration of the aforementioned factors for measuring the implementation of strategic direction 5 has resulted in the identification of the following indicators:

Performance indicator

- 5.1 Identification of specific capacity-building needs of developing States by developing States identified
 - 5.2 Number of qualified scientists and technical personnel from developing States who have participated in the capacity-building programmes of the Authority
 - 5.3 Percentage of capacity-building activities with long-term impact for the receiving member States
 - 5.4 Number of female qualified personnel from developing States who have participated in the capacity-building programmes of the Authority
 - 5.5 Number of qualified personnel who have benefited from training funded through the Endowment Fund for Marine Scientific Research in the Area
 - 5.6 Number of members of the Authority that have contributed to the Endowment Fund for Marine Scientific Research in the Area
 - 5.7 Number of non-members of the Authority that have contributed to the Endowment Fund for Marine Scientific Research in the Area
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27. The data for performance indicators 5.1, 5.2 and 5.5–5.7 are available and can be reported. Data for performance indicators 5.3 and 5.4 need to be generated.

Strategic direction 6

Ensure fully integrated participation by developing States

28. An important part of the mandate of the Authority is to promote the participation of developing States in the activities undertaken in the Area. The first step towards meeting that goal is to address the specific challenges faced by developing States in attending and participating in meetings of the Authority. It is therefore necessary to monitor the total number and rate of attendance of developing States members of the Authority, including landlocked and geographically disadvantaged States, small island developing States and least developed States, at the official meetings of the Authority (performance indicator 6.1).

29. Dedicated voluntary trust funds have been established for the purpose of defraying the cost of participation of members of the Finance Committee, the Legal and Technical Commission and the Council. Monitoring the number of members of these organs who have benefited from such funds every year will provide a useful indication of the impact and necessity of such funds (performance indicators 6.2 and 6.3). Accordingly, monitoring the amount of total contributions made to these funds will be a good indication of the efforts of the Authority in encouraging members, observers and other stakeholders to contribute to those funds (performance indicator 6.4).

30. Another mechanism listed in the strategic plan to ensure a fully integrated participation of developing States in activities in the Area is the identification of possible approaches to the independent operation of the Enterprise ([ISBA/24/A/10](#), strategic direction 6.5), including the procedures and criteria for the establishment of joint ventures. Considering the importance of such a strategic objective, it should be the subject of a specific indicator (performance indicator 6.6).

31. The consideration of the aforementioned factors for measuring the implementation of strategic direction 6 has resulted in the identification of the following indicators:

Performance indicator

- 6.1 Number and percentage of developing States members of the Authority attending the meetings of the Authority (by meetings), including landlocked and disadvantaged States, small island States and least developed States
 - 6.2 Number of members of the Finance Committee and the Legal and Technical Commission from developing States who have benefited from the voluntary trust fund
 - 6.3 Number of members of the Council from developing States who have benefited from the voluntary trust fund
 - 6.4 Amount of total contributions made to the voluntary trust funds (by fund)
 - 6.5 Identification of possible approaches to the independent operation of the Enterprise, including procedures and criteria for the establishment of joint ventures
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32. The data for all performance indicators currently proposed under strategic direction 6 are available and can be reported.

Strategic direction 7

Ensure equitable sharing of financial and other economic benefits

33. Strategic direction 7 focuses on the obligation of the Authority to adopt rules, regulations and procedures for the equitable sharing of financial and other economic benefits derived from activities in the Area (art. 140 (2) of the Convention), as well as potential benefits that may be received (art. 82 (4)). The capacity of the organization to discharge this obligation will be assessed through the adoption of a mechanism that will provide for the equitable sharing of financial and other economic benefits.

34. The consideration of the aforementioned factors for measuring the implementation of strategic direction 7 has resulted in the identification of the following indicator:

Performance indicator

- 7.1 Adoption of a mechanism for providing for the equitable sharing of financial and other economic benefits
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35. The data for this performance indicator are available and can be reported.

Strategic direction 8

Improve the organizational performance of the Authority

36. The purpose of strategic direction 8 is to enhance the performance of the organization as a whole, including that of the Authority's organs and subsidiary bodies and of the Secretariat. This will be assessed through the successful completion of outputs by the target date (performance indicator 8.1).

37. Assessing the overall effectiveness of the Authority also covers processes and services, as well as human and financial resources. With regard to processes and services, the development and implementation of a strategic plan, completed by a high-level action plan and other relevant workplans and planning documents

necessary for the achievement of the Authority's mandate, will be a critical indicator of performance for the organization (performance indicator 8.2).

38. It will also be necessary to monitor the financial health of the Authority. This will be assessed by measuring the collection rate of annual contributions against assessed contributions (performance indicator 8.3). Monitoring the percentage of unpaid contributions by members will also be key (performance indicator 8.4). As the organization follows a more programmatic approach in the delivery of its activities, two factors will be assessed. First, to ensure that all planned activities, including capacity-building activities, are carried out, it will be of utmost importance to mobilize the necessary resources (performance indicator 8.5). Second, consideration will need to be given to developing a diverse donor base in order to reduce the risk of a funding shortfall (performance indicator 8.6).

39. The consideration of the aforementioned factors for measuring the implementation of strategic direction 8 has resulted in the identification of the following indicators:

Performance indicator

- 8.1 Number of outputs completed by the original target date
 - 8.2 Adoption and implementation of the strategic plan, the high-level action plan and other relevant workplans necessary for the achievement of the Authority's mandate
 - 8.3 Percentage of assessed contributions received from members (collection rate)
 - 8.4 Percentage of unpaid contributions by members
 - 8.5 Percentage of extrabudgetary contributions to the budget, as well as number of new donors
 - 8.6 Percentage of contributions provided by top-five donors
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40. Data for all the performance indicators currently proposed under strategic direction 8 are in the process of being collected within the organization and can be reported.

Strategic direction 9

Commit to transparency

41. Transparency is an essential element of good governance and, therefore, a fundamental guiding principle of the Authority in the conduct of its activities. The performance of the organization in implementing strategic direction 9 will be assessed by means of five indicators. First, the number of outreach activities undertaken by the Authority to raise awareness among relevant stakeholders of its mandate and responsibilities for the Area (performance indicator 9.1). Second, the number of initiatives launched by the Authority to receive stakeholder inputs will certainly provide a good indication of the performance of the organization in implementing strategic direction 9 (performance indicator 9.2). A third indicator will be the number of official documents made available to the general public through the website of the Authority (performance indicator 9.3). In addition, the adoption and implementation of a communications and stakeholder engagement strategy will provide an essential indication of the action of the Authority to ensure an open and meaningful dialogue with all stakeholders (performance indicator 9.4). Lastly, the measures taken by the Authority in conformity with the Convention and the rules, regulations and

procedures of the Authority to make publicly available the non-confidential information contained in contracts and contractors' annual reports, when allowed by national legislation, and related environmental information, including the impact assessments associated with applications for plans of work, will be monitored (performance indicator 9.5).

42. The consideration of the aforementioned factors for measuring the implementation of strategic direction 9 has resulted in the identification of the following indicators:

Performance indicator

- 9.1 Number of outreach activities undertaken by the Authority to raise awareness among relevant stakeholders of its mandate and responsibilities for the Area
 - 9.2 Number of initiatives launched by the Authority to receive stakeholder inputs
 - 9.3 Number of official documents made available to the general public through the website of the Authority
 - 9.4 Adoption and implementation of a communications and stakeholder engagement strategy
 - 9.5 Measures taken by the Authority to make publicly available the non-confidential information contained in contracts and contractors' annual reports, when allowed by national legislation, and related environmental information, including the impact assessments associated with applications for plans of work
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43. Data for all the performance indicators currently proposed under strategic direction 9 are in the process of being collected within the organization and can be reported.

Annex II

Strategic directions and corresponding high-level actions

No.	Strategic direction	High-level action
1	Realize the role of the Authority in a global context	
1.1	Align its programmes and initiatives towards the realization of those Sustainable Development Goals which are relevant to its mandate	<p>1.1.1. Adjust the programmes and initiatives of the Authority to contribute effectively to the achievement of goals and targets of the 2030 Agenda for Sustainable Development, in particular Sustainable Development Goal 14</p> <p>1.1.2. Keep under review the adequacy of the programmes and initiatives of the Authority with the goals and targets of the 2030 Agenda, in particular Sustainable Development Goal 14, and propose adjustments as necessary</p>
1.2	Establish and strengthen strategic alliances and partnerships with relevant subregional, regional and global organizations with a view to more effective cooperation in the conservation and sustainable use of ocean resources, consistent with the United Nations Convention on the Law of the Sea and international law, including the pooling of resources and funding, where appropriate, in particular in connection with marine scientific research, to avoid the duplication of efforts and to benefit from synergies	<p>1.2.1. Establish partnerships to foster cooperation with the United Nations, including through the UN-Oceans coordination mechanism, on matters of mutual interest, and provide relevant input and guidance</p> <p>1.2.2. Cooperate with the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization in the planning and implementation of the United Nations Decade of Ocean Science for Sustainable Development, in particular on matters relating to the conduct of marine scientific activities in the Area</p> <p>1.2.3. Establish partnerships to foster cooperation, consistent with the Convention and international law, with relevant international and regional organizations on matters of mutual interest, and provide relevant input and guidance</p> <p>1.2.4. Consider problems of a general nature arising in relation to activities in the Area in a manner consistent with the Convention and international law and relevant to the role of the Authority</p> <p>1.2.5. Promote and raise awareness of the role and specific mandate of the Authority for the conservation and sustainable use of ocean resources and marine biodiversity</p>
1.3	Build a comprehensive and inclusive approach to the development of the common heritage for the benefit of mankind as a whole that balances the three pillars of sustainable development	<p>1.3.1. Ensure that activities in the Area are carried out for the benefit of mankind as a whole</p>

No.	Strategic direction	High-level action
1.4	Promote the effective and uniform implementation of the international legal regime of the Area, including the Authority's rules, regulations and procedures, and pay particular attention to the needs of developing States	<p>1.4.1. Actively engage with members to achieve the effective and uniform implementation of relevant legal instruments through State practice</p> <p>1.4.2. Identify specific challenges faced by developing States and recommend ways and means to address them</p>
1.5	Strengthen cooperation and coordination with other relevant international organizations and stakeholders in order to promote mutual "reasonable regard" between activities in the Area and other activities in the marine environment and to effectively safeguard the legitimate interests of members of the Authority and contractors, as well as other users of the marine environment	1.5.1. Promote and strengthen dialogue among States, relevant international organizations and stakeholders to foster the use of practical tools for mutual "reasonable regard" in order to accommodate activities in the Area and other activities in the marine environment
2	Strengthen the regulatory framework for activities in the Area	
2.1	Adopt rules, regulations and procedures covering all phases of deep sea mineral exploration and exploitation on the basis of best available information and in line with the policies, objectives, criteria, principles and provisions set out in the Convention and the 1994 Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982	<p>2.1.1. Promote the development of rules, regulations and procedures covering all phases of deep sea mining activities</p> <p>2.1.2. Monitor and keep under review rules, regulations and procedures to ensure that they are consistent with the policies, objectives, criteria, principles and provisions set out in the Convention and the 1994 Agreement</p> <p>2.1.3. Clarify the roles and responsibilities of the various stakeholders involved, in particular among the Authority, sponsoring States and flag States</p>
2.2	Ensure that the rules, regulations and procedures governing mineral exploitation incorporate best practices for environmental management and are underpinned by sound commercial principles in order to promote investment on a "level playing field"	2.2.1. Keep under review rules, regulations and procedures governing mineral exploitation to ensure that they incorporate good industry practice and best practices for environmentally responsible management, in order to promote investment on a level playing field, and that the terms used are clear and consistent
2.3	Ensure that the legal framework for activities in the Area is adaptive and responsive to new technology, information and knowledge and advances in international law relating to the Area, in particular in connection with international law rules on responsibility and liability	<p>2.3.1. Monitor developments and keep under review the adequacy of the legal framework for activities in the Area</p> <p>2.3.2. Ensure that rules, regulations and procedures governing mineral exploitation reflect the establishment of an adaptive management system</p>
2.4	Ensure that the regulatory framework gives due consideration to and promotes the participation of developing States in activities in the Area in accordance with the Convention and the 1994 Agreement	2.4.1. Keep under review the regulatory framework to ensure that it gives due consideration to developing States and promotes their participation in activities in the Area

No.	Strategic direction	High-level action
2.5	Advance the development of the regulatory framework for activities in the Area, taking into account trends and developments relating to deep seabed mining activities, including objective analysis of world metal market conditions and metal prices, trends and prospects, through a predictable process with clear timelines, based on consensus, and that allows for stakeholder input in appropriate ways	2.5.1. Undertake regular assessments and analyses of trends and developments in deep seabed mining activities
2.6	Conduct a study of the potential impact of mineral production from the Area on the economies of developing land-based producers of those minerals that are likely to be most seriously affected, with a view to minimizing their difficulties and assisting them in their economic adjustment, taking into account the work done in this regard by the Preparatory Commission for the International Seabed Authority and for the International Tribunal for the Law of the Sea (1994 Agreement, annex, sect. 1 (5) (e)), and develop possible criteria for economic assistance	2.6.1. Identify the potential impact of mineral production from the Area on the economies of developing land-based producers and the development of possible criteria for economic assistance
3	Protect the marine environment	
3.1	Progressively develop, implement and keep under review an adaptive, practical and technically feasible regulatory framework, based on best environmental practices, for the protection of the marine environment from harmful effects which may arise from activities in the Area	<p>3.1.1. Develop the regulatory framework for the protection of the marine environment from harmful effects which may arise from activities in the Area</p> <p>3.1.2. Implement the regulatory framework for the protection of the marine environment from harmful effects which may arise from activities in the Area</p> <p>3.1.3. Keep under review the regulatory framework for the protection of the marine environment from harmful effects which may arise from activities in the Area</p> <p>3.1.4. Keep under review best environmental practices and monitor developments in best available techniques</p>
3.2	Develop, implement and keep under review regional environmental assessments and management plans for all mineral provinces in the Area where exploration or exploitation is taking place to ensure sufficient protection of the marine environment as required by, inter alia, article 145 and part XII of the Convention	<p>3.2.1. Develop regional environmental assessments and management plans for all mineral provinces in the Area where exploration or exploitation is taking place</p> <p>3.2.2. Facilitate the implementation, in cooperation with contractors, sponsoring States and other relevant stakeholders, of regional environmental management plans for all mineral provinces in the Area where exploration or exploitation is taking or will take place</p>

No.	Strategic direction	High-level action
3.3	Ensure public access to environmental information, including environmental information from contractors, and participation by stakeholders, as appropriate	<p>3.2.3. Keep under review the implementation of the regional environmental management plans, including with regard to the challenges and constraints identified therein, for all mineral provinces in the Area where exploration or exploitation is taking or will take place</p> <p>3.2.4. Encourage and facilitate strategic partnerships to support the work of the Authority in developing, implementing and keeping under review regional environmental assessment and management plans</p> <p>3.3.1. Facilitate public access to non-confidential information</p> <p>3.3.2. Encourage participation by stakeholders in the development and review of the regulatory framework adopted for the protection of the marine environment</p>
3.4	Develop scientifically and statistically robust monitoring programmes and methodologies to assess the potential risk for activities in the Area to interfere with the ecological balance of the marine environment	<p>3.4.1. Establish robust monitoring programmes and methodologies to assess the potential risks that activities in the Area interfere with the ecological balance of the marine environment</p> <p>3.4.2. Keep under review the adequacy of the monitoring programmes and methodologies</p> <p>3.4.3. Encourage and facilitate strategic partnerships to support the work of the Authority in developing robust monitoring programmes and methodologies</p>
3.5	Develop appropriate regulations, procedures, monitoring programmes and methodologies to prevent, reduce and control pollution and other hazards to the marine environment, as well as interference with the ecological balance of the marine environment, prevent damage to the flora and fauna of the marine environment and implement the relevant requirements relating to the protection of the marine environment as contained in part XII of the Convention	<p>3.5.1. Monitor, through cooperation with contractors, sponsoring States and other stakeholders, pollution and hazards to the marine environment from seabed activities undertaken in the Area</p> <p>3.5.2. Keep under review regulations, procedures, monitoring programmes and methodologies to prevent, reduce and control pollution and other hazards to the marine environment, as well as interference with the ecological balance of the marine environment, to prevent damage to the flora and fauna of the marine environment</p> <p>3.5.3. Implement the relevant requirements relating to the protection of the marine environment as contained in part XII of the Convention</p> <p>3.5.4. Encourage and facilitate strategic partnerships to support the work of the Authority in developing regulations, procedures, monitoring programmes and methodologies</p>

No.	Strategic direction	High-level action
4	Promote and encourage marine scientific research in the Area	
4.1	Continue to promote and encourage the conduct of marine scientific research with respect to activities in the Area, with particular emphasis on research related to the environmental effects of activities in the Area	<p>4.1.1. Actively promote and encourage the conduct of marine scientific research with respect to activities in the Area</p> <p>4.1.2. Promote and encourage research related to the environmental effects of activities in the Area</p> <p>4.1.3. Establish strategic alliances and partnerships with Governments, international organizations, contractors and other relevant stakeholders to advance research related to the environmental effects of activities in the Area</p>
4.2	Collect and disseminate the results of research and analysis, when available	<p>4.2.1. Enhance the collection, compilation, analysis and synthesis of the results of research and analysis, when available, in particular from contractors, including through the Authority's database as the principal repository for data and information related to the deep seabed and associated water column</p> <p>4.2.2. Ensure the dissemination of the results of research and analysis, when available, in a timely manner</p>
4.3	Strengthen and, as appropriate, establish strategic alliances and partnerships with relevant subregional, regional and global organizations, including the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization, the International Atomic Energy Agency and the International Hydrographic Organization and collaborative programmes such as the European Union joint programming initiative on healthy and productive seas and oceans, to share data and information in an open and transparent manner, avoid the duplication of efforts and benefit from synergies, for example, by aligning with the United Nations Decade of Ocean Science for Sustainable Development, which will address knowledge gaps to be identified by the First Global Integrated Marine Assessment (World Ocean Assessment I)	<p>4.3.1. Establish and enhance partnerships for improved sharing of data and information</p> <p>4.3.2. Raise awareness of the Authority's database as the primary repository for data and information related to the deep seabed and associated water column, and its potential contribution to the advancement of global knowledge and understanding of the deep sea, including in the context of the United Nations Decade of Ocean Science for Sustainable Development</p> <p>4.3.3. Build up, enhance and expand the Authority's database and facilitate the production of data analysis and synthesis through partnerships with various scientific partners</p>
4.4	Be proactive in engaging with the international scientific community through workshops and sponsored publications and by promoting access to non-confidential information and data, in particular those data relating to the marine environment	<p>4.4.1. Promote and strengthen partnerships with the international scientific community, including by involving it in workshops and technical publications</p> <p>4.4.2. Promote and facilitate access to non-confidential information and data related to the marine environment</p>

No.	Strategic direction	High-level action
4.5	Compile summaries of the status of environmental baseline data and develop a process to assess the environmental implications of activities in the Area (Convention, art. 165 (2) (d))	<p>4.5.1. Compile summaries of the status of environmental baseline data</p> <p>4.5.2. Develop processes to assess the environmental implications of activities in the Area and disseminate and publish, as appropriate, the results of any such assessment</p>
5	Build capacity for developing States	
5.1	Ensure that all capacity-building programmes and measures and their delivery are meaningful, tangible, efficient, effective and targeted at the needs of developing States, as identified by developing States	<p>5.1.1. Assist developing States, in particular geographically disadvantaged States, small island developing States, least developed countries and landlocked developing countries, in identifying their needs</p> <p>5.1.2. Adjust capacity-building programmes as necessary to meet the needs of developing States</p> <p>5.1.3. Undertake regular assessments of the effectiveness and relevance of capacity-building programmes and initiatives implemented by the Authority</p>
5.2	Seek and maximize funding opportunities for the Endowment Fund for Marine Scientific Research in the Area and its beneficiaries, together with participation in global financing mechanisms	<p>5.2.1. Promote and strengthen partnerships with Governments, international organizations and the private sector to maximize funding opportunities and in-kind contributions for the Endowment Fund for Marine Scientific Research in the Area and its beneficiaries</p> <p>5.2.2. Participate in global financing mechanisms to foster funding opportunities for the Endowment Fund for Marine Scientific Research in the Area and its beneficiaries</p>
5.3	Enable capacity-building measures to be mainstreamed into relevant initiatives	<p>5.3.1. Promote, prioritize and implement capacity-building measures in all projects and activities, as far as practicable, implemented by the Authority, alone and in partnership, with an emphasis on the needs identified by developing States</p>
5.4	Build on the achievements of contractor training programmes and assess their long-term impact on capacity-building	<p>5.4.1. Undertake regular assessments of contractors' training programmes and their long-term impact on capacity-building</p> <p>5.4.2. Facilitate the adjustment of contractor training programmes to meet the needs of developing States</p>

6 Ensure fully integrated participation by developing States

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|-----|--|--------|---|
| 6.1 | Continue to promote and seek opportunities for fully integrated participation by developing States in the implementation of the regime for the Area, paying special attention to the needs of landlocked and geographically disadvantaged States, small island developing States and the least developed countries | 6.1.1. | Develop measures to increase participation by developing States in the implementation of the regime for the Area |
| | | 6.1.2. | Identify and address the needs of developing States in the implementation of the regime for the Area |
| 6.2 | Undertake a review of the extent of the participation by developing States in the Area, identify and understand any specific barriers to such participation and address them accordingly, including through targeted outreach and partnerships | 6.2.1. | Consult developing States members of the Authority to identify potential barriers to participation and devise mechanisms to address them |
| 6.3 | In cooperation with States parties, initiate and promote measures providing opportunities to personnel from developing States for training in marine science and technology and for their full participation in activities in the Area (Convention, art. 144 (2) (b)) | 6.3.1. | Identify training opportunities for personnel from developing States in marine science and technology |
| | | 6.3.2. | Actively promote partnerships with Governments, contractors and international organizations to maintain and develop training opportunities for personnel from developing States |
| | | 6.3.3. | Identify and develop measures to strengthen the role of women in deep seabed-related activities and, in particular, deep seabed research |
| 6.4 | Carry out a detailed resource assessment of the reserved areas that are available to the Enterprise and developing States | 6.4.1. | Update the resource assessment of the reserved areas as new data and information become available |
| 6.5 | Identify possible approaches to the independent operation of the Enterprise in a way that meets the objectives of the Convention and the 1994 Agreement while taking into account that the Enterprise lacks capital and is limited to operating through joint ventures | 6.5.1. | Identify possible approaches to the independent operation of the Enterprise, including procedures and criteria for joint venture operations |

7 Ensure equitable sharing of financial and other economic benefits

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|-----|--|--------|--|
| 7.1 | Adopt and apply in a transparent manner rules, regulations and procedures for the equitable sharing of financial and other economic benefits derived from activities in the Area | 7.1.1. | Develop and implement, on a non-discriminatory basis, rules, regulations and procedures for the equitable sharing of financial and other economic benefits derived from activities in the Area |
| | | 7.1.2. | Develop equitable sharing criteria for the benefits distributed through the Authority pursuant to article 82 (4) of the Convention |

No.	Strategic direction	High-level action
8	Improve the organizational performance of the Authority	
8.1	Strengthen its institutional capacity and functioning through the allocation of sufficient resources and expertise to deliver its work programmes	<p>8.1.1. Identify opportunities to strengthen management culture, reduce risk and introduce best practices through the planning, development and implementation of organizational reforms</p> <p>8.1.2. Develop and maintain a risk management framework</p> <p>8.1.3. Implement human resource policies that will attract and retain talents to strengthen the institutional capacity of the Authority</p> <p>8.1.4. Provide, as far as practicable, capacity development for staff to ensure that skills and aptitudes meet the evolution and emerging needs of member States</p> <p>8.1.5. Develop, implement, enhance, support and manage information systems and standard operating procedures in support of a knowledge- and information-based organization</p> <p>8.1.6. Explore the needs of the organs and subsidiary bodies of the Authority, as well as necessary institutional adjustments to their set-up and functioning, in line with the evolutionary approach, so that they may effectively discharge their respective responsibilities at the various stages of development of activities in the Area</p>
8.2	Ensure a fuller, more active and more informed participation by members of the Authority and other stakeholders through the adoption of working methods that are focused, targeted and effective and delivered under enhanced conditions of transparency and accountability, leading to a more inclusive approach to decision-making	<p>8.2.1. Further encourage the active participation of members and relevant stakeholders to achieve the Authority's mission objectives through cooperation and collaboration</p> <p>8.2.2. Implement and keep under review working methods and processes of the organs of the Authority</p>
8.3	Keep work programmes and working methodologies under review such that they achieve the objectives set by members of the Authority within a reasonable time frame and in a cost-effective manner through improved planning and management	<p>8.3.1. Adopt, implement and keep under review measures for the effective, efficient and transparent utilization and management of the Authority's resources</p>

No.	Strategic direction	High-level action
8.4	Assess long-term options for funding its operations	<p>8.4.1. Identify long-term options for the sustainable financing of the Authority's operations</p> <p>8.4.2. Undertake regular assessment of long-term options for financing the Authority's operations</p> <p>8.4.3. Actively promote and encourage contributions from Governments, international organizations, contractors and other stakeholders to develop and enhance the impact of the Authority's operations</p>
9 Commit to transparency		
9.1	Communicate information about its work in a timely and cost-effective manner	<p>9.1.1. Enhance the Authority's public outreach programme in a timely and cost-effective manner</p> <p>9.1.2. Raise awareness of the role of the Authority in global ocean governance and for the implementation of the 2030 Agenda, in a timely and cost-effective manner</p>
9.2	Ensure access to non-confidential information	<p>9.2.1. Promote and enhance the availability of, and access to, non-confidential information and, in particular, consider a wider dissemination of information, analysis and decisions relating to the work of the Authority, especially through the Authority's database</p>
9.3	Adopt clear, open and cost-effective working practices and procedures and ensure that the chain of responsibility and accountability of all relevant actors is fully understood and properly managed in the development, implementation and enforcement of technical, environmental, operational, scientific and safety regulations and standards for activities in the Area	<p>9.3.1. Raise awareness of the chain of responsibility and accountability among all stakeholders</p> <p>9.3.2. Develop clear, open and cost-effective working practices and procedures to ensure that the chain of responsibility and accountability is properly managed in the development, implementation and enforcement of technical, environmental, operational, scientific and safety regulations and standards for activities in the Area</p> <p>9.3.3. Keep under review the effectiveness of working practices and procedures</p>
9.4	Build a stakeholder communications and consultation strategy and platform which facilitates open, meaningful and constructive dialogue, including on stakeholder expectations	<p>9.4.1. Promote the adoption of a communications and stakeholders' engagement strategy</p> <p>9.4.2. Actively engage relevant stakeholders in the work of the Authority, as appropriate</p>

High-level actions and related outputs

<i>Outputs for 2019–2023</i>						
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
Strategic direction 1: realize the role of the Authority in a global context						
1.1.1	Adjust its programmes and initiatives to contribute effectively to the achievement of goals and targets of the 2030 Agenda for Sustainable Development, in particular Sustainable Development Goal 14	Report on programmes and initiatives contributing to the achievement of relevant goals and targets of Agenda 2030	Annual	Secretariat	Assembly	
1.1.2	Keep under review the adequacy of the programmes and initiatives of the Authority with the goals and targets of the 2030 Agenda, in particular Sustainable Development Goal 14, and propose adjustments as necessary	Assess and review the programmes and initiatives of the Authority against relevant goals and targets of Agenda 2030	Biennial	Secretariat	Assembly	
1.2.1	Establish partnerships to foster cooperation with the United Nations, including through the UN-Oceans coordination mechanism, on matters of mutual interest, and provide relevant input and guidance	(a) Report on the contribution of the Authority to the work of the United Nations on matters of mutual interest	Annual	Assembly	Secretariat	
		(b) Consider requests for observer status from international organizations in accordance with rule 82 (1) (d) of the rules of procedure of the Assembly	Annual	Assembly		
		(c) Explore opportunities for establishing a memorandum of understanding or any other relevant agreement to foster cooperation between the Authority and the United Nations	Annual	Assembly	Secretariat	

^a The following definitions apply: organ responsible: the entity that is the main driver of the action in question and is ultimately accountable; associated organ: the entity that is involved in the action by remaining actively engaged and well informed; coordinating organ: the entity that collaborates with the responsible organ, playing a substantive role to ensure inclusiveness and convergence.

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
1.2.2	Cooperate with the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization in the planning and implementation of the United Nations Decade of Ocean Science for Sustainable Development, in particular on matters relating to the conduct of marine scientific activities in the Area	Make an effective contribution to the planning of activities during the United Nations Decade of Ocean Science for Sustainable Development and ensure that appropriate attention is given to the need to promote international cooperation for marine scientific research in the Area	2020	Assembly	Secretariat	
1.2.3	Establish partnerships to foster cooperation, consistent with the Convention and international law, with relevant international and regional organizations on matters of mutual interest, and provide relevant input and guidance	<p>(i) Report on the contribution of the Authority to the work of relevant international and regional organizations</p> <p>(ii) Consider requests for observer status from international and regional organizations in accordance with rule 82 (1) (c) and (d) of the rules of procedure of the Assembly</p> <p>(iii) Explore opportunities for memorandums of understanding or other cooperative arrangements to foster cooperation between the Authority and international and regional organizations</p>	<p>Annual</p> <p>Annual</p> <p>Annual</p>	<p>Secretariat</p> <p>Assembly</p> <p>Secretariat</p>		
1.2.4	Consider problems of a general nature arising in relation to activities in the Area in a manner consistent with the Convention and international law and relevant to the role of the Authority	Provide advice and guidance on issues relevant to the mandate of the Authority and the implementation of relevant legal instruments	Continuous	Assembly	Secretariat	

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
1.2.5	Promote and raise awareness of the role and specific mandate of the Authority for the conservation and sustainable use of ocean resources and marine biodiversity	<p>(i) Participate and contribute to the discussions at the intergovernmental conference on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction convened pursuant to resolution 72/249 of the United Nations General Assembly, with a view to raising awareness of the mandate and role of the Authority</p> <p>(ii) Report on the contribution of the Authority to the discussions at the intergovernmental conference on an international legally binding instrument under the Convention on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction and highlight elements of particular interest or of potential concern in relation to the existing legal regime for the Area and the mandate of the Authority</p> <p>(iii) Increase general awareness and understanding of the legal regime through which the Authority contributes to the conservation and sustainable use of ocean resources and their associated marine biodiversity</p>	Continuous	Secretariat		
			Annual	Assembly	Secretariat	
			Continuous	Secretariat		

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
1.3.1	Ensure that activities in the Area are carried out for the benefit of mankind as a whole	No output against this action	Continuous	Assembly		
1.4.1	Actively engage with members to achieve the effective and uniform implementation of relevant legal instruments through State practice	(i) Promote and encourage the ratification of or accession to the 1994 Agreement	Continuous	Assembly		
		(ii) Promote and encourage the ratification of or accession to the Protocol on the Privileges and Immunities of the Authority	Continuous	Assembly	Secretariat	
		(iii) Report on the status of national legislation relating to deep seabed mining and related matters	Continuous	Council	Secretariat	
1.4.2	Identify specific challenges faced by developing States and recommend ways and means to address them	(i) Report on the specific challenges faced by developing States in implementing relevant international legal instruments governing activities in the Area	Continuous	Assembly	Secretariat	
		(ii) Recommend specific measures to address specific challenges that have been identified	Continuous	Assembly	Secretariat	
1.5.1	Promote and strengthen dialogue among States, relevant international organizations and stakeholders to foster the use of practical tools for mutual “reasonable regard” in order to accommodate activities in the Area and other activities in the marine environment	Develop practical tools to facilitate the implementation of “reasonable regard”	Continuous	Assembly	Council and Legal and Technical Commission	

Outputs for 2019–2023

No.	High-level action	Description	Time frame for completion	Organ responsible ^a	Associated organ ^a	Coordinating organ ^a
Strategic direction 2: strengthen the regulatory framework for activities in the Area						
2.1.1	Promote the development of rules, regulations and procedures covering all phases of deep sea mining activities	(i) Facilitate the review of inputs from the Council and comments from stakeholders on the draft regulations on exploitation	Continuous	Council	Secretariat	
		(ii) Facilitate consultation on and a review of available options to be taken into consideration for deciding on the financial model	Continuous	Secretariat	Council	Finance Committee and Legal and Technical Commission
		(iii) Review a possible operating framework for the review, development and integration of standards and guidelines	Continuous	Secretariat	Council	Legal and Technical Commission
		(iv) Submit revised draft regulations on exploitation for consideration by the Council	Continuous	Secretariat	Council	
2.1.2	Monitor and keep under review rules, regulations and procedures to ensure that they are consistent with the policies, objectives, criteria, principles and provisions set out in the Convention and the 1994 Agreement	(i) Review and report on cases of non-compliance by contractors	Continuous	Legal and Technical Commission	Council	Legal and Technical Commission
		(ii) Recommend measures to promote the compliance of contractors in future	2019	Council	Secretariat	Legal and Technical Commission
2.1.3	Clarify the roles and responsibilities of the various stakeholders involved, in particular among the Authority, sponsoring States and flag States	Conduct a study on the roles and responsibilities of the various stakeholders involved	2021	Assembly	Council	Secretariat

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
2.2.1	Keep under review rules, regulations and procedures governing mineral exploitation to ensure that they incorporate good industry practice and best practices for environmentally responsible management, in order to promote investment on a level playing field, and that the terms used are clear and consistent	No output against this action	Continuous	Council	Legal and Technical Commission	
2.3.1	Monitor developments and keep under review the adequacy of the legal framework for activities in the Area	(i) Undertake the periodic review of the international regime for the Area set out in article 154 of the Convention	2022	Assembly		
		(ii) Make recommendations based on the findings of the periodic review to achieve improvements in the operation of the regime	2022	Assembly		
2.3.2	Ensure that rules, regulations and procedures governing mineral exploitation reflect the establishment of an adaptive management system	No output against this action	2020	Assembly	Council	
2.4.1	Keep under review the regulatory framework to ensure that it gives due consideration to developing States and promotes their participation in activities in the Area	No output against this action	Continuous	Assembly		
2.5.1	Undertake regular assessments and analyses of trends and developments in deep seabed mining activities	Consider the findings of the assessments and analyses of trends and developments in deep seabed mining activities	Biennial	Council	Secretariat	
2.6.1	Identify the potential impact of mineral production from the Area on the economies of developing land-based producers and the development of possible criteria for economic assistance	Conduct a study on the potential impact of mineral production from the Area on the economies of developing land-based producers	2020	Secretary	Council	Legal and Technical Commission

Outputs for 2019–2023

No.	High-level action	Description	Time frame for completion	Organ responsible ^a	Associated organ ^a	Coordinating organ ^a
Strategic direction 3: protect the marine environment						
3.1.1	Develop the regulatory framework for the protection of the marine environment from harmful effects which may arise from activities in the Area	(i) Review the application of the precautionary approach to activities in the Area	2019	Council and Legal and Technical Commission	Secretariat	
		(ii) Develop guidance for contractors on the establishment of impact and preservation reference zones	2020	Legal and Technical Commission	Council	
		(iii) Consider an outline inspection mechanism, including for the appointment of inspectors	2019	Council		
3.1.2	Implement the regulatory framework for the protection of the marine environment from harmful effects which may arise from activities in the Area	Develop a mechanism and procedure for the independent review of environmental plans and performance assessments under the draft regulations on exploitation	2019	Council	Legal and Technical Commission	Secretariat
3.1.3	Keep under review the regulatory framework for the protection of the marine environment from harmful effects which may arise from activities in the Area	Review annual reports submitted by contractors	Continuous	Council	Secretariat	
3.1.4	Keep under review best environmental practices and monitor developments in best available techniques	No output against this action	Continuous	Council	Legal and Technical Commission	
3.2.1	Develop regional environmental assessments and management plans for all mineral provinces in the Area where exploration or exploitation is taking place	(i) Implementation of the Authority's strategy for the development of regional environmental management plans	2020	Council	Secretariat	
		(ii) Develop and implement a standardized approach for the design and development of regional environmental management plans	2020	Secretariat	Council	

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
		(iii) Report on progress with the implementation of the Authority's programme for regional environmental management plans	Annual	Secretariat	Council	Legal and Technical Commission
		(iv) Prepare regional environmental assessments compiling relevant scientific information in support of the development of regional environmental management plans	2020	Legal and Technical Commission	Council	
		(v) Adopt regional environmental management plans for all mineral provinces where exploration and exploitation are taking place	2023	Council	Legal and Technical Commission	
3.2.2	Facilitate the implementation, in cooperation with contractors, sponsoring States and other relevant stakeholders, of regional environmental management plans for all mineral provinces in the Area where exploration or exploitation is taking or will take place	No output against this action	2023	Council	Assembly	Legal and Technical Commission and secretariat
3.2.3	Keep under review the implementation of the regional environmental management plans, including with regard to the challenges and constraints identified therein, for all mineral provinces in the Area where exploration or exploitation is taking or will take place	(i) Review the implementation of the environmental management plans for the Clarion-Clipperton Fracture Zone	2023	Council	Legal and Technical Commission	Secretariat
		(ii) Recommend specific measures to address issues identified in the review of regional environmental management plans	2023	Legal and Technical Commission	Council	Secretariat
		(iii) Review the effectiveness of existing areas of particular environmental interest and consider the designation of additional areas	2020	Legal and Technical Commission	Council	Secretariat

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
3.2.4	Encourage and facilitate strategic partnerships to support the work of the Authority in developing, implementing and keeping under review regional environmental assessment and management plans	No output against this action	Continuous	Assembly	Council	
3.3.1	Facilitate public access to non-confidential information	(i) Develop procedures and mechanisms to facilitate access to non-confidential environmental information	2019	Secretariat		
		(ii) Ensure the availability of and access to non-confidential environmental information through the Authority's database	Continuous	Secretariat		
3.3.2	Encourage participation by stakeholders in the development and review of the regulatory framework adopted for the protection of the marine environment	(i) Develop procedures and mechanisms to facilitate the consultation of stakeholders	2020	Secretariat	Council and Legal and Technical Commission	
		(ii) Ensure the availability on the Authority's website of the submissions received from all stakeholders in response to the public consultation on the draft regulations on exploitation	Continuous	Secretariat		
3.4.1	Establish robust monitoring programmes and methodologies to assess the potential risks that activities in the Area interfere with the ecological balance of the marine environment	(i) Develop recommendations for the guidance of contractors for testing mining components or other activities requiring an environmental impact assessment during exploration	2019	Legal and Technical Commission	Council	
		(ii) Develop recommendations for the guidance of contractors on the process to be followed for conducting an environmental impact assessment of a mining test	2019	Legal and Technical Commission	Council	

<i>Outputs for 2019–2023</i>						
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
3.4.2	Keep under review the adequacy of the monitoring programmes and methodologies	(i) Review environmental impact assessments for testing collector components in the exploitation areas	2019	Legal and Technical Commission	Council	Secretariat
		(ii) Review the recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for marine minerals in the Area	2019	Legal and Technical Commission		
3.4.3	Encourage and facilitate strategic partnerships to support the work of the Authority in developing robust monitoring programmes and methodologies	No output against this action	Continuous	Assembly	Council	
3.5.1	Monitor, through cooperation with contractors, sponsoring States and other stakeholders, pollution and hazards to the marine environment from seabed activities undertaken in the Area	(i) Develop standards and guidelines for monitoring and ensuring the conduct of risk assessments	2022	Council	Legal and Technical Commission	Secretariat
		(ii) Periodically issue a publicly available environmental quality status report on mineral provinces where exploration is taking place	2023	Legal and Technical Commission	Council	Secretariat
3.5.2	Keep under review regulations, procedures, monitoring programmes and methodologies to prevent, reduce and control pollution and other hazards to the marine environment, as well as interference with the ecological balance of that environment; to prevent damage to the flora and fauna of the marine environment	No output against this action	Continuous	Legal and Technical Commission	Council	

Outputs for 2019–2023

No.	High-level action	Description	Time frame for completion	Organ responsible ^a	Associated organ ^a	Coordinating organ ^a
3.5.3	Implement the relevant requirements relating to the protection of the marine environment as contained in part XII of the Convention	Compile relevant guidelines on the development and management of marine protected areas beyond national jurisdictions	2019	Secretariat	Legal and Technical Commission	
3.5.4	Encourage and facilitate strategic partnerships to support the work of the Authority in developing regulations, procedures, monitoring programmes and methodologies	No output against this action	Continuous	Assembly	Council	
Strategic direction 4: promote and encourage marine scientific research in the Area						
4.1.1	Actively promote and encourage the conduct of marine scientific research with respect to activities in the Area	Build collaborative initiatives to strengthen marine scientific research infrastructure in the Area	Continuous	Assembly	Council and secretariat	
4.1.2	Promote and encourage research related to the environmental effects of activities in the Area	Facilitate long-term observation programmes for monitoring the environment and the development of environmentally sound technology in the Area	Continuous	Assembly		
4.1.3	Establish strategic alliances and partnerships with Governments, international organizations, contractors and other relevant stakeholders to advance research related to the environmental effects of activities in the Area	Create a collaborative network of scientific institutions to support the collection, analysis and archiving of environmental information and the development of long-term observation systems	2019	Secretariat		
4.2.1	Enhance the collection, compilation, analysis and synthesis of research results and analysis, when available, in particular from contractors, including through the Authority's database as the principal repository for data and information related to the deep seabed and associated water column	Facilitate standardized approaches for taxonomic identification among contractors	2020	Secretariat		

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
4.2.2	Ensure the dissemination of research results and analysis, when available, in a timely manner	(i) Collect and disseminate environmental baseline data collected by contractors	2019	Secretariat		
		(ii) Implement the Authority's data management strategy	2019	Secretariat		
		(iii) Expand taxonomic atlases for deep seabed and water column organisms	Continuous	Secretariat		
4.3.1	Establish and enhance partnerships for improved sharing of data and information	Integrate non-confidential environmental information with the Ocean Biogeographic Information System of the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization	2019	Council	Secretariat	
4.3.2	Raise awareness of the Authority's database as the primary repository for data and information related to the deep seabed and associated water columns, and its potential contribution to the advancement of global knowledge and understanding of the deep sea, including in the context of the United Nations Decade of Ocean Science for Sustainable Development	Launch the Authority's database	2019	Secretariat		
4.3.3	Build up, enhance and expand the Authority's database and facilitate the production of data analysis and synthesis, through partnerships with various scientific partners	Develop data visualization tools for multiple stakeholders	Continuous	Secretariat		

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
4.4.1	Promote and strengthen partnerships with the international scientific community, including by involving it in workshops and technical publications	Co-organize workshops on the synthesis of scientific and environmental data and information and the assessment of data gaps from different mineral provinces	2019	Secretariat		
4.4.2	Promote and facilitate access to non-confidential information and data related to the marine environment	Request data from external users	2019	Secretariat		
4.5.1	Compile summaries of the status of environmental baseline data	Perform periodic (five-year) reviews of the status of environmental baseline data	2023	Legal and Technical Commission	Secretariat	
4.5.2	Develop processes to assess the environmental implications of activities in the Area and disseminate and publish, as appropriate, the results of any such assessment	Publish technical reports on the environmental risk assessments of activities in the Area	2020	Secretariat		
Strategic direction 5: build capacity for developing States						
5.1.1	Assist developing States, in particular geographically disadvantaged States, small island developing States, least developed countries and landlocked developing countries, in identifying their needs	(i) Report on initiatives developed to facilitate the identification of the needs of developing States	2020	Secretariat		
		(ii) Collect input on the identification of the emerging needs of developing States, in particular geographically disadvantaged States, small island developing States, least developed countries and landlocked developing countries	2020	Secretariat		
		(iii) Develop a capacity-building strategy for the Authority that addresses the needs identified by developing States	2020	Secretariat	Assembly	

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
5.1.2	Adjust capacity-building programmes as necessary to meet the needs of developing States	(i) Make adjustments to address the needs identified by developing States	2020	Secretariat		
		(ii) Recommend specific measures to address the needs identified by developing States	2020	Secretariat		
5.1.3	Undertake regular assessments of the effectiveness and relevance of capacity-building programmes and initiatives implemented by the Authority	(i) Report on key findings of the assessments undertaken	2020	Secretariat	Assembly	
		(ii) Recommend specific measures to improve the delivery of capacity-building programmes and measures implemented by the Authority	2020	Secretariat	Assembly	
5.2.1	Promote and strengthen partnerships with Governments, international organizations and the private sector to maximize funding opportunities and in-kind contributions for the Endowment Fund for Marine Scientific Research in the Area and its beneficiaries	Report on partnerships established to maximize funding opportunities for the Endowment Fund for Marine Scientific Research in the Area and its beneficiaries	Annual	Secretariat	Assembly	
5.2.2	Participate in global financing mechanisms to foster funding opportunities for the Endowment Fund for Marine Scientific Research in the Area and its beneficiaries	No output against this action	Continuous	Secretariat		
5.3.1	Promote, prioritize and implement capacity-building measures in all projects and activities, as far as practicable, implemented by the Authority, alone and in partnership, with an emphasis on the needs identified by developing States	(i) Ensure the dissemination of and access to all information on capacity-building opportunities on the Authority's website	Continuous	Secretariat		
		(ii) Ensure that all the Authority's projects and activities, as far as practicable, contain a dedicated capacity-building component	Continuous	Secretariat		

<i>Outputs for 2019–2023</i>						
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
		(iii) Develop and implement measures and process that ensure the selection of the best qualified candidates	Continuous	Secretariat		Legal and Technical Commission
		(iv) Promote and develop excellence in deep sea research among young scientists and researchers from developing States through the Secretary-General's awards	Continuous	Secretariat		
5.4.1	Undertake regular assessments of contractors' training programmes and their long-term impact on capacity-building	(i) Analyse the long-term impact of the contractors' training programmes	2020	Secretariat	Assembly	Legal and Technical Commission
		(ii) Recommend measures to improve the impact of the contractors' training programmes	2020	Secretariat	Assembly	Legal and Technical Commission
5.4.2	Facilitate the adjustment of contractor training programmes to meet the needs of developing States	(i) Identify, in partnership with contractors, options for the adjustment of their contractors' training programmes	2021	Secretariat	Assembly	Legal and Technical Commission
		(ii) Develop cost-effective measures to improve the delivery of the contractors' training programmes	2020	Secretariat	Council	Legal and Technical Commission
Strategic direction 6: ensure fully integrated participation by developing States						
6.1.1	Develop measures to increase participation by developing States in the implementation of the regime for the Area	(i) Identify measures to increase the participation of developing States in the work of the Authority	2020	Secretariat	Assembly	
		(ii) Identify measures to increase the participation of developing States in marine scientific programmes carried out in the Area	2020	Secretariat	Assembly	

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
6.1.2	Identify and address the needs of developing States in the implementation of the regime for the Area	(i) Identify the needs of developing States for ensuring an effective and efficient implementation of the regime for the Area	2023	Assembly		
		(ii) Identify measures to improve the implementation of the regime for the Area by developing States	2023	Assembly		
6.2.1	Consult developing States members of the Authority to identify potential barriers to participation and devise mechanisms to address them	(i) Organize consultations with developing States members of the Authority with a view to identifying potential barriers to their participation in activities in the Area	Continuous	Secretariat	Assembly	
		(ii) Report on potential mechanisms identified to remove the barriers that stop developing States members of the Authority from participating fully in activities in the Area	2020	Secretariat	Assembly	
6.3.1	Identify training opportunities for personnel from developing States in marine science and technology	(i) Develop a network of entities providing training opportunities for personnel from developing States	2020	Secretariat		
		(ii) Promote and facilitate the establishment of regional centres of excellence for strengthening capacities in developing States	Continuous	Assembly	Secretariat	
		(iii) Establish and maintain a database of trainees from developing States who have benefited from training opportunities	Continuous	Secretariat		Legal and Technical Commission

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
6.3.2	Actively promote partnerships with Governments, contractors and international organizations to maintain and develop training opportunities for personnel from developing States	(i) Facilitate the selection of qualified candidates for training programmes under plans of work	Continuous	Secretariat	Legal and Technical Commission	Council
		(ii) Report on the implementation of training programmes	Continuous	Secretariat	Legal and Technical Commission	
6.3.3	Identify and develop measures to strengthen the role of women in deep seabed-related activities and, in particular, deep seabed research	Report on the measures identified or developed that could be implemented by the Authority to strengthen the role of women in deep sea research	2020	Secretariat	Assembly	
6.4.1	Update the resource assessment of the reserved areas as new data and information become available	Report on detailed resource assessments of the reserved areas that are available to the Enterprise and developing States	2020	Secretariat		
6.5.1	Identify possible approaches to the independent operation of the Enterprise, including procedures and criteria for joint venture operations	(i) Commission a study on the operationalization of the Enterprise	2019	Secretariat	Assembly and Council	Legal and Technical Commission
		(ii) Commission a report from the designated Special Representative of the Secretary-General for the Enterprise on the proposal by the Government of Poland for a joint venture with the Enterprise	2019	Secretariat	Council	
		(iii) Facilitate the development of a business proposal to facilitate the operation of a joint venture	2019	Secretariat	Council	
		(iv) Establish a voluntary trust fund for the purpose of providing the funds necessary for the work of the Special Representative of the Secretary-General for the Enterprise	2019	Secretariat	Council	

<i>Outputs for 2019–2023</i>						
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
Strategic direction 7: ensure equitable sharing of financial and other economic benefits						
7.1.1	Develop and implement, on a non-discriminatory basis, rules, regulations and procedures for the equitable sharing of financial and other economic benefits derived from activities in the Area	Conduct a study on the equitable sharing of financial and other economic benefits from deep seabed mining	2019	Secretariat	Finance Committee	
7.1.2	Develop equitable sharing criteria for benefits distributed through the Authority pursuant to article 82 (4) of the Convention	No output against this action	2019	Assembly	Finance Committee	
Strategic direction 8: improve the organizational performance of the Authority						
8.1.1	Identify opportunities to strengthen management culture, reduce risk and introduce best practices through the planning, development and implementation of organizational reforms	(i) Develop the high-level action plan of the Authority	2019	Secretariat	Assembly	
		(ii) Develop the secretariat's business plan	2020	Secretariat		
		(iii) Develop and maintain a good working environment based on a strong management culture	Continuous	Secretariat		
		(iv) Ensure excellence in the provision of administrative services by the Authority	Continuous	Secretariat		
		(v) Ensure compliance with United Nations security and safety policies	Continuous	Secretariat		
		(vi) Recommend an alternative methodology benefiting from the ongoing implementation of the International Public Sector Accounting Standards in the accounting of the secretariat	2019	Secretariat	Finance Committee	

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
		(vii) Report the exact cost for supervising and administering the contracts for exploration	Continuous	Secretariat	Assembly, Council and Finance Committee	
8.1.2	Develop and maintain a risk management framework	(i) Review the secretariat's risk management exercise for the biennium 2019–2020	2020	Secretariat		
		(ii) Establish a risk register and business continuity plan for the Authority	2020	Secretariat		
8.1.3	Implement human resource policies that will attract and retain talents to strengthen the institutional capacity of the Authority	Ensure the performance of the recruitment process	Continuous	Secretariat		
8.1.4	Provide, as far as practicable, capacity development for staff to ensure that skills and aptitudes meet the evolution and emerging needs of member States	(i) Enhance the Authority's capacity through professional development and learning	Continuous	Secretariat		
		(ii) Allocate the resources necessary to support capacity development for staff	2020	Assembly	Finance Committee	
8.1.5	Develop, implement, enhance, support and manage information systems and standard operating procedures in support of a knowledge- and information-based organization	(i) Develop, implement and keep under review the communications and information technology services to ensure the efficient delivery of services by the Authority	Continuous	Secretariat		
		(ii) Endorse a proposal for the development, maintenance and enhancement of the communications and information technology services (e.g., secured access and website)	2020	Council	Finance Committee	

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
8.1.6	Explore the needs of the organs and subsidiary bodies of the Authority, as well as necessary institutional adjustments to their set-up and functioning, in line with the evolutionary approach, so that they may effectively discharge their respective responsibilities at the various stages of development of activities in the Area	Issue a report identifying the needs and the adjustments necessary to accompany the evolution of the Authority	Annual	Assembly	Secretary	
8.2.1	Further encourage the active participation of members and relevant stakeholders to achieve the Authority's mission objectives through cooperation and collaboration	(i) Develop and keep under review guidelines and criteria for the application process for and the participation of observers	2019	Assembly	Secretariat	
		(ii) Develop measures and mechanisms to encourage contributions by members and relevant stakeholders to the programmes, projects and initiatives of the Authority	Continuous	Secretariat		
8.2.2	Implement and keep under review working methods and processes of the organs of the Authority	(i) Issue a report of the Secretary-General on the implementation of the decision of the Council	Annual	Secretariat		
		(ii) Issue a report of the Chair of the Legal and Technical Commission on the work of the Commission	Annual	Legal and Technical Commission		
		(iii) Review the Staff Regulations and Rules of the Authority, as needed, to follow the recommendations of the International Civil Service Commission	Continuous	Assembly		Secretariat
		(iv) Review the financial rules and regulations, as needed	Continuous	Assembly and Council	Finance Committee	Secretariat
		(v) Revise the guidelines on the organization and method of work, as needed	Continuous	Secretariat		

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
8.3.1	Adopt, implement and keep under review measures for the effective, efficient and transparent utilization and management of the Authority's resources	(i) Ensure proactive communication and engagement with member States on the status of assessed contributions	Continuous	Secretariat		
		(ii) Ensure the timely submission of financial reports	Continuous	Secretariat	Finance Committee	Assembly and Council
		(iii) Report on the status of the various voluntary trust funds	Continuous	Secretariat	Finance Committee	Assembly and Council
		(iv) Introduce a result-based budget	2020	Secretariat	Finance Committee	
		(v) Issue a report, with recommendations, of the Finance Committee	Continuous	Finance Committee	Council	Assembly
8.4.1	Identify long-term options for the sustainable financing of the Authority's operations	(i) Provide an analysis and recommendations on the long-term options for the sustainable financing of the Authority's operations	2020	Finance Committee		
		(ii) Develop a resource mobilization strategy for the Authority	2020	Secretariat		
8.4.2	Undertake regular assessment of long-term options for financing the Authority's operations	Report on potential long-term options for financing the Authority's operations	2020	Secretariat	Assembly, Council and Finance Committee	
8.4.3	Actively promote and encourage contributions from Governments, international organizations, contractors and other stakeholders to develop and enhance the impact of the Authority's operations	Report on strategic partnerships established to support the Authority's programmes and activities	Annual	Secretariat	Assembly	

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
Strategic direction 9: Commit to transparency						
9.1.1	Enhance the Authority's public outreach programme in a timely and cost-effective manner	(i) Organize informational workshops to raise awareness of the Authority's role and mandate, as well as of benefits associated with the sustainable development of deep seabed resources	Continuous	Secretariat		
		(ii) Develop communications tools (e.g., briefing papers and technical studies) to support outreach activities	Continuous	Secretariat		
		(iii) Develop communications activities to celebrate 25 years of contribution by the Authority to the implementation of the Convention, the strengthening of ocean governance and the implementation of the sustainable development agenda	2019	Secretariat		
		(iv) Report on the activities undertaken by the Authority to increase public outreach	Annual	Secretariat	Assembly	
9.1.2	Raise awareness of the role of the Authority in global ocean governance and for the implementation of the 2030 Agenda, in a timely and cost-effective manner	Strategically position the Authority in international meetings and forums to raise awareness of its role in global ocean governance and the implementation of the 2030 Agenda	Continuous	Secretariat		
9.2.1	Promote and enhance the availability of, and access to, non-confidential information and, in particular, consider a wider dissemination of information, analyses and decisions relating to the work of the Authority, especially through the Authority's database	(i) Explore with contractors the possibility for making contracts for exploration and associated programmes of activities publicly available	2019	Council	Secretariat	
		(ii) Develop a new website of the Authority that meets the needs of member States and other relevant stakeholders	2019	Secretariat		

<i>Outputs for 2019–2023</i>						
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
		(iii) Ensure that the Authority's website is regularly updated and provides information in a timely manner	Continuous	Secretariat		
		(iv) Ensure the publication of workshop reports and technical studies in a timely and effective manner	Continuous	Secretariat		
		(v) Maintain and develop the Satya N. Nandan Library as a primary source for information on deep seabed mining and the law of the sea	Continuous	Secretariat		
9.3.1	Raise awareness of the chain of responsibility and accountability among all stakeholders	No output against this action				
9.3.2	Develop clear, open and cost-effective working practices and procedures to ensure that the chain of responsibility and accountability is properly managed in the development, implementation and enforcement of technical, environmental, operational, scientific and safety regulations and standards for activities in the Area	(i) Undertake periodic reviews of the implementation of approved plans of work for exploration	Annual	Secretariat		
		(ii) Report on the status of contracts for exploration and related matters, including information on the periodic review of the implementation of approved plans of work for exploration	Annual	Council	Legal and Technical Commission	Secretariat
		(iii) Encourage contractors to provide detailed programmes of activities for five-year periods that include clear objectives	Continuous	Council	Legal and Technical Commission	Secretariat
		(iv) Develop a framework for establishing a registry of contracts in accordance with best international practice	2020	Secretariat		

		<i>Outputs for 2019–2023</i>				
<i>No.</i>	<i>High-level action</i>	<i>Description</i>	<i>Time frame for completion</i>	<i>Organ responsible^a</i>	<i>Associated organ^a</i>	<i>Coordinating organ^a</i>
		(v) Organize meetings with contractors to ensure dialogue between them and the Authority, monitor the implementation of training programmes and encourage contractors to share relevant data and information on the Authority's database	Annual	Secretariat		
		(vi) Report on the outcomes of contractors' meetings	Annual	Secretariat	Council	
9.3.3	Keep under review the effectiveness of working practices and procedures	No output against this action	Continuous	Secretariat		
9.4.1	Promote the adoption of a communications and stakeholders' engagement strategy	(i) Develop and implement a communications and stakeholders' engagement strategy	2019	Secretariat		
		(ii) Consider requests for observer status from non-governmental organizations in accordance with rule 82 (1) (e) of the rules of procedure of the Assembly	Annual	Assembly		
9.4.2	Actively engage relevant stakeholders in the work of the Authority, as appropriate	(i) Develop administrative elements and processes to engage relevant stakeholders in the work of the Authority	2019	Secretariat		
		(ii) Facilitate the consultation of relevant stakeholders in the development of the draft regulations on exploitation	Continuous	Secretariat	Council	
		(iii) Consider the implications of holding open meetings for the Legal and Technical Commission and how such meetings could be structured to facilitate meaningful input and exchanges in specific subjects	2019	Legal and Technical Commission	Council	Secretariat



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Twenty-fifth session

Kingston, 1–26 July 2019

Agenda item 10

**Implementation of the strategic plan of the International
Seabed Authority for the period 2019–2023**

Decision of the Assembly of the International Seabed Authority relating to the implementation of the strategic plan for the Authority for the period 2019–2023

Corrigendum

1. Annex I, title

Delete draft before performance indicators

2. Annex I, performance indicator 5.1

Delete identified





Assembly

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Kingston, 1–26 July 2019

Agenda item 6

Consideration of requests for observer status in accordance with rule 82, paragraph 1 (e), of the rules of procedure of the Assembly

Decision of the Assembly on the guidelines for observer status of non-governmental organizations with the International Seabed Authority

The Assembly of the International Seabed Authority,

Bearing in mind rule 82 of its rules of procedure,¹

Having considered the need to streamline the application and review process with regard to observer status and to facilitate its consideration of requests for that status,

1. *Approves* the guidelines for observer status of non-governmental organizations with the International Seabed Authority contained in the annex to the present decision;
2. *Decides* that it may review the guidelines from time to time;
3. *Requests* the Secretary-General to communicate the guidelines to all non-governmental organizations having observer status with the Authority.

*186th meeting
26 July 2019*

¹ ISBA/A/6.



Annex

Guidelines for observer status of non-governmental organizations with the International Seabed Authority

I. Purposes

1. The present guidelines are aimed at facilitating the assessment by the Assembly of requests for observer status submitted by non-governmental organizations (NGOs) that have demonstrated their interest in matters under consideration by the Assembly, in accordance with rule 82, paragraph 1 (e), of its rules of procedure.
2. The guidelines also address the periodic review of the list of NGOs that the Assembly has invited as observers under rule 82 (1) (e).

II. Guidelines

A. Requests for observer status

3. The Assembly may extend invitations to participate as observers to NGOs that have demonstrated their interest in matters under consideration by the Assembly, in accordance with rule 82 (1) (e) of its rules of procedure.

4. In determining whether an NGO can demonstrate its interest in matters under consideration by the Assembly, the Assembly may have regard, inter alia, to:

(a) Whether the purposes or activities of the organization are related to the purposes and work of the International Seabed Authority or whether the organization can contribute to the work of the Authority, for example by providing specialized information, advice or expertise or by identifying or helping to procure the services of experts or consultants;

(b) Whether the organization has the expertise and the capacity to contribute, within its field of competence, to the work of the Authority, in particular in connection with the law of the sea, the protection of the marine environment, the offshore and deep-sea mining industry, technology, minerals processing and marketing, activities in the Area and marine scientific research in the Area;

(c) Whether the organization has an interest in or the ability to support the capacity-building programmes and initiatives carried out by the Authority.

5. If the Assembly determines that an applicant organization has not demonstrated its interest in matters under consideration by the Assembly, or if the Assembly determines that an applicant organization has provided insufficient information regarding its request for observer status, the Assembly may, if it considers it appropriate, invite the applicant to resubmit its application for consideration at the following annual session of the Assembly.

B. Format and content of applications

6. Each application for observer status shall be submitted in the format prescribed in enclosure 1 and shall be addressed to the Secretary-General of the International Seabed Authority.

C. Submission of requests

7. Each applicant shall submit a request in writing no less than three months before the opening of the session of the Assembly at which the request is to be reviewed. Each applicant will be invited to introduce the request and remain available to provide any further information during the consideration of the request by the Assembly.

D. Periodic review of the list of non-governmental organizations

8. The Assembly may review every five years the list of NGOs to which it has granted observer status to determine whether they continue to demonstrate an interest in matters under consideration by the Assembly. The list is available on the Authority's website.

9. In order to facilitate the periodic review of NGOs granted observer status, each organization will be required to provide, within the review period, a report containing information that demonstrates its continued interest in matters under consideration by the Assembly. The questionnaire provided in enclosure 2 should be used for that purpose.

10. The Assembly may withdraw observer status, including if it decides, on the basis of the review of the organization's responses to the questionnaire in enclosure 2 or any other credible information brought to the attention of the Assembly, that an organization can no longer demonstrate its interest in matters under consideration by the Assembly.

11. In the event of the withdrawal of observer status by the Assembly, no new application may be made until at least two years have elapsed since the withdrawal.

Enclosure 1

Format and content of applications

A. Information about the organization

1. Name of organization
2. Address of headquarters
3. Addresses of all branches and/or regional headquarters
4. Telephone number
5. Fax number
6. Email address
7. Name, title and contact details of focal point
8. Background information on the organization
9. Is the organization a member of, affiliated to or otherwise associated with another organization that has been granted observer status with the Authority?
10. Is the organization affiliated to consultants of the Authority, contractors with the Authority, entities in connection with the law of the sea, the offshore and deep-sea mining industry, research institutes or the mineral marketing and processing industry?
11. Relationships with intergovernmental organizations
12. List of publications and/or other relevant documentation

B. Interest in matters under consideration by the Assembly

13. Briefly outline how your organization intends to demonstrate its interest in matters under consideration by the Assembly, including by answering questions 14 to 17 and by providing any other relevant information related to the application for observer status.
14. Briefly outline whether and how the purposes or activities of the organization relate to the work of the Authority.
15. Briefly outline whether and how your organization intends to contribute to the work of the Authority, for example by providing specialized information, advice or expertise, or by identifying or helping to procure the services of experts or consultants.
16. Briefly outline whether and how your organization has the expertise and the capacity to contribute, within its field of competence, to the work of the Authority, in particular in connection with the law of the sea, the protection of the marine environment, the offshore and deep-sea mining industry, technology, minerals processing and marketing, activities in the Area and marine scientific research in the Area.
17. Briefly outline whether and how your organization intends to contribute to the capacity-building programmes and initiatives of the Authority (e.g., Secretary-General's award, voluntary commitments of the Authority).

