

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 28<sup>TH</sup> SESSION: COUNCIL -  
PART III**

*Please fill out one form for each textual proposal which your delegation(s) wish(es) to amend, add or delete and send to [council@isa.org.jm](mailto:council@isa.org.jm).*

**1. Name of Working Group:**

Open-ended Working Group of the Council on the Financial Terms of a Contract

**2. Name(s) of Delegation(s) making the proposal:**

Submitted by Nauru Ocean Resources Inc., Tonga Offshore Mining Ltd. and Blue Minerals Jamaica Ltd.

**3. Please indicate the relevant provision to which the textual proposal refers.**

Draft Regulation 74

**4. Kindly provide the proposed amendments to the regulation or standard or guideline in the text box below, using the “track changes” function in Microsoft Word. Please only reproduce the parts of the text that are being amended or deleted.**

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 ~~[and appropriate environmental, social and governance standards and disclosure requirements, including but not limited to, IFRS, ISSB, TFC, TFND,] and [that] verify,~~ in connection with ~~each Mining Area [and the Contract Area],~~ inter alia: [...]

~~[(e) Details of any sales, shipments, transfers, exchanges and other disposals of any Minerals, to the degree available.]~~

3. Subject to any protections necessary to protect confidential or commercially sensitive information, ~~a~~ 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 for the duration of the contract and a period of ~~[10 years]~~ [2 years] following the expiry or cancellation of the contract and including duration of the Closure Plan, and make such records available for ~~[inspection and]~~ audit under regulation 75.

**Explanation / Comment**

## Paragraph 2

- One participant proposes to add additional language in paragraph 2, to clarify that internationally accepted accounting principles should include appropriate environmental, social and governance standards and disclosure requirements. I invite comments.
- One participant proposes to add a subparagraph 2(e) to ensure information on the entire value chain is collected for environmental disclosure. I invite comments.

## 5. Please indicate the rationale for the proposal. [150-word limit]

- We do not consider it necessary that the Contractor obtain the agreement of the Secretary-General in relation to the place in which it maintains its records and propose this language be deleted from Draft Regulation 74(1).
- It is also not clear that the additional principles and standards proposed to be added to Draft Regulation 74(2) are relevant to records aimed at supporting “returns or any other accounting or financial reports”. As such we propose they be deleted. We also consider it unnecessary to refer to both the Mining Area and the Contract Area and propose to remove the reference to the Mining Area.
- In relation Draft Regulation 74(2)(e), the matters listed are irrelevant to the financial terms of the contracts and should not be required by this section. To the extent the Authority wishes to undertake value chain analysis or require non-financial disclosures, this should be covered elsewhere in the Draft Regulations and the Authority needs to ensure it has a proper legal basis for requiring such disclosures. Requiring Contractors to record and report on the matters listed in this sub-paragraph would be onerous and potentially not feasible.
- In relation to Draft Regulation 74(3) we propose clarifying that the supply of the records is subject to exclusions for confidential or commercially sensitive information.
- In relation to Draft Regulation 74(4), we consider that it would be reasonable to require Contractors to maintain their records for a period of 2 years following the end of their contract.