

**ISBA/23/LTC/CRP.3\***  
8 August 2017  
English only

***Draft Regulations on Exploitation of Mineral Resources in the Area***

## **Preamble**

In accordance with the United Nations Convention on the Law of the Sea of 10 December 1982,

Whereas the seabed and ocean floor and the subsoil thereof beyond the limits of national jurisdiction, as well as its Resources, are the common heritage of mankind,

And whereas the Exploitation thereof 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 objective of this set of Regulations is to provide for the Exploitation of the Resources of the Area.

## **Part I Introduction**

### **Draft Regulation 1 Use of terms and scope**

1. Terms used in these Regulations shall have the same meaning as those in the Convention.
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 shall be defined for the purposes of these Regulations as set out in Schedule 1.
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 may be supplemented by further rules, regulations and procedures, in particular on the protection and preservation of the Marine Environment.
6. These Regulations are subject to the provisions of the Convention and the Agreement and other rules of international law not incompatible with the Convention.

## **Part II**

### **Applications for approval of Plans of Work for Exploitation in the form of Contracts**

#### **Section 1: Form of applications**

##### **Draft Regulation 2 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;
  - (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; and
  - (b) In the case of an entity, by a designated representative or the authority designated for that purpose by the sponsoring State or States;
  - (c) In the case of the Enterprise, by its competent authority.
3. Each application by a State enterprise or one of the entities referred to in paragraph 1 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, 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, the consortium shall specify in its application a lead member of the consortium.
6. The Authority shall not accept an application for a Plan of Work from an applicant that has conducted Exploration activities otherwise than under an exploration contract with the Authority, or uses information that was obtained otherwise than under such an exploration contract, except for information collected prior to the entry into force of the Convention for the sponsoring State.

**Draft Regulation 3**  
**Certificate of sponsorship**

1. Each application by a State enterprise or one of the entities referred to in regulation 2(1) 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;
  - (f) A declaration that the sponsoring State assumes responsibility in accordance with Articles 139 and 153 (4) of the Convention and Annex III, Article 4(4), of the Convention.
4. States or entities in a joint arrangement with the Enterprise shall also comply with this regulation.

**Draft Regulation 4**  
**Form of applications and information to accompany a Plan of Work for Exploitation**

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 the Convention and the rules, regulations and procedures of the Authority, the decisions of the 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;
  - (c) Provide the Authority with a written assurance that its obligations under the contract will be fulfilled in good faith; and
  - (d) Comply with the national laws, regulations and administrative measures of the sponsoring State made pursuant to Article 139, Article 153(4) and Annex III, Article 4(4), of the Convention.
3. An application shall also be accompanied by the following:
- (a) A pre-Feasibility Study prepared in accordance with Annex II to these Regulations;
  - (b) An Environmental Impact Statement in the format prescribed in Annex V to these Regulations prepared in accordance with regulation 19;
  - (c) A Financing Plan prepared and based on the Pre-Feasibility Study, in accordance with Annex III to these Regulations;
  - (d) An Emergency Response and Contingency Plan prepared in accordance with Annex VI to these Regulations;
  - (e) A health, safety and maritime security plan;
  - (f) A training plan;
  - (g) An Environmental Management and Monitoring Plan and Closure Plan prepared in accordance with Annex VII and Annex VIII respectively.
  - (h) An administrative fee in the amount specified in Appendix II. An application shall not be regarded as complete until the administrative fee is paid in full.
4. Mining Areas sought for Exploitation need not be contiguous and shall be defined in the application in the form of sub-blocks comprising one or more cells of a grid as provided by the Authority.
5. Where the proposed Plan of Work proposes multiple non-contiguous Mining Areas, the Commission shall require separate documents under paragraph 3(b) and (g) above for each Mining Area, unless the applicant shows, to the satisfaction of the Commission, that a single set of documents from an applicant is appropriate according to the application guidelines.

## **Section 2: Processing of applications**

### **Draft Regulation 5 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;
  - (c) Notify the members of the Authority of receipt of such application and circulate to them information of a general nature which is not confidential regarding the application; and
  - (d) Notify the members of the Commission of receipt of such application.
2. The Commission shall consider such application at its next meeting provided that the notification and information under paragraph (c) has been circulated at least 30 days prior to the commencement of that meeting of the Commission.

### **Section 3: Consideration of applications by the Commission**

#### **Draft Regulation 6 General**

1. The Commission shall examine applications in the order in which they are received.
2. The Commission shall, in the case of more than one application for the same area and same Resource category, determine whether the applicant has preference and priority in accordance with the Exploration Regulations.
3. The Commission shall consider applications expeditiously and shall submit its report and recommendations to the Council at the first possible opportunity, taking into account the schedule of meetings of the Authority and the requirements for review of an Environmental Impact Statement in accordance with regulation 20.
4. The Commission may, prior to issuing any recommendations to the Council under these Regulations to approve or not approve a Plan of Work, request additional information on any aspect of the Plan of Work.
5. In discharging its duties, the Commission shall apply the Rules of the Authority in a uniform and non-discriminatory manner.

#### **Draft Regulation 7 Assessment of applicants**

1. The Commission shall determine if the applicant:
  - (a) Is a qualified applicant under regulation 2 above;
  - (b) Has given the undertakings and assurances specified in regulation 4(2);
  - (c) Has satisfactorily discharged its obligations in relation to any previous contract with the Authority;

- (d) Has, or will have, the financial and technical capability to carry out the Plan of Work and to meet all obligations under any exploitation contract; and
  - (e) Has undertaken an Environmental Impact Assessment in accordance with these Regulations and any applicable Recommendations.
2. In considering the financial capability of an applicant the Commission must be satisfied that 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 and conditions of any exploitation contract, including:
- (a) The payment of any applicable fees and other financial payments and charges in accordance with these Regulations;
  - (b) The estimated costs of implementing the environmental management system, Environmental Management and Monitoring Plan and Closure Plan; and
  - (c) Sufficient financial resources for the prompt execution and implementation of the Emergency Response and Contingency Plan.
3. In considering the technical capability of an applicant the Commission must be satisfied that 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 where applicable, adequately supervised personnel;
  - (b) Adopted internationally recognized quality control and management standards;
  - (c) Established the risk assessment and risk management systems necessary to effectively implement the proposed Plan of Work in accordance with Good Industry Practice and these Regulations, including systems to meet health, safety and environmental requirements for the activities proposed in the Plan of Work; and
  - (d) Necessary access to insurance products that are appropriate to the financing of exposure to risk in accordance with Good Industry Practice and these Regulations.
4. The Commission shall determine if the proposed Plan of Work:
- (a) Optimizes the recovery and extraction of the Minerals;
  - (b) Reflects the economic life of the Exploitation project;
  - (c) Following the Commission's examination under regulation 21, provides for the effective protection of the Marine Environment in accordance with Article 145 of the Convention including the application of Best Environmental Practices and a precautionary approach;
  - (d) Provides for the effective protection of human health and safety;

- (e) Provides for Exploitation Activities to be carried out with reasonable regard for other activities in the Marine Environment, including, but not limited to, navigation, laying of submarine cables and pipelines, fishing and scientific research; and
  - (f) Includes an Emergency Response and Contingency Plan prepared in accordance with Annex VI to these Regulations and Good Industry Practice.
5. In considering a proposed Plan of Work, the Commission shall have regard to the principles, policies and objectives relating to activities in the Area as provided for in Part XI and Annex III of the Convention, and the Agreement.
  6. At any stage prior to making its recommendation to the Council, the Commission may request the applicant to amend or modify its application or may propose specific amendments for consideration by the applicant where such amendments are considered reasonably necessary and practicable to bring the Plan of Work into conformity with these Regulations and applicable standards adopted by the Authority. The applicant must respond within 90 days following receipt of such proposal from the Commission, agreeing to the proposal, rejecting the proposal, or making an alternative proposal for the Commission's consideration.

**Draft Regulation 8**  
**Amendments to the proposed Plan of Work for Exploitation**

1. At any time prior to the consideration of the report and recommendations of the Commission by the Council or any time prior to the execution of an exploitation contract, an applicant may request the Secretary-General to amend or modify its application in the light of new knowledge or information.
2. The Secretary-General shall consider the nature of the proposed amendment or modification in accordance with regulation 46(2) and shall seek the opinion of the Commission as to any change in its recommendations to the Council or approval of the Council to the proposed amendment or modification, as the case may be.