Enclosure 2

Questionnaire to be completed by the non-governmental organization for the periodic review

Name and acronym:

Date:

1. Please describe any changes in the information provided about the organization in its application for observer status (enclosure 1, questions 1 to 12).
2. Briefly outline how your organization has demonstrated its interest in matters under consideration by the Assembly, including by answering questions 3 to 6 and by providing any other relevant information from the past five years.
3. Briefly outline whether and how the purposes or activities of your organization relate to the work of the Authority.
4. Briefly outline whether and how your organization has contributed to the work of the Authority, for example by providing specialized information, advice or expertise, or by identifying or helping to procure the services of experts or consultants.
5. Briefly outline whether and how your organization has the expertise and the capacity to contribute, within its field of competence, to the work of the Authority, in particular in connection with the law of the sea, the protection of the marine environment, the offshore and deep-sea mining industry, technology, minerals processing and marketing, activities in the Area and marine scientific research in the Area.
6. Briefly outline whether and how your organization has contributed to the capacity-building programmes and initiatives of the Authority (e.g., Secretary-General's award, voluntary commitments of the Authority).
7. Please indicate how many times your organization has attended meetings of the Assembly as an observer and whether your organization has made oral statements, and on which questions, within the scope of its activities.
8. Please indicate the composition of the delegation of your organization at each meeting attended.
9. Has your organization participated in workshops and sensitization seminars of the Authority or has it sponsored or co-hosted workshops with the Authority?
10. Has your organization participated in public consultations of stakeholders by the Authority?
11. Has your organization held side-events on activities of the Authority? Has your organization referred to the work of the Authority in other forums?
12. Briefly outline whether and how your organization keeps abreast of the activities of the Authority between its sessions (e.g., newsletters, social media).
13. If there have been changes to your organization in the past five years, please also provide the secretariat with the information requested in enclosure 1.



Assembly

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Twenty-fifth session

Kingston, 1–26 July 2019

Statement by the President on the work of the Assembly of the International Seabed Authority at its twenty-fifth session

1. The twenty-fifth session of the Assembly of the International Seabed Authority was held in Kingston from 22 to 26 July 2019. A total of eight meetings were held (179th to 186th meetings), including a commemorative meeting held on 25 July to celebrate the twenty-fifth anniversary of the Authority.

I. Adoption of the agenda

2. On 22 July, Mariusz Orion Jedrysek (Poland), President of the Assembly at its twenty-fourth session, declared the opening of the twenty-fifth session of the Assembly.

3. At its 179th meeting, on the same date, the Assembly adopted its agenda for the twenty-fifth session ([ISBA/25/A/1](#)).

II. Election of the President and Vice-Presidents of the Assembly

4. At the same meeting, at the nomination of the Latin American and Caribbean Group, the Minister for Foreign Affairs and Foreign Trade of Jamaica, Kamina Johnson Smith, was elected President of the Assembly at its twenty-fifth session. Following consultations in the regional groups, the representatives of Ghana (African Group), Nauru (Asia-Pacific Group), Norway (Group of Western European and Other States) and Poland (Eastern European Group) were elected Vice-Presidents.

5. The Bureau met on 22 and 23 July on the margins of the meetings of the Assembly, to discuss the way forward to facilitate discussions on the guidelines for observer status of non-governmental organizations and on the high-level action plan and performance indicators under the strategic plan of the Authority for the period 2019–2023.



III. Appointment and report of the Credentials Committee

6. At its 179th meeting, the Assembly appointed a Credentials Committee consisting of the following nine members: Brazil, Canada, Czechia, Kenya, Myanmar, the Netherlands, the Russian Federation, Sri Lanka and Togo.

7. The Credentials Committee met on 24 July and elected Sonali Samarasinghe (Sri Lanka) as its Chair. The Committee examined the credentials of representatives participating in the twenty-fifth session of the Assembly.

8. At the 186th meeting, on 26 July, the Chair of the Credentials Committee presented the report of the Committee ([ISBA/25/A/11](#)), which was approved by the Assembly at the same meeting (see [ISBA/25/A/12](#)).

IV. Statement by the President of the Council on the work of the Council during the twenty-fifth session

9. At the 180th meeting, on 22 July, the President of the Council, Lumka Yengeni, made an oral report on the work of the Council during the twenty-fifth session (25 February to 1 March and 15 to 19 July 2019), including but not limited to, approval of a plan of work for exploration for polymetallic nodules by the Beijing Pioneer Hi-Tech Development Corporation, consideration of the draft exploitation regulations and development of standards and guidelines, and the meeting of the open-ended working group on the financial model. Many delegations expressed their appreciation to the President of the Council for her report. The Assembly took note of the report.

V. Requests for observer status in the Assembly

10. At its 179th meeting, the Assembly considered four requests for observer status: from the Advisory Committee on Protection of the Sea ([ISBA/25/A/INF/1](#)), the Institute for Sustainable Development and Research, India ([ISBA/25/A/INF/2](#)), the Ocean Society of India ([ISBA/25/A/INF/3](#)) and Opes Oceani ([ISBA/25/A/INF/4](#)). The Assembly approved the application by the Ocean Society of India and requested the Advisory Committee on Protection of the Sea to provide further information for its consideration. The Assembly decided not to approve the application for observer status from Opes Oceani on the basis that a private company does not qualify for observer status under rule 82 (1) of the rules of procedure of the Assembly. As for the application by the Institute for Sustainable Development and Research, India, owing to the insufficiency of the information provided, the Assembly decided to defer its consideration of the application until its next session.

11. At its 186th meeting, the Assembly approved the application by the Advisory Committee on Protection of the Sea after consideration of further information from the applicant. At the same meeting, based on a proposal submitted by the African Group, the Assembly requested the secretariat to provide a legal opinion, no later than the twenty-sixth session of the Assembly, regarding conflicts of interest in the event that an application for observer status under rule 82 (1) (e) of the rules of procedure of the Assembly is formulated by a person or persons accredited in a delegation of a member of the Authority in the same session in which the application is considered.

12. At its 179th meeting, the secretariat introduced the guidelines for observer status of non-governmental organizations with the Authority ([ISBA/25/A/7](#)). At the suggestion of the Bureau, which was endorsed by the Assembly, informal consultations were conducted among the members of the Authority under facilitation by the delegate of Norway. At the 186th meeting, the delegate of Norway presented

the outcome of the informal consultations, together with a revised version of the draft guidelines and recommended their adoption by the Assembly. Considering that the revised text, which resulted from informal consultations, had been extensively worked upon by the members of the Assembly and reflected the consensus reached, the Assembly did not introduce any further amendments to the revised text and adopted a decision to approve the guidelines for observer status of non-governmental organizations with the Authority ([ISBA/25/A/16](#)).

VI. Election to fill a vacancy on the Finance Committee

13. At the 179th meeting, in accordance with section 9, paragraph 5, of the annex to the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea, the Assembly elected Nyan Lin Aung (Myanmar) as a member of the Finance Committee for the remainder of the term, ending on 31 December 2021, of Ye Minn Thein (Myanmar), who had resigned in February 2019 (see [ISBA/25/A/3](#)).

VII. Annual report of the Secretary-General

14. At the 181st meeting, on 23 July, the Secretary-General presented his report ([ISBA/25/A/2](#)) to the Assembly, as required under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea. He provided an overview of the Authority's work since its twenty-fourth session and outlined the progress that had been made in the implementation of the Authority's work programme. He encouraged members of the Authority that had not yet done so to accede to the Protocol on the Privileges and Immunities of the Authority, and to deposit charts and lists for the delineation of the limits of national jurisdiction in accordance with article 84, paragraph 2 of the Convention. The Secretary-General urged members of the Authority, in particular, members whose contribution were two years in arrears, to pay their contribution in full and in a timely manner. He expressed his gratitude to those who had made contributions to the voluntary trust funds maintained by the Authority. He highlighted two contributions made by the Government of Germany (\$25,000) and the Government of the Netherlands (\$50,000) to the Voluntary Trust Fund for the members of the Legal and Technical Commission and the Finance Committee, since the relevant information had been omitted from his annual report. He urged members, observers of the Authority and other stakeholders to make voluntary contributions to those funds. The Secretary-General also highlighted the progress made in respect of communications and outreach, implementation of the data management strategy, workshops to facilitate the development and review of regional environmental management plans, implementation of the Authority's voluntary commitments registered at the 2017 United Nations Conference to Support the Implementation of Sustainable Development Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development to support the implementation of the Sustainable Development Goals, relations with the United Nations and other relevant international organizations and agencies, as well as the Authority's participation in global and regional conferences, including the intergovernmental conference on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction.

15. At its 181st and 182nd meetings, on the same day, the Assembly considered the annual report of the Secretary-General. The Assembly was also invited to consider a submission by the African Group on the training programmes for developing countries ([ISBA/25/A/8](#)). As the host State, Jamaica welcomed the delegations and

highlighted that broad and active participation in the work of the Authority gives legitimacy to the decisions taken by the Authority on behalf of all humankind. Statements were made under this item by the delegations of Algeria (on behalf of the African group), Australia (on behalf of Canada, Australia and New Zealand), Brazil (on behalf of the Latin American and Caribbean Group), Cameroon, Chile, China, Costa Rica, Côte d'Ivoire, Czechia, the Gambia, India, Italy, Japan, the Federated States of Micronesia, Monaco, Myanmar, Nauru (on behalf of members of the Pacific Islands Forum present at the meeting), Nigeria, the Philippines, the Republic of Korea, Romania, the Russian Federation, Singapore, Sri Lanka, Togo, Tonga and Viet Nam. Statements were also made by the observer delegations of the Centre for Polar and Deep Ocean Development of Shanghai Jiao Tong University, the Deep-Ocean Stewardship Initiative, the Deep Sea Conservation Coalition, Greenpeace International, the Holy See and the Pacific Community. Many delegations expressed their appreciation to the Minister for Foreign Affairs and Foreign Trade of Jamaica, Kamina Johnson Smith, for presiding over the Assembly, in particular on the occasion of the twenty-fifth anniversary of the Authority.

16. Most delegations thanked the Secretary-General for his comprehensive report and commended the commitment, dedication and hard work of the staff of this small but active secretariat. Many delegations welcomed the improved gender balance of the secretariat staff composition and noted with appreciation that the Presidents of the Assembly and the Council and the Chair of the Legal and Technical Commission were all women during the twenty-fifth session of the Authority.

17. A number of delegations welcomed the progress made in respect of the draft exploitation regulations, expressed their appreciation to the Commission for its hard work and called for priority to continue to be given to the development of exploitation regulations. Many delegations emphasized that the quality of the draft exploitation regulations and the accompanying standards and guidelines should be prioritized over self-imposed deadlines. Many delegations, including the African Group, highlighted the necessity of the realization of the principle of the common heritage of mankind in the regulatory framework and emphasized the balance to be achieved between the sound commercial exploitation of the mineral resources in the Area on one hand and the protection of the marine environment and the sustainability and health of the ocean on the other, including implementation of the precautionary approach, best environmental practices and the provision of detailed information for environmental impact assessments. A few delegations stressed the need for "reasonable regard" for other activities in the marine environment, including fishing and the laying of submarine cables. Several delegations called for a fair and practical payment mechanism and equitable benefit-sharing regime. A few delegations also highlighted the need to consider adverse effects on the economies of developing land-mining countries.

18. Many delegations called for a comprehensive environmental policy and welcomed a series of planned workshops in relation to the development and review of the regional environmental management plans. Some delegations reaffirmed that such plans must be in place before mining activities commence. Several delegations noted that regional environmental management plans are not legal instruments but rather instruments of environmental policy and that the manner in which the plans should be dealt with under the draft exploitation regulations remains a question for the Authority. One delegation proposed to include experts from the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection, the Intergovernmental Panel on Climate Change and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

19. A number of delegations commended the progress made in respect of capacity-building and training programmes for developing countries. Many delegations

reaffirmed that capacity-building lies at the core of developing countries' ability to participate in the activities in the Area and welcomed the submission of the African Group on training programmes for the developing countries (ISBA/25/A/8). Some delegations expressed their appreciation to the contractors training programme and to the training programmes funded by the Endowment Fund for Marine Scientific Research in the Area and called for further improvements in gender balance and earlier notification of training opportunities. A few delegations called for a systematic evaluation process of the contractors training programme. Some delegations welcomed the progress in the implementation of the Africa Deep Seabed Resources project and the Abyssal Initiative for Blue Growth project, both of which contain specific capacity-building objectives and expected outputs. Some delegations suggested that more marine scientific research training and technical capacity-building programmes be developed for professionals from developing countries. Some delegations also encouraged the secretariat to conduct more regional targeted training and informational workshops. A few delegations suggested improving the geographical diversity of the internship programme and called for financial donations to the programme. Several delegations voiced their support to the United Nations Volunteer and Junior Professional Officer programmes as good and practical methods of capacity-building by exposing young professionals to the work of the Authority.

20. Many delegations noted with appreciation the continued efforts by the secretariat to enhance the transparency of the work of the Authority, including the establishment of the communications unit, the launch of the deep seabed database, the development of a new website, live streaming of the meetings of the Council and the Assembly, public consultations conducted for the draft exploitation regulations and for the high-level action plan of the Authority, and the report of the Secretary-General on implementation of the decision of the Council regarding the priorities and work programme of the Legal and Technical Commission. Some delegations encouraged the secretariat to further improve transparency in planning regional environmental management plan workshops and in the work of the contractors by publicizing the non-confidential parts of the work plan under the exploration contracts and of the annual reports submitted by contractors.

21. Many delegations welcomed the efforts of the secretariat to strengthen cooperation, collaboration and partnership between the Authority and other relevant international organizations. The progress in the fulfilment of the Authority's voluntary commitments registered at the United Nations Conference to Support the Implementation of Sustainable Development Goal 14 was also commended. The Authority was encouraged to actively engage in the second such conference, to be held in Lisbon in 2020, and play an active role in the United Nations Decade of Ocean Science for Sustainable Development.

22. A number of delegations noted with appreciation the Authority's participation in global and regional conferences, in particular the intergovernmental conference for negotiations on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction. Some delegation emphasized that the mandate of the Authority should not be undermined by the negotiations and encouraged the Authority to continue its engagement in the forthcoming intergovernmental conferences for such negotiations. A few delegations suggested that the pillar on environmental impact assessments in the negotiations should be considered in future discussions of the Council of the Authority over the draft exploitation regulations.

23. A number of delegations expressed serious concerns over some members' contribution in arrears to the budget of the Authority and the resulting impact on the balance of the Working Capital Fund and urged those members to make contributions

in full and in a timely manner. Many delegations expressed their appreciation to those who made contributions to the voluntary trust funds maintained by the Authority and encouraged stakeholders to make further contributions to those funds. Several delegations requested the secretariat to be more innovative in securing funding to support adequate and meaningful participation by developing countries in the meetings, workshops and other activities of the Authority.

24. Some delegations called upon the members who had not yet done so to deposit a copy of the charts or lists of geographical coordinates with the Secretary-General of the Authority in accordance with article 84, paragraph 2, of the Convention. Some delegations welcomed the efforts of the Authority in promoting and encouraging marine scientific research. Some delegations welcomed the secretariat's comparative studies of national legislation in respect of activities in the Area. Some delegations urged the Authority to expedite actions leading to the operationalization of the Enterprise, as an important manifestation of the principle of the common heritage of mankind.

VIII. Implementation of the strategic plan of the Authority for the period 2019–2023

25. At the 180th meeting, the Secretary-General introduced the draft high-level action plan of the Authority for the period 2019–2023 ([ISBA/25/A/L.2](#)), supplemented by the draft performance indicators to assess the performance of the Authority towards implementing the strategic directions set out in the strategic plan of the Authority ([ISBA/25/A/5](#)) and a draft decision relating to the implementation of the strategic plan ([ISBA/25/A/6](#), annex). Recalling that the high-level action plan aimed at implementing the strategic plan of the Authority for the period 2019–2020 ([ISBA/24/A/10](#)), the Secretary-General also highlighted that a business plan for the secretariat would be further developed to provide a link between the strategic plan and the results-based budget of the Authority.

26. At its 183rd and 184th meetings, on 24 July, the Assembly resumed its consideration of this agenda item. Several delegations welcomed the efforts of the secretariat in developing the draft high-level action plan and performance indicators, including public consultation for that purpose. Some delegations stressed that these elements should be kept under review to ensure monitoring implementation of the strategic plan in the most efficient manner. The Assembly adopted the high-level action plan and performance indicators at its 184th meeting (see [ISBA/25/A/15](#)).

IX. Report of the Finance Committee

27. At its 184th meeting, the Assembly considered the report of the Finance Committee ([ISBA/25/A/10-ISBA/25/C/31](#)) presented by the Chair of the Finance Committee, Andrzej Przybycin (Poland). Taking into account the recommendations of the Council, the Assembly adopted a decision relating to financial and budgetary matters at the same meeting ([ISBA/25/A/14](#)).

X. Promoting international cooperation concerning activities in the Area

28. At the 186th meeting, the President introduced the draft memorandum of understanding between the Authority and the Chinese Ministry of Natural Resources on the establishment of a joint training and research centre ([ISBA/25/A/4](#)). She drew

attention to the statements contained in the memorandum of understanding that the memorandum would not create legally binding obligations for the members and did not pose financial implications for the Authority and its members and that the draft memorandum would promote international cooperation concerning activities in the Area by facilitating the implementation of parts XIII and XIV of the Convention. The Chinese delegation highlighted that the proposed joint training and research centre would promote capacity-building and the transfer of marine technology and marine scientific research and thus contribute to the implementation of the principle of the common heritage of mankind. The Asia-Pacific Group (represented by the Republic of Korea) and other members welcomed the proposed establishment of the centre and voiced their support for the endorsement of the memorandum of understanding. At the same meeting, the Assembly endorsed the text of the memorandum and recommended its conclusion by authorizing the Secretary-General to sign the memorandum on behalf of the Authority.

XI. Commemoration of the twenty-fifth anniversary of the International Seabed Authority

29. On 25 July, the Assembly held a one-day special commemorative event to celebrate the twenty-fifth anniversary of the entry into force of the United Nations Convention on the Law of the Sea and the establishment of the Authority.

30. The event included three segments. The first two segments were allocated to, respectively, the presentation ceremony for the 2019 edition of the Secretary-General's Award for Excellence in Deep-Sea Research and a high-level panel discussion on strengthening capacity-building opportunities and initiatives for developing States. The third segment (the 185th meeting of the Assembly) was dedicated to the formal ceremony of the commemoration of the twenty-fifth anniversary of the Authority.

2019 Secretary-General's Award for Excellence in Deep-Sea Research

31. The Secretary-General presented the 2019 Secretary-General's Award for Excellence in Deep-Sea Research to Dr. Maurício Shimakbukuro from the Institute of Oceanography, University of São Paulo, Brazil. The Secretary-General expressed his gratitude to the Government of Monaco for the financial support provided for the Award.

High-level panel discussion on strengthening capacity-building opportunities and initiatives for developing States

32. Chaired by the President of Nauru, Baron Waqa, the panel also comprised Jens Frølich Holte (State Secretary, Ministry of Foreign Affairs, Norway), Carlos Den Hartog (Permanent Representative of Brazil to the Authority), Rena Lee (Ambassador for Oceans and Laws of the Sea Issues, Special Envoy of the Minister for Foreign Affairs of Singapore), Satyendra Prasad (Permanent Representative of Fiji to the United Nations) and Sonali Samarasinghe (Minister Counsellor, Permanent Mission of Sri Lanka to the United Nations).

33. The discussions were centred on the following three key questions: what do developing States need in terms of capacity-building and how can the Authority best engage with them in identifying these needs? How does the Authority meet the needs of developing States? What has worked well so far and what has been the impact?

34. The Secretary-General informed all delegations that the main elements raised by the panellists and the floor would be collated in a report and made publicly

available. The Secretary-General also indicated that that report, together with additional elements resulting from an in-depth analysis of the capacity-building opportunities currently implemented by the Authority, will be taken into consideration for the preparation and design of a workshop to be organized in Kingston in early 2020, to enable developing countries to identify their own capacity-building needs.

Official commemoration of the twenty-fifth anniversary

35. The official commemoration of the twenty-fifth anniversary of the Authority started with a statement by the Prime Minister of Jamaica, Andrew Holness. Prime Minister Holness highlighted the Authority's achievements since its establishment and emphasized that this progressive organization, entrusted with the management and preservation of the common heritage of humankind, should be congratulated for effectively undertaking the orderly, safe and responsible administration and development of the resources of the deep seabed.

36. In his address, the Secretary-General of the Authority highlighted that the past 25 years had provided the Authority with a solid foundation on which to build for the future, while demonstrating what could be accomplished collectively to instil in the next generation that same sense of wonder and respect for the ideals embodied in the Convention.

37. In their statements, Miguel de Serpa Soares (Under-Secretary-General for Legal Affairs and Legal Counsel of the United Nations), Liu Zhenmin (Under-Secretary-General for Economic and Social Affairs of the United Nations and Conference Secretary-General of the United Nations Conference to Support the Implementation of Sustainable Development Goal 14 to be held in 2020) and Jin-Hyun Paik (President of the International Tribunal for the Law of the Sea) echoed the congratulations to the Authority on its twenty-fifth anniversary and pledged their commitment to support the work of the Authority in the years ahead. A video message was delivered by Tommy T. B. Koh (Singapore), Ambassador-at-Large, President of the Third United Nations Conference on the Law of the Sea (1980–1982).

38. Also present were Nii Odunton, former Secretary-General of the Authority and Judge Albert J. Hoffmann, President of the Seabed Disputes Chamber, International Tribunal for the Law of the Sea.

39. Following the statements by the five regional groups, representatives of 40 members made statements at the special meeting: Algeria, Argentina, Australia, Bahamas, Canada, Chile, China, Costa Rica, European Union, Fiji, France, Germany, Guyana, Hungary, India, Indonesia, Italy, Japan, Kenya, Kiribati, Mexico, Micronesia (Federated States of), Monaco, Myanmar, Nauru, Nepal, Netherlands, New Zealand, Nigeria, Norway, Philippines, Russian Federation, South Africa, Sri Lanka, Togo, Tonga, Trinidad and Tobago, Tuvalu, United Kingdom of Great Britain and Northern Ireland and Viet Nam. Statements were also made by eight observer delegations: Deep-Ocean Stewardship Initiative, Deep Sea Conservation Coalition, Greenpeace International, Holy See, Intergovernmental Oceanographic Commission, International Oil Pollution Compensation Funds, International Union for Conservation of Nature and International Marine Minerals Society.

Other commemorative activities

40. On the margins of the meetings held on 25 July and as a part of the commemorative activities, the secretariat launched the Authority's deep seabed and ocean database, which aims to serve as the principal repository of all deep-seabed related data collected in the Area, the Secretary-General underlined that the launch of the database is one of the most important milestones of the Authority's history.

41. The day's activities culminated with a gala reception hosted by the Ministry for Foreign Affairs and Foreign Trade of Jamaica.

42. In commemoration of the twenty-fifth anniversary celebrations, the Ministry for Foreign Affairs and Foreign Trade of Jamaica also hosted an inaugural biennial lecture on 23 July, on the margins of the meetings of the Assembly. The lecture was delivered by Stephen Vasciannie, President of the University of Technology, Jamaica, on the theme of "The Role of the Montego Bay Convention and the International Seabed Authority in contributing to the international rule of law".

XII. Other matters

43. At its 186th meeting, the Assembly considered an amendment to the staff regulations of the Authority ([ISBA/25/A/9-ISBA/25/C/28](#)) and, based on the recommendation of the Council, adopted a decision to approve the amendment ([ISBA/25/A/13](#)).

XIII. Dates of the next session of the Assembly

44. The next session of the Assembly will be held from 27 to 31 July 2020. It will be the turn of the Group of Western European and Other States to nominate a candidate for the presidency of the Assembly at its twenty-sixth session.



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Report on matters relating to the Enterprise

Letter dated 17 December 2018 from the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise addressed to the Secretary-General of the International Seabed Authority

In accordance with the terms of reference of the contract issued to me on 29 August 2018 I have the honour to transmit herewith my report on the proposal by the Government of Poland for a joint venture with the Enterprise (see annex).

(Signed) Eden Charles

Special Representative of the Secretary-General of the International
Seabed Authority for the Enterprise

* ISBA/25/C/L.1.



Annex to the letter dated 17 December 2018 from the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise addressed to the Secretary-General of the International Seabed Authority

Report of the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise on the proposal by the Government of Poland for a joint venture with the Enterprise

I. Introduction

1. On 27 April 2018, the Secretary-General of the International Seabed Authority received an expression of interest in the form of a letter from the Secretary of State for the Ministry of the Environment of the Government of Poland, Mariusz Orion Jedrysek, to enter into negotiations to form a joint venture with the Enterprise.

2. During the twenty-fourth session of the Council, on 25 July 2018, the President of the Council indicated that the Council had taken note of the report, noted that a full proposal for a joint-venture operation with the Enterprise was expected to be included on the agenda of the Council in 2019 and requested the Secretary-General to make any necessary arrangements in that regard.

3. On the basis of the expectation of the Council that a full proposal for a joint venture would be on its agenda in 2019 and following the discussions that took place in the Council in July 2018, the Secretary-General appointed, on a temporary basis, Eden Charles as his Special Representative for the Enterprise, with the specific mandate set out in the terms of reference of the contract dated 29 August 2018 to liaise with the relevant representatives of the Government of Poland regarding the expression of interest in forming a joint venture with the Enterprise and to report to the Council.

4. The Special Representative is expected to make an independent assessment of the proposal with a view to ensuring that the terms of the joint venture are consistent with the provisions of article 153, paragraph 2 (a), and article 170 of the United Nations Convention on the Law of the Sea, as well as the provisions of article 2, paragraph 2, of annex IV to the Convention and the relevant provisions of the 1994 Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982. He is also expected:

(a) To ensure that, in any proposal that is finalized, the requirements of section 2, paragraph 5, of the annex to the 1994 Agreement, including the legal and financial risks that may arise as a result of the implementation of section 2 of the annex to the Agreement, are taken into consideration;

(b) To analyse the business proposal to ensure that it accords with sound commercial principles;

(c) To prepare a report including appropriate recommendations for presentation to and consideration of the Council during the first part of the twenty-fifth session (25 February–1 March 2019).

5. In keeping with his mandate, the Special Representative met with a delegation from Poland at the Authority's United Nations office in New York, on 11 and 12 December 2018, to discuss matters related to the proposal to form a joint venture that was transmitted in a non-paper on 6 December 2018, which is provided in

enclosure I to the present report.¹ The delegation was composed of the head of delegation, Piotr Nowak, a lawyer from the Law Department of the Ministry of the Environment, Michael Kobylinski, a lawyer from the Department of Geology and Geological Concessions, Michael Wiercinski, and an expert from the Department of Geology and Geological concessions, Barosz Jasinski.

6. Over two days of intensive negotiations, the Special Representative submitted proposals in an effort to ensure that the non-paper satisfied the requirements of part XI of the Convention and the relevant provisions of the 1994 Agreement and was based on sound commercial principles. Although those proposals, largely of a preliminary nature, were considered by the delegation of Poland to be generally acceptable *ad referendum*, a number of paragraphs are still subject to further negotiation and are represented in brackets in the draft proposal for a joint venture, which is provided in enclosure II to the present report.¹

7. The outcome of the negotiations, which resulted in the emergence of a draft proposal for a joint venture, based on the non-paper, demonstrates the willingness of the negotiators to act in good faith, in line with the action taken by their authorities to work with the Authority to secure the independent operation of the Enterprise. This point is supported by the language of part III of the draft joint venture, which calls for the commencement of the joint venture upon signature by both parties. However, a number of outstanding issues remain to be addressed so as to ensure that they meet the requirements that are essential to the completion of a joint venture that fulfils the criteria laid down in the prescribed law.

8. The Special Representative is optimistic that the outstanding issues will be settled in accordance with the display of cordiality, flexibility and cooperation that characterized the negotiations during the first meeting, without compromising the relevant laws and regulations.

II. Legal status of the Enterprise

9. During the negotiations, it was advanced that the proposed joint venture would fail ab initio if it was inconsistent with the relevant law governing such arrangements. It was repeatedly noted during the examination of the non-paper that it would be necessary to ensure that the joint venture was in compliance with the law as reflected in section 2 of the annex to the 1994 Agreement and was based on sound commercial principles. The Polish delegation agreed that this was the only basis upon which the Council would be allowed to issue an appropriate directive under article 170 and annex IV of the Convention and upon which the Enterprise would be allowed to operate independently of the secretariat and carry out activities in the Area directly, in addition to the transporting, processing and marketing of minerals exploited in the Area.

III. Terms of the joint venture

10. Despite the preliminary nature of the negotiations, an attempt was made to use acceptable language in the terms of the proposed joint venture, including the commercial terms upon which the joint venture is to be formed. In that regard, and taking into consideration the recommendations contained in paragraph 2 (d) of

¹ The enclosures are being circulated in the language of submission only and without formal editing.

document [ISBA/19/C/4](#), the Special Representative and the Polish delegation agreed that the proposal should reflect the following, among other things:

- (a) Participating interests;
- (b) Financial and technical contributions;
- (c) Management of the joint venture;
- (d) Work programme and budget;
- (e) Marketing and sale of joint-venture products;
- (f) Sound commercial principles;
- (g) Matters related to the risks and costs associated with the project;
- (h) Consistency with the provisions of article 293, on applicable law, of the Convention and article 13 of annex IV to the Convention, including the agreement on the privileges and immunities of the Enterprise;
- (i) Measures for the resolution of disputes;
- (j) Matters related to confidentiality and disclosure of information.

IV. Areas of operation

11. In order for the proposed joint venture to qualify within the meaning of the relevant law, the reserved area blocks in which operations are to be conducted should be indicated, taking into consideration the provisions of section 2, paragraph 5, of the annex to the 1994 Agreement, as well as the relevant regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area. There should also be an indication of the duration of the venture. It should be noted that, in the draft proposal, such matters are considered to be essential to the finalization of the venture, as is suggested through the language used in part XIII of the draft.

V. Business proposal/heads of agreement

12. The development of a business proposal/heads of agreement to establish the terms governing the effective operation of the joint venture is considered in part IV of the draft proposal. The business proposal would cover a work programme over a 15-year period, to be conducted in 5-year intervals, issues related to the conduct of surveys, geological research, research methods and changes to the work programme, among other things. All of these matters are expected to be developed during the intersessional period and discussed during the next round of negotiations. In giving consideration to the joint venture, the Council is also expected to address matters related to the adequacy of the business proposal.

13. It should be noted that such an approach to forming a joint venture was agreed upon by the Council in the context of the proposal made in 2013 by Nautilus Minerals Inc. to enter into negotiations to establish a joint venture with the Enterprise. It is recommended that a similar approach be adopted with regard to the proposal from Poland.

VI. National legislation governing activities in the Area

14. During the negotiations, the Special Representative also enquired as to whether Poland had enacted legislation to give effect to its obligations under article 209 of the

Convention, relating to the prevention, reduction and control of pollution of the marine environment from activities in the Area, and to its obligations under article 13, paragraphs 1 and 2, of annex IV to the Convention, on the legal capacity of the Enterprise to exercise its functions and fulfil its purposes in the territory of that country. The Polish delegation advised that such legislation was receiving the active and timely consideration of the relevant authorities in their country.

VII. Observations

15. The Special Representative is cognizant of the fact that, with the development of regulations governing the exploitation of minerals in the Area and the renewed interest shown in the operationalization of the Enterprise independently of the secretariat, the Council should provide the enabling environment, pursuant to the Convention and the relevant paragraphs of the 1994 Agreement, to ensure that the Enterprise, as a unique entity established by international law, is able to directly engage in commercial mining activities in the reserved areas, which represent the assets of the Enterprise in terms of mineral resources. This enabling environment would help to advance the implementation of article 136 of the Convention, which provides that the Area and its resources are the common heritage of mankind, and to establish the corresponding system outlined in article 153 of the Convention. It would also create an avenue for developing countries which are unable to do so either directly or as sponsoring States to participate in activities in the Area, as provided under the Convention and the 1994 Agreement.

16. In addition, according to the law and as an organ of the Authority, the Enterprise, when it starts to operate, will be allowed to engage in mining activities in the Area, as well as the transporting, processing and marketing of minerals recovered from the Area. Such a development is in keeping with the unique role of the Enterprise, as, although it is required to act in accordance with the general policies of the Assembly and the directives of the Council, it is to enjoy autonomy in the conduct of its operations.

17. In addition, any failure to operationalize the Enterprise would affect the direct implementation of the principle of the common heritage of mankind, which is a peremptory norm of international law, as manifested under article 311, paragraph 6, of the Convention.

18. The importance of the Enterprise was also emphasized in the final report of the Committee established by the Assembly to carry out a periodic review of the international regime of the Area pursuant to article 154 of the Convention ([ISBA/23/A/3](#), annex), in which the Committee recommended that the Legal and Technical Commission be requested to continue to address the issue of the operationalization of the Enterprise as an important matter in the light of developments with respect to deep-sea mining.

19. It should be noted that the proposed programme of work to cover exploration activities over a 15-year period in the draft proposal includes several phases. The further development of those phases and their eventual acceptance by the Council will also be in line with the recommendation included in the report on the review of article 154 mentioned above. Further to the modified application of the Convention resulting from the 1994 Agreement in relation to the operationalization of the Enterprise, the Council has to determine whether one of two possible triggers exist that would make the Enterprise independent, namely, the receipt by the Council of an application for a joint-venture operation with the Enterprise or the approval of a plan of work for mining for another entity.

20. The Council, in assessing the proposed joint venture, should also recall that its approval would not require any fundamental changes to certain existing procedures, if such procedures are carried out before the independent operation of the Enterprise. This relates to the participation of the Enterprise as a stakeholder in the negotiations of the exploitation code, as, pursuant to the 1994 Agreement, the obligations assumed by contractors are also applicable to the Enterprise, and, like other contractors, it is also required to apply for a plan of work for mining. Consequently, the Special Representative is of the view that the adoption of the exploitation code without an opportunity for an autonomous Enterprise to make submissions as an important stakeholder in the exploitation of minerals in the Area would create a serious gap in the mining code. The gap is also significant when issues connected to reserved areas are discussed. Operationalizing the Enterprise before the adoption of the exploitation code would be consistent with the spirit and letter of the Convention and the 1994 Agreement. It should be noted again that the agreement by the Council of the proposed joint venture, when it is finalized, would provide a trigger for the operationalization of this mining organ of the Authority.

21. It has been agreed that the joint venture should be based on sound commercial principles. However, it was apparent in the negotiations that the exact meaning of that expression was not clear. While the expression “sound commercial principles” has not been defined in the requisite legal instruments, it is imperative that the Council seek to determine what it understands by it, so that the joint venture may be formed with the object and purpose of the Convention and the 1994 Agreement in mind. Notwithstanding the failure to define this important criterion, it is suggested that the concept be understood taking into consideration the following factors:

(a) The fundamental overarching principle governing the utilization of the resources in the Area that the resources of the Area are the common heritage of mankind;

(b) The autonomy of the Enterprise in making effective commercial decisions without political interference;

(c) Cost-effectiveness, meaning that the Enterprise should be in a position to generate enough revenue to finance its running costs and run its operations efficiently without the need to be subsidized by members of the Authority;

(d) The adoption of an evolutionary approach with regard to the operation of the Enterprise as far as, for example, its staffing, initial operation and accommodation are concerned;

(e) Commercial viability, including the soundness of its management structure, the availability of technology critical to its structure and the availability of funds to do the work.

22. An examination of the draft proposal for the joint venture shows that some of the factors that are essential to meeting the requirements of sound commercial principles are included in the proposal and should be developed, with a view to including others.

23. Another matter that the Council should be seized of is the need for a representative of the Enterprise to participate in the meetings of the Assembly and the Council in anticipation of the operationalization of the Enterprise. Under the 1994 Agreement, it is required that an interim Director General be appointed from within the staff of the Authority to oversee the limited functions of the Enterprise as provided

for under the Agreement.² Beyond the fact that no interim Director General has been appointed since the retirement, in 2013, of the staff member who performed the functions associated with that position, when the Enterprise begins to function independently in the event of the successful conclusion of a joint venture, there exists no provision in the rules of procedure of the Assembly or the Council relating to the active participation of a representative of the Enterprise in the meetings of those bodies. Consequently, the rules of procedure of the Assembly and the Council would need to be amended to enable the interim Director General and, eventually, the substantive Director General to participate in the meetings of those organs.

24. In the light of the foregoing and recalling the wish of the Council to have on its agenda a full proposal for a joint venture for consideration at its next session in 2019, the Council is invited:

- (a) To take note of the present report;
- (b) To extend the time frame for the negotiation of the draft proposal to form a joint venture and the development of a business proposal to facilitate the operation of the venture, parts of which have been agreed upon *ad referendum*, with a view to the finalization of the proposal in a timely manner and taking into consideration the expectation of the Council to have a full proposal on its agenda in 2019;
- (c) To agree that, upon its finalization, the proposal for the joint venture should comply with the provisions of section 2 of the annex to the 1994 Agreement and be based on sound commercial principles, so as to enable the Council to adopt a directive concerning the independent operation of the Enterprise, bearing in mind the calls for the operationalization of the Enterprise contained in a note dated 6 July 2018 from the African Group addressed to the secretariat of the Authority, which received cross-regional support during the previous session of the Council;
- (d) To request the Secretary-General to extend the contract and renew the terms of reference of the Special Representative and to provide the requisite funds related to the work of the Special Representative, taking into consideration the need to finalize the joint venture with Poland, allow for the participation of the Special Representative in the negotiations concerning the conclusion of the regulations for the exploitation of minerals in the Area and other related matters connected to the reserved areas and to facilitate discussions with other States, regional groups and other entities on matters related to the operationalization of the Enterprise, in view of the suggestions made in paragraphs 17 and 18 of document [ISBA/19/C/6](#), on the governance arrangements of the Enterprise prior to its independent functioning of the secretariat. Those points, highlighted in paragraphs 16 and 17 of the report of the Secretary-General on considerations relating to a proposal by the Government of Poland for a possible joint-venture operation with the Enterprise ([ISBA/24/C/12](#)), relate to the preservation of the notional independence of the Enterprise and the aim to avoid any conflict of interest arising as a result of the role of the interim Director General, who is to be appointed by the Secretary-General from within the staff of the secretariat, and the need to provide objective advice to the Council, *inter alia*, on matters concerning the operations of the Enterprise during the interim period;
- (e) To initiate a discussion on amendments to the rules of procedure of the Council to take into consideration the participation of the Enterprise.

² In the context of the review of article 154 of the Convention, the Assembly decided, in 2017, that it was not appropriate to appoint an interim Director General at that time, hence the decision of the Secretary-General to appoint a Special Representative for the purpose of compiling the present report.

Enclosure I

**Draft Framework
for
cooperation on the Joint Venture operation
between
Government Plenipotentiary for National Raw Materials Policy of the Republic of
Poland
and
International Seabed Authority Secretary General**

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JAMAICA
Tel.: (876) 922 9105
Fax.: (876) 967 7487

II. BACKGROUND

1. Government Plenipotentiary of the Republic of Poland for National Raw Materials Policy (Government Plenipotentiary) intend to commercially explore the ocean floor for cobalt-rich ferromanganese crusts.
2. The International Seabed Authority (ISA) is an autonomous international organization established under United Nations Convention on the Law of the Sea of 10 December 1982 (*UNCLOS*) and the Agreement relating to the Implementation of Part XI of the UNCLOS of 28 July 1994 (*1994 Agreement*) through which parties to the UNCLOS shall, in accordance with the regime for the Area established in Part XI of UNCLOS and the 1994 Agreement,

organize and control activities in the Area, particularly with a view to administering the resources of the Area.

3. The Enterprise is created only when the ISA Council issues a directive providing for the functioning of the Enterprise independent of the secretariat of the ISA following the approval by the ISA Council of a business proposal for a joint venture based on sound commercial principles (as defined in paragraph 2 of section 2 of the annex to the 1994 Agreement).
4. In accordance with the provisions of article 170 of the UNCLOS and paragraph 1 of section 2 of the annex to the 1994 Agreement, the secretariat of the ISA shall perform the functions of the Enterprise until it begins to operate independently of the secretariat. Such functions include, inter alia, the assessment of approaches to joint venture operations.
5. This draft Framework for cooperation records the basis upon which Government Plenipotentiary and the Secretariat of the ISA, performing the functions of the Enterprise pursuant to section 2 of the annex to the 1994 Agreement, shall agree a business proposal for the formation of a joint venture between the Enterprise and Government Plenipotentiary in respect of the Reserved Areas (Business Proposal) for the purpose of exploring and developing the Reserved Areas. (Joint Venture).
6. If the joint venture fails for any reason, Government Plenipotentiary reserves the exclusive right to resubmit the application to the same Reserved Area jointly with the developing state. This right is due within 2 (two) years of the end of negotiations in scope of establishing JV.

III. EFFECTIVE DATE

7. Effective Date: This draft Framework for cooperation shall be effective and in force on signature by both parties.

IV. PROGRAMME FOR DEVELOPMENT OF BUSINESS PROPOSAL

8. The proposed exploration programme is designed to cover exploration activities for the next fifteen years.
9. I stage of the programme (5 year)
 - (a) geological exploration, environmental surveying, ore processing technology development, and preliminary economic evaluation.
 - (b) selection of sites for more detailed survey during next 5 year stage
 - (c) reporting to ISA
10. II stage of the programme (5 year)
 - (a) survey in the selected sites: exploration, environmental surveying, mining technology development, ore processing technology development and revision of economic evaluation and reporting to ISA .
11. III stage of the programme (5 year)
 - (a) select sites (blocks) for potential exploitation within the identified cobalt crust fields and to identify cobalt crust deposits appropriate for development with a due consideration to the

seabed slope and ruggedness, physical obstacles, physical and mechanical properties of the substrate and other relevant factors, geological documentation and reporting to ISA.

12. The surveys to be carried out each year will be adjusted in accordance with the economic and financial situation, survey progress and the analyses of outcomes of previous 5-year stage.
13. Changing the object of action requires the written consent of both parties to the contract.
14. Government Plenipotentiary and ISA have the exclusive right to manage the result of geological research and the priority right to mine minerals in the area under explore, in accordance with separate regulations.
15. The rights referred to in point 13 may be disposed of or leased by Government Plenipotentiary on the basis of the concluded contract.
16. ISA has the right to share the results of geological surveys upon the consent of Government Plenipotentiary.
17. In the case of the establishing the joint venture operations by ISA with other states or entities, Government Plenipotentiary shall have the right to change the terms of its agreement with ISA in the way not less favorable for Government Plenipotentiary than for these other states and entities in their agreements.
18. Government Plenipotentiary reserves the right not to disclose the research methods used, except as provided for in international law.

V. COSTS

19. Government Plenipotentiary shall bear the risk and any and all costs associated with completing the programmes described in clauses 8 to 10, excluding any costs incurred by the ISA in the ordinary course of holding its annual session of the ISA Council.
20. Government Plenipotentiary estimate of the costs of completing the programmes described in clauses 8 to 10 is as follows:

(...)

21. Government Plenipotentiary shall provide the ISA with an annual report outlining the costs incurred in respect of the programmes described in clauses 8 to 10, which report shall be prepared according to the ISA financial expenditure guidelines.
22. Subject to clause VII, any and all costs incurred by Government Plenipotentiary in connection with the Reserved Areas, undertaking the programs described in clauses 8 to 10 and developing the Business Proposal, shall be credited toward any financial contribution that Government Plenipotentiary may be required to make to the Joint Venture.
23. The Republic of Poland will take up 95% of shares in the project. ISA receives a 5% interest.

VI. COMMUNICATION

24. Government Plenipotentiary and the ISA will maintain regular dialogue during the programs described in clause IV to ensure all parties are fully informed and that any issues that might affect the Joint Venture can be addressed prior to the consideration of the Business Proposal by the ISA Council.

VII. ORIGINAL CONTRACTOR RIGHTS

25. The parties acknowledge and agree that the finalization of the terms of the Joint Venture will trigger an Obligation of the Enterprise under paragraph 5 of section 2 of the annex to the 1994 Agreement to offer the original contractor which contributed the Reserved Areas the right of first refusal to enter into a joint venture agreement.
26. In the event the original contractors which contributed the Reserved Areas exercise such right of first refusal the Enterprise must make it a condition of any joint venture agreement executed between the Enterprise with that original contractor that Minister of the Environment and the Enterprise be reimbursed based on cost multiplied by three for the programs undertaken by Government Plenipotentiary and the Enterprise respectively as described in clauses IV and V Above.

VIII. COMMITMENT TO JOINT VENTURE

27. The ISA agrees to negotiate with Government Plenipotentiary in good faith, and with priority, to develop the Business Proposal and to form the Joint Venture and shall do all things reasonably necessary, to enable the Joint Venture to be formed in a timely manner.
28. In the event any applications are received by the ISA from any third parties in respect of the Reserved Areas prior to the approval of the Business Proposal by the ISA Council, the ISA agrees to deal with such applications in accordance with the provisions of UNCLOS and the 1994 Agreement.
29. Each party shall ensure that its employees, agents and advisers comply with the undertakings in this clause as if they were the relevant party.

IX. CREATING AUXILLIARY UNITS TO IMPLEMENT THE SUBJECT OF THE CONTRACT.

30. The Enterprise branch for the implementation of this undertaking will be registered in Poland as a company of Polish commercial law.
31. All matters related to the organization of the Branch and ongoing projects will be subject to the law of the Republic of Poland and the jurisdiction of Polish courts.
32. Appoints five (five) personal supervisory board of the company, composed of four (four) persons on behalf of the Republic of Poland and one (one) person on behalf of ISA.
33. A 3-person Board composed of two (two) persons from the Plenipotentiary of the Republic of Poland and one (one) person from ISA is appointed.
34. As part of the project management, the Republic of Poland finances 2 (two) jobs, the character of which will be determined by both parties to the contract. The first position will be determined on the day of signing this agreement, the second after signing the joint venture agreement.
35. The amount of salary of persons employed in positions referred to in point 31 and 32, will correspond to the standards of salary in the Republic of Poland.

X. MUTUAL INDEMNITY

36. To the extent permitted under Legislative Requirements, the ISA releases, holds harmless and indemnifies Government Plenipotentiary and its Affiliates and their respective officers, servants, agents and employees from and against all claims, losses, damages, costs, expenses and liabilities in respect of loss or damage to any property and in respect of any injury or death to the officers, servants, agents and employees of the ISA and its Affiliates arising directly or indirectly from the performance by Government Plenipotentiary of its obligations under this Agreement.
37. To the extent permitted under Legislative Requirements, Government Plenipotentiary releases, holds harmless and indemnifies the ISA and its Affiliates and their respective officers, servants, agents and employees from and against all claims, losses, damages, costs, expenses and liabilities in respect of loss or damage to any property and in respect of any injury or death to the officers, servants, agents and employees of Government Plenipotentiary and its Affiliates arising directly or indirectly from the performance by ISA of its obligations under this Agreement.

XI. RESOLUTION OF DISPUTES

38. The parties agree that the law applicable to the resolution of disputes arising from this agreement shall be the law of the Republic of Poland. All disputes are subject to they will be within the jurisdiction of the courts of the Republic of Poland.
39. With the consent of the parties, the possibly disputes may be referred to the arbitration; the place of arbitration in a state not involved in the project forming the subject of this agreement.

XII. CONFIDENTIAL INFORMATION**A) Use and disclosure**

1. Each party (Recipient):
 - (a) may use Confidential Information of a Disclosing Party only for the purposes of this Agreement; and
 - (b) must keep confidential all Confidential Information of the other parties (each a Disclosing Party) except:
 - (i) for disclosures permitted under clause XII
 - (c); and (ii) subject to clause XII
 - (d), to the extent (if any) the Recipient is required by law or the rules of any stock exchange to disclose any Confidential Information.
2. Permitted disclosure

A Recipient may disclose Confidential Information of a Disclosing Party to persons who:

 - (a) have a need to know for the purposes of this Agreement (and only to the extent that each has a need to know); and
 - (b) before disclosure
 - (i) in the case of the Recipient's officers and employees, have been directed by the Recipient to keep confidential all Confidential Information of the Disclosing Party; and
 - (ii) in the case of other persons approved in writing by the Disclosing Party, have agreed in writing with the Recipient to comply with substantially the same obligations in respect of Confidential Information of the Disclosing Party as those imposed on the Recipient under this Agreement.

3. Recipient's obligations

A Recipient must:

- (a) ensure that each person to whom it discloses Confidential Information of a Disclosing Party under clause XII(b) complies with a direction given under clause XII(b)(ii); and
- (b) notify the Disclosing Party of, and take all steps to prevent or stop, any suspected or actual breach of a direction given under clause XII(b)(ii).

4. Disclosure by law

If a Recipient is required by law or the rules of any stock exchange to disclose any Confidential Information of a Disclosing Party to a third person (including, but not limited to, government) the Recipient must:

(a) before doing so:

- (i) notify the Disclosing Party; and
- (ii) give the Disclosing Party a reasonable opportunity to take any steps that the Disclosing Party considers necessary to protect the confidentiality of that information; and
- (iii) notify the third person that the information is confidential information of the Disclosing Party.

XIII. SCHEDULE 1 – RESERVED AREA

Coordinates and Reserved Area Map

XIV. SIGNATURE PAGE

Government Plenipotentiary
of the Republic of Poland
for National Raw Materials Policy

International Seabed Authority
Secretary General

Non-paper – this draft framework is not an official proposal of the Government of the Republic of Poland – the future final proposal is required to be properly agreed and approved by the respective Polish authorities.

Enclosure II

Draft Joint Venture
between
the Government of the Republic of Poland
and
the International Seabed Authority

I. PARTIES

The Government of the Republic of Poland

Address:

Ministry of the Environment of the Republic of Poland

Wawelska Street 52/54

00-922 Warsaw

POLAND

Tel.: (48 22) 36 92 900

Fax.: (48 22) 36-92-460

International Seabed Authority

Address:

International Seabed Authority

Secretary General

14-20 Port Royal Street

Kingston

JAMAICA

Tel.: (876) 922 9105

Fax.: (876) 967 7487

II. BACKGROUND

1. The Government of the Republic of Poland intends to commercially explore the ocean floor for cobalt-rich ferromanganese crusts.
2. The International Seabed Authority is an autonomous international organization established under United Nations Convention on the Law of the Sea of 10 December 1982 and the Agreement relating to the Implementation of Part XI of the UNCLOS of 28 July 1994 through which parties to the UNCLOS shall, in accordance with the regime for the Area established in Part XI of UNCLOS and the 1994 Agreement, organize and control activities in the Area, particularly with a view to administering the resources of the Area.

3. The Enterprise is operationalized only when the ISA Council issues a directive providing for the functioning of the Enterprise independent of the Secretariat of the ISA following the approval by the ISA Council of a business proposal for a joint venture based on sound commercial principles (as defined in paragraph 2 of section 2 of the annex to the 1994 Agreement).
4. In accordance with the provisions of article 170 of the UNCLOS and paragraph 1 of section 2 of the annex to the 1994 Agreement, the Secretariat of the ISA shall perform the functions of the Enterprise until it begins to operate independently of the Secretariat. Such functions include, inter alia, the assessment of approaches to joint venture operations.
5. This draft Framework for cooperation establishes the basis upon which the Government and the Secretariat of the ISA, performing the functions of the Enterprise pursuant to section 2 of the annex to the 1994 Agreement, shall agree a business proposal for the formation of a joint venture between the Enterprise and the Government in respect of Reserved Area as described in schedule I (Business Proposal) for the purpose of exploring and developing the Reserved Areas (Joint Venture).
6. If the joint venture fails for any reason, the Government reserves the exclusive right to resubmit the application to the same Reserved Area jointly with a developing state. This right is due within 2 (two) years of the end of negotiations in scope of establishing Joint Venture.

III. EFFECTIVE DATE

7. Effective Date: This draft Joint Venture shall be effective and in force on signature by both parties.

IV. PROGRAMME FOR DEVELOPMENT OF BUSINESS PROPOSAL/HEADS OF AGREEMENT

8. The proposed exploration programme of work is designed to cover exploration activities for cobalt-rich ferromanganese crusts in the Reserved Area described in schedule I over the next fifteen years.
9. I. stage of the programme (5 year)
 - (d) geological exploration, environmental surveying, ore processing technology development, and preliminary economic evaluation,
 - (e) selection of sites for more detailed survey during next 5 year stage,
 - (f) reporting to ISA/Special Representative.
10. II. stage of the programme (5 year)
 - (a) survey in the selected sites: exploration, environmental surveying, mining technology development, ore processing technology development and revision of economic evaluation and reporting to ISA.

11. III. stage of the programme (5 year)

- (a) select sites (blocks) for potential exploitation within the identified cobalt crust fields and to identify cobalt crust deposits appropriate for development with a due consideration to the seabed slope and ruggedness, physical obstacles, physical and mechanical properties of the substrate and other relevant factors, mining technology development, geological documentation and reporting to ISA.
- 12. The surveys to be carried out each year will be adjusted in accordance with the economic and financial situation, survey progress and the analyses of outcomes of previous 5-year stages.
- 13. Changing the programme of work requires the written consent of both parties to the contract.
- 14. The Government and the Enterprise have the exclusive right to manage the result of geological research and the priority right to mine minerals in the Area under exploration, in accordance with the UNCLOS, the 1994 Agreement and the relevant regulations.
- 15. The rights referred to in paragraph 14 may be disposed of or leased by the Government on the basis of the concluded contract.
- 16. The Enterprise has the right to share the results of geological surveys with the consent of the Government.
- 17. In the case of the conclusion of joint venture operations by the Enterprise with other States or entities, the Government shall have the right to change the terms of its agreement with the Enterprise in a way no less favorable to the Government than in the case of the agreements concluded with these other States and entities.
- 18. The Government reserves the right not to disclose the research methods used, except as provided for in international law.

V. COSTS

- 19. The Government shall bear the risks and any and all costs associated with completing the programmes described in clauses 9 to 11, and the personnel described in paragraph 34, excluding any costs incurred by the ISA in the ordinary course of holding its annual session of the ISA Council.
- 20. The Government estimates of the costs of completing the programmes described in clauses 9 to 11 to be as follows:
 - (a) 1st stage - ...
 - (b) 2nd stage - ...
 - (c) 3rd stage - ...
- 21. The Government shall provide the [Enterprise/ISA] with an annual report outlining the costs incurred in respect of the programmes described in clauses 9 to 11, which report shall be prepared according to the ISA financial expenditure guidelines.

22. Subject to Clause VII, any and all costs incurred by the Government in connection with the Reserved Areas, undertaking the programs described in clauses 9 to 11 and developing the Business Proposal, shall be credited toward any financial contribution that the Government may be required to make to the Joint Venture.
23. [The Government will take up 95% of shares in the project. ISA receives a 5% interest.]

VI. COMMUNICATION

24. The Government and the [ISA/Enterprise] will maintain regular dialogue during the programs described in clause IV to ensure all parties are fully informed and that any issues that might affect the Joint Venture can be addressed prior to the consideration of the Business Proposal by the ISA Council.

VII. ORIGINAL CONTRACTOR RIGHTS

25. The parties acknowledge and agree that the finalization of the terms of the Joint Venture will trigger an obligation of the Enterprise under paragraph 5 of section 2 of the annex to the 1994 Agreement to offer the original contractor which contributed the Reserved Areas the right of first refusal to enter into a Joint Venture agreement.
26. In the event the original contractors which contributed the Reserved Areas exercise such right of first refusal the Enterprise must make it a condition of any joint venture agreement executed between the Enterprise with that original contractor that the Government and the Enterprise be reimbursed based on cost multiplied by three for the programs undertaken by the Government and the Enterprise respectively as described in clauses IV and V Above.

VIII. COMMITMENT TO JOINT VENTURE

27. The ISA through the Special Representative agrees to negotiate with the Government in good faith, and with priority, to develop the Business Proposal and to form the Joint Venture and shall do all things reasonably necessary, to enable the Joint Venture to be formed in a timely manner.
28. In the event any applications are received by the ISA from any third parties in respect of the Reserved Areas prior to the approval of the Business Proposal by the ISA Council, the ISA agrees to deal with such applications in accordance with the provisions of UNCLOS and the 1994 Agreement.
29. Each party shall ensure that its employees, agents and advisers comply with the undertakings in this clause as if they were the relevant party.

IX. CREATING AUXILLIARY UNITS TO IMPLEMENT THE SUBJECT OF THE CONTRACT

- 30. The Enterprise branch for the implementation of this undertaking will be registered in Poland as a company of Polish commercial law.
- 31. All matters related to the organization of the Branch and ongoing projects will be subject to the law of the Republic of Poland and the jurisdiction of Polish courts.
- 32. Appoints 5 (five) personal supervisory board of the company/Joint Venture, composed of four (four) persons on behalf of the Republic of Poland and one (one) person on behalf of ISA.
- 33. Appoints 3-person Board of the company/Joint Venture composed of two (two) persons from the Government and one (one) person from ISA is appointed.
- 34. As part of the project management, the Government finances 2 (two) jobs, the character of which will be determined by both parties to the Joint Venture. These two jobs will be determined on the day of signing of Joint Venture.
- 35. The amount of salary of persons employed in positions referred to in points 32-34 will correspond to the standards of salary in the Republic of Poland.

X. RESOLUTION OF DISPUTES AND THE GOVERNING LAW

- 36. The parties shall use all reasonable endeavours acting in good faith to resolve any dispute arising from the interpretation and application of the provisions of this agreement through negotiations and other diplomatic means of settlement of disputes.
- 37. With the consent of the parties, any dispute may be referred to arbitration; the arbitration should take place in a state not involved in the project forming the subject of this agreement.
- 38. [The law applicable to the resolution of disputes arising from this agreement and the law governing this agreement shall be the law of the Republic of Poland.]

XI. CONFIDENTIAL INFORMATION

XV. Use and disclosure

Each party (Recipient):

- (a) may use Confidential Information of a Disclosing Party only for the purposes of this Agreement; and
- (b) must keep confidential all Confidential Information of the other parties (each Disclosing Party) except:
 - (i) for disclosures permitted under paragraph 41; and
 - (ii) subject to paragraph 42 to the extent (if any) the Recipient is required by law to disclose any Confidential Information.

39. Permitted disclosure

A Recipient may disclose Confidential Information of a Disclosing Party to persons who:

- (c) have a need to know for the purposes of this Agreement (and only to the extent that each has a need to know); and
- (d) before disclosure
 - (i) in the case of the Recipient's officers and employees, have been directed by the Recipient to keep confidential all Confidential Information of the Disclosing Party; and
 - (ii) in the case of other persons approved in writing by the Disclosing Party, have agreed in writing with the Recipient to comply with substantially the same obligations in respect of Confidential Information of the Disclosing Party as those imposed on the Recipient under this Agreement.

40. Recipient's obligations

A Recipient must:

- (a) ensure that each person to whom it discloses Confidential Information of a Disclosing Party under clause 40 complies with a direction given under paragraph 40 (b)(ii); and
- (b) notify the Disclosing Party of, and take all steps to prevent or stop, any suspected or actual breach of a direction given under paragraph 40 (b)(ii).

41. Disclosure by law

If a Recipient is required by law to disclose any Confidential Information of a Disclosing Party to a third person (including, but not limited to, government) the Recipient must before doing so:

- (a) notify the Disclosing Party;
- (b) give the Disclosing Party a reasonable opportunity to take any steps that the Disclosing Party considers necessary to protect the confidentiality of that information; and
- (c) notify the third person that the information is confidential information of the Disclosing Party.

XII. DEFINED TERMS

42. In this Agreement including all of its schedules, the following terms have the following meaning unless the context otherwise requires:

- (a) *1994 Agreement* means the Agreement relating to the implementation of Part XI of UNCLOS,
- (b) *Area* means the seabed and ocean floor and subsoil thereof beyond the limits of national jurisdiction which are controlled by the ISA,
- (c) *Dispute* means any dispute, disagreement, controversy or claim arising out of or relating to this Joint Venture, or the interpretation or application of provisions of this Joint Venture or the breach, termination or validity thereof, that the parties are unable to resolve by mutual

agreement within a reasonable time, other than any dispute that is a question of the interpretation of Part XI and the Annexes relating thereto of the UNCLOS with respect to activities in the Area,

- (d) *Government* means the Government of the Republic of Poland,
- (e) *ISA* means the International Seabed Authority,
- (f) *Special Representative* means...,
- (g) *UNCLOS* means the United Nations Convention on the Law of the Sea 1982.

XIII. RESERVED AREA

43. The coordinates and the Reserved Area map are included as annex 1 to the Joint Venture.

SIGNATURE PAGE

For the Government
of the Republic of Poland
Authorized Representative

For the International Seabed Authority
Secretary General
Authorized Representative



Council

Distr.: General
23 January 2019

Original: English

Twenty-fifth session

Council session, part I

Kingston, 25 February–1 March 2019

Item 10 of the provisional agenda*

Report of the Secretary-General on the implementation of the decision of the Council in 2018 relating to the reports of the Chair of the Legal and Technical Commission

Implementation of the decision of the Council relating to the reports of the Chair of the Legal and Technical Commission in 2018

Report of the Secretary-General

I. Background

1. At its 244th meeting, on 20 July 2018, the Council of the International Seabed Authority adopted a decision relating to the reports of the Chair of the Legal and Technical Commission on its work during the twenty-fourth session (ISBA/24/C/22). In paragraph 20 of the decision, the Council requested the Secretary-General to report to it on the implementation of the decision at the present session and that such annual reporting remain on the agenda of the Council as a standing item. The present report has been prepared in response to that request. It provides an update on the implementation of the decision of the Council as at 21 January 2019.

2. Section II of the present report provides an update on the progress made in connection with the draft regulations on exploitation of mineral resources in the Area, in response to the points raised in paragraphs 2, 3 and 4 of the decision of the Council.

3. Section III addresses issues relevant to contractors, relating to paragraphs 6 to 11 of the decision of the Council.

4. In response to paragraphs 12 and 13 of the decision of the Council, matters relating to workshops organized by the Authority are briefly reviewed in section IV.

5. Section V addresses issues concerning the development of regional environmental management plans, in particular where there are currently exploration contracts, referred to in paragraphs 13 and 14 of the decision of the Council.

* ISBA/25/C/L.1.



6. Section VI reviews the progress made towards the implementation of the data management strategy of the Authority, including public access to non-confidential data, in response to paragraph 15 of the decision of the Council.

7. Section VII addresses miscellaneous matters, such as the concern noted by the Council in paragraph 17 of its decision in relation to the status of the voluntary trust fund for the purpose of defraying the cost of participation of members of the Commission and of the Finance Committee from developing countries in meetings of the Commission and of the Committee.

8. Members of the Council are invited to note that some matters raised in its decision are not covered in the present report as work is still ongoing. The Secretary-General will prepare supplementary reports for the consideration of the Council at subsequent meetings in respect of those matters.

II. Draft regulations on exploitation of mineral resources in the Area

9. In paragraph 2 of its decision, the Council welcomed the continued work of the secretariat and the Commission on the regulations on exploitation and requested that work on the regulations continue as a matter of priority. Consequently, the indicative programme of work for part I of the present session has been prepared in such a way as to enable the Council to continue its review as a matter of priority, and bearing in mind the agreed timeline for the adoption and approval of the regulations ([ISBA/23/C/13](#), annex).

10. In paragraph 3 of its decision, the Council requested that the Commission's recommendations regarding the draft regulations and their next iteration be circulated sufficiently in advance of the meeting of the Council at which they will be considered (July 2019), to allow for its substantive consideration and emphasized the ongoing need for openness and transparency. In accordance with the revised schedule of meetings for 2018 and 2019, endorsed by the Assembly of the International Seabed Authority as a result of its review of the international regime of the Area pursuant to article 154 of the United Nations Convention on the Law of the Sea ([ISBA/23/A/13](#), sect. D, para. 1), the Commission will meet from 4 to 25 March 2019 to continue its consideration of the revised draft regulations on the basis of the written submissions received from stakeholders in 2018, as well as the direction and guidance provided by the Council during part I of its session.

11. In paragraph 4 of its decision, the Council requested the Commission to consider, as appropriate, the submissions made by Algeria, on behalf of the African Group, regarding the operationalization of the Enterprise, the economic model/payment regime and other financial matters; the submission by Belgium on strengthening the environmental scientific capacity of the Authority; and the submission by Germany of proposals to facilitate the work of the Authority, as well as the report of the Secretary-General on considerations relating to a proposal by the Government of Poland for a possible joint-venture operation with the Enterprise ([ISBA/24/C/12](#)).

12. Members of the Council will recall that, in July 2018, in an informal setting, the Council reviewed the draft regulations on exploitation on the basis of the revised draft regulations on exploitation of mineral resources in the Area prepared by the Commission, contained in [ISBA/24/LTC/WP.1/Rev.1](#), along with a note in which the Commission highlighted matters requiring the Council's attention ([ISBA/24/C/20](#)). In addition to its general comments on the revised draft regulations ([ISBA/24/C/8/](#)

Add.1, annex I), the Council agreed to provide specific comments thereon to the secretariat by 30 September 2018.