**Draft Regulation 9**  
**Performance Guarantee**

1. The Commission may recommend to the Council that, as part of the terms and conditions for the approval of a Plan of Work, that the applicant deposit a Performance Guarantee in respect of the performance of its obligations, undertakings or conditions in a Plan of Work or proposed exploitation contract and at a time to be agreed with the applicant but no later than the commencement date of Exploitation Activities. Any recommendations to the Council shall be based on the Authority's guidelines, including the form and the amount or value of the Performance Guarantee following consultation with the applicant.
2. Where any Performance Guarantee is deposited as part of the terms and conditions for a Plan of Work, the Authority shall hold such guarantee in accordance with its policies and procedures, which shall provide for:
  - (a) The repayment or release of any Performance Guarantee upon compliance by the Contractor of its obligations that are the subject of the Performance Guarantee; or

- (b) The forfeiture of any Performance Guarantee where the Contractor fails to comply with such obligations.
3. Any requirement for any Performance Guarantee under this regulation shall be applied in a uniform and non-discriminatory manner.

**Draft Regulation 10**

**Commission's recommendation for the approval of a Plan of Work**

1. If the Commission is satisfied that the applicant meets the criteria listed in regulation 7(1) and that the proposed Plan of Work, including any amendments or modifications thereto, meets the criteria listed in regulation 7(4), 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 entity;
  - (b) A plan of work approved by the Council for Exploration for 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.
  - (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 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 covered by the Plan of Work;
  - (b) Another qualified entity has a preference and a priority in accordance with Annex III, Article 10, of the Convention.
4. If the Commission is not satisfied that the applicant meets any of the criteria listed in regulation 7(1) and that the proposed Plan of Work, including any amendments or modifications thereto, meets the criteria listed in regulation 7(4), and accordingly it is of the view that it should not recommend approval of the Plan of Work, it shall so inform the applicant and provide the applicant with a further opportunity to make representations within 90 days.
5. The Commission shall consider any such representations made by the applicant at its next available meeting in preparing its report and recommendations to the Council.

**Section 4**  
**Consideration of an application by the Council**

**Draft Regulation 11**  
**Consideration and approval of Plans of Work for Exploitation by the Council**

The Council shall consider the reports and recommendations of the Commission relating to approval of Plans of Work in accordance with paragraphs 11 and 12 of section 3 of the annex to the Agreement.

## **Part III**

### **Exploitation contracts**

#### **Draft Regulation 12**

##### **The exploitation 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 the annexes to these Regulations.
2. The Secretary-General shall sign the exploitation contract on behalf of the Authority. A duly authorized signatory 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. There shall be a presumption that any information regarding the exploitation contract or the activities carried out under the exploitation contract is public, other than Confidential Information.
4. The Secretary-General shall publish the exploitation contract in the Seabed Mining Register, other than Confidential Information which shall be redacted.

#### **Draft Regulation 13**

##### **Term of exploitation contracts**

1. The maximum initial term of an exploitation contract is 30 years. The Authority and the Contractor may agree to a shorter period in the light of the expected economic life of the Exploitation Activities of the resource category set out in the Feasibility Study.
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. An exploitation contract shall be renewed, provided that:
  - (a) The resource category is recoverable annually in commercial quantities from the Contract Area;
  - (b) The Contractor is in compliance with the Rules of the Authority;
  - (c) The Contractor is in compliance with the exploitation contract; and
  - (d) The exploitation contract has not been sooner terminated.
4. Each renewal period may be a maximum of 10 years.
5. Any renewal of an exploitation contract shall be effected by the execution of an instrument in writing by the Secretary-General and the duly authorized representative of the Contractor. The terms and conditions 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 Authority approves the renewal application.

6. A sponsoring State's sponsorship is deemed to continue throughout the renewal period unless the sponsoring State terminates its sponsorship in accordance with regulation 14.

**Draft Regulation 14**  
**Termination of sponsorship**

1. Each Contractor shall ensure it is sponsored by a State throughout the period of the exploitation contract.
2. A State may terminate its sponsorship by providing to the Secretary-General a written notice describing the reasons for terminating its sponsorship. Termination of sponsorship takes effect 12 months after the date of receipt of the notification by the Secretary-General, unless the notification specifies a later date.
3. In the event of termination of sponsorship, the Contractor shall, within the period referred to in paragraph 2, obtain another sponsoring State. Such sponsor shall submit a certificate of sponsorship in accordance with regulation 3. The exploitation contract terminates automatically if the Contractor fails to obtain a sponsor within the required period.
4. A sponsoring State is not discharged from any obligations accrued while it was a sponsoring State by reason of the termination of its sponsorship.
5. The Secretary-General shall notify the members of the Authority of a termination or change of sponsorship.
6. Without prejudice to the rights of the Contractor under the exploitation contract, the Council, based on the recommendations of the Commission and taking 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.

**Draft Regulation 15**  
**Use of exploitation contract as security**

1. The Contractor may, with the prior written consent of the Secretary-General and, the sponsoring State or States, which is not to be unreasonably withheld or delayed, 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 Authority (as part of the Financing Plan, if known at the time the Financing Plan is submitted), the terms and conditions of any such encumbrance referred to in paragraph 1 and its potential impact on the Exploitation Activities under the exploitation contract in the event of any default by the Contractor.
3. As a condition to receiving consent under this regulation, the Authority shall request evidence that the mortgagee shall agree upon foreclosure to undertake Exploitation Activities in accordance with the requirements of the exploitation contract and these Regulations, and transfer the mortgaged property only to a transferee that commits to, and has the financial and technical

capability in accordance with regulation 7(2) and (3) to conduct Exploitation Activities in accordance with the requirements of the exploitation contract and these Regulations including the requirement of a certificate of sponsorship in accordance with regulation 3.

4. 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.
5. 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.

**Draft Regulation 16**  
**Transfer of rights and obligations**

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 Authority.
2. To transfer the rights and obligations under the exploitation contract, the Authority, transferee and transferor shall enter into an assignment and novation agreement.
3. The terms and conditions of the transferee's exploitation contract shall be those set out in the standard exploitation contract annexed to the Regulations that is in effect on the date that the Secretary-General executes the assignment and novation agreement.
4. An application for consent to enter into an assignment and novation agreement shall be made to the Secretary-General.
5. The Commission shall consider the application for consent to transfer at its next available meeting.
6. The Commission shall consider whether the transferee:
  - (a) meets the requirements of a qualified applicant as set out in regulation 2;
  - (b) has submitted a certificate of sponsorship as set out in regulation 3;
  - (c) has submitted a form of application as set out in regulation 4;
  - (d) has paid an application fee as set out in Appendix II;
  - (e) meets the requirements set out in regulation 7; and
  - (f) has deposited a Performance Guarantee as set out in regulation 9.
7. The Commission shall also consider whether the transfer would permit the transferee to monopolize the conduct of activities in the Area with regard to the resource category covered by the Plan of Work.

8. Where the exploitation contract is subject to a mortgage or charge 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 that mortgagor or charge-holder.
9. Where the Commission is satisfied that the transferee has fulfilled the criteria in paragraphs 6 and 7, it shall recommend approval of the application for consent to the Council.
10. The Council shall not unreasonably withhold consent to the transfer if it is satisfied that the proposed transferee fulfills the criteria in paragraphs 6 and 7.
11. The Contractor or transferee shall provide the Secretary-General with any such information as the Secretary-General, in his or her discretion, requests in respect of an application for consent under this regulation.
12. 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.

## **Part IV Environmental Matters**

### **Draft Regulation 17 General principles**

In furtherance of Part XI of the Convention and the Agreement, especially for ensuring the effective protection of the Marine Environment from harmful effects under Article 145 of the Convention, the Authority, sponsoring States and Contractors shall plan, implement and modify measures necessary for activities in the Area by applying the following principles:

- (a) A fundamental consideration for the development of environmental objectives shall be the protection and conservation of the Marine Environment, including biological diversity and ecological integrity;
- (b) The Best Environmental Practices shall be adopted and applied, and Recommendations for the guidance of contractors and Good Industry Practice should be followed by Contractors;
- (c) In the assessment and management of risks to the Marine Environment the precautionary approach, as reflected in principle 15 of the Rio Declaration, shall be applied, and the Best Available Scientific Evidence shall be taken into account;
- (d) In the management of activities in the Area an ecosystem approach shall be applied;
- (e) Access to data and information relating to the protection and preservation of the Marine Environment, accountability and transparency, and effective public consultation shall be encouraged; and
- (f) Co-operation between the Authority, sponsoring States and Contractors shall be promoted.

### **Draft Regulation 18 Environmental Scoping Report**

1. Before undertaking an Environmental Impact Assessment for the purpose of preparing an Environmental Impact Statement to accompany an application for a Plan of Work submitted in accordance with regulation 4, a prospective applicant shall prepare and submit to the Secretary-General an Environmental Scoping Report containing the information specified in Annex IV.
2. The Secretary-General shall publish the Environmental Scoping Report on the Authority's website for comment by Interested Persons. The Report shall remain open for comments for a period of 60 days after posting.
3. The Environmental Scoping Report shall be placed before the Commission for review at its next available meeting, together with any comments from Interested Persons and the Secretary-General. A copy of comments by Interested Persons and the Secretary-General shall also be provided to the prospective applicant, who may respond thereto in writing to the Secretary-General.

4. The Commission shall provide its comments on the Environmental Scoping Report to the prospective applicant through the Secretary-General. The Commission's comments on an Environmental Scoping Report shall be provided as a preliminary indication only and shall not prejudice subsequent review by the Commission of an applicant's Environmental Impact Statement.
5. The prospective applicant may revise the Environmental Scoping Report in the light of the Commission's comments.
6. The prospective applicant shall conduct any Environmental Impact Assessment under regulation 19 based on the revised Environmental Scoping Report.

**Draft Regulation 19**  
**Environmental Impact Statement**

1. Prior to submitting an application for approval of a Plan of Work, a prospective applicant shall conduct an Environmental Impact Assessment and shall prepare an Environmental Impact Statement based on the template set out in Annex V and in accordance with any Recommendations issued by the Commission.
2. The Environmental Impact Statement shall include:
  - (a) The results of the Environmental Impact Assessment in respect of the Environmental Impact Area;
  - (b) An environmental risk assessment in accordance with Good Industry Practice;
  - (c) A description of Mitigation, Monitoring and management measures;
  - (d) The description of the environmental management system, based on internationally recognized standards; and
  - (e) An assessment of any other issue referred to in the Recommendations for the guidance of contractors.
3. The applicant shall submit the Environmental Impact Statement (EIS), together with the Environmental Management and Monitoring Plan (EMMP) and Closure Plan (CP) as part of its application for approval of a Plan of Work under regulation 4.

**Draft Regulation 20**  
**Publication and Review of Environmental Impact Statement**

1. Notwithstanding the provisions of regulation 6(3), the Commission shall not consider an application for approval of a Plan of Work until the EIS, EMMP and CP have been published and reviewed in accordance with this regulation.
2. The Secretary-General shall publish the EIS, EMMP and CP on the Authority's website for comment by Interested Persons. They shall remain open for comments for a period of no less than 60 days after posting. Comments by Interested Persons and any comments by the Secretary-General shall be provided to the applicant.

3. The applicant, in consultation with the Secretary-General, may revise the EIS, EMMP and CP in response to comments made by Interested Persons or by the Secretary-General within a period of 60 days.

#### **Draft Regulation 21**

##### **Consideration by the Legal and Technical Commission**

1. The Commission shall as part of its examination of an application under regulation 6 and assessment of applicants under regulation 7, review the EIS, EMMP and CP in light of the comments made by Interested Persons, any responses by the applicant, and any additional information provided by the Secretary-General.
2. The Commission shall prepare a report indicating whether, in its opinion, the EIS, EMMP and CP submitted by the applicant meet the criteria specified in Regulation 7(3) and 7(4) with respect to the effective protection of the Marine Environment in accordance with Article 145 of the Convention.
3. The Commission may recommend amendments or modifications to the EMMP and CP as a condition for approval of the Plan of Work.
4. The report of the Commission on the EIS, EMMP and CP, and any amendments or modifications recommended by the Commission, shall be published on the Authority's website and shall be included as part of the report and recommendations to the Council pursuant to Regulation 11.

#### **Draft Regulation 22**

##### **Revised Environmental Management and Monitoring Plan and Closure Plan**

1. A Contractor shall deliver a revised Environmental Management and Monitoring Plan and revised Closure Plan in accordance with regulation 29(1).
2. The Secretary-General shall:
  - (a) Within 14 days, place the revised plans on the Authority's website for a period of 60 days and invite any comments from Interested Persons in connection with the revised plans;
  - (b) Provide comments by Interested Persons to the Contractor;
  - (c) Consult with the Contractor, who may revise the plans in response to comments made by Interested Persons and the Secretary-General within a period of 60 days;
  - (d) Notify the members of the Commission of receipt of the revised plans.
7. The Commission shall consider the revised plans together with comments made by Interested Persons and the Secretary-General at its next meeting.
8. The Commission may:
  - (a) Approve the revised plans; or
  - (b) Recommend amendments or modifications to the revised plans as a condition for approval of the revised plans.

3. The Secretary-General shall publish the approved plans on the Authority's website.

### **Draft Regulation 23**

#### **Ongoing obligations of Contractors towards the Marine Environment**

1. Contractors shall reduce the risk of Incidents to as low a level as is reasonably practicable.
2. A Contractor shall not undertake any activities in the Area which pollute or might pollute the Marine Environment unless the Contractor takes all reasonable and practicable measures to prevent or minimize any resulting harm to the Marine Environment.
3. Contractors shall take all reasonable and practicable Mitigation measures to protect the Marine Environment.
4. A Contractor shall consider, investigate, assess and communicate the Environmental Effects of its activities on the Marine Environment, and shall manage all such effects in accordance with the Environmental Management and Monitoring Plan, and with due regard to Good Industry Practice.
5. A Contractor shall implement and carry out Monitoring, on a continuous basis, in accordance with the Environmental Management and Monitoring Plan and in accordance with any Recommendations for the guidance of contractors.
6. Except where unavoidable for the safety of life or of the vessel, or to prevent loss or severe damage to the vessel, Installation or mining equipment, no Mining Discharges may be made unless expressly permitted under the exploitation contract or these Regulations.
7. A Contractor shall maintain the currency and adequacy of the Environmental Plans during the term of the exploitation contract in accordance with Good Industry Practice.
8. A Contractor shall maintain such resources and procedures as are necessary for the prompt execution and implementation of the Emergency Response and Contingency Plan in accordance with Good Industry Practice.

### **Draft Regulation 24**

#### **Environmental Performance**

1. Within 6 months of the start of the second, fifth and tenth years following the date of commencement of Commercial Production, or at such other times and intervals agreed with the Commission at the time of the application, the Contractor shall submit a review of its Environmental Performance. The Secretary-General shall make public the findings and recommendations resulting from such review.
2. A Contractor shall procure, at intervals specified by the Commission, an independent assessment of its compliance with its Environmental Management and Monitoring Plan and the state of its Environmental Management System.

**Draft Regulation 25**  
**Final Closure Plan and post-closure monitoring**

1. One year prior to the expected final cessation of activities in the Area under the exploitation contract, the Contractor shall submit for the approval of the Commission a final Closure Plan.
2. On receipt of the final Closure Plan, the Secretary-General shall follow the procedure under regulation 22(2).
3. The Commission shall consider the final Closure Plan at its next meeting.
4. The Commission may:
  - (a) Approve the final Closure Plan; or
  - (b) Suggest amendments or modifications to the final Closure Plan as a condition for approval of the plan.
5. The Commission shall review the quantum of any Performance Guarantee provided under regulation 9.
6. The Contractor shall continue to Monitor the Marine Environment for such period after the cessation of activities as is set out in the final Closure Plan.

## **Part V Obligations of the Contractor**

### **Draft Regulation 26**

#### **Reasonable regard for other activities in the Marine Environment**

Contractors shall carry out Exploitation Activities 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 generally accepted international rules and standards established by competent international organizations. Each Contractor shall exercise due diligence to ensure that it does not cause damage to submarine cables or pipelines in the Contract Area.

### **Draft Regulation 27**

#### **Insurance**

1. A Contractor shall maintain in full force and effect, and cause its sub-contractors to maintain, appropriate insurance policies, with internationally recognized and financially sound insurers satisfactory to the Authority, on such terms and in such amounts in accordance with generally accepted international maritime practice and consistent with Good Industry Practice, sufficient to cover claims made during:
  - (a) The duration of the exploitation contract; and
  - (b) In respect of environmental liability insurance for a period of 10 years following the expiration of the exploitation contract.
2. Contractors shall include the Authority as an additional assured. 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 Exploration Activities.
3. Should the Secretary-General become aware that a Contractor has failed to comply with paragraph 1, the Authority may purchase and maintain such insurance and all reasonable amounts being incurred by the Authority shall be reimbursed by the Contractor or deducted from the Performance Guarantee provided under Regulation 9.
4. The obligation under an exploitation contract to maintain appropriate insurance policies is a fundamental term of the contract. Should a Contractor fail to maintain the insurance required under this provisions, the Secretary-General may issue a stop work order to the Contractor. The Contractor shall comply with such stop work order.
5. A Contractor shall not materially modify or terminate any insurance policy without the prior consent of the Secretary-General.
6. A Contractor shall notify the Secretary-General immediately if the insurer terminates the policy or modifies the terms of insurance.
7. A Contractor shall immediately notify the Secretary-General upon receipt of claims made under its insurance policies.