13. Since the twenty-fourth session, the following developments have taken place. The secretariat received 42 submissions to the text of the revised draft regulations from members of the Authority and other stakeholders, which have been posted on a website of the Authority.¹ In addition, the secretariat has prepared an overview of the main thematic issues raised in the written submissions (ISBA/25/C/2) to supplement the comments made by the Council in July 2018 and individual stakeholders, including Algeria, on behalf of the African Group, on the economic model/payment regime and other financial matters, and by Belgium on strengthening the environmental scientific capacity of the Authority. The overview identified a set of critical areas, including consideration of alternative economic models (see para. 14 below), for discussion by the Council, with a view to providing further direction and guidance to the Commission. In this connection, and in order to assist the deliberations of the Council, the secretariat has prepared seven discussion notes.²

14. In respect of the development of a payment mechanism, in 2018, the Council agreed on a proposal made by the delegation of Germany to set up an open-ended working group to discuss the financial model and, in particular, to review the comparative study of alternative models, to be prepared by the Massachusetts Institute of Technology (see ISBA/24/C/8/Add.1, annex II). The first meeting of an open-ended informal working group of the Council, in respect of the development and negotiation of the financial terms of a contract, has been scheduled to be held in Kingston on 21 and 22 February 2019, under the chairmanship of the President of the Council for the twenty-fourth session of the Council, Olav Myklebust. A briefing note by the President, as well as the provisional agenda and the indicative programme of work, have been placed on the website of the Authority, along with the comparative study prepared by the experts from the Institute.³

III. Activities of contractors

15. Several of the requests made by the Council in its decision are addressed in sections A to D below, which include a summary of the outcomes of the second annual consultation between the secretariat and contractors that was held in Warsaw on 15 and 16 October 2018. The meeting was hosted by the Ministry of Environment of the Government of Poland and served to discuss with contractors matters raised by the Council for their attention.

16. Further matters regarding contractors are addressed in sections E and F below.

¹ <https://ran-s3.s3.amazonaws.com/isa.org.jm/s3fs-public/documents/EN/Regs/2018/Comments/Comments.pdf>.

² ISBA/25/C/3 (Content and development of standards and guidelines for activities in the Area under the Authority's regulatory framework); ISBA/25/C/4 (Relationship between the draft regulations on exploitation of mineral resources in the Area and regional environmental management plans); ISBA/25/C/5 (Implementing an inspection mechanism for activities in the Area); ISBA/25/C/6 (Delegation of functions by the Council and regulatory efficiency); ISBA/25/C/8 (Implementing the precautionary approach to activities in the Area); ISBA/25/C/10 (Consideration of a mechanism and process for the independent review of environmental plans and performance assessments under the regulations on exploitation of mineral resources in the Area); and ISBA/25/C/11 (Key terms: distinguishing between good industry practice and best practices under the draft regulations on exploitation of mineral resources in the Area).

³ See https://ran-s3.s3.amazonaws.com/isa.org.jm/s3fs-public/files/documents/adhoc_0.pdf.

A. Issues relating to the 2017 annual reports

17. In paragraph 6 of its decision, the Council noted with appreciation the Commission's consideration of 27 annual reports on activities carried out by contractors in 2017, welcomed in particular the presentation of well-structured reports complying with the template issued by the Commission by the overwhelming majority of contractors, but regretted the cases of contractors not following the reporting requirements, and also regretted that, at the current rate of progress, some contractors risked being unable to deliver on their commitments for the initial five-year period of the plans of work established in their contracts for exploration.

18. In paragraph 7 of its decision, the Council emphasized the importance for contractors to take into account and respond to the Commission's advice on annual reports in a timely manner. In paragraph 8, the Council requested the Secretary-General to communicate the various issues identified during the Commission's review of the annual reports of contractors to the relevant contractors and sponsoring States.

19. With reference to the aforementioned paragraphs of the decision of the Council, at the meeting in Warsaw, general comments from the Commission were introduced and discussed with the contractors. Each contractor was then invited to a bilateral meeting with technical staff of the secretariat to address matters particular to it.

20. As of 5 November 2018, individual feedback from the Commission on the 2017 annual reports had been sent to each contractor. Final responses to the Commission's feedback will be included in the contractors' annual reports for 2018, which are due by 31 March 2019.

21. The Secretary-General will continue to work with the contractors to address reporting issues.

B. Issues relating to the transparency of contracts

22. In paragraph 16 of the statement by the President of the Council on the work of the Council ([ISBA/24/C/8](#)), the Council also requested the Secretary-General to explore with contractors the possibility of making contracts for exploration and associated programmes of activities publicly available, taking into account the confidentiality obligations under such contracts, and to report to the Council at the present session.

23. On 27 August 2018, the Secretary-General wrote to all contractors, inviting them to make their contracts for exploration and associated programmes of activities publicly available through the Authority. The matter was also placed on the agenda of the meeting in Warsaw.

24. Contractors agreed that not every part of the contracts for exploration could be considered confidential, especially in the light of the use of standard clauses, and supported the need for transparency in the work of the Authority throughout all exploration contracts. Nevertheless, in view of the different wording and formats of the schedules attached to the contracts, the contractors proposed that a summary template covering the key elements of the non-standard provisions of each contract be made public. The template would be similar to an executive summary and would cover the contents of schedules 2 and 3 and appendix 1 of the contract. There would be an option for contractors to update or omit information depending on the need to maintain its confidentiality. A benefit of this format is that contractors would

provide the Council and the Commission with context for each element summarized, thereby increasing transparency and aiding in understanding the information provided.

25. The secretariat agreed to draw up in due course a draft template with input to be provided by the contractors. This work is currently in progress. The Council will be apprised of progress made during part II of the current session.

C. Revised annual overhead charge and voluntary contribution

26. Contractors were notified of the Assembly's decision (ISBA/24/A/11) to increase the annual overhead charge to \$60,000, and to introduce an additional annual voluntary contribution of \$6,000, effective 1 January 2019. Several contractors explained that combining the mandatory payment with a voluntary payment would complicate the accounting for funds, while others stated that their accounting system did not permit that. In the light of the above, it was decided that the secretariat would send the contractors two separate invoices: one for the mandatory \$60,000 and the other for the voluntary \$6,000.

D. Warsaw Statement

27. At the conclusion of the meeting, the contractors issued a joint declaration, entitled the "Warsaw statement", in which the importance of the annual contractors' meeting with the secretariat was acknowledged, among other things. The full text of the statement is contained in the annex to the present report.

E. Contractor training programmes

28. In paragraph 11 of its decision, the Council acknowledged that most of the contractors had fully implemented training programmes and offered further training opportunities. From July to December 2018, 30 training placements were awarded, as follows: 2 offshore internships offered by Global Sea Mineral Resources NV; 6 theoretical and at-sea placements by Yuzhmorgeologiya; 5 at-sea placements by Deep Ocean Resources Development Co. Ltd.; 4 at-sea placements by China Minmetals Corporation; 5 on-land placements by the Ministry of Earth Sciences (MoES) of the Government of India; 6 at-sea placements by the China Ocean Mineral Resources Research and Development Association (COMRA), under contracts for polymetallic sulfides; and 2 placements by Marawa Research and Exploration Ltd., to enable nationals of Kiribati to attend the 2018 Sustainable Ocean Summit.

F. Issues of alleged non-compliance by contractors

29. In paragraph 9 of its decision, the Council requested the Secretary-General to report to it annually, identifying instances of alleged non-compliance and the regulatory action recommended or to be taken in accordance with the Convention, the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 and the regulations on prospecting and exploration, including any monetary penalties to be imposed by the Council.

30. With reference to this request from the Council, as of January 2019, the Secretary-General had not identified any issues of alleged non-compliance.

IV. Matters relating to workshops organized by the International Seabed Authority in 2017 and 2018

31. In respect of the international workshops that were convened in Qingdao, China, in May 2018, and in Szczecin, Poland, in June 2018, noted in paragraph 12 of the decision, the proceedings will be released as ISA Technical Studies Nos. 23 and 22, respectively, prior to the second part of the present session of the Council.

32. Concerning the technical workshops mentioned in paragraph 13 of the Council's decision, the proceedings of the workshop on the criteria for the selection of impact reference zones and preservation reference zones, held in Berlin from 27 to 29 September 2017, will be released as ISA Technical Study No. 21. With respect to the workshop on the review of the environmental management plan for the Clarion-Clipperton Fracture Zone, it is scheduled to be held in 2019. The proceedings of the workshop held in Bangkok, jointly hosted by the International Cable Protection Committee and the secretariat on 29 and 30 October 2018, on the development of practical options for the implementation of the "due regard and reasonable regard" obligations under the Convention, will be published as ISA Technical Study No. 24.

V. Development of regional environmental management plans for the Area, in particular where there are currently exploration contracts

33. In paragraph 14 of its decision, the Council encouraged the secretariat and the Commission to make progress on the development of environmental management plans where there are currently exploration contracts.

34. Pursuant to that decision, relevant stakeholders were engaged in designing a workplan for the development of regional environmental management plans in the priority areas identified by the Council ([ISBA/24/C/3](#), para. 12). In particular, significant progress has been made towards cooperating with the European Union and COMRA regarding the development, under the auspices of the Authority, of regional environmental management plans in the Atlantic Ocean and the Pacific Ocean. All activities and actions will be undertaken in line with the workplan and the road map developed by the secretariat and with the budgetary programme (2.7) adopted by the Assembly at its twenty-fourth session (see [ISBA/24/A/11](#)).

35. A comprehensive report on the implementation of programme 2.7, including a tentative road map, is contained in document [ISBA/25/C/13](#).

VI. Data management

36. In paragraph 15 of its decision, the Council welcomed the secretariat's progress towards the implementation of the data management strategy of the Authority, including public access to non-confidential data, and noted that the database was expected to be launched by the end of October 2018. Since the twenty-fourth session, the secretariat has completed all phases of the technical implementation of the data management strategy of the Authority ([ISBA/22/LTC/15](#)). In October 2018, a beta version of the database was launched for the contractors, which uploaded test data submissions and downloaded historical data from the database. This is to be followed by penetration testing and security enhancements to ensure the security and integrity of all data, due to be undertaken

in February 2019. A beta version of the database will be launched for members of the Commission in March 2019. A public launch will follow shortly thereafter.

VII. Miscellaneous matters

37. In paragraph 16 of its decision, the Council requested the Secretary-General to ensure that adequate time and resources continued to be provided to support the work of the Commission, especially on priority issues, including further progress on the draft regulations on exploitation. Those priority issues have been placed on the provisional agenda of the Commission for the present session. The progress made on those issues will be covered in supplementary reports to the Council and in the report of the Chair of the Commission, which will be considered by the Council during the second part of its session, in July 2019.

38. In paragraph 17 of its decision, the Council noted with concern the sharp deficit in the voluntary trust fund for the purpose of defraying the cost of participation of members of the Commission and of the Finance Committee from developing countries in meetings of the Commission and of the Committee.

39. Following appeals by the Secretary-General, as at the end of December 2018, and thanks to generous contributions by Germany (\$25,000), the Netherlands (\$49,928) and Norway (\$58,456), the voluntary trust fund showed a positive balance of \$75,960. The estimated drawdown from the fund for the March 2019 session of the Commission amounts to \$68,382. Thus, the balance of the fund will remain insufficient to secure full funding for the subsequent meetings of the Commission and of the Committee, and the need for a sustainable funding solution remains.

VIII. Recommendations

40. The Council is invited to take note of the present report and to provide such guidance as may be necessary.

Annex

Conclusions of the contractors' meeting jointly organized by the International Seabed Authority and the Ministry of Environment of Poland

Warsaw statement

1. Taking into account the importance of the meeting for the deep-sea mining project under the umbrella of the International Seabed Authority, the following can be concluded:

A. Annual contractors meeting

2. Meetings of the secretariat of the International Seabed Authority and contractors constitute a constructive platform for improving the communication and give the opportunity to discuss and better understand the issues related to the implementation of deep-seabed mining regime, therefore meetings should be organized on a regular basis.

B. Database

3. The importance of the database proposed by the Authority and discussed during this meeting can be summarized in two key aspects: firstly, turning data into information is of great value in terms of developing the common heritage of humankind, secondly, it is designed in a way to facilitate and significantly improve data exchange between the Legal and Technical Commission, the secretariat and the contractors, as well as to facilitate access to public information to stakeholders. The question of protection of confidential data and sensitive information remains an important point of discussion.

C. Transparency commitment

4. The question of transparency of contracts was discussed during the course of the meeting and requires further consultations led by the International Seabed Authority secretariat. As of now, among contractors and sponsoring States, there are multiple approaches to this question. The common template proposed during the course of the meeting will allow for the harmonized approach for transparency of the details of the non-standard content of contracts.

D. Training programme

5. The training programme is a valuable and integral part of the exploration programmes contributing to the common heritage of mankind. Sharing knowledge and our enthusiasm towards deep-sea mining with recognition of the importance of protection for the marine environment is the way not only towards capacity-building but also towards disseminating information on deep-sea mining – on a small scale but possibly with great impact on the individual lives.

6. The proposed alumni programme shall be further investigated and focused on enhancing communications among alumni, contractors and the International Seabed Authority to support capacity-building efforts and developing States.

E. Importance of having exploitation regulation by 2020 in place

7. The International Seabed Authority is in the process of developing by 2020 the regulations on exploitation of mineral resources in the Area which is the ultimate regulatory phase in developing the common heritage of humankind and the sustainable exploitation of marine minerals. In the course of work, the contractors, the International Seabed Authority and deep-sea mining stakeholders have already undertaken multiple activities, and further activities are needed to ensure implementation of the efficient mining regime in the Area. The joint objective is to commence the exploitation ensuring the best available environmental protection measures and protection for the marine environment while respecting a balanced economic approach.

8. The urbanization and electrification of our planet requires society at large to consider responsible alternatives to land-based resources, recognizing the availability of marine mineral resources and recent progress made in the development of deep-sea mining technologies.



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Agenda item 10

Report of the Secretary-General on the implementation of the decision of the Council in 2018 relating to the reports of the Chair of the Legal and Technical Commission

Implementation of the decision of the Council in 2018 relating to the reports of the Chair of the Legal and Technical Commission

Report of the Secretary-General

Addendum

I. Introduction

1. The present report has been prepared to update the Council on progress made in relation to certain matters raised in its decision of 2018 relating to the reports of the Chair of the Legal and Technical Commission ([ISBA/24/C/22](#)), namely, the draft regulations on exploitation of mineral resources in the Area, the activities of contractors, the development of regional environmental management plans for the Area, in particular where there are currently exploration contracts, and the data management strategy (see [ISBA/25/C/12](#), sects. II, III, V and VI, respectively).

II. Draft regulations on exploitation of mineral resources in the Area

2. During the first part of the twenty-fifth session, the Council continued its informal consideration of the draft regulations on exploitation ([ISBA/24/LTC/WP.1/Rev.1](#)) as a matter of priority in order to provide guidance to the Commission in its review of the draft.

3. In March 2019, the Legal and Technical Commission concluded its review of the draft regulations and submitted its recommendations thereon to the Council, for its consideration. The revised draft regulations prepared by the Commission ([ISBA/25/C/WP.1](#)) are accompanied by comments ([ISBA/25/C/2](#)) outlining how the

* Reissued for technical reasons on 7 June 2019.



draft regulations were fine-tuned and what further work is to be undertaken in respect of specific areas.

4. The Commission also endorsed the terms of reference for a workshop on the development of standards and guidelines, which was held in Pretoria from 13 to 17 May 2019. The objectives of the workshop were to establish a prioritized list of standards and guidelines, with reference sources, that would be required to support the implementation of the exploitation regulations, and to develop a process for the development of the standards and guidelines. The outcomes of the workshop will be made available to the Commission in July 2019.

III. Activities of contractors

5. The Secretary-General took steps to advance the issue of transparency of exploration contracts (ISBA/25/C/12, para. 25). On 22 March 2019, the Secretary-General wrote to all contractors inviting them to comment and make suggestions regarding a draft template for public disclosure. The draft template was created from schedules 2 and 3 and appendix I to the exploration contracts. Contractors were requested to respond by 30 April. The responses received were generally positive, which reflected a general agreement on increased transparency. However, details remain to be discussed and the secretariat will continue to pursue those issues with the contractors with a view to resolving the matter in 2019.

6. In line with decision ISBA/24/A/11 of the Assembly, and as indicated in paragraph 26 of report ISBA/25/C/12, the secretariat has issued separate invoices for the revised annual overhead fees and voluntary contributions. The majority of contractors have paid the full amount of the new fees, while five also made voluntary contributions of \$6,000, namely, Global Sea Mineral Resources NV, UK Seabed Resources Ltd., the Government of Poland, Nauru Ocean Resources Inc. and Marawa Research and Exploration Ltd.

7. All 29 annual reports were received by 31 March 2019.

IV. Development of regional environmental management plans for the Area, in particular where there are currently exploration contracts

8. During the first part of the twenty-fifth session, the Council considered a report by the Secretary-General on the implementation of the Authority's strategy for the development of regional environmental management plans for the Area, which included a draft programme of work for the secretariat for the period 2019–2020 (ISBA/25/C/13).

9. Several workshops have since been planned to facilitate the development and review of regional environmental management plans. In May 2019, as part of the regional environmental management project for the Atlantic Ocean (sponsored by the European Union), an expert meeting was convened in Paris in collaboration with the Authority to explore the feasibility of applying a rule-based management approach to regional environmental management plans. In October, an expert workshop on deep-sea biodiversity synthesis in the Clarion-Clipperton Fracture Zone will be convened by the secretariat and the Deep Clarion-Clipperton Zone (CCZ) Project of the University of Hawaii to review and analyse recent seafloor ecosystem data from the Fracture Zone, with a view to synthesizing patterns of biodiversity, community structure, species ranges, genetic connectivity, ecosystem function and habitat heterogeneity along and across the Fracture Zone, and to assess the representativity

of areas of particular environmental interest in exploration contract areas. The workshop is an essential preliminary step to the review of the environmental management plan for the Fracture Zone.

10. In November 2019, subject to final confirmation, a workshop on regional environmental assessment in support of the development of a regional management plan for the northern Mid-Atlantic Ridge will be held in Portugal in collaboration with the regional environmental management project for the Atlantic Ocean and the Government of Portugal. In November 2019, a workshop will be held in Germany in collaboration with the country's Ministry of the Environment to discuss strategic approaches to developing regional environmental management plans. In February 2020, a second workshop on the development of a regional environmental management plan in the cobalt-crust area of the North-West Pacific will be held in the Republic of Korea, in collaboration with the country's Ministry of Oceans and Fisheries and the Korea Institute of Ocean Science and Technology, building on the work of the first workshop, held in Qingdao, China, in May 2018. In June 2020, a workshop on developing a regional environmental management plan for the northern Mid-Atlantic Ridge will be held in the Russian Federation in collaboration with the regional environmental management project for the Atlantic Ocean and the country's Ministry of Natural Resources and Environment.

V. Data management strategy

11. Under the data management programme, all nine phases of the initial implementation plan outlined in document [ISBA/22/LTC/15](#) have been completed. This included the delivery of a fit-for-purpose database and a fit-for-purpose application interface to store the Authority's digital data. Beta versions of the database and application were released in October 2018. The first release was conducted with users who will access the system as contractors, the second with members of the Commission, in March 2019. Feedback received from both groups has been incorporated into subsequent versions. The environmental data of the Authority's database will be made available to the public with the final launch of the Authority's database management system, in July. The draft report on the data management strategy is to be submitted to the Commission for its consideration during the second part of the twenty-fifth session. A series of trainings and workshops are to be conducted with stakeholders to address issues related to data management, the effective use of the database and the website interface.

12. The secretariat has also initiated work on the evaluation of information and data relating to the areas reserved for the Authority, which will be an important requirement for the future operationalization of the Enterprise.

VI. Recommendations

13. The Council is invited to take note of the present report and to provide guidance as necessary.



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Report of the Secretary-General on the implementation of the decision of the Council in 2018 relating to the reports of the Chair of the Legal and Technical Commission

Implementation of the Authority's strategy for the development of regional environmental management plans for the Area

Report of the Secretary-General

I. Introduction and background

1. The International Seabed Authority's mandate, on behalf of the States parties to the United Nations Convention on the Law of the Sea, is to administer the mineral resources and control and organize current exploration activities, as well as future mining activities, in the Area for the benefit of mankind as a whole. In accordance with article 145 the Convention, and with respect to activities in the Area, the Authority is mandated to take the measures necessary to ensure effective protection for the marine environment from harmful effects and to adopt appropriate rules, regulations and procedures for, inter alia, the prevention, reduction and control of pollution and other hazards to the marine environment, the protection and conservation of the natural resources of the Area and the prevention of damage to the flora and fauna of the marine environment.

2. In pursuance of this mandate, the Council approved an environmental management plan for the Clarion-Clipperton Zone at its eighteenth session, in 2012, on the basis of a recommendation of the Legal and Technical Commission (see [ISBA/17/LTC/7](#), [ISBA/17/C/19](#) and [ISBA/18/C/22](#)). The plan included the designation of a network of nine areas of particular environmental interest.

3. During the first part of its twenty-fourth session, in March 2018, the Council took note of a preliminary strategy proposed by the Secretary-General for the development of regional environmental management plans for the Area ([ISBA/24/C/3](#)) for key provinces where exploration activities under contracts were being carried out. The Council agreed with the priority areas that had been identified on a preliminary basis as the Mid-Atlantic Ridge, the Indian Ocean triple

* [ISBA/25/C/L.1](#).



junction ridge and nodule-bearing province, as well as the north-west Pacific and South Atlantic for seamounts. The Council also noted that the preliminary strategy laid out a coherent and coordinated approach to the process and considered it essential that regional environmental management plans be developed in a transparent manner under the auspices of the Authority, in the light of its jurisdiction under the Convention and the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 ([ISBA/24/C/8](#), para. 10).

4. The implementation of the preliminary strategy started with the holding of two workshops. The first workshop, convened in collaboration with the China Ocean Mineral Resources Research and Development Association, took place in Qingdao, China, in May 2018, and focused on the elaboration of a road map for a regional environmental management plan in the cobalt-rich ferromanganese crust area of the north-west Pacific. The second workshop, organised in Szczecin, Poland, in June 2018, addressed the design of regional environmental management plans for polymetallic sulphides in mid-ocean ridges.

5. With a view to contributing to the fulfilment of the mandate and responsibilities of the Authority in this respect, as well as achieving the strategic direction 3.2 as defined in its strategic plan for the period 2019–2023 ([ISBA/24/A/10](#), annex), a specific allocation was made in the budget of the Authority for the financial period 2019–2020 to support the development of regional environmental management plans (see programme 2.7 in annex I to [ISBA/24/A/5/Corr.1–ISBA/24/C/11/Corr.1](#) and [ISBA/24/C/21](#)). The purpose of the present report is to provide the Council with the outline of the programme of work of the secretariat for implementing the strategy for the development of such plans for 2019–2020.

II. Programme of work for the implementation of the strategy of the Authority for the development of regional environmental management plans for the Area

6. The draft programme of work contained in the annex to the present document includes a road map based on the budget approved by the Assembly at its twenty-fourth session (*ibid.*), a description of the scientific work needed to inform each regional environmental management plan and a description of research gaps, available resources and potential collaborations. To assist in preparing the programme of work, and to promote a collaborative and transparent approach, the Secretary-General consulted an ad hoc advisory committee consisting of internationally recognized experts, which held a number of virtual meetings between October and December 2017. The main function of the committee was to provide expert advice to the Secretary-General for the development of a road map that would include the time frame for holding the various workshops, the background science needed to inform them, their main expected outcomes and the resources allocated to them.

7. The execution of the programme of work will be undertaken and monitored by the secretariat in line with the relevant budgetary programme (2.7) adopted by the Assembly.

8. As requested by the Council (see [ISBA/24/C/18](#), para. 14, and [ISBA/24/C/8/Add.1](#), para. 12), the specific dates of workshops are to be made publicly available in advance of the workshops, and the outcomes of the workshops, including interim reports, are to be made publicly available as soon as possible

following the events. The Secretary-General will regularly report to the Council on progress made in the implementation of the programme of work. The outcomes of the workshops and the final recommendations on the development of regional environmental management plans will be submitted to the Commission for its consideration.

III. Recommendations

9. The Council is invited to take note of the present report.

Annex

Draft programme of work of the secretariat to implement the preliminary strategy for the development of regional environmental management plans for the period 2019–2020

I. Introduction

1. Article 145 of the United Nations Convention on the Law of the Sea provides that necessary measures are to be taken with respect to activities in the Area to ensure effective protection for the marine environment from harmful effects that may arise from activities associated with deep-sea mining, including the exploration phase. This responsibility includes the adoption by the International Seabed Authority of appropriate rules, regulations and procedures for the protection and conservation of the natural resources of the Area and the prevention of damage to the flora and fauna of the marine environment.

2. To implement this mandate, in 2012, the Council of the Authority approved an environmental management plan for the Clarion-Clipperton Zone on the basis of a recommendation of the Legal and Technical Commission. The keystone of the plan was the designation of nine areas of particular environmental interest in which no mining should occur.

3. The drafting of draft exploitation regulations, currently ongoing, and the development of the strategic plan of the Authority have prompted both a review of the Clarion-Clipperton Zone regional environmental management plan and, as a matter of priority, the creation of regional environmental management plans in other areas.

4. During the twenty-fourth session, the Council took note of a preliminary strategy for the development of regional environmental management plans for the Area for key provinces where exploration activities were already under way (see [ISBA/24/C/3](#) and [ISBA/24/C/8](#), para. 9). The Council agreed that the priority areas were the Mid-Atlantic Ridge, the Indian Ocean triple junction ridge and nodule-bearing province, as well as the north-west Pacific and South Atlantic for seamounts. The Council also noted that the preliminary strategy laid out a coherent and coordinated approach to the process and considered it essential that, inter alia, plans be developed in a transparent manner under the auspices of the Authority, in the light of its jurisdiction under the Convention and the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (*ibid.*, para. 10).

5. In this context, the secretariat proceeded in 2018 with preparing new regional environmental management plans in the Area through two stakeholder workshops, one for cobalt-rich ferromanganese crusts, held in Qingdao, China, in May 2018, and the other for polymetallic sulphides, held in Szczecin, Poland, in June 2018.

6. The Secretary-General has prepared the present programme of work to facilitate the implementation of the preliminary strategy taken note of the Council in 2018. The programme of work builds on experience gained from the development of the Clarion-Clipperton Zone regional environmental management plan (see [ISBA/18/C/22](#)) as well as the results of the workshops held in China and Poland in 2018. The programme of work also takes account of the advice provided by the ad hoc advisory committee set up by the Secretary General to support the secretariat in its preparation of a programme of work for the development of regional environmental management plans for the period 2019–2020. The programme of work is to be implemented by the secretariat in a transparent and inclusive manner,

including by engaging members of the Commission with relevant expertise, the scientific community and other relevant stakeholders and experts.

II. Key approaches to be applied by the secretariat to facilitate the development of regional environmental management plans

7. The following approaches are proposed to facilitate the development of regional environmental management plans:

(a) Articulating modalities to implement effectively goals, objectives, principles and strategies for the development of regional environmental management plans, as identified in the preliminary strategy, taking into account different regional contexts as well as types of mineral resources. This work would include in particular:

(i) Further refining goals, objectives, principles and strategies for the development of regional environmental management plans;

(ii) Defining the geographic scope of regional management planning areas, using the best available scientific information relating to biogeography, ecological connectivity and representativity, as well as other relevant information;

(iii) Further elaborating a design concept or scenario for a regional network of areas of particular environmental interest, building on the experience gained with those areas in the Clarion-Clipperton Zone;

(iv) Assessing the feasibility of a rules-based approach, to complement the area-based management measures for regional environmental management plans;

(v) Developing operational criteria for areas of particular environmental interest, including vulnerable marine ecosystems, in relation to activities in the Area, drawing on, where appropriate, relevant scientific criteria developed by other global instruments, such as the Convention on Biological Diversity, the Food and Agriculture Organization of the United Nations and the International Maritime Organization;

(b) Applying a standardized approach and standardized methodologies for the development of regional environmental management plans, including with regard to preparatory scientific and technical work in advance of workshops on regional environmental management plans; the nomination, selection and invitation of participants in those workshops; the preparation of the workshop reports; and the peer review and finalization of draft regional environmental management plans, ensuring transparency and institutional efficiency and effectiveness. This work would include in particular:

(i) Establishing a standardized process for the nomination, selection and invitation of experts to participate in the workshops on regional environmental management plans (including the selection criteria, the terms of reference of the workshops and funding for participation, among other things); considering geographic factors and gender balance and ensuring the effective participation of relevant stakeholders (such as member States, in particular developing countries, contractors, sponsoring States, representatives of industry sectors and non-governmental organization) and experts in relevant fields;

(ii) Preparing a data report to inform the creation of regional environmental management plans, using global data sets and region-specific scientific data and information, where available;

(iii) Inviting relevant stakeholders, experts, initiatives, projects and programmes to contribute data, information and knowledge to the preparation of the aforementioned data report and the development of regional environmental management plans, including by creating, subject to the availability of financial resources, regional scientific collaborative platforms in support of such plans, and ensuring the effective participation of, inter alia, member States, sponsoring States, contractors, relevant United Nations entities, international and regional organizations, scientific organizations and networks, industries, non-governmental organizations and individual experts with relevant expertise;

(c) Establishing, subject to the availability of financial resources, regional environmental management plan technical support teams that can provide necessary scientific and technical support to the secretariat in preparing for and holding the workshops on those plans. The composition of those teams should reflect the necessary scientific and technical expertise, including in terms of data analysis, synthesis and mapping, in line with the goals, objectives, principles and strategies for the development of such plans that are to be further refined, as noted above in paragraph 7 (a). The key support functions of the technical support teams would include:

(i) Supporting the preparation of regional environmental management plans with the best available scientific data and analytic tools for environmental and spatial planning;

(ii) Addressing knowledge gaps through the aggregation and synthesis of existing information relating to, inter alia, geomorphology, physical characteristics, biodiversity (megafauna, macrofauna, meiofauna and microfauna), community structure, migration and dispersal, connectivity, ecosystem function and service, resilience, restoration or recovery capacity and environmental stressors, including through regional scientific collaborative platforms in support of regional environmental management plans, as noted above in paragraph 7 (b) (iii), as inputs to the development of regional environmental management plan;

(iii) Fully utilizing relevant environmental and biological data from contractors and researchers in all identified priority areas.

III. Tentative schedule for the workshops on regional environmental management plans

8. The following tentative schedule for the period 2019–2020 is proposed for organizing workshops to facilitate the development of regional environmental management plans in the priority areas identified in the preliminary strategy:

Priority areas	2019			2020			
	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Mid-Atlantic Ridge (through a project funded by the			√		√		

<i>Priority areas</i>	<i>2019</i>			<i>2020</i>			
	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>
European Union)							
Indian Ocean triple junction ridge and nodule-bearing province						√	√
North-west Pacific and South Atlantic for seamounts				√ (North-west Pacific)			√ (South Atlantic)

Note: Scientific and technical preparatory work will commence at least four months before each workshop, including the preparation of the data report.

9. Financial and in-kind contributions to support the holding of the workshops, including the necessary scientific preparatory work, is welcome.



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Draft regulations for exploitation of mineral resources in the Area

Report of the Chair on the outcome of the first meeting of an open-ended working group of the Council in respect of the development and negotiation of the financial terms of a contract under article 13, paragraph 1, of annex III to the United Nations Convention on the Law of the Sea and section 8 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982

I. Introduction and background

1. During the second part of the twenty-fourth session of the International Seabed Authority, the Council agreed to a proposal by Germany to establish an open-ended working group to discuss the financial model and, in particular, to review the comparative study of alternative models to be prepared by the Massachusetts Institute of Technology.¹ The Council also mandated the working group to meet before its twenty-fifth session.

2. The first meeting of the working group was convened on 21 and 22 February 2019 and was open to all stakeholders.² On 21 February, the agenda for the meeting was adopted with no amendment.

¹ ISBA/24/C/8/Add.1, para. 12.

² Background documents for the meeting, including the report of the Massachusetts Institute of Technology entitled “Financial regimes for polymetallic nodule mining: a comparison of four economic models”, are available at <http://bit.ly/Council-wg>.



II. Purpose and objectives

3. The financial aspects of a payment mechanism can be grouped into two categories: (a) what a contractor will pay to the Authority; and (b) how the money thus received will be distributed by the Authority.

4. The mandate of the working group was to focus on the first aspect only, namely, how to develop the best possible payment mechanism and payment terms in order to determine how much a contractor would pay for the minerals recovered from the Area under an exploitation contract.

5. The purpose of the meeting was not to make decisions but to help to advance discussions. While no detailed discussion was held on the assumptions behind the models, the incorporation into the model of a ramp-up period of two years was generally accepted.

6. There was also some discussion on the environmental aspects of the model. The current model includes a 1 per cent levy for environmental funds. The destination of this levy is yet to be determined; however, it is expected that it would include an environmental liability trust fund.

III. Presentation of the comparison of the four economic models on the exploitation of polymetallic nodules in the Area and presentation of the Massachusetts Institute of Technology model

7. On 21 February, Mr. Randolph Kirchain and Mr. Richard Roth of the Massachusetts Institute of Technology gave a presentation on a comparison of four economic models for the exploitation of polymetallic nodules in the Area.³ This was followed by a detailed presentation on the model developed by the Institute,⁴ which included recommendations for the Authority.

IV. Choice of an economic model and discussion on the presentations

8. The working group expressed its appreciation for the work of the Massachusetts Institute of Technology. It noted that the methodology used in each model was largely identical, with differences lying in the underlying assumptions.

V. Financial terms: system of payments; rates of payment; dealing with material uncertainties and sensitivities in the economic model; and interaction with other fiscal regimes

9. In the discussions on the system of payments, the majority of participants favoured an ad valorem royalty-based system, but some indicated that it would be good to keep open the option of a combination of a royalty-based and profit-sharing mechanism. It was also recognized that a profit-sharing mechanism would entail

³ Available at <https://www.isa.org.jm/document/mit-presentation-comparison-four-economic-models-0>.

⁴ Available at <https://www.isa.org.jm/document/mit-presentation-decision-analysis-framework-review-cash-flow-approach>.

major administrative costs for the Authority, as well as practical challenges in implementation.

10. The question arose as to whether it was better to set a flat rate throughout the contract period (e.g. 4 per cent) or a two-tiered rate with a different rate applying after a defined period of investment recovery (e.g. 2 per cent for the first five years and 6 per cent thereafter). The majority of participants favoured the two-tiered approach.

11. There were also discussions concerning the reviews of the payment mechanism and of the rates of payment, the need for a trigger point and the content of the reviews. Draft regulations 79 and 80 of the draft regulations on exploitation of mineral resources in the Area ([ISBA/24/LTC/WP.1/Rev.1](#)) currently provide for a review five years from the first date of commencement of commercial production in the Area, and at intervals thereafter as determined by the Council.

12. The working group agreed that there was no need for a detailed discussion of the interaction between the payment mechanism of the Authority and the fiscal regimes of States. While it was recognized that corporate taxes were a matter for the States concerned, it was also stated that those taxes would need to be reflected in the model as a cost for contractors.

VI. Interaction with sponsoring States

13. The working group felt that there was no need for a detailed discussion on the interaction with sponsoring States in the context of its mandate. It was noted that sponsoring States would have a general obligation to assist the Authority in its task of controlling activities in the Area for the purpose of ensuring compliance with the relevant provisions of part XI of the United Nations Convention on the Law of the Sea.

VII. Process moving forward

14. The working group felt that it had made significant progress in a very cooperative manner during its first meeting, and it recognized the benefit of continuing to work under that format. Particular appreciation was expressed for its being open to all stakeholders.

VIII. Other mineral resources: economic modelling and timing

15. The recommendations of the working group concerning the payment mechanism and rates of payment were related to polymetallic nodules only. It would be necessary to consider the payment mechanism and rates of payment for polymetallic sulphides and cobalt-rich ferromanganese crusts in due course.

IX. Report of the Chair for the twenty-fifth session of the Council

16. The open-ended working group recommends that the Council:

(a) Convene a second meeting of the working group to advance further the work on the payment mechanism;

(b) If so decided, request the secretariat to prepare two or three options regarding the payment mechanism on the basis of the discussions of the working group, including proposed regulatory text, for consideration at its next meeting, to be convened preferably before the second part of the twenty-fifth session of the Council.



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Kingston, 25 February–1 March 2019

Agenda item 14

Report on matters relating to the Enterprise

Decision of the Council of the International Seabed Authority relating to the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise

The Council of the International Seabed Authority,

Recalling the statement by the President of the Council on the work of the Council during the second part of the twenty-fourth session,¹

1. *Takes note* of the report of the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise on the proposal by the Government of Poland for a joint venture with the Enterprise;²

2. *Requests* the Secretary-General to extend the time frame for the negotiation of the draft proposal to form a joint venture and the development of a business proposal to facilitate the operation of the venture, parts of which have been agreed upon *ad referendum*, with a view to the finalization of the proposal in a timely manner and taking into consideration the expectation of the Council to have a full proposal on its agenda in 2019;

3. *Recalls* that the proposal for the joint venture must comply with the provisions of section 2 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (the Agreement) and be based on sound commercial principles, so as to enable the Council to adopt a directive concerning the independent operation of the Enterprise, bearing in mind the calls for the operationalization of the Enterprise contained in a note dated 6 July 2018 from the African Group addressed to the secretariat of the Authority, which received cross-regional support during the previous session of the Council;

4. *Requests* the Secretary-General to extend the contract and renew the terms of reference of the Special Representative and to provide the requisite funds related

¹ ISBA/24/C/8/Add.1.

² ISBA/25/C/7.



to the work of the Special Representative, taking into consideration the need to finalize the joint venture with Poland;

5. *Recognizes* the importance of ensuring that the perspective of the Enterprise is submitted and taken into account in the development and adoption of the exploitation regulations;

6. *Requests* the Secretary-General to invite the Special Representative to participate, exceptionally, to represent the perspective of the Enterprise up to and including the second part of the twenty-fifth session in the negotiations concerning the development and conclusion of the regulations for the exploitation of minerals in the Area and other related matters, undertakes to consider recommendations in the twenty-fifth session, taking account of the ISA technical study on the operationalization of the Enterprise, on the appointment of an Interim Director General, to represent the perspective of the Enterprise in line with the United Nations Convention on the Law of the Sea and the Agreement in future negotiations connected to the reserved areas and to define parameters to facilitate discussions with other States, regional groups and other entities on matters related to the operationalization of the Enterprise, in view of the suggestions made in paragraphs 17 and 18 of document [ISBA/19/C/6](#), on the governance arrangements of the Enterprise prior to its independent functioning of the secretariat;

7. *Requests* the Secretary-General to establish a voluntary trust fund for the purpose of providing the requisite funds related to the work of the Special Representative, and to report regularly to the Assembly on the status of the fund;

8. *Encourages* member States, observers and other stakeholders to contribute financially to the voluntary trust fund.

*250th meeting
1 March 2019*



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Statement by the President of the Council on the work of the Council during the first part of the twenty-fifth session

I. Opening of the session

1. The twenty-fifth session of the Council is being held in two parts.¹ For the first part, the Council held 10 meetings from 25 February to 1 March 2019, at the headquarters of the Authority in Kingston, immediately prior to the two-week session of the Legal and Technical Commission. The second part of the session will be held from 15 to 19 July 2019, after the meetings of the Commission and before the meetings of the Assembly.

II. Adoption of the agenda

2. At its 245th meeting, on 25 February 2019, the Council adopted the agenda for its twenty-fifth session ([ISBA/25/C/1](#)).

III. Election of the President and Vice-Presidents of the Council

3. At the same meeting, the Council elected Lumka Yengeni (South Africa) as President of the Council for the twenty-fifth session. Subsequently, following consultations among the regional groups, the Council elected the representatives of Tonga (Asia-Pacific States), Poland (Eastern European States), Argentina (Latin American and Caribbean States) and Germany (Western European and other States) as Vice-Presidents.

¹ In 2017, acting on the recommendation of the Committee established by the Assembly to carry out a periodic review of the international regime of the Area pursuant to article 154 of the United Nations Convention on the Law of the Sea, the Assembly endorsed the revised schedule of meetings for 2018 and 2019 ([ISBA/23/A/13](#), sect. D, para. 1), owing to the increased workload of the Authority.



IV. Report of the Secretary-General on the credentials of members of the Council

4. At the 248th meeting, on 26 February 2019, the Deputy to the Secretary-General and Legal Counsel, on behalf of the Secretary-General, indicated that, as at that date, credentials had been received from 34 members of the Council.

V. Election to fill a vacancy on the Legal and Technical Commission

5. At its 245th meeting, the Council elected Michael Gikuhi (Kenya) to fill the vacancy on the Legal and Technical Commission left by the resignation of Dorca Auma Achapa (Kenya), for the remainder of her term until 31 December 2021 (see [ISBA/25/C/14](#)).

VI. Report of the Secretary-General on the status of contracts for exploration and related matters

6. At its 246th meeting, on the same day, the Council took note of the report of the Secretary-General on the status of contracts for exploration and related matters, including information on the periodic review of the implementation of approved plans of work for exploration ([ISBA/25/C/9](#)).

VII. Reports of the Secretary-General on the implementation of the decision of the Council relating to the reports of the Chair of the Legal and Technical Commission, and on implementation of the Authority's strategy for the development of regional environmental management plans for the Area

7. At the same meeting, the Council took note of two reports of the Secretary-General ([ISBA/25/C/12](#) and [ISBA/25/C/13](#)). The Council also took note that supplementary reports would be presented at the second part of its session, in July 2019.

VIII. Draft regulations on the exploitation of mineral resources in the Area

8. Since the previous session of the Council, in July 2018, the developments below had taken place in relation to the draft regulations on the exploitation of mineral resources in the Area ([ISBA/24/LTC/WP.1/REV.1](#)). In response to the request by the Council at its July meetings ([ISBA/24/C/8/Add.1](#)), the secretariat had received by 30 September 2018 some 42 submissions from members of the Authority and other stakeholders on the revised draft regulations. These had been posted on the Authority's website. In addition, the Secretariat had prepared an overview of the main thematic issues raised in the written submissions ([ISBA/25/C/2](#)) to supplement the comments the Council had made in July 2018 ([ISBA/24/C/8/Add.1](#), annex I).

9. From 25 to 27 February 2019, the Council had continued its consideration in an informal setting of the draft exploitation regulations, as contained in

[ISBA/24/LTC/WP.1/Rev.1](#), as a matter of priority. The Council had focused its consideration on the matters identified in the overview, with a view to providing further direction and guidance to the Commission as it continued its review of the draft regulations.

A. Developments regarding the financial and payment mechanism

10. On 25 February 2019, the Chair of the open-ended working group of the Council in respect of the development and negotiation of the financial terms of a contract under article 13, paragraph 1, of annex III to the United Nations Convention on the Law of the Sea and section 8 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982, Olav Myklebust (Norway) presented his report on the outcome of the first meeting of the working group, which had been convened on 21 and 22 February 2019 (see [ISBA/25/C/15](#)).

11. The Council expressed its appreciation of the work by Massachusetts Institute of Technology and of the progress made by the working group. The Council decided to convene a second meeting of the working group to make further progress on the payment mechanism. The Council also stressed the need for a broad participation of member States of the Authority in the second meeting and for that purpose agreed to the use of the voluntary trust fund to support the participation of members of the Council from developing States.

12. The Council requested the Secretariat to prepare two or three options regarding the payment mechanism on the basis of the discussions of the working group, including a proposed regulatory text for its consideration at its next meeting, preferably to be convened before the second part of the twenty-fifth session of the Council. In that regard, consideration should be given to the nature of the payment mechanism, to ensuring that the rate of payment maximized returns to the Authority, also to ensuring that mining was commercially viable, and to a trigger or triggers for a review of the payment mechanism. Clarification was also expected as to whether the same payment mechanism would apply to polymetallic nodules and also to polymetallic sulphides and cobalt-rich ferromanganese crusts.

13. On 25 February 2019, several comments were made regarding the development of the financial model, for which the starting point should be the principles set out in the Convention and the Agreement. It was requested that the Secretariat produce a list of all payments and fees, including insurance that a contractor would be obliged to pay, together with information on the purposes of each payment. The list would provide an overview of the fees and other payments that would be useful in considering royalty in the light of total costs to be borne by contractors. There were also discussions on the importance of factoring externalities into the model, including the provision of the costs of environmental monitoring.

B. Standards and guidelines and key concepts under the Authority's regulatory framework

14. The Council expressed its appreciation for the note on the content and development of standards and guidelines for activities in the Area under the Authority's regulatory framework (see [ISBA/25/C/3](#)) and for the note on key terms: distinguishing the use of good industry practice and best practices under the draft exploitation regulations (see [ISBA/25/C/11](#)).

15. The Council welcomed the lists of standards and guidelines and their priority for development, as contained in the annex to document [ISBA/25/C/3](#), stressing that those lists were not exhaustive. The Commission was invited to pay heightened attention to identifying additional critical issues. Reference was also made to a possible third category of standards, i.e. environmental quality status. Moreover, guidelines for the preparation of training programmes and capacity-building might be efficiently developed from the recommendations for the guidance of contractors and sponsoring States relating to training programmes under plans of work for exploration ([ISBA/19/LTC/14](#)).

16. It was stated that standards and guidelines would bring the necessary flexibility to the regulations and respond to advances in industry, scientific understanding and technology. Guidelines needed to be consistent with the Convention and the Agreement and to contribute to achieving a high level of protection with respect to health and safety or the marine environment while not hindering the freedom of marine scientific research. The view was also expressed that they represented a minimum, i.e. a floor and not a ceiling, and they needed to be organized around clear objectives, targets and thresholds. Another view was expressed that the relevant standards and guidelines should be compatible with the current technical level and practical ability of deep seabed mining and should remain stable and avoid frequent changes in contents, so as not to increase arbitrarily the burden on contractors. In considering the relevant standards, an important distinction should be made between process and performance standards. Performance standards would be specific to the Authority and used to meet identified thresholds; they would derive from an appropriate assessment framework and would thus be mandatory. Their flexible character would encourage innovation and contribute to the development of best practices for activities in the Area. They would be supported by the delivery of process standards and guidelines.

17. Views were also expressed regarding the binding nature of standards and guidelines, and suggestions were made that binding guidelines and standards should form part of the annexes to the regulations. Inconsistency was noted in the use of terminology and in reference to guidelines in the regulations. The legal status of guidelines would be determined largely by their content and, in the regulations, references to guidelines, depending on their legal nature, should take account of this. For example, the view was expressed that compliance guidelines should be mandatory. If standards and guidelines had a binding nature, the point was made that they should be adopted by the Council on the recommendation of the Commission. If they were not binding, they should be issued by the Commission according to a procedure similar to the formulation of recommendations of a technical and administrative nature for the guidance of contractors engaged in exploration. The responsibility to issue guidelines on royalties should pertain to the Council.

18. Comments were made that standards and guidelines should be developed through a process that must be transparent and open to all stakeholders, including contractors, drawing where appropriate on respective national legislation on deep seabed mining. Such a process must be coordinated with the development of the regulations, taking into account the need to develop priority standards and guidelines that are needed for the application process and that need to be implemented upon the entry into force of the regulations, while standards or guidelines applicable to commercial production could be developed at a later stage. The development process must be clearly spelled out in the regulations. Words of caution were expressed to avoid duplication or fragmentation in the process of formulating standards and guidelines. Support was also expressed for the concept of establishing technical working groups to report their outcomes to the Commission for its review and recommendations to the Council. The Council also welcomed the workshop on

structuring further the process for the development of standards and guidelines, including a road map for that purpose, which would be hosted in Pretoria in May 2019.

19. A number of challenges existed in the setting of standards, in particular with regard to environmental performance standards and the establishment of benchmarks and overarching objectives, which needed to remain in the regulations.

20. Regarding the definitions, use and relationship of key terms, such as “good industry practice”, “best environmental practice” and “best available techniques”, comments were made on the dynamic nature of those concepts and on the need for the regulations to reflect their evolutionary character. As to the inclusion of best environmental practices into good industry practices, no strong preferences were articulated. If the two concepts were kept separate, best environmental practices needed to be properly reflected in the regulations. The operational and safety dimension of good industry practices also needed to be reflected in the regulations and guidelines.

C. Delegation of functions and regulatory efficiency

21. The Council addressed the question of delegating and delegated authorities in the context of the day-to-day functioning of the secretariat and of emergent cases of implementation of the regulations in the light of document [ISBA/25/C/6](#) and its annex on possible delegation scenarios.

22. Several comments were made in relation to which matters could and should be delegated to facilitate effective decision-making, which matters should not be delegated, including the modification, suspension and termination of a contract as well as the issuance of compliance notices, and which should remain under the purview of the Council. The process for decision-making should be consistent with and considered under the whole framework of the Convention and the 1994 Agreement.

23. Comments were made that it was appropriate to have some elements of delegated authority, especially for decisions that were required in a timely manner, such as in case of emergency and to ensure continuity of action, given that the Council did not meet often, while ensuring transparency and accountability in decision-making. In that regard, it was mentioned that the delegation of functions should be grounded in legality, procedural fairness, accountability and rationality and that it was essential to avoid conflict of interest, or even perceived conflict of interest. It was felt that the annex to document [ISBA/25/C/6](#) was a useful compendium of possible delegations of functions and individual elements that should be looked at in more detail with the benefit of a matrix of responsibilities and duties of sponsoring States and the competent organs of the Authority. It was suggested that a policy document should be developed, with approval by the Council, to guide decision-making and function delegation and should be reviewed periodically, e.g. possibly after a five-year period. In that context, the measures taken by the Secretary-General should be temporary and subjected to a reporting process (either regularly or in real time) in order to keep the Council both informed and involved. Such reporting should cover the outcomes as well as potential challenges encountered in its implementation. The possibilities of remote/virtual meetings of the Council and of establishing a subcommittee of the Council for urgent matters were also raised.

D. Relationship between the draft exploitation regulations and regional environmental management plans

24. The Council expressed its appreciation for the note on the relationship between the draft exploitation regulations and regional environmental management plans ([ISBA/25/C/4](#)). Comments were articulated on the status of such plans and on their compliance scope vis-à-vis environmental requirements to applicants and contractors in the regulations.

25. Comments were made as to whether the Council must impose a binding legal obligation on itself by way of the regulations, in order to develop regional environmental management plans. Noting that such plans were not legally binding instruments but policy measures, it was noted that the Council would remain empowered to set environmental policy, regardless of reference in the regulations to such plans. This approach would be consistent with the decision by the Council on the environmental management plan for the Clarion-Clipperton Fracture Zone, which had been made in the absence of any explicit provision for that purpose in the regulations on prospecting and exploration for polymetallic nodules in the Area.²

26. Nonetheless, the view was expressed that regional environmental management plans would make it possible for there to be broader environmental management of deep seabed mining and would increase certainty for contractors and the application of the precautionary approach. Transparency in collecting and sharing data was a paramount consideration. A view was also expressed that such plans acted as an important component in the application of adaptive management, whereby the best available scientific information could be used to update regional plans. Most of the views favoured removing the words “if any” from draft regulation 46 ter, (3) (b).

27. Comments were also made in relation to the assessment and revision, where necessary, of the environmental management and monitoring plans of contractors in the light of the objectives contained in the regional environmental management plans. In that regard, the regulations might need to reflect further on the requirements for contractors in relation to those plans.

28. There was the view that the existence of regional environmental management plans should be a precondition to mining. The view was also expressed that, given that such plans were a policy tool, they should not be an impediment to mining. A word of caution was also expressed that a situation should be avoided whereby the granting of contracts for exploitation could be prevented simply by blocking the further development and establishment of the respective plans. A suggestion was made that there should be standards and guidelines for the development of regional environmental management plans.

29. It was reiterated that regional environmental management plans should be established on the basis of robust scientific data, most of which was provided by contractors, and for all regions where contracts had been issued. While taking note of the road map and welcoming the efforts of the Authority to develop such plans (see [ISBA/25/C/13](#)), a practical approach was suggested to develop the plans where mining was expected to occur first.

30. Owing to the limited scientific knowledge available on most deep-sea habitats, there were views indicating that regional environmental management plans should be developed through a transparent and inclusive process, involving all relevant stakeholders, including coastal States neighbouring the spatial scope of proposed plans.

² [ISBA/18/C/22](#).

E. Further implementation of the precautionary approach in the regulations

31. The Council was presented with a note on further implementing the precautionary approach to activities in the Area ([ISBA/25/C/8](#)), the annex of which sets out a non-exhaustive list of potential procedural measures for implementation.

32. Several views were expressed that, at the present stage of regulatory development, the list was a good starting point and that, given that the focus should be on procedural measures that avoided paralysis in decision-making, a structured approach was of paramount importance.

33. It was mentioned that the precautionary approach should not be used to refrain from obtaining further scientific knowledge. The view was expressed that the implementation of the precautionary approach must be made consistently throughout the management cycle of the deep-sea mining regime, including in the determination of performance standards and the development of regional environmental management plans.

34. It was mentioned that a practical illustration of implementing the precautionary approach in the context of mining in the Area was the setting of performance standards and their associated thresholds, which must be reviewed regularly in the light of advancing scientific knowledge. In that regard, the observation was made that the difficulty was to strike a balance between a reasonable revision of standards and the legitimate expectation of stability for contractors and sponsoring States.

35. On the implementation of the precautionary approach, it was highlighted that what matters was the need for a level playing field with its consistent application.

36. In that regard, the imperative need was mentioned for the best scientific knowledge to be available to all stakeholders, as accessibility was often an issue for developing countries. The need was stressed for the early completion of the Authority's data management project and for capacity-building initiatives in order to ensure that all stakeholders could locate and assess the environmental data they needed, and that this would help to inform the reviews on the adequacy of the regulatory framework.

37. With respect to the cost-effectiveness of measures in the implementation of the precautionary approach, it was felt that there was a need for further discussion, in particular in ensuring that the implementation of measures met the requirement under the regulations on exploitation of mineral resources in the Area and achieved the objectives of article 145 of the Convention.

F. Mechanism and process for the independent review of environmental plans and performance assessments

38. The Council expressed its appreciation for the note prepared by the Secretariat on consideration of a mechanism and process for the independent review of environmental plans and performance assessments under the regulations on exploitation of mineral resources in the Area ([ISBA/25/C/10](#)).

39. Comments were made in relation to the merit of an independent assessment of environmental plans and performance assessment, and relating to the set-up of a roster of external experts. The point was made that the Legal and Technical Commission already had the power to seek external views on the basis of articles 163 (13) and 165 (2) (e) of the Convention.

40. All views stressed that any independent assessment should comply with the Convention and the 1994 Agreement, and in particular should neither substitute nor undermine the role of the Commission in the decision-making process and discharge of its responsibilities.

41. The view was stated that it was essential for the Commission to determine what procedural safeguards were necessary in determining the review and how the review process would be incorporated into the Part XI legal regime. It was suggested that three issues might require further consideration. The first was whether the review should be a mandatory requirement under the regulations on exploitation or be triggered by members and observers of the Authority. The second was that consideration should be given not only to the most appropriate, transparent and efficient manner for the review to take place, but also to the likely costs to incur. The third was how the external assessment would affect advisory function and decision-making power of the Commission in processing applications in the Area. It was widely indicated that the scope and purpose of the review and the process must be clear.

42. There was a general support for setting up a roster of external experts, including reference to the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection and other bodies, but the opinion was expressed that the modalities required further consideration, including the parameters and objectives of the review. It was suggested that the list in annex VIII to the Convention should be followed, that the Authority could in addition develop a roster, including experts on deep seabed mining, nominated by member States, and that the Commission should exercise its discretion in selecting experts, including beyond the list, where necessary.

43. Concerns were also raised over formalizing the review process, as the Convention already provided for the Commission to seek for external advice when necessary. The selection process should allow for transparency, equal opportunities and equitable geographical distribution, including from Pacific small island developing States. The approach of engaging expert bodies should also allow for cost-effectiveness as well as the duty not to duplicate the functions of the Commission by creating a parallel structure. The selection process, possibly contained in an annex to the regulations, including guidance on the specific areas for expertise, should provide added value. The questions of timing and frequency of reviews also arose.

G. Implementing an inspection mechanism in the regulations

44. Discussions were held on the implementation of an accountable, robust, independent and transparent inspection mechanism for activities in the Area in line with the Part XI regime, on the basis of a note prepared by the secretariat ([ISBA/25/C/5](#)). Comments were made in relation to the purpose of an inspection mechanism and schedule; criteria for triggering an inspection; a process for selecting inspectors; the scope of inspection, including to subcontractors; the decision-making process, including in case of emergency; as well as other key elements, such as the economic efficiency and independent functioning, to secure a level playing field for all contractors. The establishment of benchmarks of good practices for the implementation of inspection programmes was also suggested. Comments also were made regarding the appropriateness of using inspectors when needed, chosen from a roster, rather than setting up a permanent team of inspectors.

45. The views expressed broadly supported remote inspection, and it was suggested that the possibilities be further explored of remote real-time monitoring technology, their evolutionary nature and the administrative and operative costs it entails, as a priority.

46. A risk-based approach in implementing the inspectorate mechanism would be helpful to provide guidance on the scope of activities for inspection, particularly in the light of the potential costs involved. Emphasis was also placed on the importance of securing a cost-effective flow of information and full access to raw data for the Authority and sponsoring States for evaluation.

47. Reference was made to the *modus operandi* of the system of inspection under the Convention on the Conservation of Antarctic Marine Living Resources and to the necessary independence of an inspection mechanism for the exploitation of mineral resources in the Area. Reference was also made to the inspection systems of the Organization for the Prohibition of Chemical Weapons and of the International Atomic Energy Agency. It was suggested that experience could also be drawn from national inspectorate systems.

48. Comments were made regarding the interaction with sponsoring States' inspection mechanisms, the consent of flag States for the inspection of vessels, the certification entities, the role of States in reporting, cooperation among sponsoring States and interference with the regulations of the International Maritime Organization.

49. The point was made that an inspection manual and code of conduct for inspectors could be developed in due course, covering, *inter alia*, inspector safety and security.

IX. Cooperation with international organizations

50. At its 247th meeting, on 27 February 2019, the Council was informed of the signing of the memorandum of understanding between the Asian-African Legal Consultative Organization and the International Seabed Authority during the annual session of the Organization in Tokyo, from 8 to 12 October 2018. The delegations of Algeria, on behalf of the African States Group, and of China, India and Japan expressed their appreciation and stressed the prospects for training and capacity-building projects under the framework of the memorandum of understanding.

X. Report on matters related to the Enterprise

51. At its 248th, 249th and 250th meetings, on 28 February and 1 March 2019, the Council considered matters related to the Enterprise on the basis of the report of the Special Representative for the Enterprise, contained in the annex to document [ISBA/25/C/7](#). Following informal consultations in meetings on 28 February 2019 and on 1 March 2019, the Council was able to adopt a decision on this matter. The decision of the Council on the Special Representative for the Enterprise is contained in document [ISBA/25/C/16](#).

XI. Other matters

52. At its 250th meeting, on 1 March 2019, the potential harassment of trainees on board research vessel was raised with concern by the delegation of the United Kingdom of Great Britain and Northern Ireland. It was recalled that the question was being considered by the Training Committee of the Commission. Recalling the importance of capacity-building in the remit of the Authority, the Training Committee was encouraged to request that contractors provide it with their policies relating to any form of harassment on their research vessels or on vessels chartered by them for

activities in the Area. The Secretary-General was requested to ensure that such information be made available to the Training Committee.

53. At the same meeting, the delegation of Chile stated that the development of regulations on exploitation must occur at a pace that enables the incorporation of important aspects, such as the highest applicable environmental standards and transparent and independent science-based decision-making. In addition, the delegation indicated that the draft regulations should be developed taking into account the other ocean governance processes.



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Statement of the President of the Council of the International Authority on the work of the Council during the second part of the twenty-fifth session

Addendum

I. Resuming of the session

1. The second part of the twenty-fifth session of the Council was held from 15 to 19 July 2019, during which time the Council held 10 meetings.

II. Report of the Secretary-General on the credentials of members of the Council

2. At the 255th meeting, on 18 July 2019, credentials were received from 33 members of the Council.

III. Election to fill a vacancy on the Legal and Technical Commission

3. At its 252nd meeting, on 15 July 2019, the Council elected Erasmo Alonso Lara Cabrera (Mexico) to fill the vacancy on the Legal and Technical Commission opened by the resignation of Alonso Martínez Ruiz (Mexico), for the remainder of his term until 31 December 2021.

IV. Status of national legislation relating to deep seabed mining and related matters

4. At the same meeting, the Council was also informed of the status of national legislation relating to deep seabed mining and of the release of a comparative study of existing national legislations ([ISBA/25/C/24](#)) and took note of the report. The Council requested the Secretary-General to submit to it a report on the status of



national legislation relating to deep seabed mining and related matters, for its consideration in 2020.

V. Consideration, with a view to approval, of an application for approval of a plan of work for exploration for polymetallic nodules by the Beijing Pioneer Hi-Tech Development Corporation

5. Also at its 252nd meeting, the Council considered the report and recommendations of the Legal and Technical Commission relating to an application for approval of a plan of work for exploration for polymetallic nodules by the Beijing Pioneer Hi-Tech Development Corporation, sponsored by China ([ISBA/25/C/30](#)).

6. Acting on the recommendation of the Commission, the Council approved the application, designated part A of the application area to the applicant as the exploration area and part B of the application area as the reserved area for the Authority (*ibid.*, annexes), and requested the Secretary-General to issue the plan of work in the form of a contract between the Authority and the Beijing Pioneer Hi-Tech Development Corporation ([ISBA/25/C/33](#)).

VI. Draft regulations for exploitation of mineral resources in the Area

7. On the basis of the guidance provided by the Council during its meetings in February 2019, the Legal and Technical Commission was able to develop further the text of the draft regulations and to present its recommendations to the Council on the draft regulations for exploitation of mineral resources in the Area ([ISBA/25/C/WP.1](#)). The Council also submitted a note explaining the changes made to the text as well as areas requiring further consideration ([ISBA/25/C/18](#)).

8. On 15, 16 and 17 July 2019, the Council met in an informal session to consider the above-mentioned draft regulations and note. Delegations made general comments on the draft regulations as well as specific drafting proposals from the preamble to Part III. The Council's agreement as to its next steps with respect to the consideration of the draft regulations is reflected in [ISBA/25/C/37](#). Following informal consultations regarding the process going forward, oral remarks were also made highlighting the steps to be adopted.

9. The Council also considered the report of the Chair of the open-ended informal working group on the outcome of the second meeting of that working group, which was held on 11 and 12 July 2019 ([ISBA/25/C/32](#)). The Council welcomed the progress made by the working group but recognized that further work still needed to be done. Therefore, the Council decided that the informal working group should convene its third meeting in 2020.

VII. Report on the implementation of the 2018 decision of the Council on the reports of the Chair of the Legal and Technical Commission

10. At the same meeting, the Council considered the report on the implementation of the 2018 decision of the Council on the report of the Chair of the Legal and Technical Commission ([ISBA/25/C/12/Add.1](#)). The Council took note of the report

and invited the Secretary-General to include members of the Council in the consultation regarding a draft template for public disclosure. The Council's decisions with respect to the matters reported by the Secretary-General are reflected in [ISBA/25/C/37](#).

VIII. Report of the Finance Committee

11. At its 254th meeting, on 17 July 2019, the Council also considered the report of the Finance Committee ([ISBA/25/C/31-ISBA/25/A/10](#)). The decision of the Council on financial and budgetary matters is contained in [ISBA/25/C/34](#).

IX. Report of the Chair of the Legal and Technical Commission on the work of the Commission during the twenty-fifth session

12. At its 254th and 255th meetings, on 17 and 18 July 2019, the Chair of the Legal and Technical Commission reported to the Council on the work of the Commission during both parts of the twenty-fifth session, contained in [ISBA/25/C/19](#) and [ISBA/25/C/19/Add.1](#). The decision of the Council relating to the reports of the Chair of the Legal and Technical Commission is contained in [ISBA/25/C/37](#).

X. Report on matters related to the Enterprise

13. At its 256th meeting, on 18 July 2019, the Council expressed its appreciation for the report presented by the Special Representative of the Secretary-General for the Enterprise ([ISBA/25/C/26](#)) and took note of it. At its 258th meeting, on 19 July 2019, the Council adopted a decision regarding the extension and renewal of contract for the Special Representative of the Secretary-General for the Enterprise ([ISBA/25/C/36](#)). The Council thanked the delegation of Norway for its pledge of \$10,000 to that fund and called for other contributions to be made to the voluntary trust fund established for funding the work of the Special Representative of the Secretary-General for the Enterprise.

14. Some delegations noted that the decision of the Assembly on the appointment of an Interim Director-General of the Enterprise relating to the final report on the first periodic review of the international regime of the Area pursuant to article 154 had been overtaken by events.

XI. Issues related to the elections of members of the Legal and Technical Commission

15. At its 258th meeting, on 19 July 2019, the Council considered the two submissions on elections of members of the Legal and Technical Commission ([ISBA/25/C/L.2](#) and [ISBA/25/C/22](#)). Unfortunately, consensus was not reached on those submissions, in spite of the decision of the Council of 2016 contained in [ISBA/22/C/29](#) relating to the process to conduct the next election of members of the Commission. The Council decided to defer the consideration of the submissions to its next meeting in 2020, when they would be taken up as a matter of priority.

XII. Amendments to the staff regulations of the Authority

16. On 19 July 2019, at its 258th meeting, on the basis of the note by the Secretary-General contained in [ISBA/25/A/9-ISBA/25/C/28](#), the Council decided to adopt and applied provisionally, prior to approval by the Assembly, an amendment to staff regulation 9.4 of the staff regulations of the Authority, which relates to the age of retirement and the mandatory age of separation. The decision of the Council regarding amendments to the staff regulations of the Authority is contained in [ISBA/25/C/35](#).

XIII. Other matters

17. The secretariat was requested to use the same method of referencing the official documents in keeping the records of the Council meetings in its archives.

XIV. Close of session

18. The meeting of the second part of the 25th session of the Council of the International Seabed Authority ended on 19 July 2019.



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Agenda item 11

Draft regulations for exploitation of mineral resources in the Area

Draft regulations on exploitation of mineral resources in the Area

Note by the Legal and Technical Commission

I. Introduction

1. In July 2018, the Legal and Technical Commission issued revised draft regulations on exploitation of mineral resources in the Area ([ISBA/24/LTC/WP.1/Rev.1](#)) for consideration by the Council of the International Seabed Authority, along with commentary setting out matters on which the Commission sought the Council's guidance and identifying key matters that remained under consideration by the Commission ([ISBA/24/C/20](#)). In response, the Council provided comments on the revised draft, which are annexed to the statement by the President of the Council on its work during the second part of the twenty-fourth session ([ISBA/24/C/8/Add.1](#), annex I), and invited members of the Council to provide written comments on the revised draft by 30 September 2018. An overview of those comments, including those received from other stakeholders, and a discussion of the common themes arising in the submissions was provided in document [ISBA/25/C/2](#). The secretariat, as part of its review of submissions from stakeholders, identified eight critical areas which benefited from a discussion in the Council during its meetings in the first part of the twenty-fifth session of the Authority (see [ISBA/25/C/17](#)). In order to help to advance the work of the Council and Commission in a number of areas, the discussion was supported by several discussion papers that had been prepared by the secretariat.¹

2. At its meetings in March 2019, the Commission advanced its consideration of the draft regulations as a matter of priority and based its discussion on the recent submissions regarding the draft regulations from members of the Authority and other stakeholders, as well as on matters arising in the discussion papers presented

¹ [ISBA/25/C/3](#), [ISBA/25/C/4](#), [ISBA/25/C/5](#), [ISBA/25/C/6](#), [ISBA/25/C/8](#), [ISBA/25/C/10](#) and [ISBA/25/C/11](#).



to the Council and the feedback from the Council. The discussion in the Commission was facilitated by the review of a revised version of the draft regulations prepared by the secretariat, which included the suggested revised text and comments on specific draft regulations from recent submissions, as well as a presentation by the secretariat to the Commission outlining comments from Council members in respect of the above-mentioned discussion papers.

3. The present note provides the Council with an overview of the key matters considered by the Commission as they relate to the fine-tuning of the regulatory text and highlights specific areas in which further work will be required with the support of the secretariat and external consultants. The Commission also took note of the view of the Council that the draft regulations should be adopted as a matter of urgency (see [ISBA/24/C/8/Add.1](#) and [ISBA/25/C/17](#)). To this end, the Commission has provided a revised regulatory text (ISBA/25/C/WP.1) for consideration by the Council.

II. General observations

4. The Commission welcomed the comprehensive submissions regarding the draft regulations from members of the Authority and other stakeholders, who noted that the overall content and structure of the draft regulations provides a workable solution that addresses the needs of users. During its discussions, the Commission was mindful not to overload the regulations with content that is more suited to standards and guidelines, including interpretative guidance for key terms and phrases, recognizing that the development of such standards and guidelines will become a primary focus of the Commission's work going forward.

5. A working group of the Commission finalized the terms of reference for the forthcoming workshop on standards and guidelines to be held in Pretoria in May 2019. The terms of reference include the objectives and desired output of the workshop, together with an indicative list of standards and guidelines presented to the Council in the annex to document [ISBA/25/C/3](#). The workshop will focus on the delivery of a prioritized list of documents, with suggested reference sources and an indicative time frame for individual development, and outline an inclusive process for the development of documentation for standards and guidelines. The output of the workshop will be invaluable in helping the Commission, in conjunction with the secretariat, to design an appropriate work programme for the delivery of standards and guidelines.

6. During its deliberations, the Commission was also conscious of the issue of timelines under the regulatory framework. The Commission noted a number of valid concerns across the stakeholder base that some timelines envisaged in the draft regulations may be too long or, given the potential complexity of documentation review processes, that certain prescribed periods might, in fact, be too short. Those concerns are particularly valid in the case of an application for the approval of a plan of work for exploitation, where a balance must be struck between certainty in the approval process and allowing the Authority, as the regulator, sufficient time to review potentially complex plans of work. This problem, together with a number of other regulatory consent requirements envisaged in the draft regulations, is compounded by the current scheduling of meetings of the Commission and the Council. The matter should be kept under review by the Council and the Commission.

7. The Commission is aware that the respective roles and responsibilities of the Council, the Commission and the Secretary-General of the International Seabed Authority as they relate to decision-making and the institutional functioning of the

Authority within the framework of the United Nations Convention on the Law of the Sea remain under consideration by the Council (see ISBA/25/C/6). Following a review of the comments contained in the annex to ISBA/25/C/6, the Commission has addressed some of the suggestions in the revised regulatory text. The Commission concurred that the development of an operational policy document by the Council outlining the Authority's risk-based approach to regulation, including guidance on delegated decision-making and a clearer understanding of the roles and responsibilities of sponsoring States and flag States, will provide further clarity in the regulatory text and implementation.

8. The present note does not address matters relating to the development of an economic model for mining activities in the Area and the associated financial terms of future exploitation contracts. Save for minor amendments to the regulatory text contained in part VII of the draft regulations, the Commission understands that the second meeting of the open-ended working group of the Council will advance the discussion on an economic model, the system of payments and the rates of payment under such a mechanism.

III. Comments of the Commission on the revised regulatory text

9. The Commission presents the following comments in support of the revised regulatory text presented to the Council in document ISBA/25/C/WP.1.

Part I

10. **Draft regulation 2 (formerly Fundamental principles, now Fundamental policies and principles).** The Commission revisited the structure and content of draft regulation 2, not least the reproduction of parts of article 150 of the Convention. In response to the concern voiced by stakeholders that reproducing only part of the text of article 150 could be misleading, the Commission now presents the text in full. Given that the draft regulation reflects a mix of policies and principles, its heading and text have been amended accordingly. In addition to other changes to mirror the language of the Convention accurately, the Commission has also modified the language of the final paragraph to indicate that the implementation of the regulations and associated decision-making are to be in conformity with the fundamental policies and principles. The Commission also reflected on the request by the Council that the distinction between the terms "conservation" and "preservation" be maintained in the regulations, noting that the Authority's mandate under article 145 is limited to the adoption of rules, regulations and procedures, including the protection and conservation of the natural resources of the Area. Additionally, the reference to "if any" in association with regional environmental management plans has been deleted in subparagraph (e).

11. **Draft regulation 4 (formerly Rights of coastal States, now Protection measures in respect of coastal States).** The Commission noted that the text of this draft regulation was drawn largely from an equivalent provision in the exploration regulations. In examining the text and the suggestion of including consultations with relevant coastal States in the application process, the Commission observed, in the context of article 142 of the Convention, that consultations, including a system of prior notification, are limited to resource deposits that lie across limits of national jurisdiction. The Commission noted that the procedural measures contained in the draft regulation do not flow from article 142 per se, as the draft regulation is without prejudice to the rights of coastal States under article 142, including the rights of coastal States to take measures consistent with the provisions of part XII of the Convention. The Commission also took note of comments from stakeholders in

connection with the roles of the Commission and the Council in the implementation of the regulation and has modified the text accordingly. In addition, the Commission noted that some stakeholders raised the issue of establishing an evidential standard for “clear grounds”. In this regard, the Commission recommended that guidelines be put in place to address this issue, as well as the question of any appropriate consultation and notification protocols.

Part II

12. **Draft regulation 10 (Preliminary review of application by the Secretary-General).** The Commission believes that, as a matter of process, the determination of whether an applicant has preference and priority in accordance with article 10 of annex III to the Convention is to be made by the Secretary-General as part of the preliminary review of an application, prior to the Commission’s consideration of an application.

13. **Draft regulation 11 (Publication and review of the Environmental Plans).** Considering the potential complexity of an application, draft regulation 11 has been modified to provide for a mechanism for the earlier review of environmental plans by the Commission, which will allow its comments to be presented to applicants earlier. Such timing will also provide an opportunity for the Commission to determine whether recourse to external expertise is required, prior to the consideration of the environmental plans. With regard to those plans, the content of the former draft regulation 14 has been moved to draft regulations 11, 12 and 13 as part of the information that the Commission shall take into account in considering the proposed plan of work. The annex to the present note contains a flow chart showing this revised step in the application approval process.²

14. As part of its discussions, and in the light of the links between draft regulations 11, 12 and former draft regulation 14, the Commission reflected on document [ISBA/25/C/10](#) relating to the consideration of a mechanism and process for the independent review of environmental plans and performance assessments (draft regulation 52). The Commission took note of the discussion in the Council on this matter, in particular that any such review mechanism should be aligned with the provisions of the Convention, and that it should neither replace nor undermine the roles and responsibilities of the Commission under article 165 of the Convention. The Commission recognized the merit of engaging with external experts in supplementing its work and expertise, but considered that such engagements should be discretionary and not mandatory. The Commission noted that such recourse would also be related to the composition of the Commission at the particular time and to its constituent expertise.

15. The Commission noted further that external expertise may be sought as and when required, in particular from specialized agencies and international organizations, as contemplated in article 163 (13) of the Convention. Such a mechanism is also reflected in rule 15 of the Commission’s rules of procedure. While the Commission sees merit in seeking input from external experts to complement its expertise, the Commission is conscious of the need to avoid establishing a mechanism that would be overly bureaucratic and formalistic. At the same time, the Commission noted the importance of ensuring equal treatment for all applicants in the consideration of their applications. The Commission also noted that draft regulation 11 provides for a public review and comment process.

Part III

² The flow chart was originally presented in document [ISBA/24/LTC/6](#).

16. **Draft regulation 18 (Rights and exclusivity under an exploitation contract).** The Commission reflected further on the regulation of exploration activities within contract areas and considered, in the light of comments from stakeholders, that the relevant guidelines should establish clarity as to which components of the exploration regulations remain applicable.

17. **Draft regulation 20 (Term of exploitation contracts).** The Commission took note of comments from stakeholders on the need for a greater level of scrutiny at the time of a renewal application, including the submission of a revised plan of work. In draft regulation 20, it was originally proposed that guidelines, including documentation requirements, be put in place for the renewal process. The Commission has now strengthened the draft regulation by requiring that, where there is a material change, a revised plan of work and a review of contractor performance be considered, while recognizing that a plan of work may have been updated under a recent review process under draft regulation 58.

18. **Draft regulation 21 (Termination of sponsorship).** The Commission discussed further the rationale for extending the termination notice period for sponsoring States to 12 months (compared with 6 months under the exploration regulations), and the concerns of stakeholders about cases in which such termination was due to non-compliance by a contractor with its arrangements with a sponsoring State or States. The draft regulation has now been modified to provide for a maximum termination period of 12 months, with the possibility of reduction to 6 months in cases of non-compliance.

19. **Draft regulation 22 (Use of exploitation contract as security).** The Commission noted the comment of the secretariat that this matter remained under review. The Commission has requested that the secretariat deliver a paper with its findings on matters to be considered under this draft regulation to the Commission at its July 2019 meetings.

20. **Draft regulation 24 (Change of control).** Given the significance of a contractor's financial capability to meet its obligations under an exploitation contract, the Commission has modified this draft regulation to include a role for the Commission in providing appropriate recommendations to the Council.

21. **Draft regulation 26 (Environmental Performance Guarantee).** Noting the request of the Council to elaborate on the requirements under such guarantees, the Commission considers that further discussion with relevant stakeholders is required in order to advance the content of this draft regulation, in particular the objectives and requirements under a closure plan. Thereafter, the regulatory text can be updated and guidelines developed.

22. **Draft regulation 29 (Reduction or suspension in production due to market conditions).** In the light of comments from stakeholders, the Commission considered that it should not be possible to suspend production for an indefinite period. The draft regulation has been modified so that the Council may terminate an exploitation contract if production has been suspended for more than five years. What was previously paragraph 4 of draft regulation 29 has been moved to draft regulation 28, as the reduction or suspension described in that paragraph is not related to market conditions.

23. **Former draft regulation 31 (Optimal Exploitation under a Plan of Work).** The Commission discussed general concerns of stakeholders about both the content of this former draft regulation and challenges in its enforcement, including its possible impact on an approved plan of work, and discussed the possibility that the draft regulation might modify proper procedures for the review and modification of such a plan. At this stage, what would constitute "inefficient mining or processing

practices” is not entirely clear. There is, however, a general contractual obligation to implement the plan of work according to good industry practice. The concept of good industry practice could be extended to encompass good mining practices and waste minimization (subject to further discussion), and those elements of good industry practice might be included and expanded upon in the development of a relevant guideline. Nevertheless, a contractor should conduct mining operations under an approved plan of work (including the approved mining workplan), which should reflect good commercial mining practices. The Commission has deleted this regulatory provision.

24. **Draft regulation 30 (Safety, labour and health standards).** In reviewing this draft regulation and the comments from stakeholders, the Commission noted the possible inadequacy of its content, especially in connection with safety matters, such as the need for a safety management system, monitoring and continuous improvement. While the draft regulation has been modified slightly, further discussion with the International Maritime Organization is required, in particular to gain a better understanding of the supplementary rules, regulations and procedures envisaged under article 146 of the Convention and clarity on the “applicable international rules and standards” to be complied with under draft regulation 30 (2). The Commission has requested that the secretariat continue to explore these issues and report to the Commission in July 2019.

25. **Draft regulation 36 (Insurance).** While the Commission has made some changes to the text of the draft regulation, no further action can be taken until the secretariat completes its review of insurance requirements and availability in the marketplace. While international maritime practice should determine typical insurance policies relating to normal ship operations and loss, it is less clear what types of additional insurance will be required, that is, the causalities and contingencies that any insurance should cover. As with a number of issues under the draft regulations, there also needs to be a level playing field for insurance obligations. The Commission has requested that the secretariat conclude its findings on insurance as a matter of priority.

Part IV

26. **Draft regulation 44 (General obligations).** The Commission has modified this draft regulation by deleting paragraph (e), which was out of place under the draft regulation. In order to put the draft regulation into effect, a clearer picture of the roles and responsibilities of the Authority and sponsoring States is required.

27. **Draft regulation 45 (Development of environmental Standards).** This new draft regulation sets out the subject areas for the development of environmental standards. The Commission considers this a placeholder pending further discussion at the workshop to be held in Pretoria in May 2019.

28. **Draft regulation 46 (Environmental management system).** The Commission has included the requirement that an environmental management system be put in place. The details of such a system, together with relevant benchmarks and principles, should be set out in guidelines.

29. **Draft regulation 47 (Environmental Impact Statement):** In response to a number of requests from stakeholders, the Commission has reintroduced the requirement of an environmental scoping stage, although the need for a specific environmental risk assessment has been retained as part of the environmental impact assessment process in order to focus the environmental impact statement on important impacts. In response to submissions from stakeholders that indicated some confusion with regard to the various elements of the environmental impact assessment, the text has also been revised to further clarify the process. The detailed

requirements for the scoping stage, including the associated processes, should be detailed under the exploration regime.

30. **Draft regulation 52 (Performance assessments of the Environmental Management and Monitoring Plan).** While the text of this draft regulation has largely been retained, changes have been made to reflect that the frequency of performance assessments will now be determined by reference to the period specified in the environmental management and monitoring plan. In addition, the draft regulation now contains a reporting obligation to the Council, including any recommendations by the Commission.

31. **Section 5 (formerly Environmental Liability Trust Fund, now Environmental Compensation Fund).** The Commission noted the general sentiment among stakeholders that the purpose of the fund should be restricted to that articulated in draft regulation 55 (a). The Commission believes that further discussion is warranted on the range of financial instruments that should be put in place to create incentives for environmental performance and to provide mechanisms for adequate compensation under article 235 (3) of the Convention. The Commission considered that, while the principal (i.e., capital) of a compensation fund could be ring-fenced and restricted to any environmental liability gap that may arise in the future, investment income could be directed towards other purposes listed in draft regulation 55. The Commission has asked the secretariat to reflect on the discussions relating to this topic, with a view to advancing the rationale, purpose and funding of such a fund, and on how to ensure the adequacy of funding.

Part VI

32. **Draft regulation 60 (Final Closure Plan: cessation of production).** This draft regulation has been modified by the Commission to reflect the role of the Council in the adoption of a final closure plan.

Part VIII

33. **Draft regulation 85 (Annual fixed fee).** The Commission continued its examination of the purpose, rationale and function of the annual fixed fee. The context of the fee under the 1994 Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 suggests that the fee should be considered part of a transition phase to bridge the period of funding prior to the receipt of royalties from commercial production. The annual fixed fee forms part of the financial terms of contracts and is to be established by the Council. The Commission's preliminary view is that such fee should be a fixed fee, rather than an area-based fee as originally envisaged in the former draft regulation. The Commission considers that this matter would benefit from continued discussion in July 2019.

Part IX

34. **Draft regulation 89 (Confidentiality of information).** In the light of comments from stakeholders in respect of former draft regulation 87 (2) (e), as well as the possibility of differential treatment of contractors and the need to ensure a level playing field, the Commission has deleted this draft regulation.

Part X

35. **Draft regulations 94 (Adoption of Standards) and 95 (formerly Issue of guidance documents, now Issue of Guidelines).** The Commission, noting that the forthcoming workshop in Pretoria will advance thinking on the issue of standards

and guidelines, considered that there should be a basic assumption that standards adopted by the Council are mandatory, whereas guidelines provide clarification and should be recommendatory in nature. Draft regulations 94 and 95 have been modified to reflect that assumption. They now make provision for relevant involvement of stakeholders in the development of standards and guidelines, with the process for such involvement to be determined.

Part XI

36. In connection with part XI, the Commission took note of document [ISBA/25/C/5](#) on the implementation of an inspection mechanism in the Area and of the discussions in the Council. Owing to time constraints, the Commission did not have an opportunity to consider the matter in detail and will do so at its subsequent meetings, after which it will present recommendations to the Council. Draft regulations 96 and 97 have, however, been modified to include the establishment of an inspection mechanism and the appointment of inspectors. The Commission acknowledged the value and significance of remote monitoring technology and understands that the secretariat will conduct a study on this topic, including proposals on how the use of such technology will be reflected in the draft regulations and relevant guidelines.

37. **Draft regulation 103 (Compliance notice and termination of exploitation contract).** The Commission reflected on the questions presented in the annex to document [ISBA/25/C/6](#) relating to the roles of the Secretary-General, the Commission and the Council and the issuance of compliance notices. While the Commission noted that the issue of delegated authority remained under consideration by the Council, it is recognized that certain events will require urgent action and that the Secretary-General should be empowered to issue compliance notices in such circumstances. The Commission also noted that the nomenclature used in this draft regulation could be further revised. In the context of this draft regulation, the Commission considers that a clear distinction needs to be made between the issue of such notices by the Secretary-General requiring action to be taken by a contractor and the imposition of sanctions (monetary penalties) by the Council. The draft regulation has been reworded accordingly.

Part XIII

38. **Draft regulation 107 (Review of these Regulations).** A number of stakeholders have made reference to the issue of uncertainty and instability in connection with any amendment to the regulations (as well as in the adoption (and update) of standards and guidelines under draft regulations 94 and 95). Recognizing the importance of involving relevant stakeholders, and mirroring the approach taken in draft regulations 94 and 95, the Commission has made provision for the involvement of relevant stakeholders in any future amendments to the regulations. The process for such participation will need to be outlined in guidelines.

Annexes

39. Annexes IV, VII and VIII, which relate to the environmental impact statement, environmental management and monitoring plan and closure plan, respectively, drew many comments from stakeholders. Much of the commentary was editorial in nature, but it also pointed to a number of issues relating to content and clarity in the various plans. Guidelines will need to be prepared for those documents, and the Commission considers it more efficient to deal with the matters raised in those submissions when guidelines are developed. In that way, it can be ensured, in a single process, that the template, standards, and guidelines are consistent, coherent and integrated.

Schedule

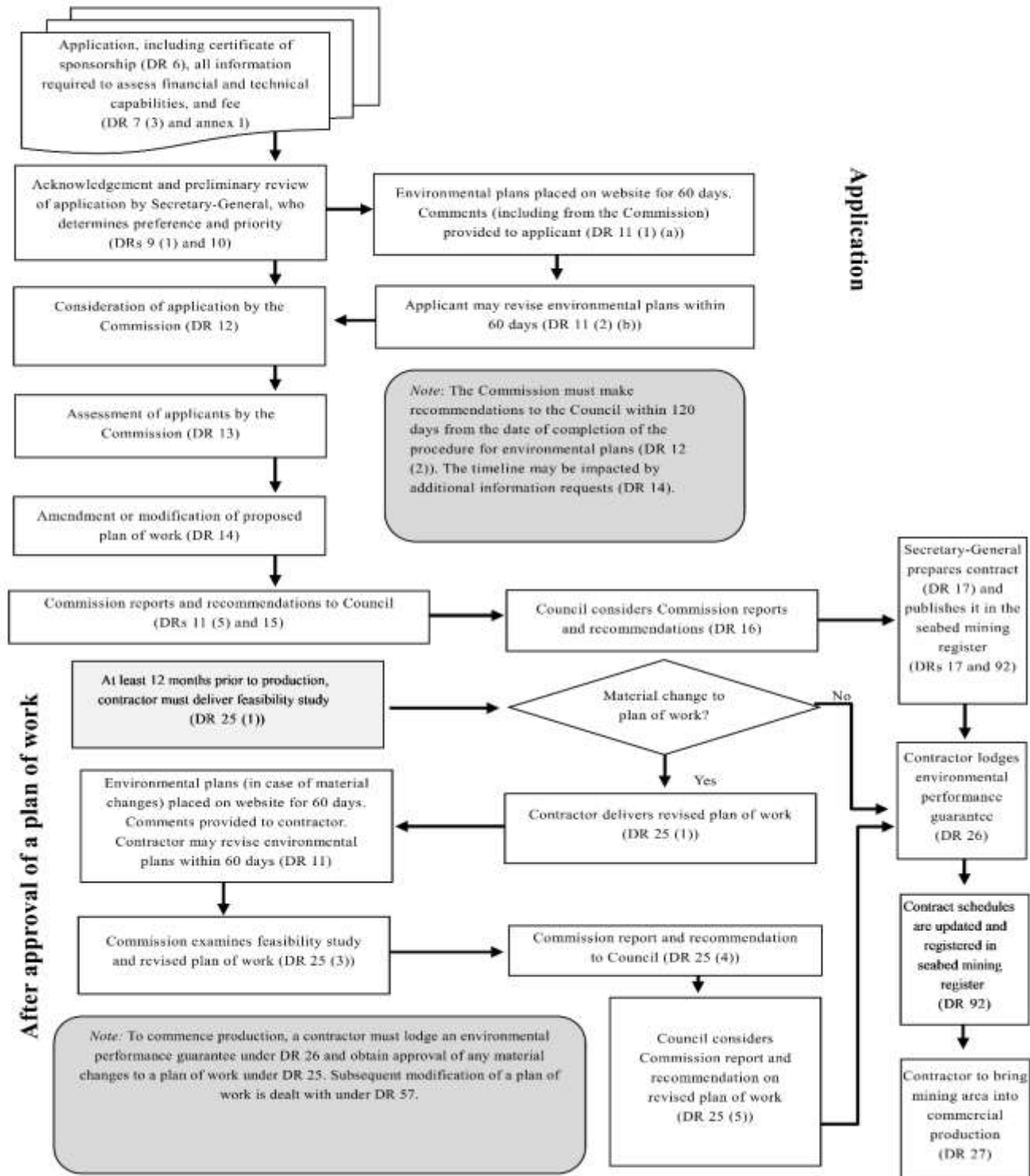
40. The Commission discussed the use of key terms under the draft regulations on the basis of document [ISBA/25/C/11](#) and the discussion of the issue in the Council. As for the incorporation of best environmental practices into the definition of good industry practice, the Commission saw some merit in that approach. However, the Commission decided that it would be better to develop the concepts of best environmental practices and good industry practice independently and for the Council to revisit the issue at a later stage. With regard to the concept of good industry practice, the Commission considers that a more conceptual approach is appropriate under the schedule, to be supported by relevant guidelines. The Commission also re-examined the definition of best environmental practices, reiterating the dynamic nature of the term.

IV. Other matters for consideration by the Council

41. As highlighted in document [ISBA/25/C/2](#), stakeholders suggested that the Commission might consider a more informal mechanism for certain categories of disputes or that the Authority explore with the International Tribunal for the Law of the Sea the possibility of establishing special rules of procedure to expedite hearings on specific categories of disputes or diverging views. While the Commission considers that this has some merit, it is also conscious that a previous draft regulation (draft regulation 92 in document [ISBA/23/LTC/CRP.3](#)) was deleted in view of member State comments, in particular that such a review mechanism could undermine the finely crafted dispute mechanism in the Convention. In the light of recent comments by members of the Authority and other stakeholders, the Council may wish to reflect on the efficacy of an expedited administrative review process.

Annex

Application and approval process for a plan of work for exploitation in the form of a contract



Note: The draft regulations are as found in document [ISBA/25/C/WP.1](#).
 Abbreviation: DR, draft regulation.



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Agenda item 12

Report of the Chair of the Legal and Technical Commission on the work of the Commission at its twenty-fifth session

Report of the Chair of the Legal and Technical Commission on the work of the Commission at the first part of its twenty-fifth session

I. Introduction

1. Part I of the 2019 session of the Legal and Technical Commission of the International Seabed Authority was held from 4 to 15 March 2019. The second part will be held from 1 to 12 July 2019 (July session).
2. Twenty-nine members of the Commission attended the meetings. Alonso Martinez Ruiz was unable to attend. Having been elected by the Council to fill a vacancy on the Commission during the first part of its twenty-fifth session, Michael Gikuhi participated in the meetings.
3. On 4 March, the Commission adopted its agenda ([ISBA/25/LTC/1](#)) and re-elected Michelle Walker as Chair and Harald Brekke as vice-Chair of the Commission.

II. Activities of the contractors

A. Status of contracts for exploration

4. The Commission took note of the status of contracts for exploration, as contained in document [ISBA/25/LTC/2](#).

B. Information on the periodic reviews of the implementation of plans of work for exploration

5. The Commission took note of the information on periodic reviews, as contained in document [ISBA/25/LTC/2](#). The five-year review report and the programme of work for the next five-year period submitted by Japan Oil, Gas and Metals National



Corporation and the five-year review report submitted by UK Seabed Resources Ltd were made available to the Commission on its secure website. The members of the Commission will provide their comments during the intersessional period on the review reports of both contractors, and the secretariat will submit a summary of the comments received to the Commission at its July session. The Commission acknowledged the key role of the Secretary-General in the periodic review process, noted the importance of the periodic review in evaluating the future direction of the contractor's workplan to achieve its objectives and welcomed the opportunity to provide the Secretary-General with advice in a timely manner on specific issues referred to it by the secretariat arising from the periodic reviews. Keeping in mind the numerous periodic reviews due in the coming years, the Commission decided to include the periodic reviews as a standing item on its agenda. The Commission noted that it met only twice a year, while periodic review reports might be submitted at different times during the year depending on the obligations of the different contractors. Reports could also be long and detailed, requiring much time for review. As such, the Commission was of the view that it should continue to reflect on how the expertise of the Commission could be best used to contribute to evaluating the periodic review reports.

C. Implementation of training programmes under contracts for exploration and allocation of training opportunities

6. On 4 March 2019, the Commission was briefed on the selection of candidates for training programmes since July 2018. At its twenty-third session, in 2017, the Commission had agreed that the training subgroup would work with the secretariat in the intersessional period to identify appropriate candidates for training opportunities ([ISBA/23/C/13](#), para. 7). Between August 2018 and March 2019, 22 first-ranked and 19 alternate candidates had been selected on the basis of the recommendations of the subgroup.

7. At the current session, the Commission was invited to select 10 additional candidates for five training programmes being offered by five contractors pursuant to their contracts for exploration with the Authority. On the basis of the recommendations of the subgroup, 8 first-ranked and 14 alternate candidates were selected by the Commission, with 2 of those placements being recommended for re-advertisement owing to the small number of applications received (see [ISBA/25/LTC/5](#)).

8. During the general discussion of the implementation of the training programmes, the Commission noted with satisfaction the increased number and variety of training opportunities. However, the Commission lamented the fact that a number of training opportunities had had to be re-advertised owing to a lack of nominations of suitably qualified candidates. The Commission therefore sought the Council's support in providing or suggesting focal points in member States who would be responsible for disseminating information on training. In addition, it was noted that trainees still continued to face challenges in acquiring transit visas, which prevented them from taking advantage of training opportunities.

9. The Commission, in relation to a request during its twenty-fourth session¹ to monitor trainee progress, wished to acknowledge with appreciation the reports of trainees who were receiving long-term training, such as those pursuing doctoral and master's degrees. The Commission welcomed their progress in the training and looked forward to their successful completion of their training programmes.

¹ See [ISBA/24/C/9](#), para. 7.

10. While noting that no specific case of harassment had been brought to the attention of the Authority, the Commission considered, in response to the request from the Council on 1 March 2019, the matter of sexual harassment in relation to training programmes and decided to request the secretariat to ascertain the policies and procedures that the contractors had in place concerning health and safety and harassment for training vessels and institutions and to report back to the Commission at its July session.

D. Relinquishment of areas under contract for exploration for polymetallic sulphides and cobalt-rich crusts

11. The Commission was developing a procedure with the aim of establishing a process to assist the contractors in fulfilling their obligation to proceed with the relinquishment of areas under exploration contract for polymetallic sulphides² or cobalt-rich crusts.³ The Commission recommended that the relinquishment should be achieved by subdividing the initial blocks in the exploration contract into cells of equal area. As a general rule, those cells should have dimensions of 1 km x 1 km. Where it is not possible to subdivide the blocks by that general rule, the Commission's principles should be applied in a pragmatic manner to achieve an equivalent outcome. The Commission will continue its work on the matter at its July session.

III. Consideration of an application for approval of a plan of work for exploration

12. On 5 March 2019 the Commission started its consideration of an application for approval of a plan of work submitted by Beijing Pioneer Hi-Tech Development Corporation by hearing a presentation by the applicant, which was followed by an oral question-and-answer session. On 7 March, the Commission sent a list of questions to the applicant and received a response on 8 March. The Commission considered the responses on 12 March and sent a second round of questions to the applicant on 13 March. Responses to the questions of the second round were received on 14 March. Owing to the time restraints at the current session, the Commission will continue to consider the application at its July session.

IV. Regulatory activities of the Authority

A. Consideration and adoption of the draft regulations on the exploitation of mineral resources in the Area

13. The Commission considered the draft exploitation regulations as the priority matter of the current session and devoted a total of seven days on the related agenda item. The Commission reviewed the Council's guidance as well as the comments received from stakeholders in their recent submissions on the draft regulations, with a view to revising the current regulatory text.⁴ The Commission acknowledged that many of the recent submissions from members of the Authority and other stakeholders had been comprehensive, had provided suggested revised text and had contained comments on specific regulations and annexures. The Commission expressed its appreciation to the secretariat for having captured that information as far as practical

² See regulation 27 of the polymetallic sulphides regulations ([ISBA/16/A/12/Rev.1](#)).

³ See regulation 27 of the cobalt-rich crusts regulations ([ISBA/18/A/11](#)).

⁴ See [ISBA/24/LTC/WP.1/Rev.1](#).

in a revised working paper on the draft regulations, together with suggestions for the Commission's consideration. On 15 March, the Commission issued a set of revised draft regulations as a working paper for the Council's consideration in July 2019, together with an accompanying commentary introducing changes to the text.

14. On 12 March, the Commission endorsed a terms of reference for a study into the potential impact of the production of polymetallic nodules from the Area on the economies of those developing land-based States that produce such metals and that are most likely to be seriously affected.

15. On 13 March, the Commission endorsed a terms of reference for a workshop on the development of standards and guidelines for the mining code. The workshop would be held from 13 to 15 May 2019 in Pretoria.

B. Revised recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for marine minerals in the Area

16. The Commission recalled that, in February 2017, it had established a working group to begin the review of the recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for marine minerals in the Area ([ISBA/19/LTC/8](#)). The working group had submitted a set of draft revised recommendations in July 2017, and the Commission had decided to seek inputs on the draft revised recommendations from contractors and external scientific experts, in particular experts in disciplines not covered by the expertise within the Commission. The Commission had also drawn on the outcomes of several recent workshops and international projects on the impacts of deep-sea mining. In March 2018, the Commission had considered the inputs submitted by contractors and external scientific experts and had requested the working group to submit a further revised document for its consideration in July 2018. In July 2018, the Commission had considered the draft revised document and had agreed to work on it during the intersessional period.

17. The Commission wished to place on record its gratitude to the contractors, as well as external scientific experts, for the time and effort they had spent on providing valuable inputs to the Commission for its review of the recommendations. The Commission agreed that the revised recommendations should be released without delay and be reported to the Council at its July session.

18. On 13 March 2019, the Commission adopted the revised recommendations. The Commission also updated the explanatory commentary to the recommendations, with the aim of guiding contractors on the best technologies and methodologies currently available to support them in implementing the recommendations for exploration and in achieving the effective protection of the marine environment from harmful effects that might arise from activities in the Area.

19. During its meetings in July 2018, the Commission had also agreed to set up another working group to consider the process for its review of the proposal of an environmental impact assessment for test mining or the testing of mining components in the future. During the current session, the Commission considered a draft text prepared by the working group on the environmental impact assessment process during exploration and decided to continue to work on the issue at its July session. The Commission acknowledged that there were possible financial and legal implications to be considered regarding the role of the secretariat in facilitating the proposed process for environmental impact applications and assessments for designated activities during exploration. In view of the above, the Commission

requested the secretariat to analyse and consider the legal and financial implications involved and report back to the Commission at its July session.

V. Review and development of regional environmental management plans

20. On 4 March 2019, the Commission was briefed by the secretariat regarding the ongoing and proposed work activities for the review of the implementation of the environmental management plan for the Clarion-Clipperton Fracture Zone, as well as the development of other regional environmental management plans in the Area.

21. With regard to the review of the implementation of the environmental management plan, the Commission noted that a joint workshop between the Authority and the University of Hawaii on deep biodiversity synthesis in the Fracture Zone would be held from 1 to 4 October 2019. The workshop would utilize research and contractor data from the Authority's database to examine patterns and trends of biodiversity in the Fracture Zone, including areas of particular environmental interest. Following the workshop, the Commission would consider the issue of additional areas of particular environmental interest in the Fracture Zone.

22. With regard to the development of other regional environmental management plans in the Area, the Commission was briefed on the draft programme of work of the secretariat to implement the preliminary strategy for the development of regional environmental management plans for the period 2019–2020, as contained in the annex to document [ISBA/25/C/13](#). The Commission noted that further discussions should include: (a) the role of regional environmental management plans in the draft exploitation regulations; (b) the participation of stakeholders, including representatives of relevant coastal States and holders of traditional knowledge, in workshops on such plans; (c) the linkages between such plans and other global and regional processes; and (d) the importance of developing a transparent and inclusive process.

23. The Commission formed a working group to address a range of issues raised under this agenda item, in order to provide guidance on the steps and priorities for future work activities to be undertaken by the secretariat. On 13 March 2019, the Commission considered a report of the working group on the results of the discussion, including the status of activities undertaken so far and the progress expected by 2021 regarding the implementation of the environmental management plan, as well the lessons that had been learned from the implementation of the plan that could be applied to the future development of regional environmental management plans in the Area.

VI. Implementation of the data management strategy of the Authority

24. On 4 March 2019, the Commission received an update on the implementation of the data management strategy. The Commission was informed that the project phases outlined in document [ISBA/22/LTC/15](#) had all been completed successfully. The Commission noted with satisfaction the completion of the initial infrastructure development incorporated in the data management strategy. The Commission also noted that a beta version of the database had been launched to contractors in October 2018 and the relevant findings had been noted for future development. On 14 March, the Commission participated in the second beta version launch of the data management system. This had initialized the user acceptance testing process to be

undertaken by its members. The Commission was also informed that the public launch of the data management system was scheduled for July 2019 as a part of the Authority's twenty-fifth anniversary celebration. The Commission also noted that the updated reporting templates and data management strategy manual would be presented for its consideration at its twenty-sixth session.

VII. Issues relating to operation of the Enterprise

25. On 13 March 2019, the Commission considered an executive summary of a draft study prepared by external consultants on the issues relating to the operation of the Enterprise. Some members of the Commission provided its preliminary comments to the executive summary of the draft study. Members of the Commission were invited to submit their comments on the draft study to the secretariat by no later than 10 April 2019 in order to assist in the finalization of the study. The final study will be issued as a technical study in advance of the July session of the Council. The Commission, taking into account the content of the technical study, will work on its recommendations in relation to the operation of the Enterprise, which it will present to the Council at its July session.

VIII. Other matters

26. On 12 March, the Commission considered the issue of holding open meetings. The Commission decided that, in consideration of further open meeting arrangements, it should keep in mind the strategic plan of the Authority for the period 2019–2023 and take into account those issues of general interest to members of the Authority and not involving confidential information, such as the development of regional environmental management plans. The Commission welcomed the planned publication in July 2019 of the communication strategy of the Authority.

27. The Commission took note of the review of environmental impact assessments for the testing of collector components in the exploration area ([ISBA/25/LTC/4](#)) by the Germany Federal Institute for Geosciences and Natural Resources and Global Sea Mineral Resources, as well as the material supplied by the contractors and their sponsoring States since July 2018. The Commission noted that the contractors had followed most of the recommendations made during the peer review process conducted by the secretariat, and that their sponsoring States (Germany and Belgium, respectively) had conducted public consultations in their countries. The Commission noted that, owing to the time taken to respond to the reviews and to conduct public consultation, the component testing voyages had already started by the time the Commission met. The Commission had concluded the review process to check the completeness, accuracy and statistical reliability of both submissions.

28. At its meetings in July 2018, the Commission had taken note of a report submitted by the legal working group on liability for environmental harm and had decided to consider the report and subsequent actions at its next session, in March 2019. On 9 March, the members of the Commission participated in an informal workshop on liability for environmental harm. The purpose of the workshop – particularly for those members of the Commission with technical expertise – was to familiarize members with and introduce members to the work of the legal working group on liability for environmental harm. Several members of the legal working group made presentations on related legal issues and held a round-table discussion with the members of the Commission. The Commission decided to explore the issue further at its next sessions.



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**Report of the Chair of the Legal and Technical Commission on
the work of the Commission at its twenty-fifth session**

Report of the Chair of the Legal and Technical Commission on the work of the Commission at the second part of its twenty-fifth session

Addendum

I. Introduction

1. The second part of the 2019 session of the Legal and Technical Commission of the International Seabed Authority was held from 1 to 12 July.

2. Twenty-five members of the Commission attended the meetings. Mark Alcock, Mario Aurelio, Milind Wakdikar and Théophile Ndougsa Mbarga were unable to attend; however, they managed to contribute to discussions by remote presentation or email. Alonso Martínez Ruiz had resigned from the Commission in April 2019. Following the previous practice, Erasmo Alonso Lara Cabrera participated in the meetings held from 8 July 2019 in his capacity as a candidate nominated by the Government of Mexico for the election to fill a vacancy on the Commission.

II. Activities of the contractors

A. Implementation of training programmes under plans of work for exploration and allocation of training opportunities

3. On 1 July, the Commission was briefed on the selection of candidates for training programmes since the first part of its session, in March, and was invited to select eight additional candidates for four training programmes being offered, pursuant to four contracts for exploration with the Authority. On 12 July, the Commission considered a report by the training group on the selection of candidates and endorsed recommendations made by the training group. The details are contained in document [ISBA/25/LTC/7](#).



4. The Commission took note that 10 contractors had provided information on the policies and procedures that they had in place concerning health, safety and harassment, both for vessels and institutions where training took place, and requested that the secretariat continue with its efforts to collect such information from other contractors.

B. Annual reports of contractors

5. During the present session, the Commission considered 29 annual reports on activities carried out by contractors in 2018. The Commission expressed its appreciation to the secretariat for a preliminary evaluation of the reports. Following previous practice, the Commission set up three working groups to review the geological and technological, legal, and financial, as well as environmental aspects of the annual reports. In addition to specific comments on each report to be conveyed to the individual contractors by the Secretary-General, the Commission made a series of general comments, as recorded below.

6. The Commission noted that, by and large, contractors had complied with the reporting requirements for the annual reports. Most reports were structured in accordance with the reporting template (see [ISBA/21/LTC/15](#)), but there were still several contractors who had not followed the data reporting template. The Commission reaffirmed that environmental and geological data should be submitted in a digital and spatially georeferenced format that was compatible with the Authority's requirements (*ibid*, annex IV), using the environmental and geological data reporting templates of the Authority.

7. It was also noted that there were a number of contractors that had incurred far greater expenditure than expected, suggesting that those contractors had gone beyond the scheduled programme of activities. However, the expenditure of some other contractors was also lower than predicted. Contractors were reminded that reasons should be given for expenditure that was lower than forecasted, in particular where the reason for the lower expenditure was that the full programme of activities planned for that year had not been carried out.

8. The Commission noted with appreciation that most of the contractors had undertaken their activities in accordance with their scheduled programme. However, the Commission also noted that some contractors were facing challenges in carrying out their scheduled programme of activities.

9. The Commission welcomed and expressed support for the continuing trend towards collaboration between contractors, as well as with academia. That collaboration had extended to taxonomic standardization, joint environmental surveys and data collection, linkages with international research programmes and sampling in areas of particular environmental interest that were part of the environmental management plan for the Clarion-Clipperton Fracture Zone. That could potentially lead to a much improved regional understanding of environmental patterns and inform the review of that environmental management plan and others currently under development.

10. The Commission noted that some contractors had not responded to the its questions and recommendations in respect of their previous annual reports. Contractors were reminded that they were required to respond to such questions and recommendations in a timely manner.

11. The Commission also noted that some contractors were undertaking studies that enhanced their level of reporting resource potential from inferred to indicated and measured. Moreover, positive results reported from the exploration for polymetallic

sulphides in 2018 could imply a considerable upgrading of the mineral resource potential of mid-ocean ridges in general. Some contractors had started preliminary pre-feasibility studies, preliminary economic assessments and studies of commodity market and metal market dynamics, in addition to getting ready for collector tests.

12. The Commission further noted that most contractors continued to progress with the collection or analysis of baseline environmental data, analysing existing or new data, taking stock of previous data and analysing time series of some data sources. An element that was missing from almost all annual reports was a review of progress made in reaching the level of baseline data considered as adequate in the relevant recommendations of the Commission. The statistical rigour associated with the environmental baseline data would become an important factor when the time came for contractors to include an environmental impact assessment in their applications for exploitation. This issue was linked to the periodic review, but it was also strongly recommended that contractors evaluate their proposed programmes of activities in the light of the data requirements of future environmental impact assessments.

13. The Commission commended a number of contractors for much improved quality in their survey design, sampling distribution and replication. There were, however, ongoing concerns about whether enough was being done for baseline studies to assess natural spatial and temporal variability, and some differences in methodology or sampling equipment that could constrain analyses at the regional level. The Commission also noted that certain sampling practices could be improved through greater collaboration between geologists and biologists, such as sharing resource-oriented box corer samples. The Commission drew the attention of the contractors to the revised recommendation for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for marine minerals in the Area ([ISBA/25/LTC/6](#)).

14. The Commission noted that several contractors were well into their contracts or extension periods. Progress with exploration work by contractors operating within the extension period was behind schedule in its aim to complete the resource assessment by the end of that period.

15. The Commission noted that a few contractors were repeatedly performing inadequately or incompletely against an approved plan of work. A further issue was that a few contractors had indicated that the implementation of the plan of activities would be conditional on external factors, regardless of the applicable contractual requirements. In that respect, the Commission recommended the following approach to the Council:

(a) The Secretary-General should follow up in writing with the contractors concerned, taking into account their previous behaviour, and request meetings with them;

(b) At the same time, the Secretary-General should write to the respective sponsoring States to bring that issue to their attention and request a meeting with them to address it;

(c) If contractors still did not fulfil their contractual obligations in an acceptable manner after the aforementioned steps had been taken, the Commission would communicate to the Council which contractors had not satisfactorily met their contractual requirements and highlight the options available under the Convention.

C. Report on the periodic reviews of the implementation of plans of work for exploration

16. The Commission was provided with an update on the status of the periodic review of the Japan Oil, Gas and Metals National Corporation for cobalt-rich ferromanganese crusts and UK Seabed Resources Ltd. for polymetallic nodules. After the first part of the session, three contractors had submitted their five-year periodic reports: China Ocean Mineral Resources Research and Development Association for cobalt-rich ferromanganese crusts, Global Sea Mineral Resources NV for polymetallic nodules and the Government of the Republic of Korea for polymetallic sulphides.

17. The Commission concluded a discussion on ways that it could contribute to the periodic review. The Commission proposed that it be notified when periodic reports were uploaded to the secure website of the Commission, so that it might then provide feedback to the secretariat, originating either from individual member or from subgroups. The secretariat would perform its own reviews in parallel, referring matters to the Commission when the expert knowledge of the Commission was required. The secretariat would collate the advice and comments received, which would then be used in bilateral discussions between the Secretary-General and the contractors to finalize the review.

D. Relinquishment of areas under contract for exploration for polymetallic sulphides and cobalt-rich ferromanganese crusts

18. With a view to assisting contractors in fulfilling their obligations in respect of the relinquishment of areas from the original contract area under the regulations on prospecting and exploration for polymetallic sulphides in the Area ([ISBA/16/A/12/Rev.1](#), annex) and the regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area ([ISBA/18/A/11](#), annex), the Commission adopted a set of recommendations for the guidance of contractors on the relinquishment of areas under the exploration contracts for polymetallic sulphides or cobalt-rich ferromanganese crusts, on 10 July 2019, as contained in document [ISBA/25/LTC/8](#).

III. Consideration of an application for approval of a plan of work for exploration

19. The Commission resumed its consideration of the application for approval of a plan of work for exploration for polymetallic nodules from the Beijing Pioneer Hi-Tech Development Company on 1, 2 and 3 July. On 3 July, the Commission concluded its consideration, recommended approval of the application and adopted its report and recommendations to the Council in that respect ([ISBA/25/C/30](#)).

IV. Regulatory activities of the Authority

A. Standards and guidelines

20. The Commission considered the report of the workshop held in Pretoria from 13 to 15 May 2019 on the development of standards and guidelines for activities in the Area. In particular, the Commission discussed the outcomes of the workshop,

including the suggestions that had been made, and made the following recommendations to the Council:

(a) The terms “standards” and “guidelines” should be understood in the context of draft regulations 94 and 95 of the draft regulations on exploitation of mineral resources in the Area (ISBA/25/C/WP.1). Standards were regarded as mandatory, whereas guidelines were recommendatory

(b) An outcome-based approach should be used in the development of standards and guidelines;

(c) Standards and guidelines should be put in place in phases, as follows:

(i) Phase 1: Completion by the time of the adoption of the draft regulations;

(ii) Phase 2: Completion prior to the receipt of the first application for a plan of work for exploitation;

(iii) Phase 3: Completion by the time of commencement of commercial mining activities;

(d) Six sets of guidelines should be developed and work on three additional sets should be initiated in phase 1;

(e) Two technical working groups, led by members of the Commission and including an appropriate number of recognized experts in the field selected on the basis of article 165, paragraph 2 (e), of the Convention, should be established in 2019 to support the development of several environmental guidelines;

(f) Members of the Commission and the secretariat would prepare draft environmental goals, objectives and principles to support the development of standards and guidelines.

21. The Commission also recommended processes for the development of standards and guidelines. These included a step to allow for stakeholder consultations and comments. The adoption of standards by the Council and their approval by the Assembly had been considered in the suggested process. In that regard, the Commission recommended that draft regulation 94 be amended to reflect that standards should be approved by the Assembly.

22. Further details of the consideration and recommendations of the Commission are set out in the annex to the present report.

B. Competencies of the Authority and the International Maritime Organization in the context of activities in the Area

23. The Commission received the report on the competencies of the International Seabed Authority and the International Maritime Organization (IMO) in the context of activities in the Area, prepared as a result of a collaborative study between the two organizations. The Commission noted that the report would be published as a technical study. Annex 3 to the report also contained a matrix on the interface of competencies of the two organizations with respect to activities in the Area. The Commission noted that the report raised a number of complex issues related to the interface of competencies, which would require closer examination at its following session.

24. The Commission also noted that the approach taken in draft regulation 30 of the draft regulations on exploitation in relation to safety, labour and health requirements was endorsed in the report. The Commission was of the view that it would be beneficial for the secretariat to explore matters relating to the occupational health and

safety rules in effect and competencies required for non-seafarers on board vessels and installations engaged in activities in the Area with the International Labour Organization, including the applicability of the Maritime Labour Convention, 2006.

25. In addition, the Commission noted that annex VI of the draft regulations was yet to be completed, and requested that the secretariat present a draft health and safety plan and a draft maritime security plan for consideration by the Commission at its following session, with a view to making relevant recommendations to the Council on that issue.

26. Furthermore, the Commission, noting the content of section 6 of the report, requested that the secretariat continue its cooperation with IMO, particularly in addressing those matters identified as requiring further research.

C. Process for environmental impact applications and assessments for designated activities during exploration

27. The Commission continued its consideration of a possible process for environmental impact applications and assessments for designated activities during exploration. In view of the information received on some of the legal and financial implications, the Commission decided to continue its consideration of those issues at its following session.

V. Environmental management plans

28. On 2 July, the Commission was briefed on progress in reviewing the implementation of the environmental management plan for the Clarion-Clipperton Zone. The Commission took note of the deep Clarion-Clipperton Zone biodiversity synthesis workshop, to be held from 1 to 4 October 2019, in the United States of America, which would be focused on synthesizing scientific data and assessing the representativeness of the areas of particular environmental interest. The results of the workshop would be made available to the Commission for the further consideration of possible additional areas of particular environmental interest, as indicated in document [ISBA/22/LTC/12](#).

29. The Commission was also briefed on progress in implementing the preliminary strategy for the development of regional environmental management plans for the period 2019–2020. It took note of two workshops to be held in partnership with the Atlantic regional environmental management plan project (sponsored by the European Commission) from 25 to 29 November 2019, in Portugal, and in June 2020, in the Russian Federation, respectively, to support the development of the regional environmental management plan for the area of the northern Mid-Atlantic Ridge, as well as of a workshop to be held in the Republic of Korea in February 2020 for the area of the north-western Pacific Ocean.

30. Furthermore, the Commission held an informal workshop on 6 July, to discuss scientific tools and approaches for developing regional environmental management plans, with a focus on mid-ocean ridges. The workshop focused on the development of scientific approaches for applying area-based management tools in the context of developing regional environmental management plans. It was also highlighted that the development of such plans should be clearly anchored in the Authority's evolving legal framework, in particular the Mining Code, and that an interdisciplinary and adaptive approach was needed to address challenges related to scientific uncertainties. The Commission was invited to provide comments on the draft guidance to facilitate the development of regional environmental management plans, which had been

prepared by the secretariat to provide clarity and guidance in the future process of developing such plans.

VI. Implementation of the data management strategy of the Authority

31. On 2 July, the secretariat briefed the Commission on progress in the implementation of the data management strategy. The Commission noted with satisfaction that the database would be launched on 25 July 2019 and that it formed part of the agenda for the twenty-fifth anniversary celebration of the Authority. The secretariat's update also included the presentation of a road map highlighting the various forthcoming events that would result in the implementation of a comprehensive data management strategy. The secretariat also provided the Commission with a report on a review of the digital data submissions by contractors in accordance with the recommendations for the guidance of contractors on the content, format and structure of annual reports (ISBA/21/LTC/15). To improve the review of annual reports and data analysis, it was recommended that the Database Manager of the secretariat establish communication with the contractors' experts in data collection and transfer, and the contractors were encouraged to provide processed data.

VII. Issues relating to the operation of the Enterprise, in particular the legal, technical and financial implications for the Authority

32. The Commission took note of the study prepared by the consultants and conducted a preliminary discussion of the study.

33. The Commission would continue its work after the present session and provide further substantive recommendations to the Council at the twenty-sixth session.

34. The Commission had taken note of the recommendation of the Special Representative of the Secretary-General for the Enterprise regarding the creation of an additional position of interim director general. The Commission noted that such a recommendation could have financial implications and required further study by the appropriate organs of the Authority. The Commission recommended that the Council consider requesting that the Secretary-General, subject to the availability of the requisite funds, extend the contract and renew the terms of reference of his Special Representative until after the substantive recommendations on the study had been provided to the Council at the twenty-sixth session.

VIII. Other matters

35. On 9 July, the Commission and the Finance Committee held a joint meeting at which they were briefed on a report under the consideration of the Finance Committee on the equitable sharing of financial and other economic benefits from deep-seabed mining.

36. Owing to time constraints, other matters referred to the Commission by the Council were deferred to the following session, including issues related to the sponsorship by States of contracts for exploration in the Area, with particular attention to the testing of effective control; issues related to the monopolization of activities in the Area, taking into consideration, in particular, the concept of abuse of

a dominant position; the review of the provisions of the regulations on prospecting and exploration relating to the option of offering an equity interest in a joint-venture arrangement, with a view to aligning all regulations in that respect and to making a recommendation thereon for consideration by the Council at its following session; and issues associated with the conduct of marine scientific research in exploration areas.

Annex

Recommendations in relation to the development of standards and guidelines for activities in the Area

1. On 3, 4, 5 and 8 July, the Legal and Technical Commission considered the report of the workshop on the development of standards and guidelines for the mining code held in Pretoria in May 2019. The Commission commended the secretariat for the organization of the workshop and expressed its appreciation to the Government of South Africa and the Foreign and Commonwealth Office of the United Kingdom of Great Britain and Northern Ireland for their support for the workshop. The Commission also thanked the participants, including the members of the drafting group, for their contribution to the discussion and the report.
2. On the basis of its discussion of the report of the workshop, in particular the recommendations contained in the executive summary, the Commission made the following recommendations for the Council to consider in respect of the development of standards and guidelines in relation to the draft regulations on exploitation of mineral resources in the Area.

A. Terminology

3. The Commission recommended that the “standards” and “guidelines” of the International Seabed Authority be understood and used in the manner suggested in draft regulations 94 and 95. The standards shall be adopted by the Council, be applied provisionally pending approval by the Assembly (see also para. 15 below) and be legally binding on member States, contractors and the Authority. The guidelines are recommendatory in nature and may be issued by either the Commission or the Secretary-General. The guidelines will be submitted to the Council, which may require their amendment or withdrawal.
4. It was further recommended that the standards of the Authority, which are mandatory, be distinguished from the general understanding of or references to mandatory or recommendatory international or other standards, as may be adopted by other competent international organizations or agencies, such as the International Standardization Organization, the International Maritime Organization and International Labour Organization. The extent to which such international or other standards are mandatory should be clearly stated in the relevant provisions of the regulations on exploitation or relevant standards.
5. With regard to the guidelines of the Authority, the Commission noted that some provisions of the draft regulations contain the phrase “in accordance with the Guidelines”, while other provisions use the term “taking account of”. The Commission recommended the adoption of consistent wording. Considering the recommendatory nature of guidelines, in accordance with the provisions of draft regulation 95, the Commission recommended that the term “taking account of” be used in the draft regulations.

B. Policy approaches to standards and guidelines

6. The Commission recommended that the regulatory framework, including standards and guidelines, be developed on the basis of an outcome-based approach to regulations, in particular in connection with environmental regulations, drawing on existing best practices in regulatory frameworks for other industries, such as the offshore oil and gas industry. An outcome-based approach provides for rigorous and

contractually binding outcomes, while affording flexibility in the processes used to achieve those outcomes. The Commission highlighted the importance of reviewing the standards and guidelines periodically, in the light of developments in knowledge and improved technology.

C. List of prioritized documents and methodologies for the development of those documents

7. The Commission reviewed the recommendations formulated at the workshop with respect to the phases of the development of standards and guidelines, as contained in annex III to the report of the workshop. The Commission recommended the adoption of the following three-phase approach to the development of standards and guidelines:

(a) **Phase 1.** Standards and guidelines deemed necessary to be in place by the time of adoption of the draft regulations on exploitation (expected in July 2020). It should be noted that, within this phase, there is a subcategory of items for which work will be initiated immediately but which may only be completed after July 2020, as indicated in enclosure I. This phase includes standards and guidelines that would be required to guide the initial consideration and development of an application of a plan of work for exploitation;

(b) **Phase 2.** Standards and guidelines deemed necessary to be in place prior to the receipt of an application of a plan of work for exploitation;

(c) **Phase 3.** Standards and guidelines deemed necessary to be in place before commercial mining activities commence in the Area.

8. During the present session, the Commission focused on the development of guidelines to be in place by July 2020 as a matter of priority. Nevertheless, the Commission acknowledged the fact that the Authority would be required to carry out a large amount of work to develop the standards and guidelines necessary for exploitation before the receipt of an application of a plan of work for exploitation (phase 2) and before commercial mining activities commence (phase 3).

9. The Commission focused on the list of prioritized standards and guidelines to be developed under phase 1 (as contained in annex III to the report of the workshop) and made changes, additions and deletions. The Commission recommended that six guidelines be developed during phase 1 as a matter of urgency and completed by July 2020. The Commission also recommended that work on three guidelines that were recognized as priority be initiated immediately and completed after July 2020, owing to a lack of data and information. A table containing the aforementioned recommendations is attached as enclosure I, including the considerations for developing the proposed guidelines. The Commission will address the development of standards and guidelines under phases 2 and 3 and revisit the list of standards and guidelines in due course.

10. In view of the heavy workload predicted in the development of guidelines in phase 1, the Commission recognized the benefit of setting up technical working groups in the process. Two technical working groups, led by members of the Commission and including an appropriate number of recognized experts in the field selected on the basis of article 165, paragraph 2 (e), of the Convention, are to be established in 2019 to support the development of several environmental guidelines. One technical working group will focus on the development of guidelines for environmental impact assessments and the preparation of an environmental impact statement, and guidelines for the preparation of environmental management and monitoring plans. Another technical working group will focus on the guidelines on

the expected scope and standard of baseline data collection, noting that the collection of baseline data has been adequately addressed in the Recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for marine materials in the Area (ISBA/25/LTC/6). The Commission requested that the secretariat prepare draft terms of reference for the two technical working groups for its endorsement by the Commission by the end of September 2019. The Commission recommended that other guidelines be developed under phase 1 and drafted by the secretariat or consultants commissioned by the secretariat, for consideration by the Commission.

11. The Commission noted that the development of guidelines, whether through technical working groups or consultants, would require the mobilization of resources, which should be coordinated by the secretariat. The Commission requested that the secretariat undertake a gap analysis of existing and relevant international or national standards and guidelines to determine which, if any, set useful precedents and which could be adapted to the needs of the Authority, and in which case new standards and guidelines should be developed in the context of exploitation activities in the Area. The gap analysis will be provided to the Commission and any technical working groups established by the Commission.

D. Development of environmental standards and guidelines

12. The Commission recognized the importance of developing environmental goals, objectives and principles to support the development of standards, guidelines and regional environmental management plans. It suggested that the secretariat, in conjunction with members of the Commission, prepare a draft of such goals, objectives and principles and provided them to technical working groups and participants in workshops on regional environmental management plans, for their consideration and guidance.

E. Process for development

13. The Commission recommended the adoption of the processes set out in enclosure II for the development of standards and guidelines.

14. The Commission recognized that a key principle in the development process would be transparency and inclusiveness. To that end, apart from the establishment of technical working groups, the recommended processes provide for stakeholder consultation and the provision of comments. In addition, under the rules of procedures of the Council and the Assembly, observers of the Authority are granted the opportunity to provide comments during subsequent Council and Assembly meetings.

15. The Commission further noted that standards would form part of the rules, regulations and procedures of the Authority under article 17 of annex III to the United Nations Convention of the Law on the Sea. Standards should therefore be adopted by the Council and applied provisionally pending approval by the Assembly. The Commission recommended that draft regulation 94 on the process for developing standards be amended accordingly.