### **Draft Regulation 28**

### **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 by reason of effective control, incorporation or otherwise including the laws of a sponsoring State and flag State.
2. Contractors shall comply with all laws and regulations, whether domestic, international, or other, that apply to its conduct of activities in the Area.
3. 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.
4. Contractors shall notify the Secretary-General promptly where a permit, licence, approval, certificate or clearance connected with its activities in the Area is withdrawn or suspended.

### **Draft Regulation 29 Obligations prior to production**

1. A Contractor, at least 12 calendar months prior to the proposed commencement of production in a Mining Area, shall deliver to the Secretary-General the following documents:
  - (a) A Feasibility Study;
  - (b) A revised Financing Plan;
  - (c) A revised Environmental Management and Monitoring Plan;
  - (d) A revised Closure Plan.
2. The Contractor may not commence production in any part of the Contract Area covered by the Plan of Work, until the Secretary-General has notified the Contractor in writing that the documents delivered under paragraph 1 have been accepted by the Authority, and in connection with the plans under paragraph 1(c) and (d) approved in accordance with regulation 22, and that the Contractor has lodged any Performance Guarantee required by the Council under regulation 9.
3. A Contractor, consistent with Good Industry Practice, shall make bona fide efforts to bring the Contract Area into Commercial Production in accordance with the Feasibility Study.

### **Draft Regulation 30 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 use commercially reasonable efforts to optimize the recovery of the Minerals removed from the Mining Area at rates contemplated by the Feasibility Study (or any subsequent feasibility study or any mining plan, as the case may be).
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.

**Draft Regulation 31**  
**Electronic monitoring system**

1. A Contractor shall restrict its mining activities to the Mining Area(s) delineated in the exploitation contract.
2. All mining vessels and mining collectors shall be fitted with an electronic monitoring system. Such system shall record the date, time and position of all mining activities.
3. The Secretary-General shall issue a compliance notice under regulation 89, where he or she reasonably suspects from the data transmitted to the Authority, that unapproved mining activities have occurred or are occurring.

**Draft Regulation 32**  
**Temporary suspension in production**

1. The Contractor may apply to the Secretary-General to temporarily suspend production. The Council may temporarily suspend the Contractor's production obligations for a period up to 1 year if the prevailing economic conditions or other circumstances beyond the reasonable control of the Contractor make Commercial Production impracticable. A Contractor may apply for more than one temporary suspension.
2. The Contractor shall temporarily reduce the production rate of, or temporarily suspend, production where such reduction or suspension is required to protect the Marine Environment 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 24 hours after production is suspended or reduced.
3. A Contractor shall, within 6 months of any anticipated suspension in mining activities, or as soon as is reasonably practicable in the case of any unexpected suspension, submit for the approval of the Secretary-General, a revised Closure Plan.
4. In the event of any temporary suspension in mining activities, the Contractor shall continue to Monitor and manage the Marine Environment in the Environmental Impact Area in accordance with an approved Closure Plan.
5. A Contractor shall notify the Secretary-General as soon as it recommences any mining activities.

**Draft Regulation 33**  
**Avoidance of unnecessary waste in respect of the Resources of the Area**

1. Contractors shall avoid inefficient mining practices or dissipation of Resources.
2. Contractors shall provide to the Secretary-General such data, information and reports the Secretary-General considers necessary in his or her reasonable opinion to satisfy himself or herself there is an optimum recovery of the metals under an exploitation contract.

3. States Parties shall, to the best of their abilities, assist the Secretary-General with the provision of data or information in connection with this regulation where processing, treatment and refining of ore occurs under their jurisdiction and control.
4. Where the Authority, on reasonable grounds, and in consultation with the Contractor, is of the opinion that the capability exists to commence, continue or increase production of Resources and that a production order would stop inefficient mining practices or dissipation of Resources, the Authority may order the commencement, continuation or increase of production of Resources at such rates and in such quantities as are specified in the order. The Contractor shall comply with such order.
5. Where the Authority, on reasonable grounds, is of the opinion that an order under this Regulation would stop the inefficient production or dissipation of Resources, the Authority may order a decrease or the cessation or suspension of production of Resources for any period specified in the order. The Contractor shall comply with such order.

**Draft Regulation 34**  
**Safety, labour and health standards**

1. The Contractor shall ensure at all material times that:
  - (a) All vessels, Installations, structures, equipment and other devices operating and engaged in Exploitation Activities are in good repair, in a safe and sound condition and adequately manned; and
  - (b) All ships, platforms and Installations used or operating for the purposes of 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 generally accepted international rules and standards established by competent international organizations or general diplomatic conferences concerning the safety of life at sea, and the prevention of collisions and any such relevant rules, regulations and procedures as may be adopted by the Authority from time to time relating to safety at sea.
3. Specifically, Contractors shall:
  - (a) Only use vessels flagged to a registry of a State that is a party to, and has implemented into national law, the following international conventions:
    - i) International Convention for the Safety of Life at Sea (SOLAS), 1974, as amended
    - ii) International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto and by the Protocol of 1997(MARPOL)
    - iii) International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) as amended, including the 1995 and 2010 Manila Amendments
    - iv) Convention on the International Regulations for Preventing Collisions at Sea (COLREG), 1972

- v) International Convention on Load Lines (LL), 1966
  - vi) International Convention on Civil Liability for Oil Pollution Damage (CLC), 1969
  - vii) 1992 Protocol to the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (FUND 1992)
  - viii) International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001
  - ix) International Convention on Tonnage Measurement of Ships (TONNAGE), 1969
  - x) Maritime Labour Convention, 2006 (MLC, 2006)
- (b) Comply with the relevant national laws relating to vessel standards and crew safety of their flag-State in the case of ships or their sponsoring State in the case of Installations; and
  - (c) Comply with the national laws of its sponsoring State in relation to any matters that fall outside of flag-State jurisdiction, such as worker rights for non-crew members, and human health and safety that pertains to the mining process rather than the ship operation.
4. The Contractor shall provide copies of valid certificates required under relevant international shipping conventions to the Authority upon request.

**Draft Regulation 35**  
**Training plan**

1. The Contractor shall conduct and carry out the training of personnel of the Authority and developing States in accordance with the approved training plan commitment at Schedule 6 to the exploitation contract, these Regulations and any training guidelines issued by the Authority.
2. The Contractor, the Authority and 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 issued by the Authority.
3. Any mutually agreed modification of or amendment to the training plan shall become part of Schedule 6 to the exploitation contract.

**Draft Regulation 36**  
**Training of personnel**

The Contractor shall ensure that:

- (a) All personnel have, before assuming their duties, 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

- (b) Records of the experience, training and qualifications of all personnel are kept and made available to the Secretary-General upon request.

**Draft Regulation 37**  
**Annual report**

The 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 by the Commission, covering its activities in the Contract Area and reporting on compliance with the terms and conditions of the exploitation contract and Plan of Work.

**Draft Regulation 38**  
**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 account of the views of the Director-General of the United Nations Educational, Scientific and Cultural Organization or any other competent international organization.

**Draft Regulation 39**  
**Books, Records and samples**

1. A Contractor shall keep a complete and proper set of books, accounts and financial records, consistent with International Financial Reporting Standards, 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 such 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. A Contractor shall keep, in good condition, a representative portion of samples and cores of the resource category obtained in the course of Exploitation until the termination of the exploitation contract.
4. Upon request of the Secretary-General, the Contractor shall deliver to the Secretary-General for analysis a portion of any sample and core obtained during the course of Exploitation.
5. A Contractor shall permit full access by the Secretary-General to the data, information and samples at any time.

**Draft Regulation 40**  
**Preventing and responding to Incidents**

1. The Contractor shall not proceed or continue with Exploitation Activities if it is reasonably foreseeable that proceeding or continuing would cause or contribute to an Incident.
2. The Contractor shall, upon becoming aware of an Incident:
  - (a) Notify the Secretary-General immediately;
  - (b) Immediately implement, where applicable, the Emergency Response and Contingency Plan approved by the Authority for responding to the Incident;
  - (c) Undertake promptly any instructions received from the Secretary-General;
  - (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, being a register to be maintained by a Contractor onboard a mining vessel to record any Incidents or notifiable events under regulation 41.
3. The Secretary-General shall report any Contractor that fails to comply with this regulation to its sponsoring State or flag State for consideration of the institution of legal proceedings under national law.

**Draft Regulation 41**  
**Notifiable events**

1. A Contractor shall immediately after taking actions to ensure the safety of personnel and the Marine Environment, notify 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 twenty-four hours after the Contractor becomes aware of any event, provide written notification to the Secretary-General of the event including a description of the event, the immediate response action(s) taken (including a statement regarding the implementation of Emergency Response and Contingency Plan) and any planned action to be taken.
3. The Secretary-General shall consult with other regulatory authorities as necessary.
4. The Contractor shall ensure that all regulatory authorities are appropriately notified and consulted.
5. Where a reasonable complaint is made to a Contractor concerning a matter covered by these regulations, the Contractor shall record the complaint in the Incidents Register and shall report it to the Secretary-General.

**Draft Regulation 42**  
**Prevention of corruption**

1. A Contractor shall not make any gift or reward to any officials, agents or employees 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.

**Draft Regulation 43**  
**Change of control**

1. Where there is a change of control of the Contractor, or there is a change of control in any entity providing a Performance Guarantee on behalf of a Contractor, the Contractor shall notify the Secretary-General in advance of such change of control together with details of the change of control.
2. The Secretary-General may treat a change of control as a transfer of rights and obligations in accordance with the requirements of these Regulations.
3. Where the Secretary-General is not satisfied that, following a change of control, the Contractor will continue to be able to meet its obligations under the exploitation contract, the Authority may:
  - (a) Modify the contract in accordance with the Regulations; or
  - (b) Suspend or terminate the contract in accordance with its terms.

**Draft Regulation 44**  
**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.

**Draft Regulation 45**  
**Disclaimer**

A Contractor shall not, and shall not permit any person, firm or company or State-owned entity controlling, controlled by, or under common control with, the Contractor, or a subcontractor in any manner to claim or suggest, whether expressly or by implication, that the Authority or any official thereof has, or has expressed, any opinion with respect to the Mineral Resource in the Contract Area and a statement to that effect shall not be included in or endorsed on any prospectus, notice, circular, advertisement, press release or similar document issued by the Contractor, any affiliated company or any subcontractor that refers directly or indirectly to the exploitation contract.

## **Part VI**

### **Review and modification of a Plan of Work for Exploitation**

#### **Draft Regulation 46**

##### **Modification of a Plan of Work for Exploitation by a Contractor**

1. A Contractor shall not be permitted to modify the Plan of Work annexed to an exploitation contract, except as permitted under regulation 47. However, if the Contractor wishes to make a minor or administrative change which the Contractor considers necessary and prudent in accordance with Good Industry Practice, the Contractor shall inform the Secretary-General.
2. The Secretary-General shall consider whether a proposed modification to the Plan of Work constitutes a minor or administrative change under paragraph 1. If he or she considers that it does, he or she shall have the power to approve it and shall so inform the Commission at its next meeting. If the Secretary-General considers that the proposed modification does not constitute a minor or administrative change under paragraph 1, he or she shall inform the Contractor, who shall either withdraw the proposed modification, or shall seek the approval of the Commission and Council under Regulations 10 and 11.
3. For the purpose of this regulation, the Commission may establish Recommendations for the guidance of contractors for the determination of whether a change is a minor or administrative one under paragraph 1.
4. Nothing in this regulation shall prevent a Contractor from implementing a proposed modification to the Plan of Work where such modification is considered necessary or expedient for the purposes of the effective protection of the Marine Environment or the protection of human health and safety and is in accordance with Good Industry Practice.

#### **Draft Regulation 47**

##### **Review of activities under a Plan of Work for Exploitation**

1. An exploitation contract shall provide for a review of activities under a Plan of Work. Such a review shall be undertaken by the Secretary-General and the Contractor, who shall discuss any proposed modifications to the Plan of Work which they consider may be necessary or desirable in the light of any changes in circumstances that may have occurred, or experience and knowledge gained by the Contractor or the Authority, in the period since the commencement of the exploitation contract or prior review, as the case may be.
2. A review of activities under paragraph 1 shall take place at intervals of not greater than five years, except that specific plans comprising a Plan of Work may require more frequent review in the light of the experience and knowledge gained. Review intervals shall be agreed between an applicant and the Commission and recorded in Schedule 11 to the exploitation contract.
3. A review of activities shall be undertaken in accordance with Recommendations for the guidance of contractors and any specific terms of a review agreed at the time of the application.
4. The Secretary-General shall report on each review to the Commission and Council. Where as a result of a review the Contractor wishes to make any changes to a Plan of Work and those changes require the approval of the Commission and Council, the Contractor shall seek that approval in accordance with these Regulations.

5. 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.
6. 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 Exploitation Activities at more frequent intervals than that provided for under paragraph 2.

## **Part VII**

### **Financial terms of an exploitation contract**

#### **Section 1**

##### **General**

##### **Draft Regulation 48**

##### **Equality of treatment**

The Authority shall apply the provisions of this Part VII in a uniform and non-discriminatory manner and shall ensure equality of financial treatment and comparable financial obligations for Contractors.

#### **Section 2**

##### **Annual fees**

##### **Draft Regulation 49**

##### **Annual fixed fee**

1. A Contractor shall pay an annual fixed fee from the date of commencement of Commercial Production.
2. The annual fixed fee shall be computed by multiplying the total size of the [Contract Area] in square kilometers identified in an exploitation contract by an annual rate per square kilometer denominated in United States dollars. The Council shall establish such annual rate for each Calendar Year.
3. 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.
4. Where the date of commencement of Commercial Production occurs part way through a Calendar Year, a pro-rated annual fixed fee shall become due and payable to the Authority within 30 Days of such commencement date.
5. The annual fixed fee shall be credited against the royalty payable. In any Calendar Year, a Contractor shall be liable to the greater of the annual fixed fee, or such pro-rated amount, and the royalty payable.

#### **Section 3**

##### **Liability to and determination of royalty**

##### **Draft Regulation 50**

##### **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.

## Draft Regulation 51 Definitions

In this Section 3:

**Applicable Royalty Rate** means a royalty rate shown in Table 1 or as determined by a decision of the Council following any review under this Part VII.

**Average Listed Price** means for a Relevant Mineral, a price calculated by averaging the daily prices (in United States dollars<sup>1</sup>) per metric tonne listed for the metal in an Official Listing during a royalty return period as published by the Authority;

**Average Grade** means the average metal content of the Relevant Mineral obtained from a range of grades in the [Mining Area]<sup>2</sup> expressed as the percentage of the metal per tonne of the mineral-bearing ore at the Valuation Point and shown under Column B, Table 1 below;

**First Period of Commercial Production** means a fixed period of [x]<sup>3</sup> years following the date of commencement of Commercial Production;

**Official Listing** means a list of quoted or published prices of metals: -

- (a) On a recognised international mineral exchange or market; or
- (b) In a publication recognised for quoting or publishing prices of metals in an international market; or
- (c) Where there is no listed price, the Council, based on recommendations of the Commission following consultation with Contractors, shall determine a formula for the determination of the Average Listed Price for a Relevant Mineral.

**Relevant Mineral** means a metal contained in the mineral-bearing ore identified and determined by the Council [from time to time] as relevant for the purposes of calculating the assumed gross value;

**Relevant Mineral Value(s)** means the assumed gross value(s) of a Relevant Mineral calculated as the product of its Average Listed Price and Average Grade;

**Second Period of Commercial Production** means a fixed period of [y]<sup>4</sup> years following the end of the First Period of Commercial Production.

**Valuation Point** is the point of first sale or transfer of the mineral-bearing ore by delivery onto a vessel transporting the ore from the Contract Area.

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<sup>1</sup> The San Diego workshop drew reference to the use of Special Drawing Rights (SDRs) as a unit of account to value the revenue on which a royalty would be based. To be considered further.

<sup>2</sup> 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.

<sup>3</sup> To be informed by financial model discussion.

<sup>4</sup> Ditto.

**Draft Regulation 52**  
**Valuation of mineral-bearing ore<sup>5</sup>**

1. The value of the mineral-bearing ore shall be an assumed gross value per metric tonne at the Valuation Point.
2. The assumed gross value shall reflect the assumed gross value of each Relevant Mineral contained in the mineral-bearing ore, calculated under this regulation.

**Table 1**

Column	A	B	C	D
Resource category	Relevant Mineral	Average grade (%)	First Period of Commercial Production – Applicable Royalty Rate (%)	Second Period of Commercial Production – Applicable Royalty Rate (%)
[ ]	Manganese	[x.xx]	[x.xx]	[x.xx]
	Nickel	[x.xx]	[x.xx]	[x.xx]
	Cobalt	[x.xx]	[x.xx]	[x.xx]
	Copper	[x.xx]	[x.xx]	[x.xx]

**Draft Regulation 53**  
**Royalty rate**

1. The Applicable Royalty Rate shall be:
  - (a) For the First Period of Commercial Production, the percentage(s) shown under Column C, Table 1; and
  - (b) For the Second Period of Commercial Production the percentage(s) shown under Column D, Table 1.
2. The Applicable Royalty Rate and the manner and basis of its calculation may vary as between royalties payable in respect of different Relevant Minerals and different Resource categories.