Enclosure I**Development of guidelines under phase 1**

<i>No.</i>	<i>Title</i>	<i>Draft regulations</i>	<i>Rationale</i>
<i>Phase 1: Guidelines to be in place by July 2020</i>			
1.	Guidelines for the preparation and assessment of an application for the approval of a plan of work for exploitation	Draft regulations 7, 13-16 and 25 and annexes I-III	Needed to help to guide the development of consistent and comprehensive applications
2.	Guidelines for environmental impact assessments and the preparation of an environmental impact statement	Draft regulation 47 and annex IV	Needed to guide contractors on the nature, format and content of these processes and documents
3.	Guidelines for the preparation of environmental management and monitoring plans	Draft regulation 48 and annex VII	Needed to guide contractors on the nature, format and content of these processes and documents
4.	Guidelines for the development and application of environmental management systems	Draft regulation 46 and annex VII	Needed to guide contractors on the nature, format and content of these processes and documents
5.	Guidelines on tools and techniques for hazard identification and risk assessments	Not applicable	Needed to guide contractors on the nature, format and content of these processes and documents
6.	Guidelines for the safe management and operation of mining support vessels	Draft regulations 30 and 32	Needed to guide contractors on the nature, format and content of these processes and documents
<i>Phase 1: Guidelines to be initiated immediately and completed after July 2020</i>			
7.	Guidelines for the form and calculation of an environmental performance guarantee	Draft regulation 26	Needed to guide contractors on the nature, format and content of these processes and documents
8.	Guidelines on the expected scope and standard of baseline data collection	Annex IV	Needed to guide contractors on the nature, format and content of these processes and documents
9.	Guidelines for the preparation and implementation of emergency response and contingency plans	Draft regulations 33 and 53 and annex V	Needed to guide contractors on the nature, format and content of these processes and documents
<i>Guidelines only requiring amendments to the current definitions in the draft regulations on exploitation</i>			
10.	Guidelines for the application of good industry practice	Schedule "Use of terms and scope"	
11.	Guidelines on criteria for determining the date of commercial production	Schedule "Use of terms and scope"	
<i>Guidelines requiring that the secretariat advance certain studies before work on drafting the guidelines may commence</i>			
12.	Guidelines for insurance requirements under an exploitation contract and placing of insurance risk	Draft regulation 36	The secretariat is to undertake work to obtain more information

<i>No.</i>	<i>Title</i>	<i>Draft regulations</i>	<i>Rationale</i>
			and understand the current industry practice
13.	Guidelines for the application of health and safety management systems	Draft regulation 30, para. 6	The secretariat is to advance work on draft annex VI for the session to be held in March 2020. Once draft annex VI has been drafted, the need for further guidelines will be reviewed
<i>Guidelines to be moved to phase 2</i>			
14.	Guidelines for the application and assessment for use of an exploitation contract as security	Draft regulation 22	The current draft regulations provide for guidelines for the regulation of beneficiaries, which the Commission considers is not of the highest priority and is more appropriately placed in phase 2
15.	Guidelines for the process for modifying a plan of work and on the meaning of “material change”	Draft regulations 25 and 57	This guideline is likely to apply only after a plan of work has been approved
16.	Guidelines (generic) for a risk-based approach to the development and assessment of environmental thresholds and indicators	Annex VII	Not feasible owing to the complexity and inadequacies of information in this regard
<i>Guidelines to be deleted</i>			
17.	Guidelines for the application and assessment on the transfer of rights and obligations under an exploitation contract	Draft regulation 24	The Commission considers that the draft regulation is currently sufficient and that no guidelines are required at this point
18.	Guidelines for access to environmental data and information	Draft regulation 2, para. (e) (v)	The Commission was of the view that these guidelines could be incorporated into the data management strategy of the Authority
19.	Guidelines for procedures for stakeholder participation in activities in the Area	Draft regulations 2, para. (e) (vii), and 11, para. (1) (a)	The Commission felt that these guidelines could be incorporated into the communication strategy of the Authority

Enclosure II

Process for the development of standards and guidelines

Figure 1

Standards development process

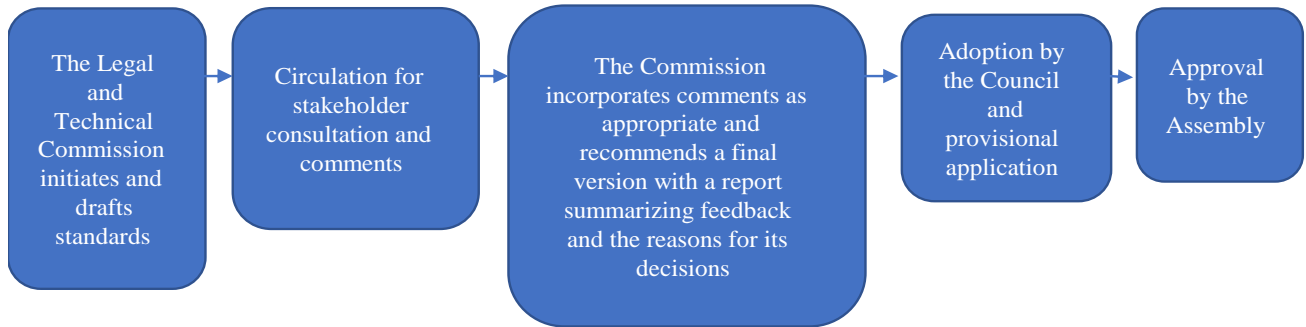
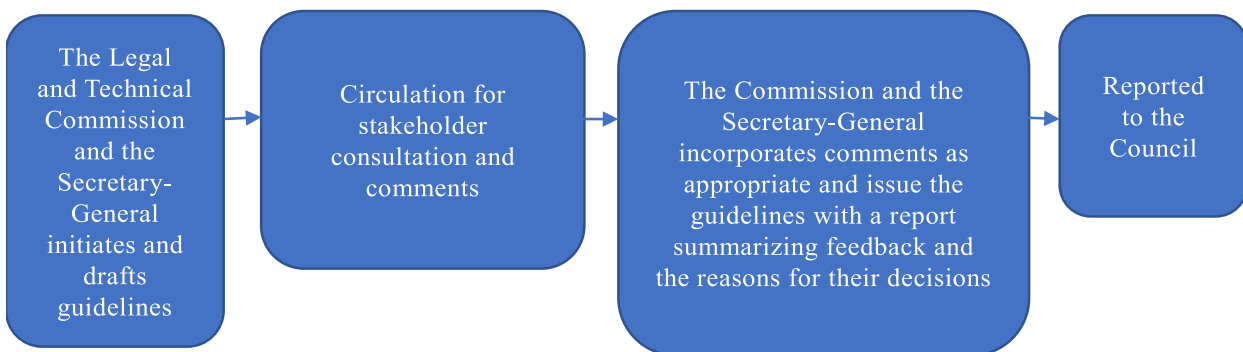


Figure II

Guidelines development process





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Agenda item 14

Report on matters relating to the Enterprise

Issues relating to the operation of the Enterprise, in particular the legal, technical and financial implications for the International Seabed Authority and for States parties to the United Nations Convention on the Law of the Sea

Report of the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise

I. Introduction

1. The present report contains an executive summary of the study of issues relating to the operation of the Enterprise, in particular the legal, technical and financial implications for the International Seabed Authority and for States parties to the United Nations Convention on the Law of the Sea.
2. The executive summary has been prepared by the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise to inform discussions within the organs of the Authority.
3. The study has been conducted in response to the request made by the Council to the Secretary-General during its nineteenth session, in July 2013, to carry out, referring where appropriate to the Legal and Technical Commission and the Finance Committee, a study of the issues relating to the operationalization of the Enterprise, in particular on the legal, technical and financial implications for the Authority and for States parties, taking into account the provisions of the Convention, the 1994 Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 and the regulations for exploration ([ISBA/19/C/18](#), para. 16).
4. At the twentieth session, in July 2014, the Commission considered draft terms of reference for the study ([ISBA/20/LTC/12](#), annex) and made preliminary observations. In recognition of the complexity of the issues involved and the relative priority to be given to them, it was suggested that the secretariat follow an incremental approach in carrying out the various components of the study.



5. During the first part of the twenty-fourth session, in March 2018, the Commission, recalling the request by the Assembly that the Commission continue to address the question of the operationalization of the Enterprise as an important matter in the light of developments with respect to deep-sea mining (ISBA/23/A/13, sect. G, para. 2), considered issues relating to the operation of the Enterprise and endorsed the draft terms of reference for a study on those issues (ISBA/24/C/9, para. 19).

6. The study was outsourced to external consultants. The draft for the full study was received in December 2018, along with an executive summary, both of which were sent out for peer review. During the first part of the 2019 session, in March 2019, members of the Commission were invited to formulate comments on the draft study and its executive summary. The comments thus received were forwarded to the consultants.

7. The final version of the study will be issued as a technical study of the Authority. An advance unedited version will be posted on the website before the second part of the Council session, in July.

8. During the second part of its session, in July, the Commission, taking into account the content of the technical study, will work on its recommendations regarding the operation of the Enterprise (ISBA/25/C/19, para. 25).

II. Executive summary

A. Background information on the Enterprise

9. The Enterprise, a unique entity, is exceptional in the sense that, under the relevant treaties, it is an organ of an international organization, the International Seabed Authority,¹ yet it has also been conceived to engage in commercial deep seabed mining activities in the Area.² Although the Enterprise is to act in accordance with the general policies of the Assembly and the directives of the Council, it is to enjoy autonomy in the conduct of its operations.

10. As an organ of the Authority, the Enterprise, once operationalized, is to carry out mining activities in the Area directly, as well as the transporting, processing and marketing of minerals recovered from the Area in accordance with the relevant provisions of the United Nations Convention on the Law of the Sea, as modified by the 1994 Agreement.

11. The Enterprise is also to play the crucial role of facilitating the participation of developing States in deep seabed mining in the Area, as it is able to carry out such mining activities in the reserved areas in association with developing States.

B. The Enterprise and the interim status under the 1994 Agreement

12. As part of the cost-effective and evolutionary approach to be followed pending the full operationalization of the Enterprise, the Enterprise was downgraded in the 1994 Agreement from being an autonomous organ of the Authority to becoming a part of the secretariat of the Authority, with an interim director general to be appointed by the Secretary-General from among the staff of the Authority.

¹ The Enterprise is, however, not a principal organ; see art. 158, para. 2, and art. 170, para. 1, of the United Nations Convention on the Law of the Sea.

² See, for example, art. 153, para. 2 (a), annex III, art. 3, and annex IV to the Convention, and annex, sect. 2, para. 2, to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea.

13. In the final report relating to the periodic review of the international Authority pursuant to article 154 of the Convention (ISBA/23/A/3, annex), the Review Committee noted that no interim director general had been appointed since 2012 and recommended that the Legal and Technical Commission be requested to continue to address the issue of the operationalization of the Enterprise as an important matter in the light of developments with respect to deep-sea mining, adding, however, that the appointment of an interim director general of the Enterprise would not be advisable at that point in time (ibid., chap. II, recommendation 12).

14. It is imperative, as provided for in the 1994 Agreement, that an interim director general be appointed as soon as possible. First, in the provisions of the 1994 Agreement on the appointment of an interim director general by the Secretary-General of the Authority, the word “shall” is used, which makes it mandatory that such appointment be made from among the staff of the Authority to oversee the functions of the Enterprise. Second, the requirement contained in the 1994 Agreement that the Secretary-General appoint the interim director general from among the existing staff of the Authority would meet the cost-effectiveness threshold of the Agreement.

15. In its final report, the Review Committee also mentioned that, because of the low staffing level in the secretariat at the time, there was the potential for conflicts of interest between the responsibilities of an interim director general and senior staff of the secretariat. In an earlier report, the Secretary-General had explored that issue in some detail and put forward two alternative options. The first was to increase the size and capacity of the secretariat in order to establish an independent unit under the leadership of an appointed interim director general. The second was to authorize the interim director general to appoint from outside the secretariat an eminent person with appropriate experience and qualifications as a special representative who would report to the Council periodically and, in addition, to retain appropriately qualified technical and legal consultants to act and to conduct negotiations on behalf of the Enterprise (ISBA/19/C/6, paras. 16 and 17).

C. The Enterprise and independent functioning under the 1994 Agreement

16. Under section 2 of the annex to the 1994 Agreement, the independent functioning of the Enterprise may be triggered by one of two events, namely, receipt by the Council of an application for a joint-venture operation with the Enterprise or approval of a plan of work for exploitation for an entity other than the Enterprise.

17. In 2012, Nautilus Minerals Inc., a company incorporated in Canada, presented a proposal to the Secretary-General to enter into negotiations to form a joint venture with the Enterprise for the purpose of developing eight of the reserved area blocks in the Clarion-Clipperton Fracture Zone. However, at the time, the Council took the view that it was premature for the Enterprise to function independently.

18. Recently, the Secretary-General received an expression of interest from the Secretary of State for the Ministry of the Environment of Poland to enter into negotiations to form a joint venture with the Enterprise. However, at the time of writing the study, Poland was yet to provide a detailed proposal to the Authority.

19. Under the 1994 Agreement, there are several conditions that would need to be satisfied for the Enterprise to operate as an independent entity. First, one of the trigger events mentioned above must occur. Second, upon the occurrence of either of these trigger events, the Council is under a legal obligation to take up the issue of the independent functioning of the Enterprise. Third, the Council has to consider whether

joint-venture operations with the Enterprise accord with “sound commercial principles”. Fourth, if the Council is satisfied that joint-venture operations with the Enterprise accord with sound commercial principles, it has the obligation to issue a directive for such independent functioning.

D. Funding the Enterprise

20. Under the 1994 Agreement, States parties are exempt from funding a mine site of the Enterprise and it is clearly stated that States parties are under no obligation to finance any of the operations at any mine site of the Enterprise or under its joint-venture arrangements. However, nothing in the Agreement precludes the States parties from voluntarily choosing to do so, if they so wish.

21. It is important to note that the Enterprise, as an organ of the Authority, within the framework of the international legal personality of the Authority, has such legal capacity as conferred upon it by its statute, as set out in annex IV to the Convention. Under annex IV, the Enterprise has the capacity, among others, to borrow funds and to provide such collateral or other security as it may determine.

E. Transfer of technology and the Enterprise

22. The 1994 Agreement makes the transfer of technology to the Enterprise no longer mandatory. However, the Agreement provides that the Enterprise and developing States seeking deep seabed mining technology are to seek to obtain such technology on fair and reasonable commercial terms and conditions on the open market, or through joint-venture arrangements.

F. Operationalization of the Enterprise and draft exploitation code

23. Under the 1994 Agreement, the obligations applicable to contractors apply to the Enterprise and the Enterprise is required to apply for a plan of work for mining like any other contractor. Therefore, the Enterprise, as other contractors that have had an opportunity to participate in the development of the exploitation code, is a crucial stakeholder, and its input is necessary for the development of this important regulatory instrument.

G. Operationalizing the Enterprise: functional needs

24. Following the requirements of cost-effectiveness and of an evolutionary approach, and progressing step by step within the that approach, four basic steps have been considered, with a focus on functional needs, in line with the Agreement, as follows:

- Step 1: current arrangement, reinforced
- Step 2: appointment of an interim director general through the creation of an additional position in the secretariat by the Secretary-General and assumption of the functions previously carried out by the Special Representative
- Step 3: period subsequent to the issuance of the directive by the Council for the independent functioning of the Enterprise
- Step 4: period immediately subsequent to the appointment of the director general.

1. Step 1: current arrangement, reinforced

25. The functional needs are:

(a) Conducting negotiations on joint ventures on behalf of the Enterprise, appointing a special representative and the necessary technical and legal advisers to support that representative;

(b) Completing the study on the operation of the Enterprise, including actionable recommendations;

(c) Performing as fully as possible the functions of the Enterprise assigned to the secretariat.

2. Step 2: appointment of an interim director general through the creation of an additional position in the secretariat by the Secretary-General and assumption of the functions previously carried out by the Special Representative

26. The functional needs are:

(a) Conducting negotiations on joint ventures, including with regard to mobilizing administrative costs for operationalizing the Enterprise;

(b) Providing input to the legislative development process, in particular for the draft exploitation code;

(c) Performing fully the functions assigned to the secretariat.

3. Step 3: period subsequent to the issuance of the directive by the Council for the independent functioning of the Enterprise

27. Functional needs will include:

(a) Providing assistance in the formation of the Governing Board, as requested; and servicing the Governing Board;

(b) Forming and managing a joint-venture negotiation team and conducting negotiations with qualified entities for joint ventures;

(c) Providing input to the legislative development process;

(d) Preparing for an operational Enterprise, both as a mining entity and an international organization, including project management and the mobilization of start-up funding and of technical capability for training, and drafting rules, regulations and procedures for administrative, financial and personnel matters.

4. Step 4: period immediately subsequent to the appointment of a director general

28. Step 4 is when the Enterprise becomes operational and a director general of the Enterprise is appointed. The director general is to be elected by the Assembly for a fixed term not exceeding five years, upon the nomination of the Governing Board and the recommendation of the Council. The director general may be re-elected for further terms. The director general will have the staff necessary for the exercise of the Enterprise's functions. For the paramount purpose of minimizing costs, a minimal core group of staff with the managerial and technical expertise necessary for the exercise of the immediate functions is considered.

H. Funding sources for operationalizing the Enterprise

29. First and foremost, the functions of the Enterprise entrusted to the secretariat of the Authority need to be performed to the fullest extent possible and as expeditiously

as practicable. Doing so will reduce the costs of operationalizing the Enterprise, because performance of those functions lessens the functional needs of the Enterprise that are to be met for its operationalization. The secretariat, under the guidance of member States and with the cooperation of the Special Representative or the interim director general, as applicable, can: (a) prepare a work programme required for the full performance of the functions; (b) realize maximum savings by exercising the utmost economy and utilize such savings for executing the work programme; (c) review its current work programme to streamline, reorganize and prioritize work; and (d) as a last resort, request additional appropriations.

30. Other sources may be promising. First, the possibility of devising the financial payment system under the mining code in such a manner as to garner funds from contractors that could be utilized for operationalizing the Enterprise should be explored. Second, vigorous efforts should be initiated immediately to mobilize voluntary contributions from States parties for the purpose of operationalizing the Enterprise. Third, joint ventures with the Enterprise may include favourable terms so as to cover the administrative costs of the Enterprise for becoming operational.

I. Answers to specific questions under the terms of reference

1. Analyse and assess options and approaches available to joint-venture operations

31. The Enterprise has the legal capacity, inter alia, to enter into contracts, joint arrangements and other arrangements. Under the 1994 Agreement, the Enterprise is to carry out its initial deep seabed mining operation through joint ventures, including either incorporated (equity) or unincorporated (contractual) joint ventures.

2. Clarify the concept of “sound commercial principles”

32. The concept of “sound commercial principles”, though utilized in the Convention, the 1994 Agreement and the revised draft regulations on exploitation, is not explicitly defined in any of those legal instruments. In seeking to clarify the concept, it would therefore be helpful to resort to the treaty interpretation rules as set forth in the Vienna Convention on the Law of Treaties of 1969 and to bear in mind the following parameters based on the provisions of part XI of the Convention and of the Agreement:

- The common heritage principle, as the fundamental overarching principle governing the regime of the Area
- The autonomy of the Enterprise to make effective commercial decisions without political influence
- Cost-effectiveness in relation to the operations of the Enterprise, which should be in a position to generate enough revenue to finance its running cost and run its operations efficiently without the need to be subsidized by member States
- An evolutionary approach in its operationalization (for example, an evolutionary approach to staffing, accommodation and its initial operation)
- Commercial viability, as it has been identified that commercial viability would entail a number of considerations, such as what management structure to adopt, whether the management is sound, whether funds are available, whether it has access to the resources that it intends to develop, whether it has or can obtain the necessary technology, whether it will have access to a market for the resources and what the prospects for that market are

3. Suggest the possible form and content of the directive to be issued by the Council for the independent functioning of the Enterprise

33. The 1994 Agreement provides that the independent functioning of the Enterprise shall be effected by way of a directive issued by the Council, acting alone and without any direct involvement from the other principal organs of the Authority, in particular the Assembly, and assuring the autonomy of the Enterprise.

4. Define the extent of control to be exercised by the Council and identify the appropriate nature of its directives in order to safeguard the Enterprise's autonomy as an independent commercial entity

34. Under the Convention, the Enterprise, although required to act under the directives and control of the Council, is meant to enjoy autonomy in its operations. A directive should therefore allow the Council to set policy targets for the Enterprise in line with the Convention and the 1994 Agreement.

5. Identify gaps, if any, in the current regulatory and procedural regime and suggest ways to ensure the proper and independent operations of the Enterprise, including by formulating appropriate regulatory and procedural measures

35. The 1994 Agreement provides that an interim director general should be appointed from among the staff of the Authority prior to the Enterprise's independent functioning to oversee the functions set out in the Agreement. When the Enterprise begins to function independently, a substantive director general is to be elected. The substantive director general is to be the legal representative and chief executive of the Enterprise directly responsible to the Board for the conduct of operations of the Enterprise and may participate, without the right to vote, in meetings of the Assembly and the Council whenever those organs deal with matters concerning the Enterprise. Although the current rules of procedure of the Assembly and the Council provide for the inclusion in their provisional agendas of reports by the Enterprise, there are no specific provisions for the interim director general and, subsequently, the substantive director general to participate in the meetings of those organs.

6. Suggest and elaborate on the criteria, qualifications and standards for the nomination of a director general and the election of the members of the Governing Board

36. The 1994 Agreement merely provides that the interim director general should be appointed from among the staff of the Authority. It does not specify any qualifications required for that position. It is suggested that the Secretary-General seek to appoint a member of the Authority's staff with relevant qualifications, for example in the legal, accounting, financial or technical field. In addition, as regards the permanent director general, the Convention merely states that the Assembly shall, upon the recommendation of the Council and the nomination of the Governing Board, elect the director general of the Enterprise, but without specifying particular qualifications for that position either.

37. Furthermore, the Convention provides that due regard is to be paid to the principle of equitable geographical representation in electing the members of the Governing Board of the Enterprise. It also states that, in electing members to the Board, regard should be paid to the need to nominate candidates of the highest standard of competence, with qualifications in relevant fields.

7. Identify and formulate criteria for the rules of procedure of the Governing Board of the Enterprise and the code of conduct of its members

38. The Enterprise is to develop rules of procedure for the Governing Board covering areas such as meetings, decision-making and voting, the election of a chair, the participation of the director general in meetings, the appointment of a secretary to the Governing Board and committees of the Board dealing with matters such as investment assessment, governance, operations, audits and ethics.

III. Final remarks and recommendations

39. In the light of the foregoing and taking into consideration the request of the Council mentioned in paragraph 3 above, the Council is invited to:

(a) Take note of the present report of the Special Representative;

(b) Also take note of the final study and consider any recommendations that the Commission may make during the second part of its session, in July, in relation to the operation of the Enterprise;

(c) Recommend that the Assembly request that the Secretary-General create an additional position of interim director general and that the person whom he appoints to that position carry out the duties identified in the 1994 Agreement and assume the functions previously carried out by the Special Representative (see [ISBA/23/A/13](#), sect. C, para. 3), bearing in mind decision [ISBA/25/C/16](#) adopted by the Council on 1 March 2019, in which the Council, inter alia, undertook to consider recommendations made at the present session, taking account of the ISA technical study on the operationalization of the Enterprise, on the appointment of an interim director general, and also bearing in mind the current limited number of staff employed, whose existing duties would make it extremely difficult, if not impossible, to assume the work associated with the position of interim director general and who, although physically located within the secretariat, would need to be sufficiently autonomous in relation to the secretariat to ensure the arm's length approach and independence required of the interim director general, as provided for in the Agreement. Such action should also take into consideration the calls for the operationalization of the Enterprise contained in a note dated 6 July 2018 from the African Group addressed to the secretariat, which received cross-regional support, and the previous calls by the Council for the Secretary-General to appoint an interim director general in keeping with the requirements of the Agreement, as no appointment has been made since the retirement of the previous interim director general, in 2012.



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Agenda item 9

**Consideration, with a view to approval, of applications
for a plan of work for exploration, if any**

Report and recommendations of the Legal and Technical Commission to the Council relating to an application for approval of a plan of work for exploration for polymetallic nodules by the Beijing Pioneer Hi-Tech Development Corporation

I. Introduction

1. On 24 December 2018, the Secretary-General of the International Seabed Authority received an application for the approval of a plan of work for exploration for polymetallic nodules in the Area. The application was submitted, pursuant to the regulations on prospecting and exploration for polymetallic nodules in the Area ([ISBA/19/C/17](#), annex), by the Beijing Pioneer Hi-Tech Development Corporation.

2. On 11 January 2019, in accordance with regulation 20, paragraph 1 (c), the Secretary-General notified the members of the Authority of the receipt of the application and circulated information of a general nature regarding the application. On the same date, the Secretary-General also notified the members of the Legal and Technical Commission and placed consideration of the application as an item on the agenda of the Commission for its first session in 2019, to be held from 4 to 15 March.

II. Methodology and consideration of the application by the Legal and Technical Commission

A. General methodology applied by the Commission in consideration of the application

3. In its consideration of the application, the Commission noted that, in keeping with the provisions of article 6 of annex III to the United Nations Convention on the Law of the Sea, it was first required to make an objective determination as to whether the applicant had fulfilled the requirements contained in the regulations, in particular



with respect to the form of the application; whether the applicant had given the necessary undertakings and assurances specified in regulation 14; and whether it had the financial and technical capabilities necessary to carry out the proposed plan of work for exploration and, as relevant, had satisfactorily discharged its obligations under any previous contract with the Authority. The Commission was then required to determine, in accordance with regulation 21, paragraph 4, and its procedures, whether the proposed plan of work would provide for effective protection of human health and safety and effective protection and preservation of the marine environment, and ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity. Regulation 21, paragraph 5, further provides that, if the Commission makes the determinations specified in regulation 21, paragraph 3, and determines that the proposed plan of work for exploration meets the requirements of regulation 21, paragraph 4, it shall recommend approval of the plan of work for exploration to the Council.

4. In considering the proposed plan of work for exploration for polymetallic nodules, the Commission took into account the principles, policies and objectives relating to activities in the Area, as provided for in part XI of and annex III, to the Convention and in the 1994 Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982.

B. Consideration of the application

5. The Commission considered the application on 5, 6, 7, 11 and 12 March and from 1 to 3 July 2019.

6. Prior to commencing a detailed examination of the application, the Commission invited a delegation from the applicant to present the application on 5 March. Members of the Commission then asked questions about certain aspects of the application to seek clarification. The Commission set up three working groups to evaluate the application, namely, a legal and financial group, a geological and technological group, and an environmental and training group.

7. Following its initial consideration, the Commission requested the presence of the applicant's delegation to answer further questions raised by the working groups on 6 March.

8. On 7 March, the Commission sent a set of written questions to the applicant, which submitted written responses on 11 March. After reviewing the responses, the Commission sent a second set of written questions to the applicant, which resulted in a new set of written responses, received on 14 March. However, owing to its full agenda, the Commission deferred consideration of those responses to the second part of its session, in July. The Commission was of the view that its consideration of the proposed plan of work was substantially enhanced by the greater level of detail and the clarification of the issues raised in the question and answer process with the applicant.

9. From 1 to 3 July, the Commission continued its consideration of the application. It was satisfied with the written responses received and evaluated the application in accordance with the procedure contained in [ISBA/18/LTC/7/Rev.1](#).

III. Summary of basic information regarding the application

A. Identification of the applicant

10. Name of applicant: Beijing Pioneer Hi-Tech Development Corporation
11. Address of the applicant:
 - (a) Street address: Yin Hai Building, No. 10A Zhongguancun South Avenue, Haidian District, Beijing, China
 - (b) Postal address: Room 611, North Section, Yin Hai Building, No. 10A Zhongguancun South Avenue, Haidian District, Beijing, China, 100081
 - (c) Telephone number: +86-10-68949001
 - (d) Fax number: +86-10-68910798
 - (e) Email address: deepseapioneer@sina.com
12. Name of applicant's designated representative:
 - (a) Zelong Chen
 - (b) Street address: same as above
 - (c) Postal address: same as above
 - (d) Telephone number: same as above
 - (e) Fax number: same as above
 - (f) Email address: same as above
13. As a juridical person, the applicant's:
 - (a) Place of registration: Beijing, China
 - (b) Principal place of business/domicile: Room 611, North Section, Yin Hai Building, No. 10A Zhongguancun South Avenue, Haidian District, Beijing, China

B. Sponsorship

14. The sponsoring State: China
15. The date of deposit of the instrument of ratification by China of the Convention on the Law of the Sea is 7 June 1996, and the date of the consent of China to be bound by the 1994 Agreement is 7 June 1996.

C. Area of application

16. The application area is located in the western Pacific Ocean and covers a total area of 148,250 km². It consists of nine blocks (C-1, C-2, C-3, C-4, C-5, M-1, M-2, M-3 and M-4). Block C-1 covers an area of 26,112 km²; block C-2, 11,370 km²; block C-3, 14,620 km²; block C-4, 7,337 km²; block C-5, 5,725 km²; block M-1, 12,903 km²; block M-2, 23,667 km²; block M-3, 33,322 km²; and block M-4, 13,194 km².
17. The application area is divided into two parts (A and B). One of them is to be designated by the Authority as its reserved area.

18. Part A consists of four blocks, with a total area of 74,052 km² (C-1, C-2, M-1 and M-2). Part B consists of five blocks, with a total area of 74,198 km² (C-3, C-4, C-5, M-3 and M-4). The coordinates and general location of the areas under application are shown in the annexes to the present document.

19. The application area is a part of the Area and lies beyond the limits of the national jurisdiction of any State.

20. The Commission notes that the area of the application does not overlap with reserved areas already delineated or with contract areas.

D. Other information

21. China is also the sponsoring State of the China Ocean Mineral Resources Research and Development Association and China Minmetals Corporation.

22. The applicant enclosed a written undertaking signed by the applicant's designated representative, in compliance with regulation 14.

23. The applicant paid a fee of \$500,000, in accordance with regulation 19, paragraph 1.

IV. Examination of information and technical data submitted by the applicant

24. The following technical documents and information were provided in the application:

- (a) Information relating to the area under application, namely:
 - (i) Charts of the location of the blocks;
 - (ii) A list of the coordinates of the corners of blocks under application, in accordance with the World Geodetic System 1984;
- (b) Information to enable the Council to determine whether the applicant is financially capable of carrying out the proposed plan of work for exploration;
- (c) Information to enable the Council to determine whether the applicant is technically capable of carrying out the proposed plan of work for exploration;
- (d) Information, including data available to the applicant, to enable the Council to designate a reserved area based on the estimated commercial value of the two parts of the area under application, including data on the location, survey and evaluation of the polymetallic nodules in the area under application, including:
 - (i) A description of the technology related to the recovery and processing of polymetallic nodules;
 - (ii) Maps of bathymetry, slope and backscattered echo intensity and information used for quality evaluation;
 - (iii) Data on the inferred abundance of polymetallic nodules, with an associated abundance map;
 - (iv) Description of the method of inferred mineral resource estimation and of evaluation of the equal estimated commercial value between the two parts of the application area;

- (v) Data on the average elemental content of metals of economic interest (grade) based on chemical assays in (dry) weight percentage and associated grade maps;
- (e) A plan of work for exploration;
- (f) A training programme;
- (g) Written undertakings by the applicant;
- (h) Written responses to the questions raised by the Commission.

V. Consideration of financial and technical qualifications of the applicant

A. Financial capability

25. The applicant has submitted a certificate of financial capability signed by its designated representative certifying that the applicant has the necessary funds to meet the estimated minimum expenditure under the proposed plan of work for exploration and to fulfil its financial obligations to the Authority.

B. Technical capability

26. In evaluating the technical capability of the applicant, the Commission noted that applicant is an enterprise engaged in the research, development and manufacturing of deep sea equipment for projects for the investigation of and exploration for deep sea resources. It has developed deep sea exploration equipment, including TV-grab technology, a drilling system, a transient electromagnetic system and a towed camera sled. It has also cooperated with relevant universities, research institutes and enterprises in China to develop deep sea high-tech equipment, such as remotely operated vehicles, autonomous underwater vehicles and deep-towed acoustic equipment. The applicant possesses a number of patents and software copyrights, and several national, provincial and ministerial awards for its achievements in deep sea technology. Its technical team has provided technical support for 24 Chinese deep sea research cruises, and its products have become the main equipment utilized by China in deep sea exploration for polymetallic nodules, polymetallic sulphides and cobalt-rich ferromanganese crusts, accounting for more than 70 per cent of the market share of related products in China.

General description of equipment and methods

27. The applicant provided information regarding the planned operation to carry out the proposed plan of work for exploration, as well as on the methods and instruments to be used for that purpose, including a detailed list of equipment to be utilized each year for the first five-year programme of activities. The applicant has advised that the equipment and technology that it would use would include the following:

- (a) Multibeam echo sounding: the bathymetry and backscattered echo intensity are to be used to study topography and seabed type;
- (b) Sub-bottom profiler systems: the acoustic data are to be used to study the thickness and physical characteristics of subsurface sediment;
- (c) Towed camera sled: video and photograph profiling are to be used to acquire data, for example, regarding the coverage of polymetallic nodules and the megafauna;

(d) Autonomous underwater vehicles: optical and acoustic surveys are to be undertaken to acquire data, for example, regarding the coverage of polymetallic nodules, the microrelief and the seabed type;

(e) Box-corers: to be used to collect samples of polymetallic nodules and surface sediments to study the type, abundance, coverage and main metal contents of polymetallic nodules, to analyse the type, geo-mechanical properties and chemical composition of sediments and to study macrofauna;

(f) Moorings: the inter-annual environmental parameters, such as seawater temperature, salinity, bottom current velocity and direction, are to be obtained to study environmental baselines and conduct environmental impact assessments and monitoring;

(g) Conductivity, temperature and depth rosettes: to be used to collect seawater samples at various depths and measure the parameters of temperature and salinity for the study of environmental baselines and conduct environmental impact assessments and monitoring;

(h) Plankton nets: to be used to obtain plankton samples from the upper 200 metre deep water column for the study of environmental baselines;

(i) Plankton multi-nets: to be used collect plankton samples at different depths while obtaining the parameters of sea water temperature, salinity and conductivity for the study of environmental baselines;

(j) Lander systems: to be used to obtain saprovores and video data for the study of environmental baselines and the assessment and monitoring of environmental impacts;

(k) Multi-corers: to be used to recover surface sediments for the study of sediment chemistry, meiofauna and macrobenthos and geo-mechanical properties;

(l) Dredges: to be used to recover polymetallic nodule samples for metallurgical testing;

(m) Epibenthic sleds: to be used to sample small megafauna and macrofauna on and above the seabed.

28. The applicant provided information related to the prevention, reduction and control of hazards to the marine environment and possible impacts thereon: specifically, prevention measures to combat pollution from ships, including an emergency response mechanism, shipboard control measures, ship oil spill management, marine pollution management and manuals for ship pollution prevention and control; and measures for the prevention, reduction and control of other hazards at sea.

VI. Consideration of data and information submitted for the designation of a reserved area and determination of equal estimated commercial value

A. Methodology used by the applicant for the calculation of the estimated commercial value

29. The applicant provided both raw data and methods for the inferred mineral resource estimation and evaluation of equal estimate commercial value of the two parts of the application area. The applicant believes that the two parts have equal commercial value on the basis of the comparison of total sizes of the ore-bearing area,

mineral resources, processing technology and metallurgical indicators of polymetallic nodules. The continuity of the geology and nodule abundance and metal contents were also considered.

B. Summary and conclusions relating to the determination of equal estimated commercial value

30. The Commission accepted the methodology presented by the applicant to classify parts A and B as two parts of equal estimated commercial value. Both parts are areas of abyssal floor between seamounts or ridges with steep slopes. On the basis of the data available for the region, the Commission recognized that there were similar concentrations of nickel, cobalt and copper in the two parts, but that there was a higher concentration of manganese in part B. Nodule abundance was comparable in the two parts, although slightly higher in part B. However, the abundance in part B had a more normal distribution and a higher linear correlation with the inferred abundance estimated from backscatter data than that in part A. In consideration of the aforementioned observations, the Commission therefore recommends that part B be the reserved area for the Authority.

VII. Consideration of data and information submitted for approval of the plan of work for exploration

31. As a result of its exchange with the Commission, the applicant advised the Commission that it would take into account the extent of spatial and temporal variability of the environmental and faunal communities across the contract area when finalizing its detailed sampling programme.

32. In accordance with regulation 18, the applicant submitted the following information, with a view to receiving approval of the plan of work for exploration:

(a) A general description and a schedule of the proposed exploration programme, including the programme of activities for the immediate five-year period;

(b) A description of the programme for oceanographic and environmental baseline studies in accordance with the regulations and any environmental rules, regulations and procedures established by the Authority that would enable an assessment of the potential environmental impact, including, but not restricted to, the impact on biodiversity of the proposed exploration activities, taking into account any recommendations issued by the Commission;

(c) A preliminary assessment of the possible impact of the proposed exploration activities on the marine environment;

(d) A description of proposed measures for the prevention, reduction and control of pollution and other hazards, as well as possible impacts, to the marine environment;

(e) Data necessary for the Council to make the determination that it is required to make in accordance with regulation 12, paragraph 1;

(f) A schedule of anticipated yearly expenditure in respect of the programme of activities for the immediate five-year period.

VIII. Training programme

33. The Commission noted that the applicant's proposed training programme for the first five years included five at-sea training opportunities and five on-land training opportunities relevant to trainees from various professional disciplines. The applicant also provided detailed information on the objectives and content of the training opportunities, clear qualification requirements for the candidates and the scheduling of the training.

34. The applicant stated that it was willing to create additional training opportunities through the Endowment Fund for Marine Scientific Research.

IX. Conclusion and recommendations

35. Having examined the particulars submitted by the applicant, as summarized in sections III to VIII above, the Commission is satisfied that the application has been duly submitted in accordance with the regulations and that the applicant is a qualified applicant as defined under annex III, article 4, to the Convention.

36. The Commission is satisfied that the information is sufficient to enable the Council to designate a reserved area pursuant to the regulations and that the two parts of the application area are of equal estimated commercial value. The Commission therefore recommends the designation of part B, consisting of five blocks with a total area of 74,198 km² (C-3, C-4, C-5, M-3 and M-4), as a reserved area.

37. The Commission is further satisfied that the applicant:

- (a) Has complied with the provisions of the regulations;
- (b) Has given the undertakings and assurances specified in regulation 14;
- (c) Possesses the financial and technical capabilities to carry out the proposed plan of work for exploration.

38. The Commission is satisfied that none of the conditions in regulation 21, paragraph 6, apply.

39. The Commission is satisfied that the proposed plan of work for exploration will:

- (a) Provide for effective protection of human health and safety;
- (b) Provide for effective protection and preservation of the marine environment;
- (c) Ensure that installations are not established where interference may be caused to the use of recognized sea lanes essential to international navigation or in areas of intense fishing activity.

40. Accordingly, pursuant to regulation 21, paragraph 5, the Commission recommends to the Council approval of the plan of work for exploration for polymetallic nodules submitted by the Beijing Pioneer Hi-Tech Development Corporation.

Annex I

List of coordinates of the area under application

Table 1
List of geographical coordinates of part A

Block	Turning points	Longitude (E)			Latitude (N)		
		Degrees	Minutes	Seconds	Degrees	Minutes	Seconds
C-1	1	159	5	1.59	21	29	52.99
	2	158	56	56.53	21	29	51.39
	3	158	56	55.96	21	14	52.80
	4	158	33	11.67	21	14	52.79
	5	158	33	11.67	21	27	0.00
	6	157	57	46.80	21	27	1.19
	7	157	57	46.70	21	45	0.31
	8	157	8	55.95	21	44	59.95
	9	157	8	55.95	21	50	59.59
	10	156	50	55.22	21	50	59.59
	11	156	50	55.57	22	5	11.18
	12	157	16	11.09	22	38	54.80
	13	157	26	55.55	22	38	54.81
	14	157	26	55.56	22	15	0.32
	15	158	52	0.76	22	15	0.00
	16	158	52	1.20	22	42	25.35
	17	159	21	9.95	22	42	26.90
	18	159	21	9.94	23	5	29.50
	19	159	45	41.92	23	5	29.51
	20	159	45	41.92	22	52	48.00
	21	159	57	3.87	22	52	48.03
	22	159	57	3.60	22	14	56.40
	23	159	16	8.40	22	14	56.40
	24	159	16	9.22	22	21	1.34
	25	159	5	1.56	22	21	0.00
	26	159	5	1.59	21	29	52.99
C-2	1	158	11	55.46	22	20	59.62
	2	157	39	56.76	22	20	59.96
	3	157	39	58.17	22	45	0.33
	4	158	2	55.19	22	45	0.34
	5	158	2	55.54	22	58	9.00
	6	158	15	2.74	22	58	9.01
	7	158	15	7.61	23	32	47.54
	8	158	40	3.52	23	32	47.55
	9	158	40	3.52	23	39	0.36
	10	159	2	55.88	23	39	0.37
	11	159	2	57.64	23	27	0.00

<i>Block</i>	<i>Turning points</i>	<i>Longitude (E)</i>			<i>Latitude (N)</i>		
		<i>Degrees</i>	<i>Minutes</i>	<i>Seconds</i>	<i>Degrees</i>	<i>Minutes</i>	<i>Seconds</i>
	12	159	38	50.47	23	27	0.02
	13	159	38	55.15	23	57	55.61
	14	160	2	33.95	23	57	55.62
	15	160	2	33.93	23	16	22.83
	16	158	32	55.71	23	16	23.74
	17	158	32	55.90	23	3	16.91
	18	158	24	11.18	23	3	16.91
	19	158	24	11.19	22	44	59.63
	20	158	11	50.05	22	44	59.63
	21	158	11	55.46	22	20	59.62
M-1	1	152	8	59.67	18	34	4.80
	2	152	8	59.67	18	12	30.08
	3	151	26	59.64	18	12	30.08
	4	151	27	0.00	18	22	4.79
	5	151	20	59.64	18	22	4.79
	6	151	20	59.64	19	21	19.45
	7	152	24	33.56	19	21	19.92
	8	152	24	33.56	19	0	16.46
	9	152	58	15.60	19	0	18.00
	10	152	58	15.79	18	43	32.19
	11	152	24	20.65	18	43	32.19
	12	152	24	21.60	18	51	21.60
	13	152	14	59.65	18	51	21.60
	14	152	14	59.65	19	9	18.73
	15	151	59	31.69	19	9	19.09
	16	151	59	31.20	18	49	35.71
	17	152	8	50.61	18	49	35.71
	18	152	8	49.20	18	34	4.80
	19	152	8	59.67	18	34	4.80
M-2	1	154	29	45.34	18	57	3.62
	2	154	29	45.34	18	26	52.80
	3	153	7	45.28	18	26	53.12
	4	153	7	45.28	18	40	48.01
	5	153	12	7.21	18	40	48.87
	6	153	12	5.85	19	21	0.00
	7	154	0	40.34	19	21	0.14
	8	154	0	40.34	19	43	44.41
	9	155	21	0.00	19	43	45.14
	10	155	20	59.31	18	57	3.98
	11	155	2	39.25	18	57	3.85
	12	154	29	45.34	18	57	3.62

Table 2
List of geographical coordinates of part B

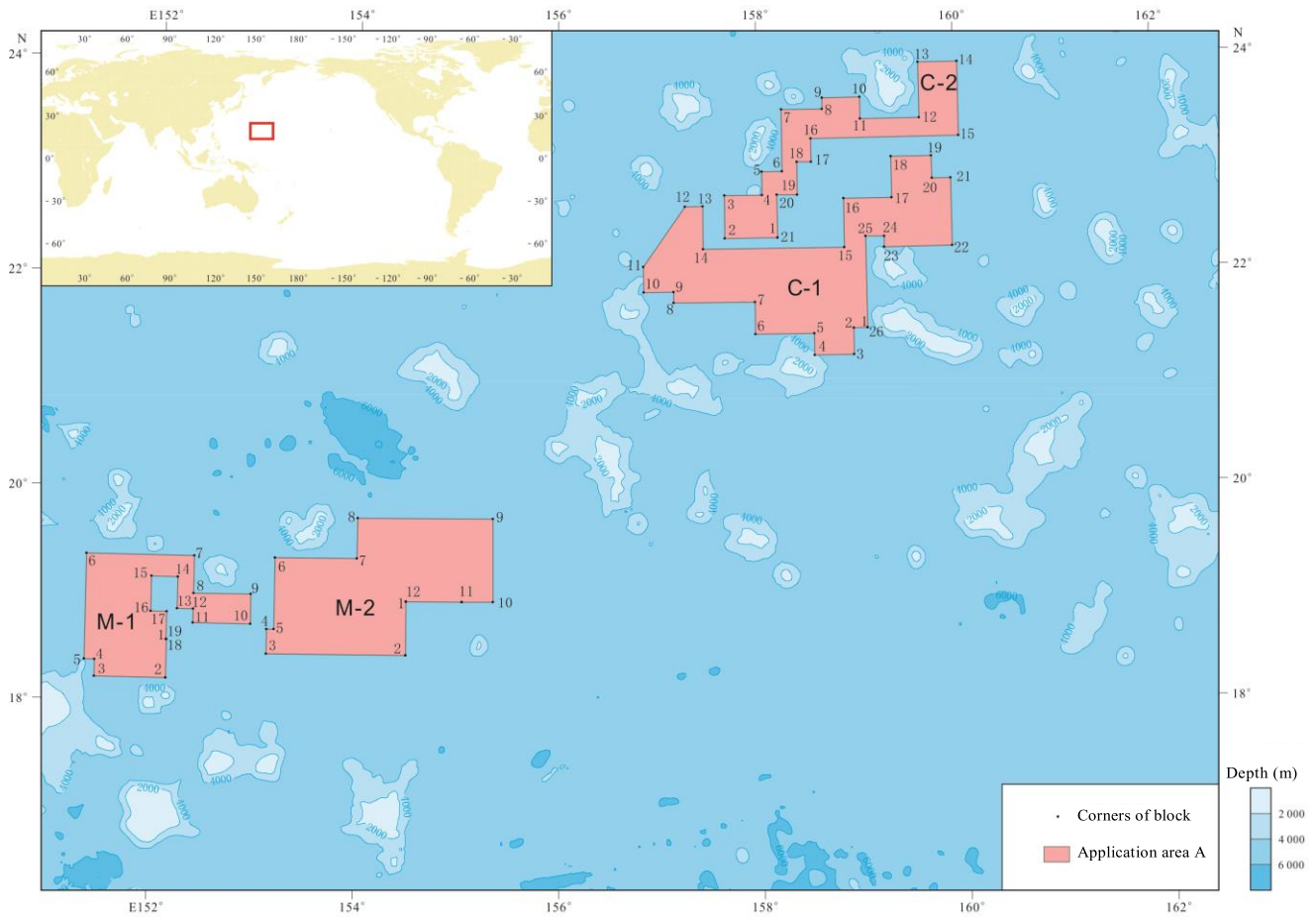
Block	Turning points	Longitude (E)			Latitude (N)		
		Degrees	Minutes	Seconds	Degrees	Minutes	Seconds
C-3	1	159	8	57.83	19	27	0.00
	2	159	8	57.83	19	39	7.20
	3	159	27	13.05	19	39	6.13
	4	159	27	13.04	19	50	52.36
	5	158	34	25.63	19	50	52.79
	6	158	34	25.65	19	18	53.99
	7	158	8	58.13	19	18	52.58
	8	158	8	59.23	19	50	41.98
	9	157	35	18.37	19	50	42.37
	10	157	35	18.36	20	3	5.34
	11	158	8	55.27	20	3	3.58
	12	158	8	55.27	20	10	47.98
	13	159	50	34.02	20	10	48.02
	14	159	50	33.18	19	23	22.09
	15	159	38	55.29	19	23	22.08
	16	159	38	54.38	19	32	59.66
	17	159	21	1.44	19	32	59.66
	18	159	21	2.85	19	3	28.63
	19	158	57	1.55	19	3	28.80
	20	158	57	1.54	19	27	0.37
	21	159	8	57.83	19	27	0.00
C-4	1	160	32	59.95	20	50	52.84
	2	160	32	55.97	20	32	59.68
	3	159	56	58.30	20	32	59.67
	4	159	56	58.28	21	3	0.02
	5	160	50	55.24	21	3	0.41
	6	160	50	55.22	21	38	59.69
	7	161	18	53.04	21	39	0.38
	8	161	18	53.05	21	16	29.18
	9	161	5	19.88	21	16	29.17
	10	161	5	19.89	20	50	59.70
	11	160	32	59.95	20	50	52.84
C-5	1	161	15	7.10	19	2	56.45
	2	161	15	7.07	20	0	25.59
	3	161	31	0.79	20	0	25.60
	4	161	31	0.79	19	55	47.24
	5	161	47	15.77	19	55	47.25
	6	161	47	14.81	19	2	55.36
	7	161	15	7.10	19	2	56.45

<i>Block</i>	<i>Turning points</i>	<i>Longitude (E)</i>			<i>Latitude (N)</i>		
		<i>Degrees</i>	<i>Minutes</i>	<i>Seconds</i>	<i>Degrees</i>	<i>Minutes</i>	<i>Seconds</i>
M-3	1	155	2	39.25	18	57	3.85
	2	155	2	39.09	18	23	35.99
	3	154	40	10.50	18	23	36.09
	4	154	40	12.00	18	2	42.00
	5	154	25	45.87	18	2	42.00
	6	154	25	45.87	17	39	6.74
	7	153	51	8.42	17	39	7.7
	8	153	51	7.20	16	33	27.52
	9	153	33	8.85	16	33	27.52
	10	153	33	7.71	16	51	3.60
	11	152	51	39.61	16	51	3.60
	12	152	51	41.38	16	33	28.80
	13	152	33	0.00	16	33	28.80
	14	152	33	0.00	17	12	9.57
	15	153	21	19.09	17	12	9.57
	16	153	21	19.09	17	51	17.48
	17	152	16	56.85	17	51	20.20
	18	152	16	56.85	18	12	30.08
	19	152	8	59.68	18	12	30.08
	20	152	8	59.68	18	34	4.81
	21	152	41	0.94	18	34	4.81
	22	152	41	0.94	18	26	52.80
	23	154	29	45.34	18	26	52.80
	24	154	29	45.34	18	57	3.62
	25	155	2	39.25	18	57	3.85
M-4	1	154	40	40.80	16	40	31.44
	2	154	40	40.86	17	48	8.72
	3	155	19	16.52	17	48	7.20
	4	155	19	16.52	17	20	42.00
	5	156	14	52.08	17	20	40.81
	6	156	14	52.08	16	57	38.30
	7	154	40	40.80	16	40	31.44

Annex II

Map of the general location of the Area under application

Map 1
Map of part A

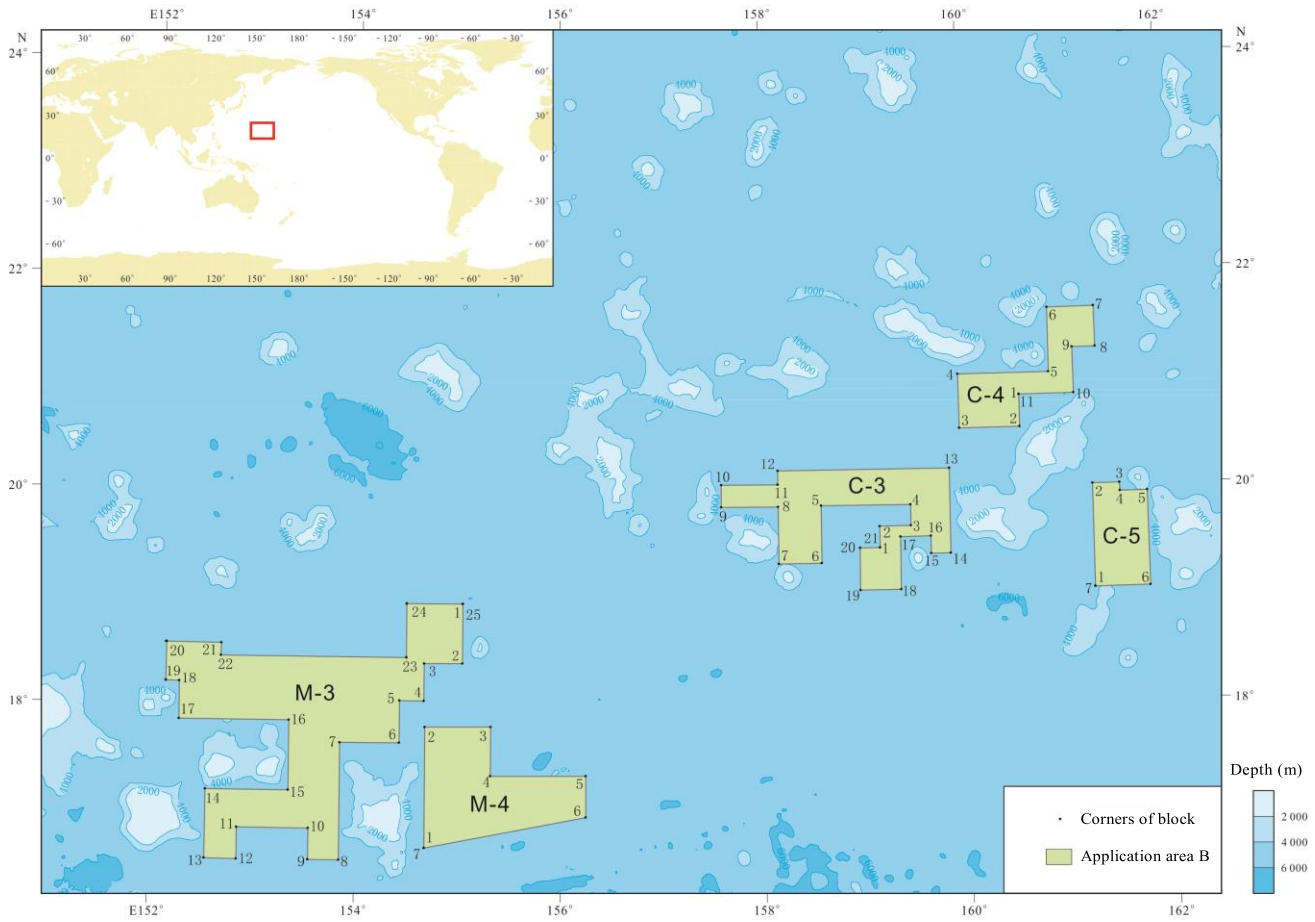


Datum: WGS-84

Scale 1:5 300 000

Universal Transverse Mercator projection (central meridian: 156°E)

Map 2 Map of part B



Datum: WGS-84

Scale 1:5 300 000

Universal Transverse Mercator projection (central meridian: 156°E)



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Agenda item 11

Draft regulations for exploitation of mineral resources in the Area

Report of the Chair on the outcome of the second meeting of the open-ended working group of the Council in respect of the development and negotiation of the financial terms of a contract under article 13, paragraph 1, of annex III to the United Nations Convention on the Law of the Sea and section 8 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982

I. Introduction and background

1. During the first part of the twenty-fifth session of the International Seabed Authority, in view of the recommendations of its open-ended working group in respect of the development and negotiation of the financial terms of a contract under article 13, paragraph 1, of annex III to the United Nations Convention on the Law of the Sea and section 8 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982, the Council decided to convene, preferably prior to the second part of the session, a second meeting of the working group to advance work on the payment mechanism.

2. As requested by the Council, the Massachusetts Institute of Technology produced a report that included three options with different royalty rates. The Chair also prepared a briefing note on the basis of the report and the discussions of the working group at its first meeting, giving consideration to the nature of the payment mechanism, in particular to ensure that the rate of payment maximized returns to the Authority while ensuring the commercial viability of mining, and to a trigger or triggers for reviews of the payment mechanism. The mandate of the working group also included the consideration of environmental aspects and economic modelling and timing for resources other than polymetallic nodules.

3. The second meeting of the working group was convened on 11 and 12 July 2019, immediately prior to the second part of the Council session, in July, and was open to



all stakeholders.¹ On 11 July, the agenda for the meeting was adopted with no amendment.

II. Review of options

4. The discussions centred on the following options for the payment mechanism and the associated rates of payment, which are in line with the objectives and principles of the Agreement and the Convention:

- (a) A fixed-rate ad valorem-only royalty mechanism;
- (b) A two-tier ad valorem-only royalty mechanism;
- (c) A combined ad valorem royalty and profit-based system.

5. Several participants expressed a preference for an ad valorem-only system, while many also expressed flexibility regarding the choice of model as long as it generated sufficient returns for the Authority. A few delegations expressed a wish to keep all three options open.

6. The participants expressed similar levels of support for the fixed-rate (one-tier) ad valorem-only mechanism and the two-tier ad valorem-only royalty mechanism. Other options were also mentioned, such as a progressive ad valorem system that would include different rates depending on changes in the market prices of minerals. Several participants expressed an interest in exploring that option further, while others noted the potential complexity that would be introduced by such a system. It was also noted that a study on the impact of the production of minerals from the Area on the economies of developing land-based producer States was in progress.

7. The working group also noted the information provided on behalf of the African Group that a proposed payment system would be introduced at the meetings of the Council.

8. Some delegates expressed the view that the proposed royalty rates of 2 per cent and then 6 per cent (not including the environmental compensation fund) were too low, while some other delegations reserved their positions to further consider the economic model.

9. Several contractors noted that, in their opinion, a fair and transparent process had been followed to reach the proposed royalty rates and that the rates were needed to encourage first movers to start commercial mining.

10. Many delegations raised the issue of further examining important assumptions in the model, in particular those concerning corporate income tax rates, metal prices and the deductibility of the royalty and other expenses from tax payments in sponsoring States.

III. Review

11. There was general agreement about the need for a review mechanism that struck the right balance between, on the one hand, the ability of the Authority to adjust the

¹ Background documents for the meeting, including the reports of the Massachusetts Institute of Technology entitled “Financial regimes for polymetallic nodule mining: a comparison of four economic models” and “Report to the International Seabed Authority on the development of an economic model and system of payments for the exploitation of polymetallic nodules in the Area”, are available at <https://www.isa.org.jm/document/open-ended-ad-hoc-working-group-council-2019>.

model after an implementation period and, on the other hand, the contractors' need for predictability. The group found that further discussion of the review mechanism would be necessary.

IV. Environmental aspects of the model

12. There was also agreement about the need to establish an environmental compensation fund that would cover any environmental liability that was not provided for under other mechanisms. The point was made that the fund needed to have sufficient resources to cover any damage to the marine environment that was not covered by insurance and environmental performance guarantees. The question was also raised as to whether it would be more appropriate to have contractors pay a fixed amount rather than an amount based on the value of the extracted minerals. As for the size of the fund, the discussion revolved around an annual levy of 1 per cent and a cap of \$500 million and a proposal to change the 1 per cent levy to a fixed amount and reduce the cap to \$100 million. The working group decided to revert to the issue of contributions to the fund at a later stage. There were also suggestions regarding the possibility of reimbursing part or all of the fund to contractors as an incentive for environmental performance and/or transferring part of the fund to the Authority. It was also noted that draft regulation 55 of the draft regulations on exploitation of mineral resources in the Area (ISBA/25/C/WP.1) included non-compensatory related purposes, which might be better addressed through a different mechanism.

V. Other mineral resources: economic modelling and timing

13. The working group was of the view that the focus should be on finalizing the financial model for polymetallic nodules at the present stage and that it would be more appropriate to revisit the other types of mineral resources at a later stage.

VI. Report of the Chair for the twenty-fifth session of the Council

14. The open-ended working group recommended that the Council:

(a) Convene a third meeting of the working group to advance work on, inter alia, the payment mechanism for polymetallic nodules and, to the extent possible, to begin work on other mineral resources;

(b) If so decided, request the secretariat to develop a new model that would include a progressive ad valorem royalty for consideration at the following meeting of the working group, to be convened preferably before the following session of the Council, which will be held in 2020.



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Agenda item 9

Consideration, with a view to approval, of applications for a plan of work for exploration, if any

Decision of the Council of the International Seabed Authority relating to an application for approval of a plan of work for exploration for polymetallic nodules submitted by the Beijing Pioneer Hi-Tech Development Corporation

The Council of the International Seabed Authority,

Acting on the recommendation of the Legal and Technical Commission,

Noting that, on 24 December 2018, an application for approval of a plan of work for exploration for polymetallic nodules was submitted to the Secretary-General in accordance with the regulations on prospecting and exploration for polymetallic nodules in the Area¹ by the Beijing Pioneer Hi-Tech Development Corporation, sponsored by China,

Recalling that, in accordance with paragraph 6 (a) of section 1 of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982,² the processing of an application for approval of a plan of work for exploration shall be in accordance with the provisions of the Convention,³ including annex III thereto, and the Agreement,

Recalling also that, pursuant to article 153, paragraph 3, of the Convention and paragraph 6 (b) of section 1 of the annex to the Agreement, the plan of work for exploration shall be in the form of a contract concluded between the Authority and the applicant,

Taking note of the advisory opinion of the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea of 1 February 2011,

1. *Takes note of the report and recommendations of the Legal and Technical Commission to the Council relating to an application for approval of a plan of work*

¹ ISBA/19/C/17, annex.

² General Assembly resolution 48/263, annex.

³ United Nations, *Treaty Series*, vol. 1833, No. 31363.



for exploration for polymetallic nodules by the Beijing Pioneer Hi-Tech Development Corporation,⁴ in particular paragraphs 35 to 40 thereof;

2. *Decides*, on the basis of the data and information submitted by the Beijing Pioneer Hi-Tech Development Corporation, and taking into account the recommendations of the Commission, to designate part B of the application area, as identified in the annexes to the report and recommendations of the Commission, as the area reserved for the Authority;

3. *Also decides*, taking into account the recommendations of the Commission, to allocate part A of the application area, as identified in the annexes to the report and recommendations of the Commission, to the Beijing Pioneer Hi-Tech Development Corporation as the exploration area;

4. *Approves* the plan of work for exploration for polymetallic nodules submitted by the Beijing Pioneer Hi-Tech Development Corporation;

5. *Requests* that the Secretary-General of the Authority issue the plan of work for exploration for polymetallic nodules in the form of a contract between the Authority and the Beijing Pioneer Hi-Tech Development Corporation in accordance with the regulations.

*252nd meeting
15 July 2019*

⁴ ISBA/25/C/30.



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Agenda item 13

Report of the Finance Committee

Decision of the Council of the International Seabed Authority relating to financial and budgetary matters

The Council of the International Seabed Authority,

Taking into account the recommendations of the Finance Committee of the International Seabed Authority,¹

Recommends that the Assembly of the International Seabed Authority adopt the following draft decision:

The Assembly of the International Seabed Authority

1. *Welcomes* the considerable reduction in the costs of conference services and the transfer of the resources made available by those savings to the programmes of the Authority;
2. *Notes with concern* the trend of late payments of assessed contributions to the budget;
3. *Urges* the members of the Authority to pay their assessed contributions to the budget on time and in full;
4. *Notes with concern* the increasing amounts of outstanding contributions, appeals once more to the members of the Authority to pay outstanding contributions to the budget of the Authority from previous years as soon as possible, and requests that the Secretary-General, at his discretion, continue his efforts to recover those amounts;
5. *Approves* an increase in the Working Capital Fund of \$90,000 to a total of \$750,000 and for the increase to be spread evenly over the two years of the next financial period, to be determined using the Authority's scale of assessments for the next financial period applied to the total of the Working Capital Fund;
6. *Expresses its deep concern* over the negative balance of the voluntary trust fund for the purpose of defraying the cost of participation of members of the Legal

¹ [ISBA/25/A/10-ISBA/25/C/31](#), para. 36.



and Technical Commission from developing countries and members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee, appeals to members and other possible donors to make contributions to that fund, and calls upon contractors to consider making a payment of \$6,000 on a voluntary basis;

7. *Urges* members and other possible donors to make voluntary contributions to the other funds maintained by the Authority;

8. *Adopts* the terms of reference for the trust fund for extrabudgetary support for the International Seabed Authority as contained in annex I to the report of the Finance Committee;¹

9. *Also adopts* the terms of reference for the voluntary trust fund for the purpose of providing the requisite funds related to the work of the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise as contained in annex II to the report of the Finance Committee.

*257th meeting
19 July 2019*

¹ ISBA/25/A/10-ISBA/25/C/31.



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Agenda item 18

Other matters

Decision of the Council of the International Seabed Authority concerning the staff regulations of the Authority

The Council of the International Seabed Authority,

1. *Decides* to adopt and apply provisionally, pending approval by the Assembly of the International Seabed Authority, the amendment to regulation 9.4 of the staff regulations of the Authority on the age of retirement and the mandatory age of separation as set out in the annex to the present decision, effective from 1 October 2019;
2. *Requests* that the Secretary-General reissue the staff regulations of the Authority using gender-inclusive language;
3. *Takes note* that, before the end of 2019, the Secretary-General will issue a set of updated staff rules of the Authority harmonized with the reissued staff regulations, in order, in particular, to bring the provisions on the education grant in line with the revised compensation package of the International Civil Service Commission;
4. *Recommends* that the Assembly approve the amendment to regulation 9.4 of the staff regulations of the Authority on the age of retirement and the mandatory age of separation, as adopted by the Council, decides that the amendment shall take effect on 1 October 2019, and requests that the Secretary-General reissue the staff regulations of the Authority using gender-inclusive language.

*258th meeting
19 July 2019*



Annex

Amendment to regulation 9.4 of the staff regulations of the International Seabed Authority

Current regulation 9.4

Amended regulation 9.4 as at 1 October 2019

Staff members shall not be retained in service beyond the age of 62 years or, if appointed on or after 1 January 2016, beyond the age of 65 years. In exceptional cases, the Secretary-General may, in the interest of the Authority, extend this age limit.

(a) The normal age of retirement shall be 60. However, it shall be 62 for staff members who joined the Authority and started to participate in the United Nations Joint Staff Pension Fund on or after 1 January 1990 but before 1 January 2014, and 65 for staff members who joined the Authority and started or restarted to participate in the Pension Fund on or after 1 January 2014;

(b) Staff members shall not be retained in active service beyond the age of 65 years. The Secretary-General may, in the interest of the Authority, extend this age limit in exceptional cases.



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Agenda item 14

Report on matters related to the Enterprise

Decision of the Council of the International Seabed Authority relating to the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise

The Council of the International Seabed Authority,

Recalling its decision relating to the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise,¹

1. *Takes note* of the report of the Special Representative of the Secretary-General for the Enterprise;²

2. *Requests* that the Secretary-General extend the contract and renew the terms of reference of the Special Representative until the end of the twenty-sixth session of the International Seabed Authority.

*258th meeting
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¹ ISBA/25/C/16.

² ISBA/25/C/26.





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Agenda item 12

Report of the Chair of the Legal and Technical Commission on the work of the Commission at its twenty-fifth session

Decision of the Council of the International Seabed Authority relating to the reports of the Chair of the Legal and Technical Commission

The Council of the International Seabed Authority,

Recalling its decision [ISBA/24/C/22](#),

1. *Takes note with appreciation* of the reports of the Chair of the Legal and Technical Commission on the work of the Commission at the first and second parts of its twenty-fifth session¹ and of the note by the Commission on draft regulations on exploitation of mineral resources in the Area;²
2. *Welcomes* the continued work of the secretariat and the Commission on the regulations on exploitation, and requests that the Commission undertake work on standards and guidelines as a matter of priority;
3. *Also welcomes* the convening of the workshop held in Pretoria from 13 to 15 May 2019 on the development of standards and guidelines for activities in the Area, and takes note of the recommendations made by the Commission with regard to the outcomes of and suggestions made by the workshop;
4. *Emphasizes* that any standards, draft environmental goals, objectives and principles require discussion and adoption by the Council;
5. *Expresses* its intention to ensure the thorough and timely development of the regulations, bearing in mind that necessary standards and guidelines should be developed before the adoption of the regulations;
6. *Notes with satisfaction* the interactive discussion during the meetings of the Council on the draft regulations,³ and welcomes the proposals and observations presented by member States and observers;

¹ [ISBA/25/C/19](#) and [ISBA/25/C/19/Add.1](#).

² [ISBA/25/C/18](#).

³ [ISBA/25/C/WP.1](#).



7. *Decides* that additional written comments on the draft regulations, including specific drafting suggestions, may be sent to the secretariat no later than 15 October 2019;

8. *Requests* the secretariat to prepare a compilation of the proposals and observations sent by members of the Council and a compilation of proposals and observations sent by other States members of the Authority, observers and other stakeholders, to be submitted by the President of the Council and published no later than 30 December 2019, for consideration by the Council at its twenty-sixth session;

9. *Requests* that further outputs of the Commission, for consideration by the Council, be circulated sufficiently in advance of the meeting of the Council at which they will be considered to allow for substantive consideration and discussion, and emphasizes the ongoing need for openness and transparency;

10. *Requests* the Commission to consider, as appropriate, the submissions received in the context of its work since the twenty-fourth session, including on the draft regulations from: Algeria, on behalf of the African Group, entitled “Recommendations on legal liability”;⁴ Algeria, on behalf of the African Group, entitled “Submission on the ISA payment regime for deep-sea mining in the Area”; Algeria, on behalf of the African Group, entitled “Submission of two payment regimes for consideration by the Council of the International Seabed Authority”; Belgium, entitled “The use of electronic monitoring systems as an effective way to remotely monitor the activities in the Area”; Belgium, entitled “Report on the public consultation organized by Belgium”;⁵ and Germany, entitled “Revised suggestions for facilitating the work of the International Seabed Authority”;⁶

11. *Notes with appreciation* the Commission’s consideration of 29 annual reports on activities carried out by contractors in 2018, and welcomes, in particular, the presentation of well-structured reports complying with the template issued by the Commission by the overwhelming majority of contractors;

12. *Expresses its deepest regret and concern* in relation to the cases of contractors that have not followed the reporting requirements, and that the progress of exploration work for some contractors operating within the extension period is behind schedule in its aim to complete the resource assessment by the end of that period, that a few contractors are repeatedly performing inadequately or incompletely against an approved plan of work and that a few contractors have indicated that the implementation of the plan of activities will be made conditional on external factors, regardless of the applicable contractual requirements, and calls upon contractors to fully comply with their legal obligations in a timely manner;

13. *Requests* the Secretary-General to communicate the various issues identified during the Commission’s review of the annual reports of contractors to the relevant contractors and sponsoring States and to follow up in writing with those contractors that are repeatedly performing inadequately or incompletely against an approved plan of work, or that have indicated that the implementation of the plan of activities will be made conditional on external factors, regardless of the applicable contractual requirements, to request meetings with them, and to write to the respective sponsoring States to bring that issue to their attention and request a meeting with them to address it;

14. *Emphasizes* the importance for contractors to take into account and to respond to the Commission’s advice on annual reports, to give reasons in their annual

⁴ ISBA/25/C/25.

⁵ ISBA/25/C/20.

⁶ ISBA/25/C/27.

reports for expenditure that is lower than forecast and to respond to the Commission's questions and recommendations in a timely manner, and also emphasizes the importance for contractors to provide reviews of how the baseline data are building towards an adequate level against the relevant recommendations issued by the Commission;

15. *Requests* that the Secretary-General report to the Council on an annual basis, identifying instances of alleged non-compliance and regulatory action recommended or to be taken in accordance with the United Nations Convention on the Law of the Sea,⁷ the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982⁸ and the regulations on prospecting and exploration, including any monetary penalties to be imposed by the Council, and invites the relevant sponsoring States to provide any information relating to such non-compliance and measures taken to ensure compliance under contracts for exploration, in accordance with article 139 of the Convention;

16. *Stresses* the need for all contractors to comply with their reporting requirements and to make their environmental data readily and publicly available, and notes that the Authority needs all contractors to collect samples consistently and to fully report environmental and geological data in a digital format to support, inter alia, the development of regional environmental management plans;

17. *Welcomes* the training programmes and opportunities offered by contractors, pursuant to their contracts for exploration with the Authority, since the twenty-fourth session;

18. *Notes* that an informal workshop was held on 6 July 2019 to discuss scientific tools and approaches for developing regional environmental management plans, with a focus on mid-ocean ridges;

19. *Encourages* the secretariat and the Commission to make progress in the development of environmental management plans in other international seabed area zones, in particular where there are currently exploration contracts, recalling paragraph 60 of General Assembly resolution [70/235](#) of 23 December 2015;

20. *Welcomes* the progress made by the secretariat towards the implementation of the data management strategy of the Authority, including public access to non-confidential data, and looks forward to the launch of the database on 25 July 2019;

21. *Notes* that the Commission has conducted a preliminary discussion of the study on issues related to the operationalization of the Enterprise, in particular on the legal, technical and financial implications for the International Seabed Authority and for States parties to the United Nations Convention on the Law of the Sea;

22. *Also notes* that, owing to its heavy workload and time constraints, the Commission was unable to discuss other matters referred to it by the Council, and requests the Secretary-General to ensure that adequate time and resources continue to be made available to support the work of the Commission, especially on priority issues;

23. *Notes with concern* the sharp deficit in the voluntary trust fund for the purpose of defraying the cost of participation of members of the Commission and of the Finance Committee from developing countries in meetings of the Commission and of the Committee, welcomes the contributions made, and urges additional

⁷ United Nations, *Treaty Series*, vol. 1833, No. 31363.

⁸ United Nations, *Treaty Series*, vol. 1836, No. 31364.

contributions to the fund from members of the Authority, as well as other States, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations, corporations and private individuals;

24. *Encourages* the Commission to hold open meetings more frequently to allow for greater transparency in its work;

25. *Welcomes* the reports of the Secretary-General on the implementation of the decision of the Council in 2018 relating to the report of the Chair of the Commission,⁹ and notes that this was the third such report of the Secretary-General;

26. *Requests* that the Secretary-General report to the Council on the implementation of the present decision at its twenty-sixth session, in 2020, and that such annual reporting remain on the agenda of the Council as a standing item.

*258th meeting
19 July 2019*

⁹ ISBA/25/C/12 and ISBA/25/C/12/Add.1.



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Agenda item 11
**Draft regulations for exploitation of mineral resources in
the Area**

Draft regulations on exploitation of mineral resources in the Area

Prepared by the Legal and Technical Commission

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Preamble

In accordance with the United Nations Convention on the Law of the Sea of 10 December 1982 (“the Convention”),

Reaffirming the fundamental importance of the principle that the Area and its Resources are the common heritage of mankind,

Emphasizing that the Exploitation of the Resources of the Area shall be carried out for the benefit of mankind as a whole, on whose behalf the International Seabed Authority acts, in accordance with Part XI of the Convention and the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (“the Agreement”),

Considering that the objective of these regulations is to provide for the Exploitation of the Resources of the Area consistent with the Convention and the Agreement.

Part I Introduction

Regulation 1

Use of terms and scope

1. Terms used in these regulations shall have the same meaning as those in the Rules of the Authority.
2. In accordance with the Agreement, the provisions of the Agreement and part XI of the Convention shall be interpreted and applied together as a single instrument. These regulations and references in these regulations to the Convention are to be interpreted and applied accordingly.
3. Terms and phrases used in these regulations are defined for the purposes of these regulations in the schedule.
4. These regulations shall not in any way affect the freedom of scientific research, pursuant to article 87 of the Convention, or the right to conduct marine scientific research in the Area pursuant to articles 143 and 256 of the Convention. Nothing in these regulations shall be construed in such a way as to restrict the exercise by States of the freedom of the high seas as reflected in article 87 of the Convention.
5. These regulations are supplemented by Standards and Guidelines, as referred to in these regulations and the annexes thereto, as well as by further rules, regulations and procedures of the Authority, in particular on the protection and preservation of the Marine Environment.
6. The annexes, appendices and schedule to these regulations form an integral part of the regulations and any reference to the regulations includes the annexes, appendixes and schedule thereto.
7. These regulations are subject to the provisions of the Convention and the Agreement and other rules of international law not incompatible with the Convention.

Regulation 2

Fundamental policies and principles

In furtherance of and consistent with Part XI of the Convention and the Agreement, the fundamental policies and principles of these regulations are, inter alia, to:

(a) Recognize that the rights in the Resources of the Area are vested in mankind as a whole, on whose behalf the Authority shall act;

(b) Give effect to article 150 of the Convention by ensuring that activities in the Area shall be carried out in such a manner as to foster the healthy development of the world economy and the balanced growth of international trade, and to promote international cooperation for the overall development of all countries, especially developing States, and with a view to ensuring:

(i) The development of the Resources of the Area;

(ii) Orderly, safe and rational management of the Resources of the Area, including the efficient conduct of activities in the Area and, in accordance with sound principles of conservation, the avoidance of unnecessary waste;

(iii) The expansion of opportunities for participation in such activities consistent, in particular, with articles 144 and 148 of the Convention;

(iv) Participation in revenues by the Authority and the transfer of technology to the Enterprise and developing States as provided for in the Convention and the Agreement;

(v) Increased availability of the minerals derived from the Area as needed in conjunction with minerals derived from other sources, to ensure supplies to consumers of such minerals;

(vi) The promotion of just and stable prices remunerative to producers and fair to consumers for minerals derived both from the Area and from other sources, and the promotion of long-term equilibrium between supply and demand;

(vii) The enhancement of opportunities for all States Parties, irrespective of their social and economic systems or geographical location, to participate in the development of the resources of the Area and the prevention of monopolization of activities in the Area;

(viii) The protection of developing countries from serious adverse effects on their economies or on their export earnings resulting from a reduction in the price of an affected Mineral or in the volume of exports of that Mineral, to the extent that such reduction is caused by activities in the Area;

(ix) The development of the common heritage for the benefit of mankind as a whole; and

(x) That conditions of access to markets for the imports of minerals produced from the resources of the Area and for imports of commodities produced from such minerals shall not be more favourable than the most favourable applied to imports from other sources.

(c) Ensure that the Resources of the Area are Exploited in accordance with sound commercial principles, and that Exploitation is carried out in accordance with Good Industry Practice;

(d) Provide for the protection of human life and safety;

(e) Provide, pursuant to article 145 of the Convention, for the effective protection of the Marine Environment from the harmful effects which may arise from Exploitation, in accordance with the Authority's environmental policy, including regional environmental management plans, based on the following principles:

(i) A fundamental consideration for the development of environmental objectives shall be the effective protection of the Marine Environment, including biological diversity and ecological integrity;

- (ii) The application of the precautionary approach, as reflected in principle 15 of the Rio Declaration on Environment and Development;
 - (iii) The application of an ecosystem approach;
 - (iv) The application of “the polluter pays” principle through market-based instruments, mechanisms and other relevant measures;
 - (v) Access to data and information relating to the protection and preservation of the Marine Environment;
 - (vi) Accountability and transparency in decision-making; and
 - (vii) Encouragement of effective public participation;
- (f) Provide for the prevention, reduction and control of pollution and other hazards to the Marine Environment, including the coastline;
- (g) Incorporate the Best Available Scientific Evidence into decision-making processes;
- (h) Ensure the effective management and regulation of the Area and its Resources in a way that promotes the development of the common heritage for the benefit of mankind as a whole; and
- (i) Ensure that these regulations, and any decision-making thereunder, are implemented in conformity with these fundamental policies and principles.

Regulation 3

Duty to cooperate and exchange of information

In matters relating to these regulations:

- (a) Members of the Authority and Contractors shall use their best endeavours to cooperate with the Authority to provide such data and information as is reasonably necessary for the Authority to discharge its duties and responsibilities under the Convention;
- (b) The Authority, sponsoring States and flag States shall cooperate towards the avoidance of unnecessary duplication of administrative procedures and compliance requirements;
- (c) The Authority shall develop, implement and promote effective and transparent communication, public information and public participation procedures;
- (d) The Authority shall consult and cooperate with sponsoring States, flag States, competent international organizations and other relevant bodies as appropriate, to develop measures to:
 - (i) Promote the health and safety of life and property at sea and the protection of the Marine Environment; and
 - (ii) Exchange information and data to facilitate compliance with and enforcement of applicable international rules and standards;
- (e) Contractors, sponsoring States and members of the Authority shall cooperate with the Authority in the establishment and implementation of programmes to observe, measure, evaluate and analyse the impacts of Exploitation on the Marine Environment, to share the findings and results of such programmes with the Authority for wider dissemination and to extend such cooperation and collaboration to the implementation and further development of Best Environmental Practices in connection with activities in the Area;

(f) Members of the Authority and Contractors shall use their best endeavours, in conjunction with the Authority, to cooperate with each other, as well as with other contractors and national and international scientific research and technology development agencies, with a view to:

- (i) Sharing, exchanging and assessing environmental data and information for the Area;
- (ii) Identifying gaps in scientific knowledge and developing targeted and focused research programmes to address such gaps;
- (iii) Collaborating with the scientific community to identify and develop best practices and improve existing standards and protocols with regard to the collection, sampling, standardization, assessment and management of data and information;
- (iv) Undertaking educational awareness programmes for Stakeholders relating to activities in the Area;
- (v) Promoting the advancement of marine scientific research in the Area for the benefit of mankind as a whole; and
- (vi) Developing incentive structures, including market-based instruments, to support and enhance the environmental performance of Contractors beyond the legal requirements, including through technology development and innovation; and

(g) In order to assist the Authority in carrying out its policy and duties under section 7 of the annex to the Agreement, Contractors shall use their best endeavours, upon the request of the Secretary-General, to provide or facilitate access to such information as is reasonably required by the Secretary-General to prepare studies of the potential impact of Exploitation in the Area on the economies of developing land-based producers of those Minerals which are likely to be most seriously affected. The content of any such studies shall take account of the relevant Guidelines.

Regulation 4

Protection measures in respect of coastal States

1. Nothing in these regulations affects the rights of coastal States in accordance with article 142 and other relevant provisions of the Convention.
2. Contractors shall take all measures necessary to ensure that their activities are conducted so as not to cause Serious Harm to the Marine Environment, including, but not restricted to, pollution, under the jurisdiction or sovereignty of coastal States, and that such Serious Harm or pollution arising from Incidents in their Contract Area does not spread into areas under the jurisdiction or sovereignty of a coastal State.
3. Any coastal State which has grounds for believing that any activity under a Plan of Work in the Area by a Contractor is likely to cause Serious Harm or a threat of Serious Harm to its coastline or to the Marine Environment under its jurisdiction or sovereignty may notify the Secretary-General in writing of the grounds upon which such belief is based. The Secretary-General shall immediately inform the Legal and Technical Commission, the Contractor and its sponsoring State or States of such notification. The Contractor and its sponsoring State or States shall be provided with a reasonable opportunity to examine the evidence, if any, and submit their observations thereon to the Secretary-General within a reasonable time.
4. If the Commission determines, taking account of the relevant Guidelines, that there are clear grounds for believing that Serious Harm to the Marine Environment is

likely to occur, it shall recommend that the Council issue an emergency order pursuant to article 165 (2) (k) of the Convention.

5. If the Commission determines that the Serious Harm or threat of Serious Harm to the Marine Environment, which is likely to occur or has occurred, is attributable to a breach by the Contractor of the terms and conditions of its exploitation contract, the Secretary-General shall issue a compliance notice pursuant to regulation 103 or direct an inspection of the Contractor's activities pursuant to article 165 (2) (m) of the Convention and Part XI of these regulations.

Part II

Applications for approval of Plans of Work in the form of contracts

Section 1

Applications

Regulation 5

Qualified applicants

1. Subject to the provisions of the Convention, the following may apply to the Authority for approval of Plans of Work:
 - (a) The Enterprise, on its own behalf or in a joint arrangement; and
 - (b) States parties, State enterprises or natural or juridical persons which possess the nationality of States or are effectively controlled by them or their nationals, when sponsored by such States, or any group of the foregoing which meets the requirements of these regulations.
2. Each application shall be submitted:
 - (a) In the case of a State, by the authority designated for that purpose by it;
 - (b) In the case of the Enterprise, by its competent authority; and
 - (c) In the case of any other qualified applicant, by a designated representative, or by the authority designated for that purpose by the sponsoring State or States.
3. Each application by a State enterprise or one of the entities referred to in paragraph 1 (b) above shall also contain:
 - (a) Sufficient information to determine the nationality of the applicant or the identity of the State or States by which, or by whose nationals, the applicant is effectively controlled; and
 - (b) The principal place of business or domicile and, if applicable, the place of registration of the applicant.
4. Each application submitted by a partnership or consortium of entities shall contain the information required by these regulations in respect of each member of the partnership or consortium.
5. In the case of a consortium or any group, the consortium or group shall specify in its application a lead member of the consortium or group.

Regulation 6

Certificate of sponsorship

1. Each application by a State enterprise or one of the entities referred to in regulation 5 (1) (b) shall be accompanied by a certificate of sponsorship issued by the State of which it is a national or by whose nationals it is effectively controlled. If the applicant has more than one nationality, as in the case of a partnership or consortium of entities from more than one State, each State involved shall issue a certificate of sponsorship.
2. Where an applicant has the nationality of one State but is effectively controlled by another State or its nationals, each State shall issue a certificate of sponsorship.
3. Each certificate of sponsorship shall be duly signed on behalf of the State by which it is submitted, and shall contain:

- (a) The name of the applicant;
 - (b) The name of the sponsoring State;
 - (c) A statement that the applicant is:
 - (i) A national of the sponsoring State; or
 - (ii) Subject to the effective control of the sponsoring State or its nationals;
 - (d) A statement by the sponsoring State that it sponsors the applicant;
 - (e) The date of deposit by the sponsoring State of its instrument of ratification of, or accession or succession to, the Convention, and the date on which it consented to be bound by the Agreement; and
 - (f) A declaration that the sponsoring State assumes responsibility in accordance with articles 139 and 153 (4) of the Convention and article 4 (4) of annex III to the Convention.
4. States or other qualified applicants in a joint arrangement with the Enterprise shall also comply with this regulation.

Regulation 7

Form of applications and information to accompany a Plan of Work

1. Each application for approval of a Plan of Work shall be in the form prescribed in annex I to these regulations, shall be addressed to the Secretary-General and shall conform to the requirements of these regulations.
2. Each applicant, including the Enterprise, shall, as part of its application, provide a written undertaking to the Authority that it will:
 - (a) Accept as enforceable and comply with the applicable obligations created by the provisions of Part XI of the Convention, the rules, regulations and procedures of the Authority, the decisions of the organs of the Authority and the terms of its contract with the Authority;
 - (b) Accept control by the Authority of activities in the Area, as authorized by the Convention;
 - (c) Provide the Authority with a written assurance that its obligations under its contract will be fulfilled in good faith; and
 - (d) Comply with the national laws, regulations and administrative measures of the sponsoring State or States made pursuant to articles 139 and 153 (4) of the Convention and article 4 (4) of annex III to the Convention.
3. An application shall be prepared in accordance with these regulations and accompanied by the following:
 - (a) The data and information to be provided pursuant to section 11.2 of the standard clauses for Exploration contracts, as annexed to the relevant Exploration Regulations;
 - (b) A Mining Workplan prepared in accordance with annex II to these regulations;
 - (c) A Financing Plan prepared in accordance with annex III to these regulations;
 - (d) An Environmental Impact Statement prepared in accordance with regulation 47 and in the format prescribed in annex IV to these regulations;

(e) An Emergency Response and Contingency Plan prepared in accordance with annex V to these regulations;

(f) A Health and Safety Plan and a Maritime Security Plan prepared in accordance with annex VI to these regulations;

(g) A Training Plan in fulfilment of article 15 of annex III to the Convention, prepared in accordance with the Guidelines;

(h) An Environmental Management and Monitoring Plan prepared in accordance with regulation 48 and annex VII to these regulations;

(i) A Closure Plan prepared in accordance with regulation 59 of and annex VIII to these regulations; and

(j) An application processing fee in the amount specified in appendix II.

4. Where the proposed Plan of Work proposes two or more non-contiguous Mining Areas, the Commission may require separate documents under paragraphs 3 (d), (h) and (i) above for each Mining Area, unless the applicant demonstrates that a single set of documents is appropriate, taking account of the relevant Guidelines.

Regulation 8

Area covered by an application

1. Each application for approval of a Plan of Work shall define the boundaries of the area under application, by a list of coordinates in accordance with the most recent applicable international standard used by the Authority.

2. The areas under application need not be contiguous and shall be defined in the application in the form of blocks comprising one or more cells of a grid, as provided by the Authority.

Section 2

Processing and review of applications

Regulation 9

Receipt, acknowledgement and safe custody of applications

1. The Secretary-General shall:

(a) Acknowledge in writing, within 14 Days, receipt of every application for approval of a Plan of Work submitted under this Part, specifying the date of receipt;

(b) Place the application, together with the attachments and annexes thereto, in safe custody and ensure the confidentiality of all Confidential Information contained in the application; and

(c) Within 30 Days of receipt of every application for approval of a Plan of Work submitted under this Part:

(i) Notify the members of the Authority of the receipt of such application and circulate to them information of a general nature which is not confidential regarding the application; and

(ii) Notify the members of the Commission of receipt of such application.

2. The Commission shall, subject to regulation 11 (4), consider such application at its next meeting, provided that the notifications and information under paragraph 1 (c) above have been circulated at least 30 Days prior to the commencement of that meeting of the Commission.

Regulation 10

Preliminary review of application by the Secretary-General

1. The Secretary-General shall review an application for approval of a Plan of Work and determine whether an application is complete for further processing. Should there be more than one application for the same area and same Resource category, the Secretary-General shall determine whether the applicant has preference and priority in accordance with article 10 of annex III to the Convention.

2. Where an application is not complete, the Secretary-General shall, within 45 Days of receipt of the application, notify the applicant, specifying the information which the applicant must submit in order to complete the application, together with a justification in writing as to why the information is necessary and a date by which the application must be completed. Further processing of an application will not begin until the Secretary-General determines that the application is complete, which includes payment of the administrative fee specified in appendix II.

Regulation 11

Publication and review of the Environmental Plans

1. The Secretary-General shall, within seven days after determining that an application for the approval of a Plan of Work is complete under regulation 10:

(a) Place the Environmental Plans on the Authority's website for a period of 60 Days, and invite members of the Authority and Stakeholders to submit comments in writing, taking account of the relevant Guidelines; and

(b) Request the Commission to provide its comments on the Environmental Plans within the comment period.

2. The Secretary-General shall, within seven Days following the close of the comment period, provide the comments submitted by members of the Authority, Stakeholders, the Commission and any comments by the Secretary-General to the applicant for its consideration. The applicant shall consider the comments and may revise the Environmental Plans or provide responses in reply to the comments and shall submit any revised plans or responses within a period of 30 Days following the close of the comment period.

3. The Commission shall, as part of its examination of an application under regulation 12 and assessment of applicants under regulation 13, examine the Environmental Plans or revised plans in the light of the comments made under paragraph 2 above, together with any responses by the applicant, and any additional information provided by the Secretary-General.

4. Notwithstanding the provisions of regulation 12 (2), the Commission shall not consider an application for approval of a Plan of Work until the Environmental Plans have been published and reviewed in accordance with this regulation.

5. The Commission shall prepare a report on the Environmental Plans. The report shall include details of the Commission's determination under regulation 13 (4) (e) as well as a summary of the comments or responses made under regulation 11 (2). The report shall also include any amendments or modifications to the Environmental Plans recommended by the Commission under regulation 14. Such report on the Environmental Plans or revised plans shall be published on the Authority's website and shall be included as part of the reports and recommendations to the Council pursuant to regulation 15.

Section 3

Consideration of applications by the Commission

Regulation 12

General

1. The Commission shall examine applications in the order in which they are received by the Secretary-General.
2. The Commission shall consider applications expeditiously and shall submit its reports and recommendations to the Council no later than 120 Days from the date of the completion of the requirements for review of the Environmental Plans, in accordance with regulation 11 (1) (a) and subject to regulation 14 (2).
3. The Commission shall, in considering a proposed Plan of Work, apply the Rules of the Authority in a uniform and non-discriminatory manner, and shall have regard to the principles, policies and objectives relating to activities in the Area as provided for in Part XI of and annex III to the Convention, and in the Agreement, and in particular the manner in which the proposed Plan of Work contributes to realizing benefits for mankind as a whole.
4. In considering the proposed Plan of Work, the Commission shall take into account:
 - (a) Any reports from the Secretary-General;
 - (b) Any advice or reports sought by the Commission or the Secretary-General from independent competent persons in respect of the application to verify, clarify or substantiate the information provided, methodology used or conclusions drawn by an applicant;
 - (c) The previous operating record of responsibility of the applicant; and
 - (d) Any further information supplied by the applicant prior to, and during the period of, the Commission's evaluation.

Regulation 13

Assessment of applicants

1. The Commission shall determine if the applicant:
 - (a) Is a qualified applicant under regulation 5;
 - (b) Has prepared the application in conformity with these regulations, the Standards and the applicable Guidelines;
 - (c) Has given the undertakings and assurances specified in regulation 7 (2);
 - (d) Has satisfactorily discharged its obligations to the Authority;
 - (e) Has, or can demonstrate that it will have, the financial and technical capability to carry out the Plan of Work and to meet all obligations under an exploitation contract; and
 - (f) Has demonstrated the economic viability of the mining project.
2. In considering the financial capability of an applicant, the Commission shall determine in accordance with the Guidelines whether:
 - (a) The Financing Plan is compatible with proposed Exploitation activities; and

- (b) The applicant will be capable of committing or raising sufficient financial resources to cover the estimated costs of the proposed Exploitation activities as set out in the proposed Plan of Work, and all other associated costs of complying with the terms of any exploitation contract, including:
- (i) The payment of any applicable fees and other financial payments and charges in accordance with these regulations;
 - (ii) The estimated costs of implementing the Environmental Management and Monitoring Plan and the Closure Plan;
 - (iii) Sufficient financial resources for the prompt execution and implementation of the Emergency Response and Contingency Plan; and
 - (iv) Necessary access to insurance products that are appropriate to the financing of exposure to risk in accordance with Good Industry Practice.
3. In considering the technical capability of an applicant, the Commission shall determine in accordance with the Guidelines whether the applicant has or will have:
- (a) The necessary technical and operational capability to carry out the proposed Plan of Work in accordance with Good Industry Practice using appropriately qualified and adequately supervised personnel;
 - (b) The technology and procedures necessary to comply with the terms of the Environmental Management and Monitoring Plan and the Closure Plan, including the technical capability to monitor key environmental parameters and to modify management and operating procedures when appropriate;
 - (c) Established the necessary risk assessment and risk management systems to effectively implement the proposed Plan of Work in accordance with Good Industry Practice, Best Available Techniques and Best Environmental Practices and these regulations, including the technology and procedures to meet health, safety and environmental requirements for the activities proposed in the Plan of Work;
 - (d) The capability to respond effectively to Incidents, in accordance with the Emergency Response and Contingency Plan; and
 - (e) The capability to utilize and apply Best Available Techniques.
4. The Commission shall determine if the proposed Plan of Work:
- (a) Is technically achievable and economically viable;
 - (b) Reflects the economic life of the project;
 - (c) Provides for the effective protection of human health and safety of individuals engaged in Exploitation activities;
 - (d) Provides for Exploitation activities to be carried out with reasonable regard for other activities in the Marine Environment, including navigation, the laying of submarine cables and pipelines, fishing and marine scientific research, as referred to in article 87 of the Convention; and
 - (e) Provides, under the Environmental Plans, for the effective protection of the Marine Environment in accordance with the rules, regulations and procedures adopted by the Authority, in particular the fundamental policies and procedures under regulation 2.

Regulation 14
Amendments to the proposed Plan of Work

1. At any time prior to making its recommendation to the Council and as part of its consideration of an application under regulation 12, the Commission may:

(a) Request the applicant to provide additional information on any aspect of the application within 30 Days of the date when the application is first considered; and

(b) Request the applicant to amend its Plan of Work, or propose specific amendments for consideration by the applicant where such amendments are considered necessary to bring the Plan of Work into conformity with the requirements of these regulations.

2. Where the Commission proposes any amendment to the Plan of Work under paragraph 1 (b) above, the Commission shall provide to the applicant a brief justification and rationale for such proposed amendment. The applicant must respond within 90 Days following receipt of such proposal from the Commission by agreeing to the proposal, rejecting the proposal or making an alternative proposal for the Commission's consideration. The Commission shall then, in the light of the applicant's response, make its recommendations to the Council.

Regulation 15
Commission's recommendation for the approval of a Plan of Work

1. If the Commission determines that the applicant meets the criteria set out in regulations 12 (4) and 13, it shall recommend approval of the Plan of Work to the Council.

2. The Commission shall not recommend approval of a proposed Plan of Work if part or all of the area covered by the proposed Plan of Work is included in:

(a) A Plan of Work for Exploration approved by the Council for the same Resource category for a different qualified applicant;

(b) A Plan of Work approved by the Council for Exploration or Exploitation of other Resources if the proposed Plan of Work would be likely to cause undue interference with activities under such approved Plan of Work for other Resources;

(c) An area disapproved for Exploitation by the Council pursuant to article 162 (2) (x) of the Convention; or

(d) A Reserved Area or an area designated by the Council to be a Reserved Area, except in the case of eligible applications under these regulations made in respect of a Reserved Area.

3. The Commission shall not recommend the approval of a proposed Plan of Work if it determines that:

(a) Such approval would permit a State party or entities sponsored by it to monopolize the conduct of activities in the Area with regard to the Resource category in the proposed Plan of Work; or

(b) The total area allocated to a Contractor under any approved Plan of Work would exceed:

(i) 75,000 square kilometres in the case of polymetallic nodules;

(ii) 2,500 square kilometres in the case of polymetallic sulphides; or

(iii) 1,000 square kilometres in the case of cobalt-rich ferromanganese crusts.

4. If the Commission determines that the applicant does not meet the criteria set out in regulations 12 (4) and 13, the Commission shall so inform the applicant in writing by providing the reasons why any criterion has not been met by the applicant, and provide the applicant with a further opportunity to make representations within 90 Days of the date of notification to the applicant.

5. At its next available meeting, the Commission shall consider any such representations made by the applicant when preparing its reports and recommendations to the Council, provided that the representations have been circulated at least 30 Days in advance of that meeting. The Commission shall then consider the application afresh, in the light of the representations, in accordance with this Section 3.

Section 4

Consideration of an application by the Council

Regulation 16

Consideration and approval of Plans of Work

The Council shall consider the reports and recommendations of the Commission relating to approval of Plans of Work in accordance with paragraph 11 of section 3 of the annex to the Agreement.

Part III

Rights and obligations of Contractors

Section 1

Exploitation contracts

Regulation 17

The contract

1. Upon the Council's approval of a Plan of Work, the Secretary-General shall prepare an exploitation contract between the Authority and the applicant in the form prescribed in annex IX to these regulations.
2. The exploitation contract shall be signed on behalf of the Authority by the Secretary-General or duly authorized representative. The designated representative or the authority designated under regulation 5 (2) shall sign the exploitation contract on behalf of the applicant. The Secretary-General shall notify all members of the Authority in writing of the conclusion of each exploitation contract.
3. The exploitation contract and its schedules is a public document, and shall be published in the Seabed Mining Register, except for Confidential Information, which shall be redacted.

Regulation 18

Rights and exclusivity under an exploitation contract

1. An exploitation contract shall confer on a Contractor the exclusive right to:
 - (a) Explore for the specified Resource category in accordance with paragraph 7 below; and
 - (b) Exploit the specified Resource category in the Contract Area in accordance with the approved Plan of Work, provided that production shall only take place in approved Mining Areas.
2. The Authority shall not permit any other entity to exploit or explore for the same Resource category in the Contract Area for the entire duration of an exploitation contract.
3. The Authority, in consultation with a Contractor, shall ensure that no other entity operates in the Contract Area for a different category of Resources in a manner which might interfere with the rights granted to the Contractor.
4. An exploitation contract shall provide for security of tenure and shall not be revised, suspended or terminated except in accordance with the terms thereof.
5. An exploitation contract shall not confer any interest or right on a Contractor in or over any other part of the Area or its Resources other than those rights expressly granted by the terms of the exploitation contract or these regulations.
6. The Contractor shall, subject to regulation 20, have the exclusive right to apply for and be granted a renewal of its exploitation contract.
7. In relation to Exploration activities in the Contract Area conducted under an exploitation contract, the applicable Exploration Regulations shall continue to apply as set out in the relevant Guidelines. In particular, the Contractor shall be expected to continue to show due diligence in conducting Exploration activities in the Contract Area, together with the payment of applicable fees and the reporting of such activities and its results to the Authority in accordance with the applicable Exploration Regulations, including under regulation 38 (2) (k).

Regulation 19

Joint arrangements

1. Contracts may provide for joint arrangements between a Contractor and the Authority through the Enterprise, in the form of joint ventures or production-sharing, as well as any other form of joint arrangement, which shall have the same protection against revision, suspension or termination as contracts with the Authority.
2. The Council shall enable the Enterprise to engage in seabed mining effectively at the same time as the entities referred to in article 153, paragraph 2 (b), of the Convention.

Regulation 20

Term of exploitation contracts

1. Subject to the provisions of section 8.3 of the exploitation contract, the maximum initial term of an exploitation contract is 30 years, taking account of the expected economic life of the Exploitation activities of the Resource category set out in the Mining Workplan and including a reasonable time period for the construction of commercial-scale mining and processing systems.
2. An application to renew an exploitation contract shall be made in writing addressed to the Secretary-General and shall be made no later than one year before the expiration of the initial period or renewal period, as the case may be, of the exploitation contract.
3. The Contractor shall supply such documentation as may be specified in the Guidelines. If the Contractor wishes to make any changes to a Plan of Work and such changes are Material Changes, the contractor shall submit a revised Plan of Work.
4. The Commission shall consider such application to renew an exploitation contract at its next meeting, provided the documentation required under paragraph 3 has been circulated at least 30 Days prior to the commencement of that meeting of the Commission.
5. In making its recommendations to the Council under paragraph 6 below, including any proposed amendments to the Plan of Work or revised Plan of Work, the Commission shall take account of any report on the review of the Contractor's activities and performance under a Plan of Work under regulation 58.
6. The Commission shall recommend to the Council the approval of an application to renew an exploitation contract, and an exploitation contract shall be renewed by the Council, provided that:
 - (a) The Resource category is recoverable annually in commercial and profitable quantities from the Contract Area;
 - (b) The Contractor is in compliance with the terms of its exploitation contract and the Rules of the Authority, including the rules, regulations and procedures adopted by the Authority to ensure effective protection for the Marine Environment from harmful effects which may arise from activities in the Area;
 - (c) The exploitation contract has not been terminated earlier; and
 - (d) The Contractor has paid the applicable fee in the amount specified in appendix II.
7. Each renewal period shall be a maximum of 10 years.
8. Any renewal of an exploitation contract shall be effected by the execution of an instrument in writing by the Secretary-General or duly authorized representative, and

the designated representative or the authority designated by the Contractor. The terms of a renewed exploitation contract shall be those set out in the standard exploitation contract annexed to these regulations that is in effect on the date that the Council approves the renewal application.

9. Sponsorship is deemed to continue throughout the renewal period unless the sponsoring State or States terminates its sponsorship in accordance with regulation 21.

10. An exploitation contract in respect of which an application for renewal has been made shall, despite its expiry date, remain in force until such time as the renewal application has been considered and its renewal has been granted or refused.

Regulation 21

Termination of sponsorship

1. Each Contractor shall ensure that it is sponsored by a State or States, as the case may be, throughout the period of the exploitation contract in accordance with regulation 6, and to the extent necessary that it complies with regulations 6 (1) and (2).

2. A State may terminate its sponsorship by providing to the Secretary-General a written notice describing the reasons for such termination. Termination of sponsorship takes effect no later than 12 months after the date of receipt of the notification by the Secretary-General, except for termination due to a Contractor's non-compliance under its terms of sponsorship, in which case termination takes effect no later than 6 months after the date of such notification.

3. In the event of termination of sponsorship, the Contractor shall, within the period referred to in paragraph 2 above, obtain another sponsoring State or States in accordance with the requirements of regulation 6, and in particular in order to comply with regulation 6 (1) and (2). Such State or States shall submit a certificate of sponsorship in accordance with regulation 6. The exploitation contract terminates automatically if the Contractor fails to obtain a sponsoring State or States within the required period.

4. A sponsoring State or States is not discharged from any obligations accrued while it was a sponsoring State by reason of the termination of its sponsorship, nor shall such termination affect any legal rights and obligations created during such sponsorship.

5. The Secretary-General shall notify the members of the Authority of a termination or change of sponsorship.

6. After a sponsoring State has given a written notice in accordance with paragraph 2 above, the Council, based on the recommendations of the Commission, which shall take account of the reasons for the termination of sponsorship, may require the Contractor to suspend its mining operations until such time as a new certificate of sponsorship is submitted.

Regulation 22

Use of exploitation contract as security

1. The Contractor may, with the prior consent of the sponsoring State or States and of the Council, based on the recommendations of the Commission, mortgage, pledge, lien, charge or otherwise encumber all or part of its interest under an exploitation contract for the purpose of raising financing to effect its obligations under an exploitation contract.

2. In seeking consent under this regulation, a Contractor shall disclose to the Council and Commission the terms and conditions of any such encumbrance referred to in paragraph 1 above and its potential impact on the activities under the exploitation contract in the event of any default by the Contractor.
3. As a condition to giving consent under this regulation, the Authority shall request evidence that the beneficiary of any encumbrance referred to in paragraph 1 above shall agree either, upon foreclosure, to undertake Exploitation activities in accordance with the requirements of the exploitation contract and these regulations, or to transfer the mortgaged property only to a transferee that fulfils the requirements of paragraphs 4 and 5 of regulation 23.
4. In giving consent under this regulation, the Council may require that the beneficiary of the encumbrance referred to in paragraph 1 above:
 - (a) Shall subscribe to any internationally adopted standards for the extractive industries which are widely accepted; and
 - (b) Shall be properly regulated through a national financial conduct authority in accordance with the Guidelines.
5. A Contractor shall file with the Seabed Mining Register a summary of any agreement that results or may result in a transfer or assignment of an exploitation contract, part of an exploitation contract or any interest in an exploitation contract, including registration of any security, guarantee, mortgage, pledge, lien, charge or other encumbrance over all or part of an exploitation contract.
6. The Authority shall not be obliged to provide any funds or issue any guarantees or otherwise become liable directly or indirectly in the financing of the Contractor's obligations under an exploitation contract.

Regulation 23

Transfer of rights and obligations under an exploitation contract

1. A Contractor may transfer its rights and obligations under an exploitation contract in whole or in part only with the prior consent of the Council, based on the recommendations of the Commission.
2. An application for consent to transfer the rights and obligations under an exploitation contract shall be made to the Secretary-General jointly by the Contractor and transferee.
3. The Commission shall consider the application for consent to transfer at its next available meeting, provided that the documentation has been circulated at least 30 Days prior to that meeting.
4. The Commission shall consider whether the transferee:
 - (a) Meets the requirements of a qualified applicant as set out in regulation 5;
 - (b) Has submitted a certificate of sponsorship as set out in regulation 6;
 - (c) Has submitted a form of application as set out in regulation 7 if the Secretary-General considers that there is a Material Change to the Plan of Work;
 - (d) Has paid the administrative fee as set out in appendix II;
 - (e) Meets the criteria set out in regulations 12 (4) and 13, and has provided Environmental Plans that comply with regulation 13 (4) (e); and
 - (f) Has deposited an Environmental Performance Guarantee as set out in regulation 26.

5. The Commission shall not recommend approval of the transfer if it would:
- (a) Involve conferring on the transferee a Plan of Work, the approval of which would be forbidden by article 6 (3) (c) of annex III to the Convention; or
 - (b) Permit the transferee to monopolize the conduct of activities in the Area with regard to the Resource category covered by the exploitation contract.
6. Where the exploitation contract is subject to an encumbrance registered in the Seabed Mining Register, the Commission shall not recommend consent to the transfer unless it has received evidence of consent to the transfer from the beneficiary of the encumbrance.
7. Where the Commission determines that the requirements of paragraphs 4, 5 and 6 above have been fulfilled, it shall recommend approval of the application for consent to the Council. In accordance with article 20 of annex III to the Convention, the Council shall not unreasonably withhold consent to a transfer if the requirements of this regulation are complied with.
8. A transfer is validly effected only upon:
- (a) Execution of the assignment and novation agreement between the Authority, the transferor and the transferee;
 - (b) Payment of the prescribed transfer fee pursuant to appendix II; and
 - (c) Recording by the Secretary-General of the transfer in the Seabed Mining Register.
9. The assignment and novation agreement shall be signed on behalf of the Authority by the Secretary-General or by a duly authorized representative, and on behalf of the transferor and the transferee by their duly authorized representatives.

Regulation 24
Change of control

1. For the purposes of this regulation, a “change in control” occurs where there is a change in 50 per cent or more of the ownership of the Contractor, or of the membership of the joint venture, consortium or partnership, as the case may be, or a change in 50 per cent or more of the ownership of the entity providing an Environmental Performance Guarantee.
2. Where there is a change of control of the Contractor, or there is a change of control in any entity providing an Environmental Performance Guarantee on behalf of a Contractor, the Contractor shall, where practicable, notify the Secretary-General in advance of such change of control, but in any event within 90 Days thereafter. The Contractor shall provide the Secretary-General with such details as he or she shall reasonably request of the change of control.
3. After consulting the Contractor or entity providing the Environmental Performance Guarantee, as the case may be, the Secretary-General may:
- (a) Determine that, following a change of control of the Contractor or the entity providing the Environmental Performance Guarantee, the Contractor will continue to be able, and in particular will have the financial capability, to meet its obligations under the exploitation contract or Environmental Performance Guarantee, in which case the contract shall continue to have full force and effect;
 - (b) In the case of a Contractor, treat a change of control as a transfer of rights and obligations in accordance with the requirements of these regulations, in which case regulation 23 shall apply; or

(c) In the case of an entity providing an Environmental Performance Guarantee, require the Contractor to lodge a new Environmental Performance Guarantee in accordance with regulation 26, within such time frame as the Secretary-General shall stipulate.

4. Where the Secretary-General determines that, following a change of control, a Contractor may not have the financial capability to meet its obligations under its exploitation contract, the Secretary-General shall inform the Commission accordingly. The Commission shall submit a report of its findings and recommendations to the Council.

Section 2

Matters relating to production

Regulation 25

Documents to be submitted prior to production

1. At least 12 months prior to the proposed commencement of production in a Mining Area, the Contractor shall provide to the Secretary-General a Feasibility Study prepared in accordance with Good Industry Practice, taking into account the Guidelines. In the light of the Feasibility Study, the Secretary-General shall consider whether any Material Change needs to be made to the Plan of Work in accordance with regulation 57 (2). If he or she determines that any such Material Change needs to be made, the Contractor shall prepare and submit to the Secretary-General a revised Plan of Work accordingly.

2. Where, as part of a revised Plan of Work, the Contractor delivers a revised Environmental Impact Statement, Environmental Management and Monitoring Plan and Closure Plan under paragraph 1 above, regulation 57 (2) shall apply *mutatis mutandis* to such Environmental Plans if the modification to the Environmental Plans constitutes a Material Change, and such Environmental Plans shall be dealt with in accordance with the procedure set out in regulation 11.

3. Provided that, where applicable, the procedure under regulation 11 has been completed, the Commission shall, at its next meeting, provided that the documentation has been circulated at least 30 Days before the meeting, examine the Feasibility Study and any revised Plan of Work supplied by the Contractor under paragraph 1 above, and in the light of any comments made by members of the Authority, Stakeholders and the Secretary-General on the Environmental Plans.

4. If the Commission determines that the revised Plan of Work, including any amendments thereto dealt with in accordance with regulation 14, continues to meet the requirements of regulation 13, it shall recommend to the Council the approval of the revised Plan of Work.

5. The Council shall consider the report and recommendation of the Commission relating to the approval of the revised Plan of Work in accordance with paragraph 11 of section 3 of the annex to the Agreement.

6. The Contractor may not commence production in any part of the Area covered by the Plan of Work until either:

(a) The Secretary-General has determined that no Material Change to the Plan of Work needs to be made in accordance with regulation 57 (2); or

(b) In the event that a Material Change is made, the Council has given its approval to the revised Plan of Work pursuant to paragraph 5 above; and the

Contractor has lodged an Environmental Performance Guarantee in accordance with regulation 26.

Regulation 26
Environmental Performance Guarantee

1. A Contractor shall lodge an Environmental Performance Guarantee in favour of the Authority and no later than the commencement date of production in the Mining Area.
2. The required form and amount of the Environmental Performance Guarantee shall be determined according to the Guidelines, and shall reflect the likely costs required for:
 - (a) The premature closure of Exploitation activities;
 - (b) The decommissioning and final closure of Exploitation activities, including the removal of any Installations and equipment; and
 - (c) The post-closure monitoring and management of residual Environmental Effects.
3. The amount of an Environmental Performance Guarantee may be provided by way of instalments over a specified period according to the relevant Guidelines.
4. The amount of the Environmental Performance Guarantee shall be reviewed and updated, where:
 - (a) The Closure Plan is updated in accordance with these regulations; or
 - (b) As the result of:
 - (i) A performance assessment under regulation 52;
 - (ii) A modification of a Plan of Work under regulation 57; or
 - (iii) A review of activities under a Plan of Work under regulation 58; and
 - (c) At the time of review by the Commission of a final Closure Plan under regulation 60.
5. A Contractor shall, as a result of any review under paragraph 4 above, recalculate the amount of the Environmental Performance Guarantee within 60 Days of a review date and lodge a revised guarantee in favour of the Authority.
6. The Authority shall hold such guarantee in accordance with its policies and procedures, which shall provide for:
 - (a) The repayment or release of any Environmental Performance Guarantee, or part thereof, upon compliance by the Contractor of its obligations that are the subject of the Environmental Performance Guarantee; or
 - (b) The forfeiture of any Environmental Performance Guarantee, or part thereof, where the Contractor fails to comply with such obligations.
7. The requirement for an Environmental Performance Guarantee under this regulation shall be applied in a uniform and non-discriminatory manner.
8. The provision of an Environmental Performance Guarantee by a Contractor does not limit the responsibility and liability of the Contractor under its exploitation contract in the amount of such guarantee.

Regulation 27
Commencement of production

Where the requirements of regulation 25 are satisfied and the Contractor has lodged an Environmental Performance Guarantee in accordance with regulation 26, the Contractor, consistent with Good Industry Practice, shall make commercially reasonable efforts to bring the Mining Area into Commercial Production in accordance with the Plan of Work.

Regulation 28
Maintaining Commercial Production

1. The Contractor shall maintain Commercial Production in accordance with the exploitation contract and the Plan of Work annexed thereto and these regulations. A Contractor shall, consistent with Good Industry Practice, manage the recovery of the Minerals removed from the Mining Area at rates contemplated in the Feasibility Study.
2. The Contractor shall notify the Secretary-General if it:
 - (a) Fails to comply with the Plan of Work; or
 - (b) Determines that it will not be able to adhere to the Plan of Work in future.
3. Notwithstanding paragraph 1 above, the Contractor shall temporarily reduce or suspend production whenever such reduction or suspension is required to protect the Marine Environment from Serious Harm or a threat of Serious Harm or to protect human health and safety. A Contractor shall notify the Secretary-General of such a reduction or suspension of production as soon as is practicable and no later than 72 hours after production is reduced or suspended.

Regulation 29
Reduction or suspension in production due to market conditions

1. Notwithstanding regulation 28, a Contractor may temporarily reduce or suspend production due to market conditions but shall notify the Secretary-General thereof as soon as practicable thereafter. Such reduction or suspension may be for a period of up to 12 months.
2. If the Contractor proposes to continue the reduction or suspension for more than 12 months, the Contractor shall notify the Secretary-General in writing, at least 30 Days prior to the end of the 12-month period, giving its reasons for seeking a further reduction or suspension of that length of time. The Commission shall, upon determining that the reasons for the reduction or suspension are reasonable, including where the prevailing economic conditions make Commercial Production impracticable, recommend approval of the suspension to the Council. The Council shall, based on the recommendation of the Commission, consider the reduction or suspension requested by the Contractor. The Contractor may apply for more than one suspension.
3. In the event of any suspension in mining activities, the Contractor shall continue to monitor and manage the Mining Area in accordance with the Closure Plan. Where suspension continues for a period of more than 12 months, the Commission may require the Contractor to submit a final Closure Plan in accordance with regulation 60. Where the Contractor suspends all production for more than five years, the Council may terminate the exploitation contract and the Contractor shall be required to implement the final Closure Plan.

4. A Contractor shall notify the Secretary-General as soon as it recommences any mining activities, and no later than 72 hours after such recommencement, and, where necessary, shall provide to the Secretary-General such information as is necessary to demonstrate that the issue triggering a reduction or suspension has been addressed. The Secretary-General shall notify the Council that production has recommenced.

Section 3

Safety of life and property at sea

Regulation 30

Safety, labour and health standards

1. The Contractor shall ensure at all times that:

(a) All vessels and Installations operating and engaged in Exploitation activities are in good repair, in a safe and sound condition and adequately manned, and comply with paragraphs 2 and 3 below; and

(b) All vessels and Installations employed in Exploitation activities have an appropriate class designation and shall remain in class for the duration of the exploitation contract.

2. The Contractor shall ensure compliance with the applicable international rules and standards established by competent international organizations or general diplomatic conferences concerning the safety of life at sea, the pollution of the Marine Environment by vessels, the prevention of collisions at sea and the treatment of crew members, as well as any rules, regulations and procedures and Standards adopted from time to time by the Council relating to these matters.

3. In addition, Contractors shall:

(a) Comply with the relevant national laws relating to vessel standards and crew safety of their flag State in the case of vessels, or their sponsoring State or States in the case of Installations; and

(b) Comply with the national laws of its sponsoring State or States in relation to any matters that fall outside of the jurisdiction of the flag State, such as worker rights for non-crew members and human health and safety that pertains to the mining process rather than to ship operation.

4. The Contractor shall provide copies of valid certificates required under relevant international shipping conventions to the Authority upon request.

5. The Contractor shall ensure that:

(a) All of its personnel, before assuming their duties, have the necessary experience, training and qualifications and are able to conduct their duties safely, competently and in compliance with the Rules of the Authority and the terms of the exploitation contract;

(b) An occupational health, safety and environmental awareness plan is put in place to inform all personnel engaged in Exploitation activities as to the occupational and environmental risks which may result from their work and the manner in which such risks are to be dealt with; and

(c) Records of the experience, training and qualifications of all of its personnel are kept and made available to the Secretary-General upon request.

6. A Contractor shall implement and maintain a safety management system, taking account of the relevant Guidelines.

Section 4

Other users of the Marine Environment

Regulation 31

Reasonable regard for other activities in the Marine Environment

1. Contractors shall, consistent with the relevant Guidelines, carry out Exploitation under an exploitation contract with reasonable regard for other activities in the Marine Environment in accordance with article 147 of the Convention and the approved Environmental Management and Monitoring Plan and Closure Plan and any applicable international rules and standards established by competent international organizations. In particular, each Contractor shall exercise due diligence to ensure that it does not cause damage to submarine cables or pipelines in the Contract Area.
2. The Authority, in conjunction with member States, shall take measures to ensure that other activities in the Marine Environment shall be conducted with reasonable regard for the activities of Contractors in the Area.

Section 5

Incidents and notifiable events

Regulation 32

Risk of Incidents

A Contractor shall reduce the risk of Incidents as much as reasonably practicable, to the point where the cost of further risk reduction would be grossly disproportionate to the benefits of such reduction, taking into account the relevant Guidelines. The reasonable practicability of risk reduction measures shall be kept under review in the light of new knowledge and technology developments and Good Industry Practice, Best Available Techniques and Best Environmental Practices. In assessing whether the time, cost and effort would be grossly disproportionate to the benefits of further reducing the risk, consideration shall be given to best practice risk levels compatible with the operations being conducted.

Regulation 33

Preventing and responding to Incidents

1. The Contractor shall not proceed or continue with Exploitation if it is reasonably foreseeable that proceeding or continuing would cause or contribute to an Incident, or prevent the effective management of such Incident.
2. The Contractor shall, upon becoming aware of an Incident:
 - (a) Notify its sponsoring State or States and the Secretary-General immediately, but no later than 24 hours from the incident occurring;
 - (b) Immediately implement, where applicable, the Emergency Response and Contingency Plan approved by the Authority for responding to the Incident;
 - (c) Undertake promptly, and within such time frame as stipulated, any instructions received from the Secretary-General in consultation with the sponsoring State or States, flag State, coastal State or relevant international organizations, as the case may be;
 - (d) Take any other measures necessary in the circumstances to limit the adverse effects of the Incident; and

(e) Record the Incident in the Incidents Register, which is a register to be maintained by the Contractor on board a mining vessel or Installation to record any Incidents or notifiable events under regulation 34.

3. The Secretary-General shall report any Contractor that fails to comply with this regulation to its sponsoring State or States and the flag State of any vessel involved in the Incident for consideration of the institution of legal proceedings under national law.

4. The Secretary-General shall report such Incidents and measures taken to the Commission and the Council at their next available meeting.

Regulation 34

Notifiable events

1. A Contractor shall immediately notify its sponsoring State or States and the Secretary-General of the happening of any of the events listed in appendix I to these regulations.

2. The Contractor shall, as soon as reasonably practicable, but no later than 24 hours after the Contractor becomes aware of any such event, provide written notification to the Secretary-General of the event, including a description of the event, the immediate response action taken (including, if appropriate, a statement regarding the implementation of an Emergency Response and Contingency Plan) and any planned action to be taken.

3. The Secretary-General shall consult with the sponsoring State or States and other regulatory authorities as necessary.

4. The Contractor shall ensure that all regulatory authorities are notified and consulted, as appropriate.

5. Where a complaint is made to a Contractor concerning a matter covered by these regulations, the Contractor shall record the complaint and shall report it to the Secretary-General within seven Days of the complaint being received.

Regulation 35

Human remains and objects and sites of an archaeological or historical nature

The Contractor shall immediately notify the Secretary-General in writing of any finding in the Contract Area of any human remains of an archaeological or historical nature, or any object or site of a similar nature, and its location, including the preservation and protection measures taken. The Secretary-General shall transmit such information to the sponsoring State, to the State from which the remains originated, if known, to the Director General of the United Nations Educational, Scientific and Cultural Organization and to any other competent international organization. Following the finding of any such human remains, object or site in the Contract Area, and in order to avoid disturbing such human remains, object or site, no further Exploration or Exploitation shall take place, within a reasonable radius, until such time as the Council decides otherwise, after taking into account the views of the State from which the remains originated, the Director General of the United Nations Educational, Scientific and Cultural Organization or any other competent international organization.

Section 6

Insurance obligations

Regulation 36

Insurance

1. A Contractor shall obtain and thereafter at all times maintain, and cause its subcontractors to obtain and maintain, in full force and effect, insurance with financially sound insurers satisfactory to the Authority, of such types, on such terms and in such amounts in accordance with applicable international maritime practice, consistent with Good Industry Practice and as specified in the relevant Guidelines.
2. Contractors shall include the Authority as an additional assured. A Contractor shall use its best endeavours to ensure that all insurances required under this regulation shall be endorsed to provide that the underwriters waive any rights of recourse, including subrogation rights against the Authority in relation to Exploitation.
3. The obligation under an exploitation contract to maintain insurance as specified in the Guidelines is a fundamental term of the contract. Should a Contractor fail to maintain the insurance required under these regulations, the Secretary-General shall issue a compliance order under regulation 103. The Secretary-General shall notify the Council at its next available meeting of such failure, and the corrective measures taken by the Contractor.
4. A Contractor shall not make any material change to or terminate any insurance policy without the prior consent of the Secretary-General.
5. A Contractor shall notify the Secretary-General immediately if the insurer terminates the policy or modifies the terms of insurance.
6. A Contractor shall notify the Secretary-General immediately upon receipt of claims made under its insurance.
7. A Contractor shall provide the Secretary-General at least annually with evidence of the existence of such insurance in accordance with regulation 38 (2) (i).

Section 7

Training commitment

Regulation 37

Training Plan

1. The Contractor shall conduct and carry out the training of personnel of the Authority and developing States on an ongoing basis in accordance with the approved Training Plan commitment under schedule 8 to the exploitation contract, these regulations and any training Guidelines.
2. The Contractor, the Authority and the sponsoring State or States may, from time to time, as necessary, revise and develop the Training Plan by mutual agreement, taking into account the shortage of any skills and requirements of the industry in the undertaking of activities in the Area and the training Guidelines.
3. Any mutually agreed modification of or amendment to the Training Plan shall become part of schedule 8 to the exploitation contract.

Section 8

Annual reports and record maintenance

Regulation 38

Annual report

1. A Contractor shall, within 90 Days of the end of each Calendar Year, submit an annual report to the Secretary-General, in such format as may be prescribed from time to time in the relevant Guidelines, covering its activities in the Contract Area and reporting on compliance with the terms of the exploitation contract.

2. Such annual reports shall include:

(a) Details of the Exploitation work carried out during the Calendar Year, including maps, charts and graphs illustrating the work that has been done and the data and results obtained, reported against the approved Plan of Work;

(b) The quantity and quality of the Resources recovered during the period and the volume of Minerals and metals produced, marketed and sold during the Calendar Year, reported against the Mining Workplan;

(c) Details of the equipment used to carry out Exploitation, and in operation at the end of the period;

(d) An annual financial report, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, of the actual and direct Exploitation expenditures, which are the capital expenditures and operating costs of the Contractor in carrying out the programme of activities during the Contractor's accounting year in respect of the Contract Area, together with an annual statement of the computation of payments paid or payable to the Authority, reported against the Financing Plan;

(e) Health and safety information, including details of any accidents or Incidents arising during the period and actions taken in respect of the Contractor's health and safety procedures;

(f) Details of training carried out in accordance with the Training Plan:

(g) The actual results obtained from environmental monitoring programmes, including observations, measurements, evaluations and the analysis of environmental parameters, reported against, where applicable, any criteria, technical Standards and indicators pursuant to the Environmental Management and Monitoring Plan, together with details of any response actions implemented under the plan and the actual costs of compliance with the plan;

(h) A statement that all risk management systems and procedures have been followed and remain in place, together with a report on exceptions and the results of any verification and audit undertaken internally or by independent competent persons;

(i) Evidence that insurance is maintained, including the amount of any deductibles and self-insurance, together with the details and amount of any claims made or amounts recovered from insurers during the period;

(j) Details of any changes made in connection with subcontractors engaged by the Contractor during the Calendar Year;

(k) The results of any Exploration activities, including updated data and information on the grade and quality of Resources and reserves identified in accordance with the International Seabed Authority Reporting Standard for Reporting of Mineral Exploration Results Assessments, Mineral Resources and Mineral Reserves;

(l) A statement that the Contractor's Financing Plan is adequate for the following period; and

(m) Details of any proposed modification to the Plan of Work and the reasons for such modifications.

3. Annual reports shall be published in the Seabed Mining Register, except for Confidential Information, which shall be redacted.

Regulation 39

Books, records and samples

1. A Contractor shall keep a complete and proper set of books, accounts and financial records, consistent with internationally accepted accounting principles, which must include information that fully discloses actual and direct expenditures for Exploitation, including capital expenditures and operating costs and such other information as will facilitate an effective audit of the Contractor's expenditures and costs.

2. A Contractor shall maintain maps, geological, mining and mineral analysis reports, production records, processing records, records of sales or use of Minerals, environmental data, archives and samples and any other data, information and samples connected with the Exploitation activities in accordance with the Authority's data and information management policy.

3. To the extent practical, a Contractor shall keep, in good condition, a representative portion of samples or cores, as the case may be, of the Resource category, together with biological samples, obtained in the course of Exploitation until the termination of the exploitation contract. Samples shall be maintained taking into account the relevant Guidelines, which shall provide the option for the Contractor to maintain them itself or to have such maintenance performed on its behalf in whole or in part by a third party.

4. Upon request of the Secretary-General, the Contractor shall deliver to the Secretary-General for analysis a portion of any sample or core obtained during the course of Exploitation activities.

5. A Contractor shall, subject to reasonable notice, permit full access by the Secretary-General to the data, information and samples.

Section 9

Miscellaneous

Regulation 40

Prevention of corruption

1. A Contractor shall not make any gift or reward to any officials, agents or employees or contractors or subcontractors of the Authority or other individuals operating under the auspices of the Authority to induce or reward such persons for any acts undertaken in accordance with their duties under these regulations.

2. The Contractor acknowledges and agrees that it is subject to the anti-bribery and anti-corruption provisions of the jurisdictions in which the Contractor is a national or by whose nationals it is effectively controlled or of the jurisdiction in which the Contractor is organized or conducts business, and shall conduct its activities under the exploitation contract in accordance with its obligations under such anti-bribery and anti-corruption laws.

Regulation 41**Other Resource categories**

1. The Contractor shall notify the Secretary-General if it finds Resources in the Area other than the Resource category to which the exploitation contract relates within 30 Days of its find.
2. The Exploration for and Exploitation of such finds must be the subject of a separate application to the Authority, in accordance with the relevant Rules of the Authority.

Regulation 42**Restrictions on advertisements, prospectuses and other notices**

No statement shall be made in any prospectus, notice, circular, advertisement, press release or similar document issued by the Contractor, or to the knowledge of the Contractor, or in any other manner or through any other medium, claiming or suggesting, whether expressly or by implication, that the Authority has or has formed or expressed an opinion over the commercial viability of Exploitation in the Contract Area.

Regulation 43**Compliance with other laws and regulations**

1. Nothing in an exploitation contract shall relieve a Contractor from its lawful obligations under any national law to which it is subject, including the laws of a sponsoring State and flag State.
2. Contractors shall maintain the currency of all permits, licences, approvals, certificates and clearances not issued by the Authority and that may be required to lawfully conduct Exploitation activities in the Area.
3. Contractors shall notify the Secretary-General promptly when a permit, licence, approval, certificate or clearance connected with its activities in the Area is withdrawn or suspended.

Part IV

Protection and preservation of the Marine Environment

Section 1

Obligations relating to the Marine Environment

Regulation 44

General obligations

The Authority, sponsoring States and Contractors shall each, as appropriate, plan, implement and modify measures necessary for ensuring effective protection for the Marine Environment from harmful effects in accordance with the rules, regulations and procedures adopted by the Authority in respect of activities in the Area. To this end, they shall:

- (a) Apply the precautionary approach, as reflected in principle 15 of the Rio Declaration on Environment and Development, to the assessment and management of risk of harm to the Marine Environment from Exploitation in the Area;
- (b) Apply the Best Available Techniques and Best Environmental Practices in carrying out such measures;
- (c) Integrate Best Available Scientific Evidence in environmental decision-making, including all risk assessments and management undertaken in connection with environmental assessments, and the management and response measures taken under or in accordance with Best Environmental Practices; and
- (d) Promote accountability and transparency in the assessment, evaluation and management of Environmental Effects from Exploitation in the Area, including through the timely release of and access to relevant environmental data and information and opportunities for stakeholder participation.

Regulation 45

Development of environmental Standards

Environmental Standards shall be developed in accordance with regulation 94 and shall include the following subject matters:

- (a) Environmental quality objectives, including on biodiversity status, plume density and extent, and sedimentation rates;
- (b) Monitoring procedures; and
- (c) Mitigation measures.

Regulation 46

Environmental management system

1. A Contractor shall implement and maintain an environmental management system, taking account of the relevant Guidelines.
2. An environmental management system shall:
 - (a) Be capable of delivering site-specific environmental objectives and Standards in the Environmental Management and Monitoring Plan;
 - (b) Be capable of cost-effective, independent auditing by recognized and accredited international or national organizations; and
 - (c) Permit effective reporting to the Authority in connection with environmental performance.

Section 2

Preparation of the Environmental Impact Statement and the Environmental Management and Monitoring Plan

Regulation 47

Environmental Impact Statement

1. The purpose of the Environmental Impact Statement is to document and report the results of the environmental impact assessment. The environmental impact assessment:

(a) Identifies, predicts, evaluates and mitigates the biophysical, social and other relevant effects of the proposed mining operation;

(b) Includes at the outset a screening and scoping process, which identifies and prioritizes the main activities and impacts associated with the potential mining operation, in order to focus the Environmental Impact Statement on the key environmental issues. The environmental impact assessment should include an environmental risk assessment;

(c) Includes an impact analysis to describe and predict the nature and extent of the Environmental Effects of the mining operation; and

(d) Identifies measures to manage such effects within acceptable levels, including through the development and preparation of an Environmental Management and Monitoring Plan.

2. An applicant or Contractor, as the case may be, shall prepare an Environmental Impact Statement in accordance with this regulation.

3. The Environmental Impact Statement shall be in the form prescribed by the Authority in annex IV to these regulations and shall be:

(a) Inclusive of a prior environmental risk assessment;

(b) Based on the results of the environmental impact assessment;

(c) In accordance with the objectives and measures of the relevant regional environmental management plan; and

(d) Prepared in accordance with the applicable Guidelines, Good Industry Practice, Best Available Scientific Evidence, Best Environmental Practices and Best Available Techniques.