**Draft Regulation 54**  
**Calculation of royalty payable**

1. The royalty payable for a royalty return period is the product of the sum of the Relevant Mineral Values multiplied by the Applicable Royalty Rate for each Relevant Mineral and the quantity (in metric tonnes) of the mineral-bearing ore sold or transferred at the Valuation Point, thus: -

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<sup>5</sup> This approach toward determining a reference value for the metals contained in the ore has been discussed in connection with polymetallic nodules only. Whether the approach is appropriate for other mineral resource categories remains open for discussion. That said, the approach uses international reference pricing and to that extent does not present the Authority with potentially burdensome transfer pricing issues.

$RP = ((RMV^1 \times ARR^1) + (RMV^2 \times ARR^2) + (RMV^3 \times ARR^3) + \dots (RMV \times ARR)) \times \text{Total quantity of Mineral-bearing (in metric tonnes)}$

Where: -

$RP = \text{Royalty Payable}$

$RMV^1 = \text{the first Relevant Mineral Value}$

$ARR^1 = \text{the Applicable Royalty Rate applicable to the first Relevant Mineral}$

$RMV^2 = \text{the second Relevant Mineral Value}$

$ARR^2 = \text{the Applicable Royalty Rate applicable to the second Relevant Mineral, and so on.}$

$RMV^3 = \text{the third Relevant Mineral Value}$

$ARR^3 = \text{the Applicable Royalty Rate applicable to the third Relevant Mineral, and so on.}$

2. Where the Council, under Table 1, Columns C and / or D at to these Regulations, has determined that a composite royalty rate<sup>6</sup> shall be applicable to the assumed gross value of the mineral-bearing ore, the royalty payable for a royalty return period is the product of the sum of the Relevant Mineral Values and the quantity (in tonnes) of the mineral-bearing ore sold or transferred at the Valuation Point multiplied by the composite royalty rate, thus: -

$RP = (RMV^1 + RMV^2 + RMV^3 + \dots RMV) \times \text{Total quantity of mineral-bearing (in tonnes)} \times \text{composite royalty rate.}$

#### **Draft Regulation 55**

##### **Authority may issue guidelines**

1. The Secretary-General may, from time to time, issue guidance in respect of the calculation and payment of royalties prescribed for in this Part VII.
2. The Secretary-General shall consider any request for the clarification of any guidance issued under paragraph 1, or on any other matter connected with the determination of a royalty and its payment, and shall consult as he considers appropriate.

#### **Section 4**

##### **Royalty returns and payment of royalty**

#### **Draft Regulation 56**

##### **Form of royalty returns**

A royalty return lodged with the Authority shall be in the approved form and signed by the Contractor's designated official.

#### **Draft Regulation 57**

##### **Royalty return period**

A royalty return period for the purposes of this Part VII is a half-year return period, being:

- (a) 1 January to 30 June; and

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<sup>6</sup> In connection with polymetallic nodules, workshop discussions to date to 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.

- (b) 1 July to 31 December.

**Draft Regulation 58**  
**Lodging of royalty returns**

1. A Contractor shall lodge 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.

**Draft Regulation 59**  
**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.

**Draft Regulation 60**  
**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 installment where special circumstances exist justifying payment by installment.

**Draft Regulation 61**  
**Information to be submitted**

1. A royalty return shall include the following information for each royalty return period:
  - (a) The quantity in wet metric tonnes of mineral-bearing ore recovered from each Mining Area;
  - (b) The quantity and value in wet metric tonnes 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 chemical analysis of the ore by a certified laboratory;

- (d) Details of all contracts and sale or exchange agreements relating to the sale of the mineral-bearing ore removed from the Mining Area;
  - (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 designate 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;
  - (c) The quantity and value of all closing stocks of the mineral-bearing ore.
3. Within 90 Days of the end of a Calendar Year, the Contractor shall provide the Secretary-General 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.

#### **Draft Regulation 62**

##### **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.

#### **Draft Regulation 63**

##### **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 apply it against a future royalty amount payable under this Part VII.
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 it is satisfied that such refund is properly due. The Secretary-General may request, and the Contractor shall provide, such additional information or confirmation, as her or she considers necessary to determine that such refund is correct and due to a Contractor.

## **Section 5**

### **Records, inspection and audit**

#### **Draft Regulation 64**

##### **Proper books and Records to be kept**

1. A Contractor shall keep and maintain, at a place agreed between the Contractor and the Secretary-General, complete and accurate Records relating to the Minerals recovered and to verify and support all returns or any other accounting or financial reports required by the Authority in relation to the Exploitation Activities.
2. The Contractor shall prepare such Records in conformity with International Financial Reporting Standards 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 quantity and grade of each sale, shipment, transfer, exchange or other disposal;
  - (c) Details of all eligible capital expenditure by category of expenditure 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 65.

#### **Draft Regulation 65**

##### **Audit and inspection by the Authority**

1. The Authority 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. The Inspector shall conduct any inspection or audit of the Contractor's Records in a manner that does not cause undue inconvenience to a Contractor.
4. In connection with an inspection under Part XI of these Regulations, an Inspector may in connection with a liability to a royalty payment:
  - (a) Inspect the mining and onboard processing facility with a view to verifying the accuracy of 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 onboard 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 to provide a Contractor with a list of such copies or extracts.
5. 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 VII.
6. States Parties shall, to the best of their abilities, co-operate with and assist the Secretary-General and any Inspector, in the carrying out of any audit under this regulation, and shall facilitate access to, in accordance with the national law of that State Party, the Records of a Contractor by an Inspector and to assist in the exchange of information relevant to a Contractor's obligations under this Part VII.

**Draft Regulation 66**  
**Assessment by the Authority**

1. Where the Secretary-General is satisfied following any audit under this Part VII or otherwise becomes aware that any royalty return is not accurate and correct, 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 by paragraph 2, and after giving due consideration to any information submitted under paragraph 2, make an assessment of any additional royalty liability that the Secretary-General considers ought to be levied.
4. Any dispute arising in connection with any assessment issued under paragraph 3 shall be dealt with in accordance with Part XIII.
5. Except in cases of fraud or negligence, no assessment may be made under this regulation after the expiration of ten years from the date on which the relevant royalty return is lodged.

**Section 6**  
**Anti-avoidance measures**

**Draft Regulation 67**  
**General anti-avoidance rule**

Where the Secretary-General reasonably considers that a Contractor has entered into any scheme, arrangement or understanding or undertakes any steps which, directly or indirectly:

- (a) Results in the avoidance, postponement or reduction of a liability for payment of a royalty under this Part VII;
- (b) Has not been carried out for bona fide commercial purposes; and
- (c) Has been carried out solely or mainly for the purposes of avoidance, postponement or reduction of 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 VII.

## **Section 7**

### **Interest and penalties**

#### **Draft Regulation 68**

##### **Interest on unpaid royalty**

Where any royalty or other amount levied under this Part VII 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]% to the Special Drawing Rights interest rate prevailing on the date the amount became due and payable.

#### **Draft Regulation 69**

##### **Monetary penalties**

Subject to regulation 93(1), the Secretary-General may impose a monetary penalty in the amount specified in Appendix III to these Regulations in respect of a violation under this Part VII as specified in Appendix III.

#### **Draft Regulation 70**

##### **Recovery from Performance Guarantee**

The Secretary-General may, on written notice to a Contractor, recover and deduct any amounts outstanding under this Part VII from any Performance Guarantee deposited with the Authority under regulation 9.

## **Section 8**

### **Disputes regarding royalty calculations and payments**

#### **Draft Regulation 71**

##### **Disputes regarding royalty calculations and payments**

Either the Secretary-General or the Contractor may submit any dispute arising out of or in connection with the interpretation of this Part VII or concerning the calculation and payment of any amount under this Part VII for consideration by an expert or panel of experts in accordance with Regulation 92, unless both parties agree to settle the dispute by other means, in accordance with article 188, paragraph 2, of the Convention.

## **Section 9**

### **Review of payment mechanism**

#### **Draft Regulation 72**

##### **Review of system of payments**

1. The system of payments shall be reviewed by the Council every five years from the first date of commencement of Commercial Production in the Area or such other period as determined by the Council with due regard to 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. Except that any revision shall only apply to existing exploitation contracts by agreement between the Authority and the Contractor.

#### **Draft Regulation 73**

##### **Review of rates of payment**

1. The rates of payments under an existing system of payments shall be reviewed by the Council every 5 years from the first date of commencement of Commercial Production in the Area or such other period as determined by the Council with due regard to the level of maturity and development of Exploitation Activities in the Area and Resource category.
2. The Council, based on the recommendations of the Commission, and in consultation with Contractors, may adjust the rates of payment in the light of such recommendations and consultation. Except that any adjustment to the rates of payment may only apply to existing exploitation contracts from the end of the Second Period of Commercial Production.
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 and the manner and basis of the calculation of a royalty.