Regulation 48

Environmental Management and Monitoring Plan

1. The purpose of an Environmental Monitoring and Management Plan is to manage and confirm that Environmental Effects meet the environmental quality objectives and standards for the mining operation. The plan will set out commitments and procedures on how the mitigation measures will be implemented, how the effectiveness of such measures will be monitored, what the management responses will be to the monitoring results and what reporting systems will be adopted and followed.

2. An applicant or Contractor, as the case may be, shall prepare an Environmental Management and Monitoring Plan in accordance with this regulation.

3. The Environmental Management and Monitoring Plan shall cover the main aspects prescribed by the Authority in annex VII to these regulations and shall be:

- (a) Based on the environmental impact assessment and the Environmental Impact Statement;
- (b) In accordance with the relevant regional environmental management plan; and
- (c) Prepared in accordance with the applicable Guidelines, Good Industry Practice, Best Available Scientific Evidence and Best Available Techniques, and consistent with other plans in these regulations, including the Closure Plan and the Emergency Response and Contingency Plan.

Section 3

Pollution control and management of waste

Regulation 49

Pollution control

A Contractor shall take necessary measures to prevent, reduce and control pollution and other hazards to the Marine Environment from its activities in the Area, in accordance with the Environmental Management and Monitoring Plan and the applicable Standards and Guidelines.

Regulation 50

Restriction on Mining Discharges

1. A Contractor shall not dispose, dump or discharge into the Marine Environment any Mining Discharge, except where such disposal, dumping or discharge is permitted in accordance with:
 - (a) The assessment framework for Mining Discharges as set out in the Guidelines; and
 - (b) The Environmental Management and Monitoring Plan.
2. Paragraph 1 above shall not apply if such disposal, dumping or discharge into the Marine Environment is carried out for the safety of the vessel or Installation or the safety of human life, provided that all reasonable measures are taken to minimize the likelihood of Serious Harm to the Marine Environment, and such disposal, dumping or discharge shall be reported forthwith to the Authority.

Section 4

Compliance with Environmental Management and Monitoring Plans and performance assessments

Regulation 51

Compliance with the Environmental Management and Monitoring Plan

A Contractor shall, in accordance with the terms and conditions of its Environmental Management and Monitoring Plan and these regulations:

- (a) Monitor and report annually under regulation 38 (2) (g) on the Environmental Effects of its activities on the Marine Environment, and manage all such effects as an integral part of its Exploitation activities as set out in the Standards referred to in regulation 45;
- (b) Implement all applicable Mitigation and management measures to protect the Marine Environment, as set out in the Standards referred to in regulation 45; and

(c) Maintain the currency and adequacy of the Environmental Management and Monitoring Plan during the term of its exploitation contract in accordance with Best Available Techniques and Best Environmental Practices and taking account of the relevant Guidelines.

Regulation 52

Performance assessments of the Environmental Management and Monitoring Plan

1. A Contractor shall conduct performance assessments of the Environmental Management and Monitoring Plan to assess:
 - (a) The compliance of the mining operation with the plan; and
 - (b) The continued appropriateness and adequacy of the plan, including the management conditions and actions attaching thereto.
2. The frequency of a performance assessment shall be in accordance with the period specified in the approved Environmental Management and Monitoring Plan;
3. A Contractor shall compile and submit a performance assessment report to the Secretary-General in accordance with, and in the format set out in, the relevant Guidelines.
4. The Commission shall review a performance assessment report at its next available meeting, provided that the report has been circulated at least 30 Days in advance of such meeting. The Secretary-General shall make public the report and the findings and recommendations resulting from the Commission's review.
5. Where the Commission considers the performance assessment undertaken by the Contractor to be unsatisfactory, taking account of the Guidelines or the conditions attaching to the Environmental Management and Monitoring Plan, the Commission may require the Contractor to:
 - (a) Repeat the whole or relevant parts of the performance assessment, and revise and resubmit the report;
 - (b) Submit any relevant supporting documentation or information requested by the Commission; or
 - (c) Appoint, at the cost of the Contractor, an independent competent person to conduct the whole or part of the performance assessment and to compile a report for submission to the Secretary-General and review by the Commission.
6. Where the Commission has reasonable grounds to believe that a performance assessment cannot be undertaken satisfactorily by a Contractor in accordance with the Guidelines, the Commission may procure, at the cost of the Contractor, an independent competent person to conduct the performance assessment and to compile the report.
7. Where, as a result of paragraphs 5 and 6 above, a revised assessment and report is produced, paragraph 4 above shall apply to the revised assessment.
8. Where, as the result of a review by the Commission under paragraph 4 above, the Commission concludes that a Contractor has failed to comply with the terms and conditions of its Environmental Management and Monitoring Plan or that the plan is determined to be inadequate in any material respect, the Secretary-General shall:
 - (a) Issue a compliance notice under regulation 103; or

(b) Require the Contractor to deliver a revised Environmental Management and Monitoring Plan, taking into account the findings and recommendations of the Commission. A revised plan shall be subject to the process under regulation 11.

9. The Commission shall report annually to the Council on such performance assessments and any action taken pursuant to paragraphs 5 to 8 by it or the Secretary-General. Such report shall include any relevant recommendations for the Council's consideration.

Regulation 53

Emergency Response and Contingency Plan

1. A Contractor shall maintain:

(a) The currency and adequacy of its Emergency Response and Contingency Plans based on the identification of potential Incidents and in accordance with Good Industry Practice, Best Available Techniques, Best Environmental Practices and the applicable standards and Guidelines; and

(b) Such resources and procedures as are necessary for the prompt execution and implementation of the Emergency Response and Contingency Plans and any Emergency Orders issued by the Authority.

2. Contractors, the Authority and sponsoring States shall consult together, as well as with other States and organizations which appear to have an interest, in relation to the exchange of knowledge, information and experience relating to Incidents, using such knowledge and information to prepare and revise standards and operating guidelines to control hazards throughout the mining life cycle, and shall cooperate with and draw on the advice of other relevant international organizations.

Section 5

Environmental Compensation Fund

Regulation 54

Establishment of an Environmental Compensation Fund

1. The Authority hereby establishes the Environmental Compensation Fund ("the Fund").

2. The rules and procedures of the Fund will be established by the Council on the recommendation of the Finance Committee.

3. The Secretary-General shall, within 90 Days of the end of a Calendar Year, prepare an audited statement of the income and expenditure of the Fund for circulation to the members of the Authority.

Regulation 55

Purpose of the Fund

The main purposes of the Fund will include:

(a) The funding of the implementation of any necessary measures designed to prevent, limit or remediate any damage to the Area arising from activities in the Area, the costs of which cannot be recovered from a Contractor or sponsoring State, as the case may be;

(b) The promotion of research into methods of marine mining engineering and practice by which environmental damage or impairment resulting from Exploitation activities in the Area may be reduced;

(c) Education and training programmes in relation to the protection of the Marine Environment;

(d) The funding of research into Best Available Techniques for the restoration and rehabilitation of the Area; and

(e) The restoration and rehabilitation of the Area when technically and economically feasible and supported by Best Available Scientific Evidence.

Regulation 56
Funding

The Fund will consist of the following monies:

(a) The prescribed percentage or amount of fees paid to the Authority;

(b) The prescribed percentage of any penalties paid to the Authority;

(c) The prescribed percentage of any amounts recovered by the Authority by negotiation or as a result of legal proceedings in respect of a violation of the terms of an exploitation contract;

(d) Any monies paid into the Fund at the direction of the Council, based on recommendations of the Finance Committee; and

(e) Any income received by the Fund from the investment of monies belonging to the fund.

Part V

Review and modification of a Plan of Work

Regulation 57

Modification of a Plan of Work by a Contractor

1. A Contractor shall not modify the Plan of Work annexed to an exploitation contract, except in accordance with this regulation.
2. A Contractor shall notify the Secretary-General if it wishes to modify the Plan of Work. The Secretary-General shall, in consultation with the Contractor, consider whether a proposed modification to the Plan of Work constitutes a Material Change in accordance with the Guidelines. If the Secretary-General considers that the proposed modification constitutes a Material Change, the Contractor shall seek the prior approval of the Council based on the recommendation of the Commission under regulations 12 and 16, and before such Material Change is implemented by the Contractor.
3. Where the proposed modification under paragraph 2 above relates to a Material Change in the Environmental Management and Monitoring Plan or Closure Plan, such plans shall be dealt with in accordance with the procedure set out in regulation 11, prior to any consideration of the modification by the Commission.
4. The Secretary-General may propose to the Contractor a change to the Plan of Work that is not a Material Change, to correct minor omissions, errors or other such defects. After consulting the Contractor, the Secretary-General may make the change to the Plan of Work, and the Contractor shall implement such change. The Secretary-General shall so inform the Commission at its next meeting.

Regulation 58

Review of activities under a Plan of Work

1. At intervals not exceeding five years from the date of signature of the exploitation contract, or where, in the opinion of the Secretary-General, there have occurred any of the following events or changes of circumstance:
 - (a) A proposed Material Change in the implementation of the Plan of Work;
 - (b) Any Incident;
 - (c) Recommendations for improvement in procedures or practices following an inspection report under regulation 100;
 - (d) A performance assessment which requires action under regulation 52 (8);
 - (e) Changes in ownership or financing which may adversely affect the financial capability of the Contractor;
 - (f) Changes in Best Available Techniques;
 - (g) Changes in Best Available Scientific Evidence; or
 - (h) Operational management changes, including changes to subcontractors, the Secretary-General may review with the Contractor the Contractor's activities under the Plan of Work, and shall discuss whether any modifications to the Plan of Work are necessary or desirable.
2. A review of activities shall be undertaken in accordance with the relevant regulations, Standards and Guidelines. The Secretary-General or the Contractor may invite the sponsoring State or States to participate in the review of activities.

3. The Secretary-General shall report on each review to the Commission and Council, and the sponsoring State or States. Where, as a result of a review, the Contractor wishes to make any changes to a Plan of Work and such changes are Material Changes requiring the approval of the Council, based on the recommendation of the Commission, the Contractor shall seek that approval in accordance with regulation 57 (2) and, where applicable, regulation 57 (3).
4. For the purpose of the review, the Contractor shall provide all information required by the Secretary-General in the manner and at the times the Secretary-General requests.
5. Nothing in this regulation shall preclude the Secretary-General or the Contractor from making a request to initiate discussions regarding any matter connected with the Plan of Work, exploitation contract or the activities under the exploitation contract in cases other than those listed in paragraph 1 above.
6. The Secretary-General shall make publicly available the findings and recommendations resulting from a review of activities under this regulation.

Part VI

Closure plans

Regulation 59

Closure Plan

1. A Closure Plan shall set out the responsibilities and actions of a Contractor for the decommissioning and closure of activities in a Mining Area, including the post-closure management and monitoring of residual and natural Environmental Effects. Closure also includes a temporary suspension of mining activities.
2. The objectives of a Closure Plan are to ensure that:
 - (a) The closure of mining activities is a process that is incorporated into the mining life cycle and is conducted in accordance with Good Industry Practice, Best Environmental Practices and Best Available Techniques;
 - (b) At the date of cessation or suspension of mining activities, a management and monitoring plan is in place for the period prescribed in a Closure Plan;
 - (c) The risks relating to Environmental Effects are quantified, assessed and managed, which includes the gathering of information relevant to closure or suspension;
 - (d) The necessary health and safety requirements are complied with;
 - (e) Any residual negative Environmental Effects are identified and quantified, and management responses are considered, including plans for further Mitigation or remediation where appropriate;
 - (f) Any restoration or rehabilitation commitments will be fulfilled in accordance with predetermined criteria or standards; and
 - (g) The mining activities are closed or suspended efficiently and cost-effectively.
3. The Closure Plan shall cover the main aspects prescribed by the Authority in annex VIII to these regulations.
4. A Contractor shall maintain the currency and adequacy of its Closure Plan in accordance with Good Industry Practice, Best Environmental Practices, Best Available Techniques and the relevant Guidelines.
5. The Closure Plan shall be updated each time there is a Material Change in a Plan of Work, or, in cases where no such change has occurred, every five years, and be finalized in accordance with regulation 60 (1).

Regulation 60

Final Closure Plan: cessation of production

1. A Contractor shall, at least 12 months prior to the planned end of Commercial Production, or as soon as is reasonably practicable in the case of any unexpected cessation, submit to the Secretary-General, for the consideration of the Commission, a final Closure Plan, if such cessation requires a Material Change to the Closure Plan, taking into account the results of monitoring and data and information gathered during the exploitation phase.
2. The Commission shall examine the final Closure Plan at its next meeting, provided that it has been circulated at least 30 Days in advance of the meeting.
3. If the Commission determines that the final Closure Plan meets the requirements of regulation 59, it shall recommend approval of the final Closure Plan to the Council.

4. If the Commission determines that the final Closure Plan does not meet the requirements of regulation 59, the Commission shall require amendments to the final Closure Plan as a condition for approval of the plan.
5. The Commission shall give the Contractor written notice of its decision under paragraph 4 above and provide the Contractor with the opportunity to make representations or to submit a revised final Closure Plan for the Commission's consideration, within 90 Days of the date of notification to the Contractor.
6. At its next available meeting, the Commission shall consider any such representations made or revised final Closure Plan submitted by the Contractor when preparing its report and recommendation to the Council, provided that the representations have been circulated at least 30 Days in advance of that meeting.
7. The Commission shall review the amount of the Environmental Performance Guarantee provided under regulation 26.
8. The Council shall consider the report and recommendation of the Commission relating to the approval of the final Closure plan.

Regulation 61
Post-closure monitoring

1. A Contractor shall implement the final Closure Plan in accordance with the conditions of its implementation and shall report to the Secretary-General on the progress of such implementation, including the results of monitoring under paragraph 2 below, as set out in the final Closure Plan.
2. The Contractor shall continue to monitor the Marine Environment for such period after the cessation of activities, as set out in the final Closure Plan.
3. The Contractor shall conduct a final performance assessment and submit a final performance assessment report in accordance with the Guidelines to the Secretary-General to ensure that the closure objectives as described in the final Closure Plan have been met. Such report shall be reviewed by the Commission at its next meeting, provided that it has been circulated at least 30 Days in advance of the meeting.

Part VII

Financial terms of an exploitation contract

Section 1

General

Regulation 62

Equality of treatment

The Council shall, based on the recommendations of the Commission, apply the provisions of this Part in a uniform and non-discriminatory manner, and shall ensure equality of financial treatment and comparable financial obligations for Contractors.

Regulation 63

Incentives

1. The Council may, taking into account the recommendations of the Commission, provide for incentives, including financial incentives, on a uniform and non-discriminatory basis, to Contractors to further the objectives set out in article 13 (1) of annex III to the Convention.
2. Furthermore, the Council may provide incentives, including financial incentives, to those Contractors entering into joint arrangements with the Enterprise under article 11 of annex III to the Convention, and developing States or their nationals, to stimulate the transfer of technology thereto and to train the personnel of the Authority and of developing States.
3. The Council shall ensure that, as a result of the incentives provided to Contractors under paragraphs 1 and 2 above, Contractors are not subsidized so as to be given an artificial competitive advantage with respect to land-based miners.

Section 2

Liability for and determination of royalty

Regulation 64

Contractor shall pay royalty

A Contractor, from the date of commencement of Commercial Production, shall pay a royalty in respect of the mineral-bearing ore sold or removed without sale from the Contract Area as determined in appendix IV to these regulations.

Regulation 65

Secretary-General may issue Guidelines

1. The Secretary-General may, from time to time, issue Guidelines in accordance with regulation 95 in respect of the administration and management of royalties prescribed in this Part.
2. The Secretary-General shall consider all requests for the clarification of any Guidelines issued under paragraph 1 above, or on any other matter connected with the administration and management of a royalty and its payment.

Section 3

Royalty returns and payment of royalty

Regulation 66

Form of royalty returns

A royalty return lodged with the Secretary-General shall be in the form prescribed by the Guidelines and signed by the Contractor's designated official.

Regulation 67

Royalty return period

A royalty return period for the purposes of this Part is a half-year return period, from:

- (a) 1 January to 30 June; and
- (b) 1 July to 31 December.

Regulation 68

Lodging of royalty returns

1. A Contractor shall lodge with the Secretary-General a royalty return for each Mining Area not later than 90 Days after the end of the royalty return period in which the date of commencement of Commercial Production occurs, and thereafter not later than 90 Days after the end of each subsequent royalty return period for the duration of the exploitation contract.
2. In connection with any joint venture arrangement or a consortium of Contractors, one royalty return shall be submitted by the joint venture or consortium.
3. A royalty return may be lodged electronically.

Regulation 69

Error or mistake in royalty return

A Contractor shall notify the Secretary-General promptly of any error in calculation or mistake of fact in connection with a royalty return or payment of a royalty.

Regulation 70

Payment of royalty shown by royalty return

1. A Contractor shall pay the royalty due for a royalty return period on the Day the royalty return is required to be lodged.
2. Payments to the Authority may be made in United States dollars or other foreign currency which is freely convertible.
3. All payments made to the Authority shall be made gross and shall be free of any deductions, transmission fees, levies or other charges.
4. The Council may approve the payment of any royalty due by way of instalment where special circumstances exist that justify payment by instalment.

Regulation 71

Information to be submitted

1. A royalty return shall include the following information for each royalty return period:

- (a) The quantity in wet metric tons of mineral-bearing ore recovered from each Mining Area;
 - (b) The quantity and value by Mineral in wet metric tons of the mineral-bearing ore shipped from the Mining Area;
 - (c) The value and the basis of the valuation of the mineral-bearing ore sold or removed without sale from the Mining Area, as verified by a suitably qualified person and supported by a representative chemical analysis of the ore by a certified laboratory;
 - (d) Details of all contracts and sale or exchange agreements relating to the mineral-bearing ore sold or removed without sale from the Contract Area; and
 - (e) A calculation of the royalty payable in accordance with section 3, including any adjustment made to the prior royalty return period and a declaration signed by a designated official of the Contractor that the royalty return is accurate and correct.
2. In respect of a final royalty return period ending on the date of expiry, surrender or termination of the exploitation contract, the Contractor shall provide:
- (a) A final calculation of the royalty payable;
 - (b) Details of any refund or overpayment of royalty claimed; and
 - (c) The quantity and value of all closing stocks of the mineral-bearing ore.
3. Within 90 Days from the end of a Calendar Year, the Contractor shall provide the Secretary-General and the sponsoring State or States with a statement from an auditor or certified independent accountant that the royalty calculation for that Calendar Year:
- (a) Is based on proper accounts and records properly kept and is in agreement with those accounts and records; and
 - (b) Complies with these regulations and is accurate and correct.

Regulation 72

Authority may request additional information

The Secretary-General may, by notice to a Contractor who has lodged a royalty return, request the Contractor to provide, by the date stated in the notice, information to support the matters stated in the royalty return.

Regulation 73

Overpayment of royalty

1. Where a royalty return shows any overpayment of royalties, a Contractor may apply to the Secretary-General to request a refund of any such overpayment.
2. Where no such request is received by the Secretary-General within 90 Days of the due date of submission of the relevant royalty return, the Authority shall carry forward any overpayment and credit it against a future royalty amount payable under this Part.
3. Any request to reduce a royalty-related amount payable by a Contractor must be made within five years after the Day the relevant royalty return was lodged with the Authority.
4. Where any final royalty return shows an amount to be refunded, the Secretary-General shall refund such amount provided he or she determines that such refund is properly due. The Secretary-General may request, and the Contractor shall provide,

such additional information or confirmation, as he or she considers necessary to determine that such refund is correct and due to a Contractor.

Section 4

Records, inspection and audit

Regulation 74

Proper books and records to be kept

1. A Contractor shall keep and maintain, at a place agreed by the Contractor and the Secretary-General, complete and accurate records relating to the Minerals recovered in order to verify and support all returns or any other accounting or financial reports required by the Authority in relation to Exploitation.
2. The Contractor shall prepare such records in conformity with internationally accepted accounting principles that verify, in connection with each Mining Area, inter alia:
 - (a) Details of the quantity and grade of the Minerals recovered from each Mining Area;
 - (b) Details of sales, shipments, transfers, exchanges and other disposals of the Minerals from the Mining Area, including the time, destination, value and basis of valuation and the quantity and grade of each sale, shipment, transfer, exchange or other disposal;
 - (c) Details of all eligible capital expenditure and liabilities by category of expenditure and liability incurred in each Mining Area; and
 - (d) Details of all revenues and operating costs.
3. A Contractor shall supply and file such records at such times as may be required by the Authority under these regulations and within 60 Days of the receipt of any such request from the Secretary-General.
4. A Contractor shall maintain all records and make such records available for inspection and audit under regulation 75.

Regulation 75

Audit and inspection by the Authority

1. The Secretary-General may audit the Contractor's records.
2. Any such audit shall be undertaken at the Authority's sole cost and shall be performed by an Inspector in accordance with Part XI of these regulations.
3. An Inspector may, in connection with a liability for a royalty payment:
 - (a) Inspect the mining and on-board processing facility with a view to verifying the accuracy of the equipment measuring the quantity of Mineral ore sold or removed without sale from the Contract Area;
 - (b) Inspect, audit and examine any documents, papers, records and data available at the Contractor's offices or on-board any mining vessel or Installation;
 - (c) Require any duly authorized representative of the Contractor to answer any questions in connection with the inspection; and
 - (d) Make and retain copies or extracts of any documents or records relevant to the subject matter of the inspection and provide a Contractor with a list of such copies or extracts.

4. The Contractor shall make available to an Inspector such financial records and information contemplated as reasonably required by the Secretary-General to determine compliance with this Part.

5. Members of the Authority, in particular a sponsoring State or States, shall, to the best of their abilities, cooperate with and assist the Secretary-General and any Inspector in the carrying out of any audit under this regulation, and shall facilitate access to the records of a Contractor by an Inspector and assist in the exchange of information relevant to a Contractor's obligations under this Part.

Regulation 76

Assessment by the Authority

1. Where the Secretary-General determines, following any audit under this Part, or by otherwise becoming aware that any royalty return is not accurate and correct in accordance with this Part, the Secretary-General may, by written notice to a Contractor, request any additional information that the Secretary-General considers reasonable in the circumstances, including the report of an auditor.

2. A Contractor shall provide such information requested by the Secretary-General within 60 Days of the date of such request, together with any further information the Contractor requires the Secretary-General to take into consideration.

3. The Secretary-General may, within 60 Days of the expiry of the period prescribed in paragraph 2 above, and after giving due consideration to any information submitted under paragraph 2, make an assessment of any royalty liability that the Secretary-General considers ought to be levied in accordance with this Part.

4. The Secretary-General shall provide the Contractor with written notice of any proposed assessment under paragraph 3 above. The Contractor may make written representations to the Secretary-General within 60 Days of the date of such written notice. The Secretary-General shall consider such representations and shall confirm or revise the assessment made under paragraph 3 above.

5. The Contractor shall pay any such royalty liability within 30 Days of the date of the determination made by the Secretary-General under paragraph 4.

6. Except in cases of fraud or negligence, no assessment may be made under this regulation after the expiration of 6 years from the date on which the relevant royalty return is lodged.

Section 5

Anti-avoidance measures

Regulation 77

General anti-avoidance rule

1. Where the Secretary-General reasonably considers that a Contractor has entered into any scheme, arrangement or understanding or has undertaken any steps which, directly or indirectly:

(a) Result in the avoidance, postponement or reduction of a liability for payment of a royalty under this Part;

(b) Have not been carried out for bona fide commercial purposes; or

(c) Have been carried out solely or mainly for the purposes of avoiding, postponing or reducing a liability for payment of a royalty; then the Secretary-General shall determine the liability for a royalty as if the avoidance, postponement or

reduction of such liability had not been carried out by the Contractor and in accordance with this Part.

2. The Secretary-General shall provide the Contractor with written notice of any proposed determination under paragraph 1 above. The Contractor may make written representations to the Secretary-General within 60 Days of the date of such written notice. The Secretary-General shall consider such representations and shall determine the liability for a royalty for the original or revised amount.

3. The Contractor shall pay any such royalty liability within 30 Days of the date of the determination made by the Secretary-General under paragraph 2.

Regulation 78

Arm's-length adjustments

1. For the purposes of this regulation:

(a) "Arm's length", in relation to contracts and transactions, means contracts and transactions that are entered into freely and independently by parties that are not related parties; and

(b) "Arm's-length value", in relation to costs, prices and revenues, means the value that a willing buyer and willing seller, who are not related parties, would agree is fair under the circumstances.

2. Where, for the purposes of calculating any amounts due under this Part VII, any costs, prices and revenues have not been charged or determined on an arm's-length basis, pursuant to a contract or transaction between a Contractor and a related party, the Secretary-General may adjust the value of such costs, prices and revenues to reflect an arm's-length value in accordance with internationally accepted principles.

3. The Secretary-General shall provide the Contractor with written notice of any proposed adjustment under paragraph 2 above. The Contractor may make written representations to the Secretary-General within 60 Days of the date of such written notice.

Section 6

Interest and penalties

Regulation 79

Interest on unpaid royalty

Where any royalty or other amount levied under this Part remains unpaid after the date it becomes due and payable, a Contractor shall, in addition to the amount due and payable, pay interest on the amount outstanding, beginning on the date the amount became due and payable, at an annual rate calculated by adding 5 per cent to the special drawing rights interest rate prevailing on the date the amount became due and payable.

Regulation 80

Monetary penalties

Subject to regulation 103 (6), the Council may impose a monetary penalty in respect of a violation under this Part.

Section 7

Review of payment mechanism

Regulation 81

Review of system of payments

1. The system of payments adopted under these regulations and pursuant to paragraph 1 (c) of section 8 of the annex to the Agreement shall be reviewed by the Council five years from the first date of commencement of Commercial Production in the Area and at intervals thereafter as determined by the Council, taking into account the level of maturity and development of Exploitation activities in the Area.
2. The Council, based on the recommendations of the Commission, and in consultation with Contractors, may revise the system of payments in the light of changing circumstances and following any review under paragraph 1 above, save that any revision shall only apply to existing exploitation contracts by agreement between the Authority and the Contractor.

Regulation 82

Review of rates of payments

1. The rates of payments under an existing system of payments shall be reviewed by the Council five years from the first date of commencement of Commercial Production in the Area and at intervals thereafter as determined by the Council, taking into account the Resource category and the level of maturity and development of Exploitation activities in the Area.
2. The Council, based on the recommendations of the Commission and in consultation with Contractors, may adjust the rates of payments in the light of such recommendations and consultation, save that any adjustment to the rates of payments may only apply to existing exploitation contracts from the end of the Second Period of Commercial Production reflected in appendix IV to these regulations.
3. Without limiting the scope of any review by the Council, a review under this regulation may include an adjustment to the Applicable Royalty Rate under appendix IV and the manner and basis of the calculation of a royalty.

Section 8

Payments to the Authority

Regulation 83

Recording in Seabed Mining Register

1. All payments made by the Contractor to the Authority under this Part are non-confidential.
2. All payments received by the Authority from Contractors shall be recorded in the Seabed Mining Register.

Part VIII

Annual, administrative and other applicable fees

Section 1

Annual fees

Regulation 84

Annual reporting fee

1. A Contractor shall pay to the Authority, from the effective date of an exploitation contract and for the term of the exploitation contract and any renewal thereof, an annual reporting fee as determined by a decision of the Council from time to time, based on the recommendation of the Finance Committee.
2. The annual reporting fee is due and payable to the Authority at the time of submission of the Contractor's annual report under regulation 38.
3. Where the effective date is part way through a Calendar Year, the first payment shall be prorated and made within 30 Days after the effective date of an exploitation contract.

Regulation 85

Annual fixed fee

1. A Contractor shall pay an annual fixed fee from the date of commencement of Commercial Production in a Contract Area. The amount of the fee shall be established by the Council as required under paragraph (1) (d) of section 8 of the annex to the Agreement.
2. The annual fixed fee is due and payable to the Authority within 30 Days of the commencement of each Calendar Year at the rate prescribed by the Council under paragraph 2 above. Where an annual fixed fee remains unpaid after the date it becomes due and payable, a Contractor shall, in addition to the amount due and payable, pay interest on the amount outstanding, beginning on the date the amount became due and payable, at an annual rate calculated by adding 5 per cent to the special drawing rights interest rate prevailing on the date the amount became due and payable.
3. Where the date of commencement of Commercial Production occurs part way through a Calendar Year, a prorated annual fixed fee shall become due and payable to the Authority within 30 Days of such commencement date.
4. In any Calendar Year, the annual fixed fee may be credited against any royalty or other amount payable under Part VII of these regulations.

Section 2

Fees other than annual fees

Regulation 86

Application fee for approval of a Plan of Work

1. An applicant for the approval of a Plan of Work shall pay an application fee in the amount specified in appendix II.
2. If the administrative costs incurred by the Authority in processing an application are less than the fixed amount in appendix II, the Authority shall refund the difference to the applicant. If the administrative costs incurred by the Authority in processing an application are more than the fixed amount, the applicant or Contractor shall pay the

difference to the Authority, provided that any additional amount to be paid by the applicant or Contractor shall not exceed 10 per cent of the fixed fee specified in appendix II.

3. Taking into account any criteria established for this purpose by the Finance Committee, the Secretary-General shall determine the amount of such differences as indicated in paragraph 2 above, and notify the applicant or Contractor of its amount. The notification shall include a statement of the expenditure incurred by the Authority. The amount due must be paid by the applicant or reimbursed by the Authority within 90 Days of the effective date of the exploitation contract.

Regulation 87
Other applicable fees

A Contractor shall pay other prescribed fees in respect of any matter specified in appendix II, and in accordance with the applicable regulation.

Section 3
Miscellaneous

Regulation 88
Review and payment

1. The Council shall review and determine on a regular basis the amount of each of the annual, processing and other applicable administrative fees specified in appendix II in order to ensure that they cover the Authority's expected administrative costs for the service provided.

2. Except as provided for in this Part, fees will be a fixed amount expressed in United States dollars or its equivalent in a freely convertible currency, and are to be paid in full at the time of the submission of the relevant application, request, document or other event as specified in appendix II.

3. The Secretary-General shall not process any application until the applicable fee under appendix II has been paid.

4. Fees paid under this Part are not refundable upon the withdrawal, rejection or refusal of an application.

Part IX

Information-gathering and handling

Regulation 89

Confidentiality of information

1. There shall be a presumption that any data and information regarding the Plan of Work, exploitation contract, its schedules and annexes or the activities taken under the exploitation contract are public, other than Confidential Information.
2. “Confidential Information” means:
 - (a) Data and information that have been designated as Confidential Information by a Contractor in consultation with the Secretary-General under the Exploration Regulations and which remains Confidential Information in accordance with the Exploration Regulations;
 - (b) Data and information relating to personnel matters, the health records of individual employees or other documents in which employees have a reasonable expectation of privacy, and other matters that involve the privacy of individuals;
 - (c) Data and information which have been categorized as Confidential Information by the Council; and
 - (d) Data and information designated by the Contractor as Confidential Information at the time it was disclosed to the Authority, provided that, subject to paragraph 5 below, such designation is deemed to be well founded by the Secretary-General on the basis that there would be substantial risk of serious or unfair economic prejudice if the data and information were to be released;
3. “Confidential Information” does not mean or include data and information that:
 - (a) Are generally known or publicly available from other sources;
 - (b) Have been previously made available by the owner to others without an obligation concerning its confidentiality;
 - (c) Are already in the possession of the Authority with no obligation concerning its confidentiality;
 - (d) Are required to be disclosed under the Rules of the Authority to protect the Marine Environment or human health and safety;
 - (e) Are necessary for the formulation by the Authority of rules, regulations and procedures concerning the protection and preservation of the Marine Environment and safety, other than equipment design data;
 - (f) Relate to the protection and preservation of the Marine Environment, provided that the Secretary-General may agree that such information is regarded as Confidential Information for a reasonable period where there are bona fide academic reasons for delaying its release; or
 - (g) Are an award or judgment in connection with activities in the Area (save in relation to any Confidential Information contained in such award or judgment which may be redacted);
 or where:
 - (h) The Contractor to which the data and information relates has given prior written consent to its disclosure; or
 - (i) The area to which the data and information relates is no longer covered by an exploitation contract; provided that following the expiration of a period of 10 years

after it was passed to the Secretary-General, Confidential Information shall no longer be deemed to be such unless otherwise agreed between the Contractor and the Secretary-General, and save any data and information relating to personnel matters under paragraph 2 (b) above.

4. Confidential Information will be retained by the Authority and the Contractor in strictest confidence in accordance with regulation 90 and shall not be disclosed to any third party without the express prior written consent of the Contractor, which consent shall not be unreasonably withheld, conditioned or delayed, save that Confidential Information may be used by the Secretary-General and staff of the Authority's secretariat, as authorized by the Secretary-General, and by members of the Commission as necessary for and relevant to the effective exercise of their powers and functions.

5. In connection with paragraph 2 (d) above, a Contractor shall, upon transferring data and information to the Authority, designate by notice in writing to the Secretary-General the Information or any part of it as Confidential Information. If the Secretary-General objects to such designation within a period of 30 Days, the parties shall consult upon the nature of the data and information and whether it constitutes Confidential Information under this regulation. During the consultations, the Secretary-General shall take into account any relevant policy guidance from the Council. Any dispute arising as to the nature of the data and information shall be dealt with in accordance with Part XII of these regulations.

6. Nothing in these regulations shall affect the rights of a holder of intellectual property.

Regulation 90

Procedures to ensure confidentiality

1. The Secretary-General shall be responsible for maintaining the confidentiality of all Confidential Information and shall not, except with the prior written consent of a Contractor, release such information to any person external to the Authority. To ensure the confidentiality of such information, the Secretary-General shall establish procedures, consistent with the provisions of the Convention, governing the handling of Confidential Information by members of the Secretariat, members of the Commission and any other person participating in any activity or programme of the Authority. Such procedures shall include:

(a) The maintenance of Confidential Information in secure facilities and the development of security procedures to prevent unauthorized access to or removal of such information; and

(b) The development and maintenance of a classification, log and inventory system of all written information received, including its type and source and the routing from the time of receipt until final disposition.

2. A person who is authorized pursuant to these regulations to access Confidential Information shall not disclose such information except as permitted under the Convention and these regulations. The Secretary-General shall require any person who is authorized to access Confidential Information to make a written declaration witnessed by the Secretary-General or duly authorized representative to the effect that the person so authorized:

(a) Acknowledges his or her legal obligation under the Convention and these regulations with respect to the non-disclosure of Confidential Information; and

(b) Agrees to comply with the applicable regulations and procedures established to ensure the confidentiality of such information.

3. The Commission shall protect the confidentiality of Confidential Information submitted to it pursuant to these regulations or a contract issued under these regulations. In accordance with the provisions of article 163 (8), of the Convention, members of the Commission shall not disclose or use, even after the termination of their functions, any industrial secret, proprietary data which are transferred to the Authority in accordance with article 14 of annex III to the Convention or any other Confidential Information coming to their knowledge by reason of their duties for the Authority.

4. The Secretary-General and staff of the Authority shall not disclose or use, even after the termination of their functions with the Authority, any industrial secret, proprietary data which are transferred to the Authority in accordance with article 14 of annex III to the Convention or any other Confidential Information coming to their knowledge by reason of their employment with the Authority.

5. Taking into account the responsibility and liability of the Authority pursuant to article 22 of annex III to the Convention, the Authority may take such action as may be appropriate against any person who, by reason of his or her duties for the Authority, has access to any Confidential Information and who is in breach of the obligations relating to confidentiality contained the Rules of the Authority.

Regulation 91

Information to be submitted upon expiration of an exploitation contract

1. The Contractor shall transfer to the Authority all data and information that are required for the effective exercise of the powers and functions of the Authority in respect of the Contract Area, in accordance with the provisions of this regulation and the Guidelines.

2. Upon termination of an exploitation contract, the Contractor and the Secretary-General shall consult together and, taking into account the Guidelines, the Secretary-General shall specify the data and information to be submitted to the Authority.

Regulation 92

Seabed Mining Register

1. The Secretary-General shall establish, maintain and publish a Seabed Mining Register in accordance with the Standards and Guidelines. Such register shall contain:

(a) The names of the Contractors and the names and addresses of their designated representatives;

(b) The applications made by the various Contractors and the accompanying documents submitted in accordance with regulation 7;

(c) The terms of the various exploitation contracts in accordance with regulation 17;

(d) The geographical extent of Contract Areas and Mining Areas to which each relate;

(e) The category of Mineral Resources to which each relate;

(f) All payments made by Contractors to the Authority under these regulations;

(g) Any encumbrances regarding the exploitation contract made in accordance with regulation 22;

(h) Any instruments of transfer; and

(i) Any other details which the Secretary-General considers appropriate (save Confidential Information).

2. The Seabed Mining Register shall be publicly available on the Authority's website.

Part X

General procedures, Standards and Guidelines

Regulation 93

Notice and general procedures

1. For the purpose of this regulation:
 - (a) “Communication” means any application, request, notice, report, consent, approval, waiver, direction or instruction required or made under these regulations; and
 - (b) “Designated representative” means the person so named on behalf of a Contractor on the Seabed Mining Register.
2. Any communication shall be made by the Secretary-General or by the designated representative of the applicant or Contractor, as the case may be, in writing.
3. Service of any communication must be made:
 - (a) By hand, fax, registered mail or email containing an authorized electronic signature; and
 - (b) To the Secretary-General at the headquarters of the Authority or to the designated representative at the address stated on the Seabed Mining Register, as the case may be.
4. The requirement to provide any information in writing under these regulations is satisfied by the provision of the information in an electronic document containing a digital signature.
5. Delivery by hand is deemed to be effective when made. Delivery by fax is deemed to be effective when the “transmit confirmation report” confirming the transmission to the recipient’s published fax number is received by the transmitter. Delivery by registered airmail is deemed to be effective 21 Days after posting. Delivery by email is deemed to be effective when the email enters an information system designated or used by the addressee for the purpose of receiving documents of the type sent and is capable of being retrieved and processed by the addressee.
6. Notice to the designated representative of the applicant or Contractor constitutes effective notice to the applicant or Contractor for all purposes under these regulations, and the designated representative is the agent of the applicant or Contractor for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.
7. Notice to the Secretary-General constitutes effective notice to the Authority for all purposes under these regulations, and the Secretary-General is the Authority’s agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

Regulation 94

Adoption of Standards

1. The Commission shall, taking into account the views of recognized experts, relevant Stakeholders and relevant existing internationally accepted standards, make recommendations to the Council on the adoption and revision of Standards relating to Exploitation activities in the Area, including standards relating to:
 - (a) Operational safety;

(b) The conservation of the Resources; and

(c) The protection of the Marine Environment, including standards or requirements relating to the Environmental Effects of Exploitation activities, as referred to in regulation 45.

2. The Council shall consider and approve, upon the recommendation of the Commission, the Standards, provided that such Standards are consistent with the intent and purpose of the Rules of the Authority. If the Council does not approve such Standards, the Council shall return the Standards to the Commission for reconsideration in the light of the views expressed by the Council.

3. The Standards contemplated in paragraph 1 above may include both qualitative and quantitative standards, as well as the methods, process or technology required to implement the Standards.

4. Standards adopted by the Council shall be legally binding on Contractors and the Authority and may be revised at least every five years from the date of their adoption or revision, and in the light of improved knowledge or technology.

Regulation 95

Issue of Guidelines

1. The Commission or the Secretary-General shall, from time to time, issue Guidelines of a technical or administrative nature, taking into account the views of relevant Stakeholders. Guidelines will support the implementation of these regulations from an administrative and technical perspective.

2. The full text of such Guidelines shall be reported to the Council. Should the Council find that a Guideline is inconsistent with the intent and purpose of the Rules of the Authority, it may request that the guideline be modified or withdrawn.

3. The Commission or the Secretary-General shall keep under review such Guidelines in the light of improved knowledge or information.

Part XI

Inspection, compliance and enforcement

Section 1

Inspections

Regulation 96

Inspections: general

1. The Council shall establish appropriate mechanisms for inspection, as provided for in article 162 (2) (z) of the Convention.
2. The Contractor shall permit the Authority to send its Inspectors, who may be accompanied by a representative of its State or other party concerned, in accordance with article 165 (3) of the Convention, aboard vessels and Installations, whether offshore or onshore, used by the Contractor to carry out Exploitation activities under an exploitation contract, as well as to enter its offices wherever situated. To that end, Members of the Authority, in particular the sponsoring State or States, shall assist the Council, the Secretary-General and Inspectors in discharging their functions under the Rules of the Authority.
3. The Secretary-General shall give reasonable notice to the Contractor of the projected time and duration of inspections, the names of the Inspectors and any activities that the Inspectors are to perform that are likely to require the availability of special equipment or special assistance from the personnel of the Contractor, save in situations where the Secretary-General has reasonable grounds to consider the matter to be so urgent that notice cannot be given, in which case the Secretary-General may, where practicable, exercise the right to conduct an inspection without prior notification.
4. Inspectors may inspect any relevant documents or items which are necessary to monitor the Contractor's compliance, all other recorded data and samples and any vessel or Installation, including its log, personnel, equipment, records and facilities.
5. The Contractor and its agents and employees shall facilitate the actions of the Inspectors in the performance of their duties, and shall:
 - (a) Accept and facilitate the prompt and safe boarding and disembarkation of vessels and Installations by Inspectors;
 - (b) Cooperate with and assist in the inspection of any vessel or Installation conducted pursuant to this regulation;
 - (c) Provide access to all relevant areas, items and personnel in offices or on vessels and Installations at all reasonable times;
 - (d) Provide access to monitoring equipment, books, documents, papers, records and passwords which are necessary and directly pertinent to verify the expenditures referred to in the Plan of Work or necessary to determine compliance with the financial payments due under the exploitation contract and these regulations;
 - (e) Answer fully and truthfully any questions put to them;
 - (f) Accept the deployment of remote real-time monitoring and surveillance equipment, where required by the Secretary-General, and facilitate the activities of Inspectors in deploying such equipment and having access thereto; and
 - (g) Not obstruct, intimidate or interfere with Inspectors in the performance of their duties.

6. Inspectors shall:

(a) Follow all reasonable instructions and directions pertaining to the safety of life at sea given to them by the Contractor, the captain of the vessel or other relevant safety officers aboard vessels and Installations; and

(b) To the maximum extent possible, refrain from any undue interference with the safe and normal operations of the Contractor and of vessels and Installations, unless the Inspector has reasonable grounds for believing that the Contractor is operating in breach of its obligations under an exploitation contract.

Regulation 97

Inspectors: general

1. The Council, based on the recommendations of the Commission, shall determine the relevant qualifications and experience appropriate to the areas of duty of an Inspector under this Part.

2. The Commission shall make recommendations to the Council on the appointment, supervision and direction of Inspectors, and on an inspection programme and schedule, under the inspection mechanism established by the Council in regulation 96 (1).

3. The Secretary-General shall manage and administer such inspection programme, including the terms and conditions of the appointment of Inspectors, at the direction of the Council.

Regulation 98

Inspectors' powers

1. An Inspector may, for the purposes of monitoring or enforcing compliance with the Rules of the Authority and the terms of the exploitation contract:

(a) Question any person engaged by the Contractor in the conduct of Exploitation activities on any matter to which the Rules of the Authority relate;

(b) Require any person who has control over, or custody of, any relevant document, whether in electronic form or in hard copy, including a plan, book or record, to produce that document to the Inspector immediately or at any other time and place that the Inspector requires;

(c) Require from any person referred to in subparagraph (b) above an explanation of any entry or non-entry in any document over which that person has custody or control;

(d) Examine any document produced under subparagraph (b) and make a copy of it or take an extract from it;

(e) Inspect or test any machinery or equipment under the supervision of the Contractor or its agents or employees that, in the Inspector's opinion, is being or is intended to be used for the purposes of the Exploitation activities, unless such inspection or testing will unreasonably interfere with the Contractor's operations;

(f) Seize any document, article, substance or any part or sample of such for examination or analysis that the Inspector may reasonably require;

(g) Remove any representative samples or copies of assays of such samples from any vessel or equipment used for or in connection with the Exploitation activities;

(h) Require the Contractor to carry out such procedures in respect of any equipment used for or in connection with the Exploitation activities as may be deemed

necessary by the Inspector, unless such procedures will unreasonably interfere with the Contractor's operations; and

(i) Upon written authorization from the Council, perform any other prescribed function of the Authority as its representative.

2. An Inspector may instruct any Contractor, its employees or any other person who performs an activity in connection with an exploitation contract to appear before the Inspector to be questioned on any matter to which the Rules of the Authority relate.

3. Before an Inspector may seize any document under paragraph 1 (f) above, the Contractor may copy it.

4. When an Inspector seizes or removes any item under this regulation, the Inspector shall issue a receipt for that item to the Contractor.

5. An Inspector may document any site visit or inspection activity using any reasonable means including video, audio, photograph or other form of recording.

6. An Inspector shall be bound by strict confidentiality provisions and must have no conflicts of interest in respect of duties undertaken, and shall conduct his or her duties in accordance with the Authority's code of conduct for Inspectors and inspections approved by the Council.

Regulation 99

Inspectors' power to issue instructions

1. If, as a result of an inspection, an Inspector has evidence that any occurrence, practice or condition endangers or may endanger the health or safety of any person or poses a threat of Serious Harm to the Marine Environment, or is otherwise in breach of the terms of its exploitation contract, the Inspector may give any instruction he or she considers reasonably necessary to remedy the situation, including:

(a) A written instruction requiring a suspension in mining activities for a specified period, or until such time and date as the Authority and Contractor agree;

(b) A written instruction placing conditions on the continuation of mining activities to undertake a specified activity in a specified way, and within a specified period or at specified times or in specified circumstances;

(c) A written instruction that the Contractor must take the steps set out in the instruction, within the specified period, to rectify the occurrence, practice or condition; and

(d) A requirement to undertake specific tests or monitoring and to furnish the Authority with the results or report of such tests or monitoring.

2. An instruction under paragraph 1 above must be given to the person designated by the Contractor or, in his or her absence, the most senior employee available aboard the vessel or Installation to whom the instruction can be issued.

3. Any instruction issued under paragraph 1 above shall be in force for a specified period, not exceeding seven Days, after which it lapses. The Inspector shall report immediately to the Secretary-General and to the Contractor's sponsoring State or States that an instruction has been issued under paragraph 1, and the Secretary-General may thereafter exercise the powers conferred upon the Secretary-General under regulation 103.

Regulation 100
Inspectors to report

1. At the end of an inspection, the Inspector shall prepare a report, setting out, inter alia, his or her general findings and any recommendations for improvements in procedures or practices by the Contractor. The Inspector shall send the report to the Secretary-General, and the Secretary-General shall send a copy of the report to the Contractor and to the sponsoring State or States and, if appropriate, the relevant coastal State or States and the flag State.
2. The Secretary-General shall report annually to the Council on the findings and recommendations following the inspections conducted in the prior Calendar Year, and shall make any recommendations to the Council on any regulatory action to be taken by the Council under these regulations and an exploitation contract.
3. The Secretary-General shall report acts of violence, intimidation or abuse against or the wilful obstruction or harassment of an Inspector by any person or the failure by a Contractor to comply with regulation 96 to the sponsoring State or States and the flag State of any vessel or Installation concerned for consideration of the institution of proceedings under national law.

Regulation 101
Complaints

1. A person aggrieved by an action of an Inspector under this Part may complain in writing to the Secretary-General, who shall consider the complaint as soon as practicable.
2. The Secretary-General may take such reasonable action as is necessary in response to the complaint.

Section 2
Remote monitoring

Regulation 102
Electronic monitoring system

1. A Contractor shall restrict its mining operations to the Mining Area.
2. All mining vessels and mining collectors shall be fitted with an electronic monitoring system. Such system shall record, inter alia, the date, time and position of all mining activities. The detail and frequency of reporting shall be in accordance with the Guidelines.
3. The Secretary-General shall issue a compliance notice under regulation 103, where he or she determines from the data transmitted to the Authority that unapproved mining activities have occurred or are occurring.
4. All data transmitted to the Authority under this regulation shall be transmitted to the sponsoring State or States.

Section 3

Enforcement and penalties

Regulation 103

Compliance notice and termination of exploitation contract

1. At any time, if it appears to the Secretary-General on reasonable grounds that a Contractor is in breach of the terms and conditions of its exploitation contract, the Secretary-General shall issue a compliance notice to the Contractor requiring the Contractor to take such action as may be specified in the compliance notice.
2. A compliance notice shall:
 - (a) Describe the alleged breach and the factual basis for it; and
 - (b) Require the Contractor to take remedial action or other such steps as the Secretary-General considers appropriate to ensure compliance within a specified time period.
3. For the purposes of article 18 of annex III to the Convention, a compliance notice issued under this regulation constitutes a warning by the Authority.
4. The Contractor shall be given a reasonable opportunity to make representations in writing to the Secretary-General concerning any aspect of the compliance notice. Having considered the representations, the Secretary-General may confirm, modify or withdraw the compliance notice.
5. If a Contractor, in spite of warnings by the Authority, fails to implement the measures set out in a compliance notice and continues its activities in such a way as to result in serious, persistent and wilful violations of the fundamental terms of the contract, Part XI of the Convention and the rules, regulations and procedures of the Authority, the Council may suspend or terminate the exploitation contract by providing written notice of suspension or termination to the Contractor in accordance with the terms of the exploitation contract.
6. In the case of any violation of an exploitation contract, or in lieu of suspension or termination under paragraph 5 above, the Council may impose upon a Contractor monetary penalties proportionate to the seriousness of the violation.
7. Save for emergency orders under article 162 (2) (w) of the Convention, the Council may not execute a decision involving monetary penalties, suspension or termination until the Contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to section 5 of Part XI to the Convention.

Regulation 104

Power to take remedial action

1. Where a Contractor fails to take action required under regulation 103, the Authority may carry out any remedial works or take such measures as it considers reasonably necessary to prevent or Mitigate the effects or potential effects of a Contractor's failure to comply with the terms and conditions of an exploitation contract.
2. If the Authority takes remedial action or measures under paragraph 1 above, the actual and reasonable costs and expenses incurred by the Authority in taking that action are a debt due to the Authority from the Contractor, and may be recovered from the Environmental Performance Guarantee lodged by the Contractor.

Regulation 105
Sponsoring States

Without prejudice to regulations 6 and 21, and to the generality of their obligations under articles 139 (2) and 153 (4) of the Convention and article 4 (4) of annex III to the Convention, States sponsoring Contractors shall, in particular, take all necessary and appropriate measures to secure effective compliance by Contractors whom they have sponsored in accordance with Part XI of the Convention, the Agreement, the rules, regulations and procedures of the Authority and the terms and conditions of the exploitation contract.

Part XII

Settlement of disputes

Regulation 106

Settlement of disputes

1. Disputes concerning the interpretation or application of these regulations and an exploitation contract shall be settled in accordance with section 5 of Part XI of the Convention.
2. In accordance with article 21 (2) of annex III to the Convention, any final decision rendered by a court or tribunal having jurisdiction under the Convention relating to the rights and obligations of the Authority and of the Contractor shall be enforceable in the territory of any State party to the Convention affected thereby.

Part XIII

Review of these regulations

Regulation 107

Review of these regulations

1. Five years following the approval of these regulations by the Assembly, or at any time thereafter, the Council shall undertake a review of the manner in which the regulations have operated in practice.
2. If, in the light of improved knowledge or technology, it becomes apparent that these regulations are not adequate, any State party, the Commission or any Contractor through its sponsoring State may at any time request the Council to consider, at its next ordinary session, revisions to these regulations.
3. The Council shall establish a process that gives relevant Stakeholders adequate time and opportunity to comment on proposed revisions to these regulations, save for the making of an amendment to these regulations that has no more than a minor effect or that corrects errors or makes minor technical changes.
4. In the light of that review, the Council may adopt and apply provisionally, pending approval by the Assembly, amendments to the provisions of these regulations, taking into account the recommendations of the Commission or other subordinate organs.

Annex I

Application for approval of a Plan of Work to obtain an exploitation contract

Section I Information concerning the applicant

1. Name of applicant.
2. Street address of applicant.
3. Postal address (if different from above).
4. Telephone number.
5. Fax number.
6. Email address.
7. Name of applicant's designated representative.
8. Street address of applicant's designated representative (if different from above).
9. Postal address (if different from above).
10. Telephone number.
11. Fax number.
12. Email address.
13. If the applicant is a juridical person:
 - (a) Identify applicant's place of registration;
 - (b) Identify applicant's principal place of business/domicile; and
 - (c) Attach a copy of applicant's certificate of registration.
14. Identify the sponsoring State or States.
15. In respect of each sponsoring State, provide the date of deposit of its instrument of ratification of, or accession or succession to, the United Nations Convention on the Law of the Sea of 10 December 1982 and the date of its consent to be bound by the Agreement relating to the Implementation of Part XI of the Convention.
16. Attach a certificate of sponsorship issued by the sponsoring State.

Section II Information relating to the area under application

17. Define the boundaries of the area under application by attaching a list of geographical coordinates (in accordance with the World Geodetic System 84).

Section III Technical information

18. Provide detailed documentary proof of the applicant's technical capability, or access thereto, to conduct the Exploitation and to Mitigate Environmental Effects.

19. Provide documentary proof that the applicant has the ability to comply with relevant safety, labour and health standards.
20. Provide a description of how the applicant's technical capability will be provided through the use of in-house expertise, subcontractors and consultants on the proposed Exploitation activities.

Section IV

Financial information

21. Attach such information, in accordance with the Guidelines, to enable the Council to determine whether the applicant has or will have access to the financial resources to carry out the proposed Plan of Work and fulfil its financial obligations to the Authority, as follows:

(a) If the application is made by the Enterprise, attach certification by its competent authority that the Enterprise has the necessary financial resources to meet the estimated costs of the proposed Plan of Work;

(b) If the application is made by a State or a State enterprise, attach a statement by the State or the sponsoring State certifying that the applicant has the necessary financial resources to meet the estimated costs of the proposed Plan of Work; and

(c) If the application is made by an entity, attach copies of the applicant's audited financial statements, including balance sheets and income statements and cash flow statements for the most recent three years, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, noting that:

(i) If the applicant is a newly organized entity and a certified balance sheet is not available, attach a pro forma balance sheet certified by an appropriate official of the applicant;

(ii) If the applicant is a subsidiary of another entity, attach copies of such financial statements of that entity and a statement from that entity, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, that the applicant will have the financial resources to carry out the Plan of Work; and

(iii) If the applicant is controlled by a State or a State enterprise, attach a statement from the State or State enterprise certifying that the applicant will have the financial resources to carry out the Plan of Work.

22. If, subject to regulation 22, an applicant seeking approval of a Plan of Work intends to finance the proposed Plan of Work by borrowing, attach details of the amount of such borrowing, the repayment period and the interest rate, together with the terms and conditions of any security, charge, mortgage or pledge made or provided or intended to be made or provided or imposed by any financial institution in respect of such borrowing.

23. Provide details of any Environmental Performance Guarantee proposed or to be provided by the applicant in accordance with regulation 26.

Section V

Undertakings

24. Attach a written undertaking that the applicant will:

-
- (a) Accept as enforceable and comply with the applicable obligations created by the provisions of the Convention and the rules, regulations and procedures of the Authority, the decisions of the relevant organs of the Authority and the terms of its contracts with the Authority;
 - (b) Accept control by the Authority of activities in the Area as authorized by the Convention; and
 - (c) Provide the Authority with a written assurance that its obligations under the exploitation contract will be fulfilled in good faith.

Section VI

Previous contracts with the Authority

25. Where the applicant or, in the case of an application by a partnership or consortium of entities in a joint arrangement, any member of the partnership or consortium has previously been awarded any contract with the Authority, attach:
- (a) The date of the previous contract or contracts;
 - (b) The dates, reference numbers and titles of each report submitted to the Authority in connection with the contract or contracts; and
 - (c) The date of termination of the contract or contracts, if applicable.

Section VII

Attachments

26. List all the attachments and annexes to this application (all data and information should be submitted in hard copy and in a digital format specified by the Authority).

Annex II

Mining Workplan

A Mining Workplan, based on the results of Exploration (at least equivalent to the data and information to be provided pursuant to section 11.2 of the standard clauses for Exploration contracts), should cover the following subject matters:

(a) A comprehensive statement of the Mineral Resource delineated in the relevant Mining Area(s), including details, or estimates thereof, of all known Mineral reserves reported in accordance with the International Seabed Authority Reporting Standard for Reporting of Mineral Exploration Results Assessments, Mineral Resources and Mineral Reserves (see [ISBA/21/LTC/15](#), annex V), together with a comprehensive report of a suitably qualified and experienced person that includes details of and validation of the grade and quality of the possible, proven and probable ore reserves, as supported by a pre-feasibility study or a Feasibility Study, as the case may be;

(b) A chart of the boundaries of the proposed Mining Area(s) (on a scale and projection specified by the Authority) and a list of geographical coordinates (in accordance with the World Geodetic System 84);

(c) A proposed programme of mining operations and sequential mining plans, including applicable time frames, schedules of the various implementation phases of the Exploitation activities and expected recovery rates;

(d) Details of the equipment, methods and technology expected to be used in carrying out the proposed Plan of Work, including the results of tests conducted and the details of any tests to be conducted in the future, as well as any other relevant information about the characteristics of such technology, including processing and environmental safeguard and monitoring systems, together with details of any certification from a conformity assessment body;

(e) A technically and economically justified estimate of the period required for the Exploitation of the Resource category to which the application relates;

(f) A detailed production plan, showing, in respect of each Mining Area, an anticipated production schedule that includes the estimated maximum amounts of Minerals that would be produced each year under the Plan of Work;

(g) An economic evaluation and financial analysis of the project;

(h) The estimated date of commencement of Commercial Production; and

(i) Details of subcontractors to be used for Exploitation activities.

Annex III

Financing Plan

A Financing Plan should include:

- (a) Details and costing of the mining technique, technology and production rates applicable to the proposed mining activities;
- (b) Details and costing of the technological process applicable to the extraction and on-board processing of the Mineral ore;
- (c) Details and costing of the technical skills and expertise and associated labour requirements necessary to conduct the proposed mining activities;
- (d) Details and costing of regulatory requirements relevant to the proposed mining activities, including the cost of the preparation and implementation of the Environmental Management and Monitoring Plan and Closure Plan;
- (e) Details regarding other relevant costing, including capital expenditure requirements;
- (f) Details of expected revenue applicable to the proposed mining activities;
- (g) A detailed cash-flow forecast and valuation, excluding financing of the proposed mining activities, clearly indicating applicable regulatory costs; and
- (h) Details of the applicant's resources or proposed mechanisms to finance the proposed mining activities, and details regarding the impact of such financing mechanisms on the cash-flow forecast.

Annex IV

Environmental Impact Statement

1. Preparation of an Environmental Impact Statement

The Environmental Impact Statement prepared under these regulations and the present annex shall:

(a) Be prepared in plain language and in an official language of the Authority together with an official English-language version, where applicable;

(b) Provide information, in accordance with the relevant regulations, Standards and Guidelines, corresponding to the scale and potential magnitude of the activities, to assess the likely Environmental Effects of the proposed activities. Such effects shall be discussed in proportion to their significance. Where an applicant considers an effect to be of no significance, there should be sufficient information to substantiate such conclusion, or a brief discussion as to why further research is not warranted; and

(c) Include a non-technical summary of the main conclusions and information provided to facilitate understanding of the nature of the activity by Stakeholders.

2. Template for Environmental Impact Statement

The recommended format for an Environmental Impact Statement is outlined below. It is intended to provide the International Seabed Authority, its member States and other stakeholders with unambiguous documentation of the potential Environmental Effects on which the Authority can base its assessment, and any subsequent approval that may be granted. Further detail for each section is provided following the overview.

The document is a template only, and is not intended to be prescriptive but rather to guide the format and general content of an Environmental Impact Statement. It does not provide details of methodology or thresholds that may be resource- and site-specific. These methodologies and thresholds may be developed as Standards and Guidelines to support the regulations.

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Executive summary

One of the main objectives of the executive summary is to provide an overview of the project and a summary of the content of the Environmental Impact Statement for non-technical readers. Information provided in the executive summary should include:

- (a) A description of the proposed development and its objectives;
- (b) Economic, financial and other benefits to be derived from the project;
- (c) Anticipated impacts of the activity (physicochemical, biological, socioeconomic);
- (d) Mitigation measures to minimize environmental impacts;
- (e) Linkages with the development of the Environmental Monitoring and Management Plan; and
- (f) Consultation undertaken with other parties.

1. Introduction

1.1 Background

Summarize briefly the project being proposed, including all main activities and locations.

1.2 Project viability

Provide information on the viability of the proposed development, its economic context and why the project is needed, and include a description of the benefits to mankind.

1.3 Project history

Summarize briefly the work undertaken up to the date the Environmental Impact Statement was finalized and ready to be submitted to the International Seabed Authority. This should include a brief description of the resource discovery, the exploration undertaken and any component testing conducted to date. For the component testing, provide a brief description of activities here. If applicable, include any report(s) related to component testing in an appendix.

1.4 Project proponent

Summarize the credentials of the proponent, including major shareholders, other contracts or licences held (including in other jurisdictions), previous and existing contracts with the Authority and the proponent's environmental record, etc. The proponent's technological and environmental expertise, capacity and financial resources should be outlined.

1.5 This report

1.5.1 Scope

Provide detail as to what is and is not included, based on earlier assessments or work. Link to other supporting information. A key item that should be included is a previous risk assessment that evaluates activities classified as low risk (and therefore should receive less emphasis), compared with high-risk activities, which should be the focus of this Environmental Impact Statement.

1.5.2 Report structure

Where the Environmental Impact Statement spans multiple volumes, this section should provide additional details not listed in the table of contents.

2. Policy, legal and administrative context

Provide information on the relevant policies, legislation, agreements, standards and guidelines that are applicable to the proposed mining operation.

2.1 Applicable mining and environmental legislation, policy and agreements

Outline the national and international legislation, regulation or guidelines that apply to the management or regulation of Exploitation in the Area, including how the proposed operation will comply with them.

2.2 Other applicable legislation, policies and regulations

Outline any other legislation, policies or regulations that do not necessarily apply specifically to seabed mining or the environment, but may be relevant to the proposal (e.g., shipping regulations, maritime declarations, marine scientific research, climate change policies, Sustainable Development Goals). This section should also refer to national regulations and laws that relate to the effects of Exploitation activities on coastal States, or other places where components of Exploitation (e.g., processing) could occur.

2.3 Applicable international and regional agreements

List the international agreements applicable to the operation, such as the United Nations Convention on the Law of the Sea and the International Maritime Organization suite of environmental and safety conventions, which includes the International Convention for the Safety of Life at Sea (SOLAS), the International Convention for the Prevention of Pollution from Ships (MARPOL) and the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London Convention), and applicable regional agreements.

2.4 Other applicable standards, principles and guidelines

Discuss applicable standards and guidelines that will be adhered to or aligned with throughout the operation, such as the Standards and Guidelines of the International Seabed Authority, the Equator Principles, the Environmental Management Standards of the International Organization for Standardization, the Code for Environmental Management of Marine Mining of the International Marine Minerals Society, the Performance Standards on Environmental and Social Sustainability of the International Finance Corporation and the standards of the Extractive Industries Transparency Initiative.

3. Description of the proposed development

Provide details of the proposed development activity, including relevant diagrams and drawings. It is understood that most projects will likely involve the recovery of minerals from the Area, with the concentrating process(es) occurring on land within a national jurisdiction (outside the jurisdiction of the Authority). While it is expected that this section would provide a brief description of the entire project, including offshore and land-based components, the Environmental Impact Statement should focus on those activities occurring within the Authority's jurisdiction (e.g.,

activities related to the recovery of the minerals from the Area up to the point of trans-shipment).

Details to be provided under this section should include the headings listed below.

3.1 Project area definition

3.1.1 Location

Include coordinates of the project area, detailed location maps (drawn to scale), a layout of the site and the locations of impact reference zones and preservation reference zones.

3.1.2 Associated activities

Describe the supporting activities and infrastructure required (e.g., transportation corridors) that are outside the direct mining site.

3.2 Mineral resource

Provide details of the type of resource proposed for extraction (e.g. sea floor massive sulphides, polymetallic nodules, ferromanganese crusts), the type of commodity and its grade and volume. Estimates of the inferred and indicated resource should be provided, along with visual models of the resource.

3.3 Project components

Provide background information on the proposal and the technologies and equipment to be employed, and include the subsections set out below.