## **Section 10**

### **Confidential Information**

#### **Draft Regulation 74**

##### **Confidential Information**

1. The Secretary-General shall keep confidential all Information provided to the Authority in the course of its administration and management of this Part VII.
2. Notwithstanding paragraph 1, all payments made by the Contractor to the Authority under this Part VII shall be deemed non-confidential. All payments received by the Authority from Contractors shall be recorded in the Seabed Mining Register.

## **Part VIII**

### **Information gathering and handling**

#### **Draft Regulation 75**

#### **Confidentiality of information**

1. "Confidential Information" means:

- (a) Data and information that has 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, 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 designated by the Contractor as Confidential Information at the time it was disclosed to the Authority, provided that, subject to paragraph 3, such designation is deemed to be well-founded by the Secretary-General on the basis that there would be substantial risk of serious and unfair economic prejudice if the data and information were to be released;
- (d) Other data and information deemed to be Confidential Information under the law of the sponsoring State;

but excludes data and information that:

- (a) Is generally known or publicly available from other sources;
- (b) Has been previously made available by the owner to others without an obligation concerning its confidentiality;
- (c) Is already in the possession of the Authority with no obligation concerning its confidentiality;
- (d) Where disclosure is required to protect the Marine Environment or human health and safety;
- (e) Information necessary for the formulation by the Authority of rules, regulations and procedures concerning protection and preservation of the Marine Environment and safety, other than proprietary equipment design data;
- (f) Is data and information relating to the protection and preservation of the Marine Environment, provided that the Secretary-General may agree that such data and information is regarded as Confidential Information for a reasonable period where there are bona fide academic reasons for delaying its release;
- (g) Is 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 Information relates has given prior written consent to its disclosure;
- (i) The area to which the 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 the Contractor that submitted it can demonstrate to the satisfaction of the Secretary-General that it continues to satisfy the definition of Confidential Information under this paragraph.

2. Confidential Information will be retained by the Authority and the Contractor in strictest confidence in accordance with regulation 76 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 authorised by the Secretary-General, and by members of the Commission as necessary for and relevant to the effective exercise of their powers and functions.
3. In connection with paragraph 1(c), a Contractor shall on transferring 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 Information and whether it constitutes Confidential Information under this regulation. Any dispute arising as to the nature of the Information shall be referred by the parties for decision by an expert or a panel of experts in accordance with regulation 92. In the event that the expert or the panel, as the case may be, decides that the Information is not Confidential Information, the Contractor shall have the option of withdrawing its transfer to the Authority.
4. Nothing in these Regulations shall affect the rights of a holder of intellectual property.

**Draft Regulation 76**  
**Procedures to ensure confidentiality**

The Secretary-General shall be responsible for maintaining the confidentiality of all Confidential Information in accordance with the Authority's policy and procedures relating to information management.

**Draft Regulation 77**  
**Information to be submitted on 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.
2. Upon termination of an exploitation contract, the Contractor and the Secretary-General shall consult together, and taking account of any Recommendations for the guidance of Contractors, the Secretary-General shall specify the data and information to be submitted to the Authority.

**Draft Regulation 78**  
**Seabed Mining Register**

1. The Secretary-General shall establish a Seabed Mining Register in which shall be published:
  - (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 4,
  - (c) the terms of the various exploitation contracts in accordance with regulation 12,
  - (d) the Contract Areas to which each relates,
  - (e) the mineral Resources to which each relates,
  - (f) all payments made by Contractors to the Authority under these Regulations,
  - (g) any encumbrances on the exploitation contract made in accordance with regulation 15, and
  - (h) any other details which the Secretary-General considers appropriate (but not including any Confidential Information).
2. The Seabed Mining Register shall be publicly available on the Authority's website.

## **Part IX General Provisions**

### **Draft Regulation 79 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 e-mail containing an authorized electronic signature,
  - (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; and delivery by e-mail is deemed to be effective when the e-mail 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.

### **Draft Regulation 80 Recommendations for the guidance of Contractors**

1. The Commission may from time to time issue Recommendations of a technical or administrative nature for the guidance of Contractors to assist in the implementation of the Rules of the Authority.

2. The full text of such Recommendations shall be reported to the Council. Should the Council find that a recommendation is inconsistent with the intent and purpose of these Regulations, it may request that the recommendation be modified or withdrawn.

**Draft Regulation 81**  
**Duty to cooperate and exchange of information**

In matters relating to these Regulations:

- (a) States Parties shall co-operate 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 shall develop, implement and promote effective and transparent communication, public information, and public participation procedures in accordance with Good Industry Practice.
- (c) States Parties and Contractors shall cooperate with the Authority;
- (d) The Authority shall consult and co-operate with sponsoring States, flag States and competent international organizations, as appropriate, on measures to promote the health and safety of life and property at sea and the protection of the Marine Environment; and
- (e) The Authority shall put in place appropriate measures with sponsoring States, flag States and competent international organizations relating to the exchange of information and data to facilitate compliance with and enforcement of generally accepted international rules and standards.

**Draft Regulation 82**  
**Rights of coastal States**

1. Nothing in these Regulations affects the rights of coastal States under the relevant provisions of the Convention, including, but not limited to, the:
  - (a) rights of coastal States in accordance with articles 77 and 142 of the Convention;
  - (b) establishment of the outer limits of the continental shelf in accordance with Part VI of the Convention; or
  - (c) validity of agreements relating to delimitation between States with opposite or adjacent coasts.
2. Any coastal State which has grounds for believing that any activity in the Area by a Contractor is likely to cause serious harm or a threat of Serious Harm 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 provide the Contractor and its sponsoring State or States with a reasonable opportunity to examine the evidence, if any, provided by the coastal State as the basis for its belief. The Contractor and its sponsoring State or States may submit their observations thereon to the Secretary-General within a reasonable time.

3. If there are clear grounds for believing that Serious Harm to the Marine Environment is likely to occur, the Secretary-General shall act in accordance with Regulation 89 and, if necessary, shall take immediate measures of a temporary nature as provided for in Regulation 90.
4. 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 or activities in its Contract Area does not spread beyond such area.

## **Part X**

### **Administrative fees**

#### **Draft Regulation 83**

##### **Administrative fees**

1. An applicant for approval of a Plan of Work, or a Contractor, as the case may be, shall pay administrative fees to cover the Authority's costs in the amounts and for the services specified in Appendix II, including the reports required by the Rules of the Authority.
2. If the administrative costs incurred by the Authority in providing a specified service are less than the fixed amount, the Authority shall refund the difference to the applicant or Contractor, as the case may be. If the administrative costs incurred by the Authority in providing a specified service 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, 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 Contractor, or reimbursed by the Authority within 3 months of the event giving rise to the administrative fee.
4. The Council shall determine and review on a regular basis the amount of each of the administrative fees specified in Appendix II in order to ensure that they cover the Authority's expected administrative costs of the service provided.
5. Administrative fees will be a fixed amount expressed in United States dollars or its equivalent in a freely convertible currency, 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.
6. The Secretary-General is not obliged to carry out any action under these Regulations, until the prescribed fee under Appendix II has been paid.

## **Part XI Inspections**

### **Draft Regulation 84 Inspectors: General**

1. An Inspector must possess the qualifications and experience that are appropriate to the areas of duty of that Inspector and in accordance with the Authority's guidelines.
2. 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 relevant code of conduct.

### **Draft Regulation 85 Inspections: General**

1. The Contractor shall permit the Authority to send its Inspectors on board vessels and Installations, whether off-shore or on-shore, used by the Contractor to carry out Exploitation Activities under an exploitation contract, as well as to enter its offices wherever situated.
2. 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 the Inspectors are to perform that are likely to require the availability of special equipment or special assistance from the personnel of the Contractor.
3. 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.
4. The Contractor, its agents and employees shall facilitate the Inspectors in the performance of their duties and shall:
  - (a) Accept and facilitate 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 and/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 monitoring equipment, where required by the Secretary-General, and facilitate the activities of Inspectors in deploying such equipment and having access thereto;
  - (g) Not obstruct, intimidate or interfere with Inspectors in the performance of their duties; and
  - (h) Provide, at the expense of the Contractor, reasonable facilities, including, where appropriate, transport, food and accommodation, to Inspectors.
5. Inspectors shall 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 and/or other relevant safety officers on board vessels and Installations and shall avoid any undue interference with the safe and normal operations of the Contractor and of vessels and Installations.
6. The Secretary-General shall report acts of violence, intimidation, abuse against or the wilful obstruction of an Inspector by any person, or the failure by a Contractor to comply with this regulation, to the sponsoring State and the flag State of any vessel or Installation concerned, for consideration of institution of proceedings under national law.