3.3.1 Project scale

Provide an overview of the spatial and temporal scales of the mining operation, including volumes of material to be recovered, processed and deposited or discharged into the water column or back to the seabed. This should include an account of the area to be physically mined, as well as the likely extent of any secondary impacts (e.g., sediment plumes), which will be discussed in greater detail later.

3.3.2 Mining

Provide details of the technologies to be employed, including relevant diagrams and drawings, that address: the Mining Workplan, timelines and the general mining sequence, the technologies to be employed to recover the resource from the seabed, the depth of penetration into the seabed and other details of the mining activities.

3.3.3 Transport/materials handling

Provide a description of all methods to be used to transport the mineral-bearing ore, including from the sea floor to the surface, and any methods related to the trans-shipment of the mineral-bearing ore, including transfers at sea.

3.3.4 On-site processing

Provide a description of the processing of the mineralized material that will occur within or above the Area, including shipboard processing. Include a description of any methods to be used on the sea floor to separate the mineralized material from surrounding sediment and/or rock, as well as any dewatering of the mineralized material at the surface. This section should also cover any disposal of seawater/fines.

Include a description of the disposal and discharge of sediment, wastes or other effluents into the Marine Environment and the disposal of waste from general ship operations. The handling and management of hazardous materials should also be described, together with a description of the nature of such material and its transportation, storage and disposal.

3.3.5 Support equipment

Describe any equipment expected for mining and support operations (e.g., mining vessels/platforms, supply vessels, barges). Describe the anticipated frequency of vessel movements for these activities.

3.4 Commissioning

Describe the pre-production activities that will take place with regard to the establishment and set-up of the site for mining operations. The management of this process (such as the establishment of safety zones around vessels) should also be described.

3.5 Construction and operating standards

Outline the design codes to which the equipment will be or has been built, as well as the operating standards that will be applied to mining operations. This section should include subsections such as those set out below.

3.5.1 Design codes

3.5.2 Health and safety

3.5.3 Workforce description

This section should also outline capacity-building objectives and commitments.

3.6 Decommissioning and closure

Describe the steps that will occur when the mining operation is completed, including the decommissioning of offshore infrastructure, under a Closure Plan.

3.7 Other alternatives considered

Provide an account of alternative options that were considered and rejected in favour of the current proposal. Aspects should include the selection of the mine site, mine production scenarios, transport and materials handling and shipboard processing.

3.8 Development timetable (detailed schedule)

Provide a description of the overall timetable, from the implementation of the mining programme to the decommissioning and closure of operations. The description should include the major phases of the operation as well as the milestone dates on which relevant tasks are expected to be completed. Information on the development timetable provided under this section should clearly communicate the different phases in the development proposal. For reasons of clarity, a flow chart or a Gantt or PERT (Programme Evaluation and Review Technique) chart should be used where appropriate. Information provided in this section should include the following:

- (a) The funding arrangement for the proposed activity, or whether the availability of funds is subject to this or other approvals being granted;
- (b) Pre-construction activities;

- (c) A construction schedule and staging timetable;
- (d) An infrastructure development schedule;
- (e) A monitoring schedule (during and after operations); and
- (f) A closure schedule.

4. Description of the existing physicochemical environment

Give a detailed account of knowledge of the environmental conditions at the mine site, which should include information from a thorough literature review as well as from on-site studies. The account will provide the baseline description of the geological and oceanographic conditions against which impacts will be measured and assessed. The detail in this section is expected to be based on a prior environmental risk assessment that will have identified the main impacts, and thus the elements that need to be emphasized in the environmental impact assessment.

4.1 Key messages

Provide an overview of key content (this information can be provided in a box that contains up to 6 bullet points on either the main aspects covered or the main findings).

4.2 Regional overview

Describe the general environmental conditions of the site, including the geological and oceanographic setting within a broader regional context. This should be brief section that includes a map. A more detailed site-specific description will be provided in accordance with the sections below.

4.3 Studies completed

Describe any prior research/Exploration that could provide relevant information for this Environmental Impact Statement and future activities. These should be detailed in the appendices, and the environmental reference baseline data collected for the Authority, as outlined in the exploration contract conditions, should accompany the Environmental Impact Statement.

4.4 Meteorology and air quality

Provide a general overview of climatology (e.g., wind directions and speeds, seasonal patterns). This section may be most relevant to surface operations.

4.5 Geological setting

Describe the nature and extent of the mineral resource and bedrock within a broader geological context. Describe the general geological landscape and topographic features of the site, including bathymetric maps.

4.6 Physical oceanographic setting

Provide a description of oceanographic aspects such as currents, sedimentation rates and waves. Seasonal variability is an important element. Detail is required on the regional setting, as well as the specific site, and should include changes in physical conditions and processes according to depth and horizontal distance from the proposed mine site (near-field, far-field).

4.7 Chemical oceanographic setting

Provide a description of water mass characteristics at the site and at various depths of the water column, in particular near the sea floor, that includes nutrients, particle loads, temperature and dissolved gas profiles, vent-fluid characteristics if applicable, turbidity and geochemistry, etc.

4.8 Seabed substrate characteristics

Provide a description of substrate composition, including physical and chemical properties (e.g., sediment composition, pore-water profiles, grain size, sediment mechanics).

4.9 Natural hazards

Provide a description of applicable potential natural hazards for the site, including volcanism, seismic activity, cyclone/hurricane trends, tsunamis, etc.

4.10 Noise and light

Provide a description of ambient noise and light, and the influence of existing Exploration and maritime activity.

4.11 Greenhouse gas emissions and climate change

Provide a description of the level of gas and chemical emissions from both natural and anthropogenic activities in the Area, as well as those affecting sea floor and water-column chemistry.

4.12 Summary of the existing physicochemical environment

Summarize key findings and include notes on special considerations for hydrothermal vents, seeps, seamounts and oceanographic fronts or eddies. It is anticipated that this summary will be up to one page, and be more extensive than the key messages section.

5. Description of the existing biological environment

The description of the site should be divided by depth regime (surface, midwater and benthic, where appropriate), and provide a description of the various biological components and communities that are present in or utilize the area. The detail in this section is expected to be based on a prior environmental risk assessment that will have identified the main impacts, and thus the elements that need to be emphasized in the environmental impact assessment.

5.1 Key messages

Provide an overview of the key content (this information can be provided in a box that contains up to 6 bullet points on either the main aspects covered or the main findings).

5.2 Regional overview

Provide general regional context, and include site-specific issues and characteristics, existing areas of particular environmental interest and national areas of adjacent countries, if any. References to relevant technical data and previous studies should also be included. This section should be brief, but provide broader context for the more detailed site-specific description below.

5.3 Studies completed

Describe any prior research/Exploration that could provide relevant information for this Environmental Impact Statement and future activity. These should be detailed in the appendices, and the environmental reference baseline data collected for the Authority, as outlined in the exploration contract conditions, should accompany the Environmental Impact Statement.

5.4 Biological environment

Address diversity, abundance, biomass, community-level analyses, connectivity, trophic relationships, resilience, ecosystem function and temporal variability. Any work on ecosystem models and appropriate ecosystem indicators, etc., should also be presented here. This section should span the size range from megafauna to microbial communities.

The description of the fauna is structured by depth range, as this enables a direct linkage to the source and location of an impact. For each depth zone, there should be a description of the main taxonomic/ecological groups (e.g., plankton, fish, marine mammals, benthic invertebrates, demersal scavengers), using the Authority's Guidelines.

5.4.1 Surface

Describe the biological environment from the surface to a depth of 200 metres, including plankton (phytoplankton and zooplankton), surface/near-surface fish such as tuna, and seabirds and marine mammals.

5.4.2 Midwater

Describe the biological environment in the open water from a depth of 200 metres down to 50 metres above the sea floor, and include zooplankton, nekton, mesopelagic and bathypelagic fishes and deep-diving mammals.

5.4.3 Benthic

Describe the benthic invertebrate and fish communities, including infauna and demersal fish, up to an altitude of 50 metres above the sea floor. This should include considerations of species richness, biodiversity, faunal densities, community structures and connectivity, etc. Bioturbation should also be covered in this section.

5.4.4 Ecosystem/community-level description

Summarize existing community or ecosystem studies that integrate elements of the above sections. The summary should consider early life-history stages, recruitment and behavioural information.

5.5 Summary of the existing biological environment

Summarize the key findings with respect to the biological environment, including regional distributions, special faunal characteristics, etc. It is envisaged that this summary will be up to one page in length.

6. Description of the existing socioeconomic environment

This section should describe the socioeconomic aspects of the project.

6.1 Key messages

Provide an overview of key content (this information can be provided in a box that contains up to 6 bullet points on either the main aspects covered or the main findings).

6.2 Existing uses

6.2.1 Fisheries

If the project area occurs within an area used by fisheries, then this needs to be described here. This should include description of areas of significance for fish stocks, such as spawning grounds, nursery areas or feeding sites.

6.2.2 Marine traffic

This section describes the non-project-related marine traffic occurring within the project area.

6.2.3 Tourism

Describe areas used by cruise liners and for game fishing, sightseeing, marine mammal watching and other relevant tourism activities.

6.2.4 Marine scientific research

Outline the current scientific research programmes taking place in the area.

6.2.5 Area-based management tools

Describe any relevant area-based management established under subregional, regional or global processes and the scope, geographical coverage and objectives of such tools. Also describe any relevant area-based management in adjacent areas under national jurisdiction.

6.2.6 Other

List other uses of the project area that are not related to the above (e.g., submarine cables, other mineral exploration, exploitation projects).

6.3 Sites of an archaeological or historical nature

List any sites of archaeological or historical significance that are known to occur within the potential area of impact.

6.4 Summary of existing sociocultural environment

Summarize key findings regarding the sociocultural environment. It is envisaged that this section will be up to a page in length, and more extensive than the key messages.

7. Assessment of impacts on the physicochemical environment and proposed Mitigation

Provide a detailed description and evaluation of potential impacts of the operation to components of the physical environment identified in section 4. This may need to consider effects that could happen during the construction/development (pre-commissioning), operational and decommissioning phases, as well as the

potential for accidental events. The preferred approach for this template is to include for each component a description of:

- (a) The nature and extent of any actual or potential impact, including cumulative impacts;
- (b) Measures that will be taken to avoid, remedy or mitigate such impacts; and
- (c) The unavoidable (residual) impacts that will remain.

It is important that these sections make clear the expected longevity of unavoidable effects. The detail in this section is expected to be based on a prior environmental risk assessment that will have identified the main impacts, and thus the elements that need to be emphasized in the environmental impact assessment.

7.1 Key messages

Provide an overview of the key content covered in section 7.

7.2 Description of potential impact categories

Provide an overview and description of the categories of general impacts caused by the mining operation. This should introduce the major types of effect, such as habitat removal, the creation of sediment plumes, noise and light, etc.

Key elements that need to be included are:

- (a) Descriptions of impact studies carried out during exploration (e.g., component testing);
- (b) Descriptions of the results of any environmental risk assessments, which should be included as separate reports or appendices where appropriate; and
- (c) Descriptions of the methods applied to describe and quantify impact categories and assessment.

7.3 Meteorology and air quality

Provide a description of potential effects on air quality from the surface or subsurface operations.

7.3.1 Potential impacts and issues to be addressed

7.3.2 Environmental management measures to mitigate impacts

7.3.3 Residual impacts

7.4 Geological setting

Provide a description of impacts the mining operation may have on the topography of the site or its geological/geophysical composition.

7.4.1 Potential impacts and issues to be addressed

7.4.2 Environmental management measures to mitigate impacts

7.4.3 Residual impacts

7.5 Physical oceanographic setting

Provide a description of the effects on the current speed/direction and sedimentation rates, etc. A regional oceanographic model will be relevant to this section.

7.5.1 Potential impacts and issues to be addressed**7.5.2 Environmental management measures to mitigate impacts****7.5.3 Residual impacts****7.6 Chemical oceanographic setting**

Provide a description of the effects such as sediment plume generation (frequency, spatial extent, composition and concentration) and the clarity of water, particulate loading, water temperature, dissolved gas and nutrient levels etc., in all relevant levels of the water column. A regional oceanographic model will be relevant to this section. For a sea floor massive sulphide project, the modification of vent-fluid discharges, if present, should be addressed.

7.7 Seabed substrate characteristics

For example: changes in the sediment composition, grain size, density and pore-water profiles.

7.8 Natural hazards

Discuss any impacts of the operation on natural hazards and plans to deal with these hazards.

7.9 Noise and light

Noise and light above existing levels.

7.10 Greenhouse gas emissions and climate change

Assessment of gas and chemical emissions from both natural and anthropogenic activities, as well as those affecting sea floor and water-column chemistry. Subsections should include estimated greenhouse gas emissions and a greenhouse gas emissions assessment where appropriate.

7.11 Maritime safety and interactions with shipping

Include project safety and interactions with other vessels.

7.12 Waste management

Vessel waste management, with reference to compliance with relevant conventions, legislation and principles, and methods of cleaner production and energy balance.

7.13 Cumulative impacts

The nature and extent of any interactions between various impacts, where they may have cumulative effects, must be considered on both spatial and temporal scales over the lifetime of the mining operation.

7.13.1 Proposed operations impacts

Cumulative within the scope of the mining proposed herein.

7.13.2 Regional operation impacts

Cumulative between activities, where known in the region.

7.14 Other issues

Outline here other, more general issues, as applicable.

7.15 Summary of residual effects

A table may be a useful summary format to pull together the above elements in a simple visual mode.

8. Assessment of impacts on the biological environment and proposed Mitigation

Provide a detailed description and evaluation of potential impacts of the operation to the biological environment components identified in section 5. This may need to consider effects that could happen during the construction/development (pre-commissioning), operational and decommissioning phases, as well as the potential for accidental events. The preferred approach for this template is to include for each component a description of:

- (a) The nature and extent of any actual or potential impact, including cumulative impacts;
- (b) Measures that will be taken to avoid, remedy or mitigate such impacts; and
- (c) The unavoidable (residual) impacts that will remain.

It is important that these sections make clear the expected longevity of unavoidable (residual) impacts and whether or not the biological environment is expected to recover, and in what time frame, following disturbance. The detail in this section is expected to be based on a prior environmental risk assessment that will have identified the main impacts, and thus the elements that need to be emphasized in the environmental impact assessment.

8.1 Key messages

This section should provide an overview of the key content covered in section 8.

8.2 Description of potential impact categories

This section is an overview and description of the categories of general impacts caused by the mining operation. This is not expected to be detailed, but rather to introduce the major types of effects, such as habitat removal, the crushing of animals, the creation of sediment plumes, noise and light, etc. A description should be included of any lessons learned from activities during the exploratory phase of the programme (e.g., mining system component tests).

8.3 Surface

Description of potential effects on the biological environment from the surface down to a depth of 200 metres, including any impacts on plankton (phytoplankton and zooplankton), nekton, surface/near-surface fish such as tuna, and seabirds and marine mammals.

8.3.1 Potential impacts and issues to be addressed**8.3.2 Environmental management measures to mitigate impacts****8.3.3 Residual impacts****8.4 Midwater**

Description of the potential effects on the biological environment from a depth of 200 metres down to 50 metres above the sea floor, including zooplankton, nekton, mesopelagic and bathypelagic fishes and deep-diving mammals.

8.4.1 Potential impacts and issues to be addressed**8.4.2 Environmental management measures to mitigate impacts****8.4.3 Residual impacts****8.5 Benthic**

Description of the potential effect on benthic invertebrate and fish communities, including infauna and demersal fish, up to an altitude of 50 metres above the sea floor.

8.5.1 Potential impacts and issues to be addressed**8.5.2 Environmental management measures to mitigate impacts****8.5.3 Residual impacts****8.6 Ecosystem/community level**

Describe estimated effects on the ecosystem or where linkages between the various components above are known.

8.6.1 Potential impacts and issues to be addressed**8.6.2 Environmental management measures to mitigate impacts****8.6.3 Residual impacts****8.7 Cumulative impacts**

The nature and extent of any interactions between various impacts where they may have cumulative effects must be considered. This should include an evaluation of the spatial and temporal intensity of mining and its effects on other impacts.

8.7.1 Proposed operations impacts

Cumulative within the scope of the mining proposed herein.

8.7.2 Regional operation impacts

Cumulative between activities, where known in the region.

8.8 Summary of residual effects

A table may be a useful summary format.

9. Assessment of impacts on the socioeconomic environment and proposed Mitigation

As in the preceding sections, provide a detailed description and evaluation of potential impacts of the operation to the socioeconomic components identified in

section 6. This may need to consider effects that could happen during the construction/development (pre-commissioning), operational (including maintenance) and decommissioning phases, as well as the potential for accidental events. The preferred approach for this template is to include for each component a description of:

- (a) The nature and extent of any actual or potential impact, including cumulative impacts;
- (b) Measures that will be taken to avoid, remedy or mitigate such impacts; and
- (c) The unavoidable (residual) impacts that will remain.

9.1 Key messages

This section should provide an overview of the key content covered in section 9.

9.2 Impact identification

9.2.1 Existing uses

9.2.1.1 Fisheries

A description of potential impacts and issues to be addressed, along with proposed management measures and a description of residual impacts.

9.2.1.1.1 Potential impacts and issues to be addressed

9.2.1.1.2 Environmental management measures to mitigate impacts

9.2.1.1.3 Residual impacts

9.2.1.2 Marine traffic

A description of potential impacts on non-project-related marine traffic occurring within the project area, along with proposed management measures and a description of residual impacts.

9.2.1.3 Tourism

A description of potential impacts and issues to be addressed, along with proposed management measures and a description of residual impacts.

9.2.1.4 Marine scientific research

A description of potential impacts and issues to be addressed, along with proposed management measures and a description of residual impacts.

9.2.1.5 Area-based management tools

A description of potential impacts and issues to be addressed, along with proposed management measures and a description of residual impacts.

9.2.1.6 Other

List other potential impacts that are not related to the above (e.g., submarine cables, other mineral Exploration or Exploitation projects).

9.3 Sites of an archaeological or historical nature

Describe, as applicable, potential impacts to sites of archaeological or historical significance that are known to occur within the potential area of impact, along with proposed management measures and a description of residual impacts.

9.4 Socioeconomic and sociocultural issues

This section will provide a description of economic benefits or impacts, including any applicable social initiatives.

9.5 Summary of existing sociocultural environment

A table may be a useful summary format. Potential cumulative effects should also be included.

10. Accidental events and natural hazards

Environmentally hazardous discharges resulting from accidental and extreme natural events are fundamentally different from normal operational discharges of wastes and wastewaters. This section should outline the possibility/probability of accidental events occurring, the impact they may have, the measures taken to prevent or respond to such an event and the residual impact should an event occur.

For each component include:

- (a) The nature and extent of any impact;
 - (b) Measures that will be taken to avoid, mitigate or minimize such impact;
- and
- (c) Residual impacts.

10.1 Extreme weather

For example: hurricanes/cyclones.

10.2 Natural hazards

For example: volcanic eruptions, seismic events.

10.3 Accidental events

For example: leakage or spillage of hazardous material, fires and explosions, and collisions, including potential loss of equipment.

11. Environmental management, monitoring and reporting

Provide sufficient information to enable the Authority to anticipate possible environmental management, monitoring and reporting requirements for an environmental approval. Information listed should reflect the proponent's environmental policy and the translation of that policy to meet the requirements of this section and previous sections during different stages of the project life (i.e., from construction to decommissioning and closure).

The Environmental Management and Monitoring Plan is a separate report from the Environmental Impact Statement, but this could be a useful opportunity to highlight some of the key issues from the Statement that will be addressed in the full Environmental Management and Monitoring Plan. Information detailed in this section should include the headings set out below.

11.1 Organizational structure and responsibilities

This section should show how the Contractor's environmental team fits into its overall organizational structure. Responsibilities of key personnel should be outlined.

11.2 Environmental management system

Although a full environmental management system may not exist at the time the Environmental Impact Statement is submitted, outline the standards that will be considered and/or aligned with when developing the system for the project.

11.3 Environmental Management and Monitoring Plan

An Environmental Management and Monitoring Plan will be submitted as a separate document for the Authority's approval prior to the commencement of mining operations. This section should provide an overview of what the Plan would entail. This section should include, at a minimum, the headings set out below.

11.3.1 Mitigation and management

Summarize the actions and commitments that have arisen from the impact minimization and mitigation strategies.

11.3.2 Monitoring plan

Summarize the monitoring plan approach and programme.

11.3.2.1 Approach

11.3.2.2 Programme

Provide an overview of the envisaged monitoring programme (further detail will be provided in the Environmental Management and Monitoring Plan).

11.3.3 Closure Plan

A Closure Plan will be submitted as a separate document for the Authority's approval. However, this section should provide an overview of what the Closure Plan will entail, including decommissioning, continued monitoring and rehabilitation measures, if applicable.

11.4 Reporting

11.4.1 Monitoring

Outline how the results of monitoring studies will be reported to the Authority.

11.4.2 Incident reporting

Outline how Incidents will be reported and managed.

12. Product stewardship

Provide a brief description of the intended use of the mineral-bearing ore once it leaves the Area. The description should also address the meeting of standards for environmental management. The intention is not to provide a full and highly detailed account, but, where information is known about environmental impacts, these impacts should be described briefly here.

13. Consultation

Describe the nature and extent of consultation(s) that have taken place with parties identified who have existing interests in the proposed project area and with other relevant stakeholders.

13.1 Consultation methods

Describe the mechanism(s) used to consult with different groups and how this aligns with any relevant consultation obligations.

13.2 Stakeholders

List any relevant stakeholders that have been consulted and explain the process by which stakeholders were identified.

13.3 Public consultation and disclosure

Provide a description of the goals and consultation workshops/meetings that occurred prior to the preparation of the report. Include a description of key concerns and comments identified by stakeholders and whether or not the applicant intends to address these concerns, and, if not, describe the reasons for that decision.

13.4 Continuing consultation and disclosure

Outline any further consultation with stakeholders that has been deemed necessary and is being planned.

14. Glossary and abbreviations

Explain the relevant terms used in the Environmental Impact Statement (e.g., terms under different legislation, technical terms) and provide a list of acronyms and their definitions.

15. Study team

Outline the people involved in carrying out the environmental impact assessment studies and in writing the Environmental Impact Statement. If independent scientists or other experts were involved in any of the work, they should be listed. The names, occupational qualifications and their role in the generation of the Environmental Impact Statement of such people should also be included.

16. References

Provide details of reference materials used in sourcing information or data used in the Environmental Impact Statement.

17. Appendices

The appendices should include all the technical reports carried out for parts of the environmental impact assessment and the Environmental Impact Statement.

Annex V

Emergency Response and Contingency Plan

An Emergency Response and Contingency Plan must:

- (a) Be prepared in accordance with Good Industry Practice and the relevant regulations, Standards and Guidelines;
- (b) Provide an effective plan of action for the applicant's efficient response to Incidents and events, including processes by which the applicant will work in close cooperation with the Authority, coastal States, other competent international organizations and, where applicable, emergency response organizations; and
- (c) Include:
 - (i) The overall aims and objectives and arrangements for controlling the risk of Incidents;
 - (ii) Relevant codes, standards and protocols;
 - (iii) Organizational structure and personnel roles and responsibilities;
 - (iv) Details of individuals authorized to initiate response mechanism(s);
 - (v) Details of control mechanisms in place during the course of normal operations;
 - (vi) Details of the emergency response equipment;
 - (vii) Details of the safety management system;
 - (viii) Details of the environmental management system;
 - (ix) A description of the mining operations and equipment, including emergency response equipment;
 - (x) A description of all foreseeable Incidents, an assessment of their likelihood and consequences and associated control measures;
 - (xi) The number of persons that can be present on the mining vessel(s) at any time;
 - (xii) A description of the arrangements to protect persons on the mining vessel(s), and to ensure their safe escape, evacuation and rescue;
 - (xiii) Details of arrangements for the maintenance of control systems to monitor the Marine Environment in the event of an Incident;
 - (xiv) Details of the emergency response plan;
 - (xv) Details of the known natural marine environmental conditions that may influence the efficiency of response equipment or the effectiveness of a response effort;
 - (xvi) Information and measures relating to the prevention of Incidents which could result in Serious Harm to the Marine Environment;
 - (xvii) An assessment of pollution hazards and the measures to prevent or reduce such hazards;
 - (xviii) An assessment of Mining Discharges and measures to control such discharges;
 - (xix) Details of the warning mechanisms intended to alert the Authority, together with the type of information to be contained in such warning;

- (xx) Details of arrangements for coordinating any emergency response;
- (xxi) Details of training programmes for personnel;
- (xxii) A description of the monitoring of performance under the plan;
- (xxiii) Details of audit and review processes;
- (xxiv) Details of the presence of other hazards/harmful substances; and
- (xxv) An assessment of the likelihood of oil spills, leaks, etc., due to the normal operation of the mining vessel.

Note: This plan is to be developed further under these regulations and in conjunction with other international organizations, flag States, coastal States and sponsoring States and other entities that have relevant jurisdictional competence with regard to specific components of the plan.

Annex VI

Health and Safety Plan and Maritime Security Plan

[To be populated following discussion with the International Maritime Organization secretariat, members of the Authority and Stakeholders]

Annex VII

Environmental Management and Monitoring Plan

1. The Environmental Management and Monitoring Plan prepared under these regulations and this annex VII shall be:

- (a) Prepared in plain language and in an official language of the Authority, together with, where applicable, an official English-language version; and
- (b) Verified by the report of independent competent persons.

2. An Environmental Management and Monitoring Plan shall contain:

- (a) A non-technical summary of the main conclusions and information provided to facilitate understanding by members of the Authority and Stakeholders;
- (b) A description of the area likely to be affected by the proposed activities;
- (c) The environmental objectives and standards to be met;
- (d) Details of the Environmental Management System and the applicant's environmental policy;
- (e) An assessment of the potential Environmental Effects of the proposed activities on the Marine Environment, and any significant changes likely to result;
- (f) An assessment of the significance of the potential Environmental Effects, and proposed mitigation measures and management control procedures and responses to minimize the harm from Environmental Effects consistent with the environmental impact assessment and the Environmental Impact Statement;
- (g) A description of the planned monitoring programme and the overall approach, standards, protocols, methodologies, procedures and performance assessment of the Environmental Management and Monitoring Plan, including the necessary risk assessment and management techniques, including adaptive management techniques (process, procedure, response), if appropriate, needed to achieve the desired outcomes;
- (h) Details of the proposed monitoring stations across the project area, including the frequency of monitoring and data collection, the spatial and temporal arrangements for such monitoring and the justification for such arrangements;
- (i) The location and planned monitoring and management of preservation reference zones and impact reference zones, or other spatial management planning tools;
- (j) A description of relevant environmental performance Standards and indicators (trigger and threshold points), including decision rules based on the results of the monitoring of these indicators;
- (k) A description of a system for ensuring that the plan shall adhere to Good Industry Practice, Best Available Techniques and Best Available Scientific Evidence, and a description of how such practices are reflected in the proposed Exploitation activities;
- (l) Details of the quality control and management standards, including the frequency of the review of the performance of the Environmental Management and Monitoring Plan;
- (m) A description of the technology to be deployed, in accordance with Good Industry Practice and Best Available Techniques;

- (n) Details of the training programme for all persons engaged or to be engaged in activities in the project area;
- (o) Details of Mining Discharges, including a waste assessment and prevention audit;
- (p) Details of ongoing consultation with other users of the Marine Environment;
- (q) Details of any practicable restoration of the project area;
- (r) A plan for further research and studies; and
- (s) Details of reporting requirements and timing.

Annex VIII

Closure Plan

1. The Closure Plan shall be prepared and implemented in accordance with the Guidelines and the relevant regional environmental management plan and shall include the following information:

(a) A description of the closure objectives and how these relate to the mining activity and its environmental and social setting;

(b) The period during which the plan will be required, which shall be determined by reference to a specified duration, achievement of a specified event or target indicator or compliance with specified terms agreed with the Authority;

(c) A plan with coordinates showing the area(s) subject to the closure objectives;

(d) A summary of the relevant regulatory requirements, including conditions previously documented;

(e) Details of the closure implementation and timetable, including descriptions of the arrangements for the temporary suspension of mining activities or for permanent closure decommissioning arrangements for vessels, Installations, plant and equipment (where applicable);

(f) Data and information relating to baseline conditions for monitoring measures;

(g) An updated environmental impact assessment for the activities that will be undertaken during closure, if any, together with details of the identifiable residual Environmental Effects, including any relevant technical documents or reports;

(h) Details of monitoring to be undertaken during and after closure that specify the sampling design (spatial and temporal sampling), the methods to be used and the duration of the post-closure activities;

(i) Details of the management measures to Mitigate the residual Environmental Effects;

(j) Details of any restoration objectives and activities, where applicable;

(k) Information on reporting and management of data and information post-closure;

(l) Details of the persons or entity (subcontractor, consultant(s)) that will carry out the monitoring and management measures under the Closure Plan, including their qualification(s) and experience, together with details of the budget, project management plan and the protocols for reporting to the Authority under the Closure Plan;

(m) Details of the amount of the Environmental Performance Guarantee provided under these regulations;

(n) Details of any compensatory measures agreed or proposed to achieve the agreed closure objectives; and

(o) Details of consultations with Stakeholders in respect of the plan.

2. The level of detail in the Closure Plan is expected to differ between cases involving a temporary suspension of mining operations and cases involving final mine closure. The content of the Closure Plan is to be commensurate with the nature, extent and duration of activities associated with the level of closure and maturity of the project.

Annex IX

Exploitation contract and schedules

THIS CONTRACT made the ... day of ... between the INTERNATIONAL SEABED AUTHORITY represented by its SECRETARY-GENERAL (hereinafter referred to as “the Authority”) and ... represented by ... (hereinafter referred to as “the Contractor”) WITNESSETH as follows:

A. Incorporation of clauses

The standard clauses set out in annex X to the regulations on exploitation of mineral resources in the Area shall be incorporated herein and shall have effect as if herein set out at length.

B. Contract Area

For the purposes of this Contract, the “Contract Area” means that part of the Area allocated to the Contractor for Exploitation, defined by the coordinates listed in schedule 1 hereto.

C. Grant of rights

In consideration of (a) their mutual interest in the conduct of Exploitation in the Contract Area pursuant to the United Nations Convention on the Law of the Sea of 10 December 1982 and the Agreement relating to the Implementation of Part XI of the Convention, (b) the rights and responsibility of the Authority to organize and control activities in the Area, particularly with a view to administering the resources of the Area, in accordance with the legal regime established in Part XI of the Convention and the Agreement and Part XII of the Convention, respectively, and (c) the interest and financial commitment of the Contractor in conducting activities in the Contract Area and the mutual covenants made herein, the Authority hereby grants to the Contractor the exclusive right to Explore for and Exploit [specified Resource category] in the Contract Area in accordance with the terms and conditions of this contract.

D. Entry into force and Contract term

This Contract shall enter into force on signature by both parties and, subject to the standard clauses, shall remain in force for an initial period of [x] years thereafter unless the Contract is sooner terminated, provided that this Contract may be renewed in accordance with the regulations.

E. Entire agreement

This Contract expresses the entire agreement between the parties, and no oral understanding or prior writing shall modify the terms hereof.

F. Languages

This Contract will be provided and executed in the [... and] English language[s] [and both texts are valid].

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by the respective parties, have signed this Contract at ..., this ... day of

The Schedules

Schedule 1

Coordinates and illustrative chart of the Contract Area and proposed Mining Area(s).

Schedule 2

The Mining Workplan.

Schedule 3

The Financing Plan.

Schedule 4

The Emergency Response and Contingency Plan.

Schedule 5

The Health and Safety Plan and the Maritime Security Plan.

Schedule 6

The Environmental Management and Monitoring Plan.

Schedule 7

The Closure Plan.

Schedule 8

The Training Plan.

Schedule 9

Conditions, amendments and modifications agreed between the Commission and the Contractor, and approved by the Council, during the application approval process.

Schedule 10

Where applicable under regulation 26, the form of any Environmental Performance Guarantee, and its related terms and conditions.

Schedule 11

Details of insurance policies taken out or to be taken out under regulation 36.

Schedule 12

Agreed review dates for individual plans, together with any specific terms attaching to a review, where applicable.

Schedule 13

To the extent that any documentation is not available at the point of signing the Contract, and a time frame for submission has been agreed with the Commission, this should be reflected here, together with, where applicable, deadline dates.

Annex X

Standard clauses for exploitation contract

Section 1 Definitions

In the following clauses:

- (a) “Regulations” means the regulations on exploitation of mineral resources in the Area, adopted by the Authority; and
- (b) “Contract Area” means that part of the Area allocated to the Contractor for Exploitation, defined by the coordinates listed in schedule 1 hereto.

Section 2 Interpretation

- 2.1 Terms and phrases defined in the regulations have the same meaning in these standard clauses.
- 2.2 In accordance with the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982, its provisions and Part XI of the Convention are to be interpreted and applied together as a single instrument; this Contract and references in this Contract to the Convention are to be interpreted and applied accordingly.

Section 3 Undertakings

- 3.1 The Authority undertakes to fulfil in good faith its powers and functions under the Convention and the Agreement in accordance with article 157 of the Convention.
- 3.2 The Contractor shall implement this contract in good faith and shall in particular implement the Plan of Work in accordance with Good Industry Practice. For the avoidance of doubt, the Plan of Work includes:
 - (a) The Mining Workplan;
 - (b) The Financing Plan;
 - (c) The Emergency Response and Contingency Plan;
 - (d) The Training Plan;
 - (e) The Environmental Management and Monitoring Plan;
 - (f) The Closure Plan; and
 - (g) The Health and Safety Plan and Maritime Security Plan,

that are appended as schedules to this Contract, as the same may be amended from time to time in accordance with the regulations.

- 3.3 The Contractor shall, in addition:
 - (a) Comply with the regulations, as well as other Rules of the Authority, as amended from time to time, and the decisions of the relevant organs of the Authority;
 - (b) Accept control by the Authority of activities in the Area for the purpose of securing compliance under this Contract as authorized by the Convention;

(c) Pay all fees and royalties required or amounts falling due to the Authority under the regulations, including all payments due to the Authority in accordance with Part VII of the regulations; and

(d) Carry out its obligations under this Contract with due diligence, including compliance with the rules, regulations and procedures adopted by the Authority to ensure effective protection for the Marine Environment, and exercise reasonable regard for other activities in the Marine Environment.

Section 4

Security of tenure and exclusivity

4.1 The Contractor is hereby granted the exclusive right under this Contract to Explore for and Exploit the resource category specified in this Contract and to conduct Exploitation activities within the Contract Area in accordance with the terms of this Contract. The Contractor shall have security of tenure and this Contract shall not be suspended, terminated or revised except in accordance with the terms set out herein.

4.2 The Authority undertakes not to grant any rights to another person to Explore for or Exploit the same resource category in the Contract Area for the duration of this Contract.

4.3 The Authority reserves the right to enter into contracts with third parties with respect to Resources other than the resource category specified in this Contract but shall ensure that no other entity operates in the Contract Area for a different category of Resources in a manner that might interfere with the Exploitation activities of the Contractor.

4.4 If the Authority receives an application for an exploitation contract in an area that overlaps with the Contract Area, the Authority shall notify the Contractor of the existence of that application within 30 Days of receiving that application.

Section 5

Legal title to Minerals

5.1 The Contractor will obtain title to and property over the Minerals upon recovery of the Minerals from the seabed and ocean floor and subsoil thereof, in compliance with this Contract.

5.2 This Contract shall not create, nor be deemed to confer, any interest or right on the Contractor in or over any other part of the Area and its Resources other than those rights expressly granted in this Contract.

Section 6

Use of subcontractors and third parties

6.1 No Contractor may subcontract any part of its obligations under this Contract unless the subcontract contains appropriate terms and conditions to ensure that the performance of the subcontract will reflect and uphold the same standards and requirements of this Contract between the Contractor and the Authority.

6.2 The Contractor shall ensure the adequacy of its systems and procedures for the supervision and management of its subcontractors and any work that is further subcontracted, in accordance with Good Industry Practice.

6.3 Nothing in this section shall relieve the Contractor of any obligation or liability under this Contract, and the Contractor shall remain responsible and liable to the Authority for the performance of its obligations under this Contract in the event that it subcontracts any aspect of the performance of those obligations.

Section 7
Responsibility and liability

7.1 The Contractor shall be liable to the Authority for the actual amount of any damage, including damage to the Marine Environment, arising out of its wrongful acts or omissions, and those of its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this Contract, including the costs of reasonable measures to prevent and limit damage to the Marine Environment, account being taken of any contributory acts or omissions by the Authority or third parties. This clause survives the termination of the Contract and applies to all damage caused by the Contractor regardless of whether it is caused or arises before, during or after the completion of the Exploitation activities or Contract term.

7.2 The Contractor shall indemnify the Authority, its employees, subcontractors and agents against all claims and liabilities of any third party arising out of any wrongful acts or omissions of the Contractor and its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this Contract.

7.3 The Authority shall be liable to the Contractor for the actual amount of any damage caused to the Contractor arising out of its wrongful acts in the exercise of its powers and functions, including violations under article 168 (2) of the Convention, account being taken of contributory acts or omissions by the Contractor, its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this Contract, or third parties.

7.4 The Authority shall indemnify the Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this Contract, against all claims and liabilities of any third party arising out of any wrongful acts or omissions in the exercise of its powers and functions hereunder, including violations under article 168 (2) of the Convention.

Section 8
Force majeure

8.1 The Contractor shall not be liable for an unavoidable delay or failure to perform any of its obligations under this Contract due to force majeure, provided the Contractor has taken all reasonable steps to overcome the delay or obstacle to performance. For the purposes of this Contract, force majeure shall mean an event or condition that the Contractor could not reasonably be expected to prevent or control; provided that the event or condition was not caused by Contractor action, negligence or by a failure to observe Good Industry Practice.

8.2 The Contractor shall give written notice to the Authority of the occurrence of an event of force majeure as soon as reasonably possible after its occurrence (specifying the nature of the event or circumstance, what is required to remedy the event or circumstance and if a remedy is possible, the estimated time to cure or overcome the event or circumstance and the obligations that cannot be properly or timely performed on account of the event or circumstance) and similarly give written notice to the Authority of the restoration of normal conditions.

8.3 The Contractor shall, upon request to the Secretary-General, be granted a time extension equal to the period by which performance was delayed hereunder by force majeure and the term of this Contract shall be extended accordingly.

Section 9 Renewal

9.1 The Contractor may renew this Contract for periods not more than 10 years each, on the following conditions:

(a) The resource category is recoverable annually in commercial and profitable quantities from the Contract Area;

(b) The Contractor is in compliance with the terms of this Contract and the Rules of the Authority, including rules, regulations and procedures adopted by the Authority to ensure effective protection for the Marine Environment from harmful effects which may arise from activities in the Area;

(c) This Contract has not been terminated earlier; and

(d) The Contractor has paid the applicable fee in the amount specified in appendix II to the regulations.

9.2 To renew this Contract, the Contractor shall notify the Secretary-General no later than one year before the expiration of the initial period or renewal period, as the case may be, of this Contract.

9.3 The Council shall review the notification, and if the Council determines that the Contractor is in compliance with the conditions set out above, this Contract shall be renewed on the terms and conditions of the standard exploitation contract that are in effect on the date that the Council approves the renewal application.

Section 10 Renunciation of rights

10.1 The Contractor, by prior written notice to the Authority, may renounce without penalty the whole or part of its rights in the Contract Area, provided that the Contractor shall remain liable for all obligations and liabilities accrued prior to the date of such renunciation in respect of the whole or part of the Contract Area renounced. Such obligations shall include, inter alia, the payment of any sums outstanding to the Authority, and obligations under the Environmental Management and Monitoring Plan and Closure Plan.

Section 11 Termination of sponsorship

11.1 If the nationality or control of the Contractor changes or the Contractor's sponsoring State or States, as defined in the regulations, terminates its sponsorship, the Contractor shall promptly notify the Authority, and in any event within 90 Days following such changes or termination.

11.2 In either such event, if the Contractor does not obtain another sponsor meeting the requirements prescribed in the regulations which submits to the Authority a certificate of sponsorship for the Contractor in the prescribed form within the time specified in the regulations, this Contract shall terminate forthwith.

Section 12 Suspension and termination of Contract and penalties

12.1 The Council may suspend or terminate this Contract, without prejudice to any other rights that the Authority may have, if any of the following events should occur:

(a) If, in spite of written warnings by the Authority, the Contractor has conducted its activities in such a way as to result in serious persistent and wilful

violations of the fundamental terms of this Contract, Part XI of the Convention, the Agreement and the rules, regulations and procedures of the Authority;

(b) If the Contractor has failed, within a reasonable period, to comply with a final binding decision of the dispute settlement body applicable to it;

(c) If the Contractor knowingly, recklessly or negligently provides the Authority with information that is false or misleading;

(d) If the Contractor or any person standing as surety or financial guarantor to the Contractor pursuant to regulation 26 of the regulations becomes insolvent or commits an act of bankruptcy or enters into any agreement for composition with its creditors or goes into liquidation or receivership, whether compulsory or voluntary, or petitions or applies to any tribunal for the appointment of a receiver or a trustee or receiver for itself or commences any proceedings relating to itself under any bankruptcy, insolvency or readjustment of debt law, whether now or hereafter in effect, other than for the purpose of reconstruction; or

(e) If the Contractor has not made bona fide efforts to achieve or sustain Commercial Production and is not recovering Minerals in commercial quantities at the end of five years from the expected date of Commercial Production, save where the Contractor is able to demonstrate to the Council's satisfaction good cause, which may include force majeure, or other circumstances beyond the reasonable control of the Contractor that prevented the Contractor from achieving commercial production.

12.2 The Council may, without prejudice to Section 8, after consultation with the Contractor, suspend or terminate this Contract, without prejudice to any other rights that the Authority may have, if the Contractor is prevented from performing its obligations under this Contract by reason of an event or condition of force majeure, as described in Section 8, which has persisted for a continuous period exceeding two years, despite the Contractor having taken all reasonable measures to overcome its inability to perform and comply with the terms and conditions of this Contract with minimum delay.

12.3 Any suspension or termination shall be by written notice to the Contractor, through the Secretary-General, which shall include a statement of the reasons for taking such action. The suspension or termination shall be effective 60 Days after such written notice, unless the Contractor within such period disputes the Authority's right to suspend or terminate this Contract in accordance with Part XI, Section 5, of the Convention, in which case this Contract shall only be suspended or terminated in accordance with a final binding decision in accordance with Part XI, Section 5, of the Convention.

12.4 If the Contractor takes such action, this Contract shall only be suspended or terminated in accordance with a final binding decision in accordance with Part XI, Section 5, of the Convention.

12.5 If the Council has suspended this Contract, the Council may by written notice require the Contractor to resume its operations and comply with the terms and conditions of this Contract, not later than 60 Days after such written notice.

12.6 In the case of any violation of this Contract not covered under Section 12.1 (a), or in lieu of suspension or termination under Section 12, the Council may impose upon the Contractor monetary penalties proportionate to the seriousness of the violation.

12.7 Subject to Section 13, the Contractor shall cease operations upon the termination of this Contract.

12.8 Termination of this Contract for any reason (including the passage of time), in whole or in part, shall be without prejudice to rights and obligations expressed in this Contract to survive termination, or to rights and obligations accrued thereunder prior to termination, including performance under a Closure Plan, and all provisions of this Contract reasonably necessary for the full enjoyment and enforcement of those rights and obligations shall survive termination for the period so necessary.

Section 13

Obligations on Suspension or following Expiration, Surrender or Termination of a Contract

13.1 In the event of termination, expiration or surrender of this Contract, the Contractor shall:

(a) Comply with the final Closure Plan, and continue to perform the required environmental management of the Contract Area as set forth in the final Closure Plan and for the period established in the final Closure Plan;

(b) Continue to comply with relevant provisions of the regulations, including:

(i) Maintaining and keeping in place all insurance required under the regulations;

(ii) Paying any fee, royalty, penalty or other money on any other account owing to the Authority on or before the date of suspension or termination; and

(iii) Complying with any obligation to meet any liability under Section 8;

(c) Remove all Installations, plant, equipment and materials in the Contract Area; and

(d) Make the area safe so as not to constitute a danger to persons, shipping or the Marine Environment.

13.2 Where the Contractor fails to undertake the obligations listed in Section 13.1 within a reasonable period, the Authority may take necessary steps to effect such removal and make safe the area at the expense of the Contractor. Such expense, if any, shall be deducted from the Environmental Performance Guarantee held by the Authority.

13.3 Upon termination of this Contract, any rights of the Contractor under the Plan of Work and in respect of the Contract Area also terminate.

Section 14

Transfer of rights and obligations

14.1 The rights and obligations of the Contractor under this Contract may be transferred in whole or in part only with the consent of the Authority and in accordance with the regulations, including payment of the fee as set out in appendix II to the regulations.

14.2 The Authority shall not unreasonably withhold consent to the transfer if the proposed transferee is in all respects a qualified applicant in accordance with the regulations and assumes all of the obligations of the Contractor, and if the transfer does not confer to the transferee a Plan of Work, the approval of which would be forbidden by article 6 (3) (c) of annex III to the Convention.

14.3 The terms, undertakings and conditions of this Contract shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Section 15

No waiver

No waiver by either party of any rights pursuant to a breach of the terms and conditions of this Contract to be performed by the other party shall be construed as a waiver by the party of any succeeding breach of the same or any other term or condition to be performed by the other party.

Section 16

Modification of terms and conditions of this Contract

16.1 When circumstances have arisen or are likely to arise after this Contract has commenced which, in the opinion of the Authority or the Contractor would render this Contract inequitable or make it impracticable or impossible to achieve the objectives set out in this Contract or in Part XI of the Convention, the parties shall enter into negotiations to revise it accordingly.

16.2 This Contract may be revised by agreement between the Contractor and the Authority.

16.3 This Contract may be revised only:

- (a) With the consent of the Contractor and the Authority; and
- (b) By an appropriate instrument signed by the duly authorized representatives of the parties.

16.4 Subject to the confidentiality requirements of the regulations, the Authority shall publish information about any revision to the terms and conditions of this Contract.

Section 17

Applicable law

17.1 This Contract is governed by the terms of this Contract, the Rules of the Authority and other rules of international law not incompatible with the Convention.

17.2 The Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this Contract shall observe the applicable law referred to in Section 17.1 hereof and shall not engage in any transaction, directly or indirectly, prohibited by the applicable law.

17.3 Nothing contained in this Contract shall be deemed an exemption from the necessity of applying for and obtaining any permit or authority that may be required for any activities under this Contract.

17.4 The division of this Contract into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 18

Disputes

Any dispute between the parties concerning the interpretation or application of this Contract shall be settled in accordance with Part XII of the regulations.

Section 19
Notice

Any notice provided to or from one party to another pursuant to this Contract shall be provided in accordance with the notice provision set out at regulation 91 of the regulations.

Section 20
Schedules

This Contract includes the schedules to this Contract, which shall be an integral part hereof.

Appendix I

Notifiable events

In respect of an Installation or vessel engaged in activities in the Area, notifiable events for the purposes of regulation 36 include:

1. Fatality of a person.
2. Missing person.
3. Occupational lost time illness.
4. Occupational lost time injury.
5. Medical evacuation.
6. Fire/explosion resulting in an injury or major damage or impairment.
7. Collision resulting in an injury or major damage or impairment.
8. Significant leak of hazardous substance.
9. Unauthorized Mining Discharge.
10. Adverse environmental conditions with likely significant safety and/or environmental consequences.
11. Significant threat or breach of security.
12. Implementation of Emergency Response and Contingency Plan.
13. Major impairment/damage compromising the ongoing integrity or emergency preparedness of an Installation or vessel.
14. Impairment/damage to safety or environmentally critical equipment.
15. Significant contact with fishing gear.
16. Contact with submarine pipelines or cables.

Appendix II

Schedule of annual, administrative and other applicable fees

Prescribed amount (United States dollars)

Annual fees

Submission of annual report (regulation 84) []

Application and other fees

Application for the approval of a Plan of Work (regulation 7 (3) (j)) []

Renewal of an exploitation contract (regulation 20) []

Transfer of an interest in an exploitation contract and approved Plan of Work (regulation 23) []

Use of a contract or approved Plan of Work as security (regulation 22) []

Temporary suspension in Commercial Production (regulation 29) []

Modification to a Plan of Work (regulation 57) []

Approval of a revised/final Closure Plan (regulations 59 (2) and 60) []

Approval of a revised Environmental Management and Monitoring Plan (regulation 52 (8) (b)) []

[Other]

Appendix III

Monetary penalties

This appendix is no longer referenced in these draft regulations. Monetary penalties referenced in regulations 80 and 103 (6) to be imposed by the Council should be set out in a Council decision, which would be subject to review from time to time.

Prescribed amount (United States dollars)

Penalty in respect of any underdeclaration or underpayment in respect of a royalty	[]
Penalty in respect of any failure to deliver or furnish a royalty return	[]
Penalty in respect of false royalty returns and information	[]
Failure to submit an annual report (regulation 38)	[]
<p><i>Other: to be considered e.g. relating to notifiable events (failure to notify); environmental & other Incidents; not achieving/exceeding environmental thresholds. A desktop study should be performed in connection with monetary penalties under comparable national regimes for extractive industries, including those relating to a broader range of breaches of the environmental provisions and failure to adhere to the Plan of Work annexed to an exploitation contract.</i></p>	

Appendix IV

Determination of a royalty liability

This appendix sets out the methodology for the calculation of a royalty payable under regulation 64 in respect of the categories of resources. It is indicative and presented for discussion only at this time.

In the present appendix:

Applicable Royalty Rate means the royalty rate shown in the tables below for the applicable Resource category or as determined by a decision of the Council following any review under these regulations.

Average Listed Price means the Average Listed Price for a Relevant Metal, which is a price calculated by averaging the daily prices (in United States dollars)¹ per metric ton listed for the metal in an Official Listing during a royalty return period as specified and published by the Authority.

Average Grade means the average metal content of the Relevant Metal obtained from a range of grades in the Mining Area² expressed as the percentage of the metal per ton of the mineral-bearing ore at the Valuation Point and shown under column B in the tables below for the applicable Resource category.

First Period of Commercial Production means a fixed period of [x]³ years following the date of commencement of Commercial Production.

Official Listing means a list of quoted or published prices of metals:

- (a) On a recognized international mineral exchange or market;
- (b) In a publication recognized for quoting or publishing prices of metals in an international market; or
- (c) Where there is no listed price, the Council shall, based on recommendations of the Commission and following consultation with Contractors, determine a formula for the determination of the Average Listed Price for a Relevant Metal.

Relevant Metal means a metal contained in the mineral-bearing ore identified and determined by the Council as relevant for the purposes of calculating the assumed gross value.

Relevant Metal Value(s) means the assumed gross value(s) of a Relevant Metal calculated as the product of its Average Listed Price and Average Grade.

Second Period of Commercial Production means a fixed period of [y]⁴ years following the end of the First Period of Commercial Production.

Valuation Point is the point of first sale or the first point of transfer of the mineral-bearing ore by delivery onto a vessel transporting the ore from the Contract Area.

¹ To consider the use of special drawing rights as a unit of account to value the revenue on which a royalty would be based.

² An average grade (content) could be determined from resource assessments provided to the Authority in accordance with its resource classification guidelines. A range of acceptable grade parameters could be included in the regulations, with the actual average grade shown in a royalty return, subject where necessary to assay.

³ To be informed by financial model discussion.

⁴ See footnote 3.

Valuation of mineral-bearing ore⁵

1. The value of the mineral-bearing ore shall be an assumed gross value per metric ton at the Valuation Point.
2. The assumed gross value shall reflect the assumed gross value of each Relevant Metal contained in the mineral-bearing ore, calculated under this appendix.

Royalty rate

1. The Applicable Royalty Rate shall be:
 - (a) For the First Period of Commercial Production, the percentage(s) shown under column C in the tables below for the applicable Resource category; and
 - (b) For the Second Period of Commercial Production, the percentage(s) shown under column D in the tables below for the applicable Resource category.
2. The Applicable Royalty Rate and the manner and basis of its calculation may vary as between a royalty payable in respect of different Relevant Metals and different Resource categories.

Calculation of royalty payable

1. The royalty payable for a royalty return period is the product of the sum of the Relevant Metal Values multiplied by the Applicable Royalty Rate for each Relevant Metal and the quantity (in metric tons) of the mineral-bearing ore sold or transferred at the Valuation Point, thus:

$$RP = ((RMV^1 \times ARR^1) + (RMV^2 \times ARR^2) + (RMV^3 \times ARR^3) + \dots (RMV \times ARR)) \times \text{Total quantity of mineral-bearing ore in metric tons}$$

Where:

RP = Royalty Payable

RMV¹ = the first Relevant Metal Value

ARR¹ = the Applicable Royalty Rate applicable to the first Relevant Metal

RMV² = the second Relevant Metal Value

ARR² = the Applicable Royalty Rate applicable to the second Relevant Metal, and so on

RMV³ = the third Relevant Metal Value

ARR³ = the Applicable Royalty Rate applicable to the third Relevant Metal, and so on

2. Where the Council, under columns C and/or D in the tables below for the applicable Resource category, has determined that a composite royalty rate⁶ shall be applicable to the assumed gross value of the mineral-bearing ore, the

⁵ This approach towards determining a reference value for the metals contained in the ore has been discussed in connection with polymetallic nodules only. Whether this approach is appropriate for other mineral resource categories remains open for discussion. That said, the approach uses international reference prices, and to that extent does not present the Authority with potentially burdensome transfer pricing issues.

⁶ In connection with polymetallic nodules, discussions to date have focused on a single royalty rate to be applied to a metal basket value. Other than simplicity in calculation, no detailed discussion has taken place in terms of applying different royalty rates to different metals contained in the basket.

royalty payable for a royalty return period is the product of the sum of the Relevant Metal Values and the quantity (in tons) of the mineral-bearing ore sold or transferred at the Valuation Point multiplied by the composite royalty rate, thus:

$$RP = (RMV^1 + RMV^2 + RMV^3 + \dots + RMV^n) \times \text{Total quantity of mineral-bearing ore (in tons)} \times \text{composite royalty rate}$$

The following tables shall be adopted progressively, from time to time:

Table 1
Polymetallic nodules

<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
<i>Relevant Metal</i>	<i>Average grade (percentage)</i>	<i>First Period of Commercial Production: Applicable Royalty Rate (percentage)</i>	<i>Second period of commercial production: applicable royalty rate (percentage)</i>
Metal 1	[x.xx]	[x.xx]	[x.xx]
Metal 2	[x.xx]	[x.xx]	[x.xx]
Metal 3	[x.xx]	[x.xx]	[x.xx]
Metal 4	[x.xx]	[x.xx]	[x.xx]
[Other]			

Table 2
Polymetallic sulphides

<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
<i>Relevant Metal</i>	<i>Average grade (percentage)</i>	<i>First Period of Commercial Production: Applicable Royalty Rate (percentage)</i>	<i>Second Period of Commercial Production: Applicable Royalty Rate (percentage)</i>
Metal 1	[x.xx]	[x.xx]	[x.xx]
Metal 2	[x.xx]	[x.xx]	[x.xx]
Metal 3	[x.xx]	[x.xx]	[x.xx]
Metal 4	[x.xx]	[x.xx]	[x.xx]
[Other]			

Table 3
Cobalt-rich ferromanganese crusts

<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
<i>Relevant Metal</i>	<i>Average grade (percentage)</i>	<i>First Period of Commercial Production: Applicable Royalty Rate (percentage)</i>	<i>Second Period of Commercial Production: Applicable Royalty Rate (percentage)</i>
Metal 1	[x.xx]	[x.xx]	[x.xx]
Metal 2	[x.xx]	[x.xx]	[x.xx]
Metal 3	[x.xx]	[x.xx]	[x.xx]
Metal 4	[x.xx]	[x.xx]	[x.xx]
[Other]			

Schedule

Use of terms and scope

“**Agreement**” means the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982.

“**Best Available Scientific Evidence**” means the best scientific information and data accessible and attainable that, in the particular circumstances, is of good quality and is objective, within reasonable technical and economic constraints, and is based on internationally recognized scientific practices, standards, technologies and methodologies.

“**Best Available Techniques**” means the latest stage of development, and state-of-the-art processes, of facilities or of methods of operation that indicate the practical suitability of a particular measure for the prevention, reduction and control of pollution and the protection of the Marine Environment from the harmful effects of Exploitation activities, taking into account the guidance set out in the applicable Guidelines.

“**Best Environmental Practices**” means the application of the most appropriate combination of environmental control measures and strategies, that will change with time in the light of improved knowledge, understanding or technology, taking into account the guidance set out in the applicable Guidelines.

“**Calendar Year**” means a period of 12 months, ending with 31 December.

“**Closure Plan**” means the document referred to in annex VIII.

“**Commercial Production**” shall be deemed to have begun where a Contractor engages in sustained large-scale recovery operations which yield a quantity of materials sufficient to indicate clearly that the principal purpose is large-scale production rather than production intended for information-gathering, analysis or the testing of equipment or plant.¹

“**Commission**” means the Legal and Technical Commission of the Authority.

“**Confidential Information**” shall have the meaning assigned to that term by regulation 89.

“**Contract Area**” means the part or parts of the Area allocated to a Contractor under an exploitation contract and defined by the coordinates listed in schedule 1 to such exploitation contract.

“**Contractor**” means a contractor having a contract in accordance with Part III and, where the context applies, shall include its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under the contract.

“**Convention**” means the United Nations Convention on the Law of the Sea.

“**Council**” means the executive organ of the Authority established under article 158 of the Convention.

“**Day**” means calendar day.

¹ This wording is taken from article 17 (2) (g) of annex III to the Convention. Article 17 (1) (b) (xiii) of annex III to the Convention requires the Authority to provide for a definition of commercial production, reflecting the objective criteria under article 17 (2) (g). A clearer definition of commercial production will be needed.

“Emergency Response and Contingency Plan” means the document referred to in annex V.

“Environmental Effect” means any consequences in the Marine Environment arising from the conduct of Exploitation activities, whether positive, negative, direct, indirect, temporary or permanent, or cumulative effect arising over time or in combination with other mining impacts.

“Environmental Performance Guarantee” means a financial guarantee supplied under regulation 26.

“Environmental Plans” means the Environmental Impact Statement, the Environmental Management and Monitoring Plan and the Closure Plan.

“Exploit” and **“Exploitation”** mean the recovery for commercial purposes of Resources in the Area with exclusive rights and the extraction of Minerals therefrom, including the construction and operation of mining, processing and transportation systems in the Area, for the production and marketing of metals, as well as the decommissioning and closure of mining operations.

“Exploration Regulations” means the regulations on prospecting and exploration for polymetallic nodules in the Area, the regulations on prospecting and exploration for polymetallic sulphides in the Area and the regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area, as the case may be and as replaced or amended by the Council from time to time.

“Explore” and **“Exploration”**, as applicable, mean the searching for Resources in the Area with exclusive rights, the analysis of such Resources, the use and testing of recovery systems and equipment, processing facilities and transportation systems and the carrying out of studies of the environmental, technical, economic, commercial and other appropriate factors that must be taken into account in Exploitation.

“Feasibility Study” means a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered.

“Financing Plan” means the document referred to in annex III.

“Good Industry Practice” means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected to be applied by a skilled and experienced person engaged in the marine mining industry and other related extractive industries worldwide.

“Guidelines” means documents that provide guidance on technical and administrative matters, issued by the Authority pursuant to regulation 95.

“Incident” means an event, or sequence of events, where activities in the Area result in:

- (a) A marine Incident or a marine casualty as defined in the Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident (Casualty Investigation Code, effective 1 January 2010);
- (b) Serious Harm to the Marine Environment or to other existing legitimate sea uses, whether accidental or not, or a situation in which such Serious Harm to the Marine Environment is a reasonably foreseeable consequence of the situation; and/or
- (c) Damage to a submarine cable or pipeline, or any Installation.

“Incidents Register” means a register maintained under regulation 33 (2) (e).

“Inspector” means a person acting under Part XI of these regulations.

“Installations” includes, insofar as they are used for carrying out activities in the Area, structures and platforms, whether stationary or mobile.

“Marine Environment” includes the physical, chemical, geological and biological components, conditions and factors which interact and determine the productivity, state, condition and quality and connectivity of the marine ecosystem(s), the waters of the seas and oceans and the airspace above those waters, as well as the seabed and ocean floor and subsoil thereof.

“Material Change” means a change to the basis on which the original report, document or plan, including a Plan of Work, was accepted or approved by the Authority, and includes changes such as physical modifications, the availability of new knowledge or technology and changes to operational management that are to be considered in the light of the Guidelines.

“Metal” means any metal contained in a Mineral.

“Minerals” means Resources that have been recovered from the Area.

“Mining Area” means the part or parts within the Contract Area, described in a Plan of Work, as may be modified from time to time in accordance with these regulations.

“Mining Discharge” means any sediment, waste or other effluent directly resulting from Exploitation, including shipboard or Installation processing immediately above a mine site of Minerals recovered from that mine site.

“Mining Workplan” means the document referred to in annex II.

“Mitigate” and **“Mitigation”** includes:

- (a) Avoiding an effect altogether by undertaking or not undertaking a certain activity or parts of an activity;
- (b) Minimizing effects by limiting the degree or magnitude of the activity and its implementation;
- (c) Rectifying the effect by repairing, rehabilitating or restoring the affected Marine Environment; and
- (d) Reducing or eliminating the impact over time through preservation and maintenance operations during the life of the mining activity.

“Plan of Work” means a Plan of Work for Exploitation in the Area, defined collectively as all and any plans or other documents setting out the activities for the conduct of the Exploitation, which form part of, or is proposed to be part of, an exploitation contract.

“Reserved Area” means any part of the Area designated by the Authority as a reserved area in accordance with article 8 of annex III to the Convention.

“Resources” means all solid, liquid or gaseous mineral resources in situ in the Area at or beneath the seabed, including: (a) polymetallic nodules, defined as any deposit or accretion of nodules, on or below the surface of the deep seabed, which contain metals such as manganese, nickel, cobalt and copper; (b) polymetallic sulphides, defined as hydrothermally formed deposits of sulphides and accompanying mineral resources in the Area which contain concentrations of metals such as copper, lead, zinc, gold and silver; and (c) cobalt crusts, defined as cobalt-rich ferromanganese hydroxide/oxide deposits formed from direct precipitation of Minerals from seawater onto hard substrates containing concentrations of metals such as cobalt, titanium, nickel, platinum, molybdenum, tellurium, cerium and other metallic and rare earth elements.

“Rules of the Authority” means the Convention, the Agreement, these regulations and other rules, regulations and procedures of the Authority as may be adopted from time to time.

“Seabed Mining Register” means the registry established and maintained by the Authority in accordance with regulation 92.

“Serious Harm” means any effect from activities in the Area on the Marine Environment which represents a significant adverse change in the Marine Environment determined according to the rules, regulations and procedures adopted by the Authority on the basis of internationally recognized standards and practices informed by Best Available Scientific Evidence.

“Sponsoring State” means a State party or parties to the Convention which submits a certificate of sponsorship of an applicant in accordance with regulation 6.

“Stakeholder” means a natural or juristic person or an association of persons with an interest of any kind in, or who may be affected by, the proposed or existing Exploitation activities under a Plan of Work in the Area, or who has relevant information or expertise.

“Standards” means such technical and other standards and protocols, including performance and process requirements, adopted pursuant to regulation 94.

CONSOLIDATED INDEX TO THE SELECTED DECISIONS AND DOCUMENTS OF THE INTERNATIONAL SEABED AUTHORITY

Documents of the International Seabed Authority begin with the letters "ISBA". Documents of the first two sessions do not have a sessional number (e.g. ISBA/A/1), but from the third session on they do (e.g. ISBA/3/A/1).

Formal Assembly and Council documents each appear in four series, -/ 1; -/L.1; -/WP.1; and -/INF.1, corresponding to main documents, documents with limited distribution, working papers and information papers respectively. In addition to A and C documents there are also the ISBA/FC (Finance Committee) and ISBA/LTC (Legal and Technical Commission) series.

The Authority does not keep verbatim or summary records of meetings. Sound recordings are made and retained by the Secretariat. Official accounts of the work of the Authority can be found in the successive statements of the Presidents of the Assembly and the Council on the work of their organs, and the annual reports of the Secretary-General.

The Authority publishes annually a compendium of selected decisions and documents from each session. This compendium is available online only from the eighteenth session onwards. These may be cited as, e.g. *Selected Decisions* 17, 1-25; and from the eighteenth session *Selected Decisions* 18, ISBA/18/A/2.

Indexes to the documents of the Authority are available in two formats; a consolidated subject index to the documents and a cumulative index which contains a complete list of documents of the Assembly and the Council from the first session (1994) to the twenty-fourth session (2018). The documents and indexes are also available in electronic format on the Authority's website at www.isa.org.jm.

The consolidated index below indicates the reference in the appropriate volume of the Selected Decisions.

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