**Draft Regulation 86**  
**Inspectors' powers**

1. An Inspector may, for the purposes of monitoring or enforcing compliance with the Rules of the Authority and the terms and conditions of the exploitation contract:
- (a) Question any person on any matter to which the Rules of the Authority relates;
  - (b) Require any person to disclose any relevant password, and require any person who has control over, or custody of, any document, whether in electronic form or in hard copy, including but not limited to, 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 paragraph (b) 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 paragraph (b), and make a copy of it or take an extract from it;
  - (e) Inspect or test any machinery or equipment that in the Inspector's opinion is being or is intended to be used for the purposes of the Exploitation Activities and, if the Inspector deems fit, to dismantle, test to destruction or take possession of any such machinery or equipment;
  - (f) Seize any document, article, substance or machinery or any part or sample of it for examination or analysis;
  - (g) Remove any samples or 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; and
  - (i) Upon written authorisation 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), 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.

**Draft Regulation 87**  
**Inspector's power to issue Instructions**

1. If as a result of an inspection an Inspector has reason to believe 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 Rules of the Authority or the terms and conditions of its exploitation contract, the Inspector may give any instruction he considers reasonably necessary to remedy the situation, including but not limited to:
  - (a) A written instruction requiring a suspension in mining activities;
  - (b) A written instruction placing conditions on the continuation of mining activities; or
  - (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.
2. An instruction under paragraph 1 must be given to the person designated by the Contractor or, in their absence, the most senior employee available on board the vessel or Installation to whom the instruction can be issued.
3. Any instruction issued under paragraph 1 shall be in force for a period of 7 days, after which it lapses. The Inspector shall report immediately to the Secretary-General that an instruction has been issued under paragraph 1, and the Secretary-General may thereafter exercise his powers under regulation 89.

**Draft Regulation 88**  
**Inspectors to report**

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 State which has sponsored the Contractor.

## **Part XII**

### **Enforcement and penalties**

#### **Draft Regulation 89**

##### **Compliance notice**

1. At any time, if it appears to the Secretary-General on reasonable grounds that a Contractor is in breach of the Rules of the Authority or 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;
  - (b) Require the Contractor to take remedial action or other such steps as the Authority considers reasonably appropriate to ensure compliance within a specified time period; and
  - (c) In respect of a violation specified in Appendix III to these Regulations, impose the applicable monetary penalty.
3. For the purposes of Annex III, Article 18, of 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 either
  - (a) Confirm the compliance notice; or
  - (b) Modify the compliance notice; or
  - (c) Withdraw the compliance notice.
5. If a Contractor fails to implement the measures as set out in a compliance notice, the Authority may suspend or terminate the exploitation contract by providing written notice of suspension or termination to the Contractor.
6. Except for emergency orders under Article 162(2)(w) of the Convention, the Authority 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 Part XI, section 5, of the Convention.

#### **Draft Regulation 90**

##### **Power to take remedial action**

1. Where a Contractor fails to take action required under regulation 89, 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 in complying with the terms and conditions of an exploitation contract.

2. If the Authority takes remedial action or measures under paragraph 1, 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.

### **Draft Regulation 91**

#### **Sponsoring States**

Without prejudice to Regulations 3 and 15, and to the generality of their obligations under Article 139, paragraph 2, Article 153, paragraph 4, and Annex III, Article 4(4), of the Convention, States sponsoring Contractors shall, in particular, take all necessary measures to secure compliance by Contractors whom they have sponsored with:

- (a) Part XI of the Convention, the Agreement, the rules, regulations and procedures of the Authority and the terms and conditions of the exploitation contract;
- (b) Emergency orders under Article 162(2)(w) of the Convention;
- (c) Regulations 17 and 23;
- (d) Part III of these Regulations;
- (e) Sections 2 to 7 of Part VII of these Regulations;
- (f) Regulation 77;
- (g) Regulation 83;
- (h) Regulations 85, 86 and 87;
- (i) A compliance notice under regulation 89; and
- (j) The payment of a debt due to the Authority under regulation 90(2).

## **Part XIII**

### **Settlement of disputes**

#### **Draft Regulation 92**

##### **Review mechanism**

1. Notwithstanding Article 188, paragraph 2(a), of the Convention, the Contractor and the Authority agree that disputes to which this regulation applies under paragraph 2 shall be settled in accordance with paragraphs 3 to 7.
2. This regulation applies to any dispute concerning the interpretation or application of the exploitation contract, where the Contractor seeks a review of any decision made or action taken by or on behalf of the Authority against a Contractor.
3. Any request for a review under this regulation shall be made to the Secretary-General who shall cause the matter to be investigated as he considers appropriate.
4. Once the investigation under paragraph 3 is concluded, either the Secretary-General or the Contractor may refer the matter for determination in accordance with this regulation. If the Secretary-General and the Contractor cannot agree upon a single expert to determine the dispute, the dispute shall be referred to a panel of experts constituted in accordance with paragraph 5.
5. A panel of experts shall be constituted for the purposes of paragraph 4 as follows: the Contractor and the Secretary-General shall seek to agree upon the composition of the panel within thirty days of the conclusion of the investigation under paragraph 3; if no agreement can be reached, the Contractor and the Secretary-General shall each nominate one member of the panel within a further thirty days; the two members so nominated shall agree upon the third member of the panel, who shall act as chairman; if the two members are unable so to agree within thirty days of the second of them being appointed, the President of the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea shall nominate the third member of the panel.
6. An expert or a panel of experts shall follow their own procedure, but shall seek to act in the most expeditious and cost-effective manner. An expert or panel of experts shall apply as the applicable law the Rules of the Authority. Unless either the Secretary-General or the Contractor within 30 days begins the procedure provided for under Regulation 93, the determination of the expert or panel of experts, as the case may be, is final and binding on the Authority and the Contractor. The costs of any such determination shall be borne equally by the Authority and the Contractor.

#### **Draft Regulation 93**

##### **Settlement of disputes**

1. Save for disputes settled in accordance with regulation 92, disputes concerning the interpretation or application of these Regulations and an exploitation contract shall be settled in accordance with Part XI, section 5, of the Convention.
2. In accordance with Annex III, Article 21(2), of 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 XIV**

### **Review of the Authority's Regulations**

#### **Draft Regulation 94**

##### **Review of the Authority's 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 the Regulations are not adequate, any State Party, the Legal and Technical 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. In the light of the 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 Legal and Technical Commission or other subordinate organs concerned.
4. Notwithstanding the review period contemplated by paragraph 1, the Council may review the system of payments adopted under Part VII to these Regulations in accordance with Section 8, paragraph 1(e), of the Agreement and regulation 72.

## ANNEXURES

**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. E-mail 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. E-mail 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;
  - (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**  
**Financial information**

17. Attach sufficient information 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 of fulfilling its financial obligations to the Authority:
  - (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;

- (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 International Financial Reporting Standards and certified by a duly qualified firm of public accountants; and
    - (i) if the applicant is a newly organized entity and a certified balance sheet is not available, a pro forma balance sheet certified by an appropriate official of the applicant;
    - (ii) if the applicant is a subsidiary of another entity, copies of such financial statements of that entity and a statement from that entity in conformity with International Financial Reporting Standards 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;
    - (iii) if the applicant is controlled by a State or a State enterprise, a statement from the State or State enterprise certifying that the applicant will have the financial resources to carry out the Plan of Work.
18. Subject to regulation 15, where an applicant seeking approval of a Plan of Work intends to finance the proposed Plan of Work by borrowing, its application shall include 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.
19. Details of any Performance Guarantee proposed or to be provided by the applicant in accordance with these Regulations.

### **Section III Undertakings**

20. 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;
  - (c) Provide the Authority with a written assurance that its obligations under the exploitation contract will be fulfilled in good faith.

#### **Section IV**

##### **Previous contracts with the Authority**

21. 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, the application shall include:
- (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 V**

##### **Attachments**

22. 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 - Pre-Feasibility Study**

1. A Pre-Feasibility Study must:
  - (a) Be prepared on the basis of sound engineering and economic principles in accordance with Good Industry Practice;
  - (b) Provide appropriate and sufficient information and data to assess the commercial and economic viability of the proposed Exploitation Activities;
  - (c) Be accompanied by the report of a suitably qualified person, including a mining engineer, verifying its contents; and
  - (d) Comply with the Recommendations for the guidance of contractors.
  - (e) Details of ongoing Exploration in the proposed Contract Area
2. A Pre-Feasibility Study must contain the following minimum information: -
  - (a) The details of the mineral resource to which the application relates with regard to the type of mineral or Minerals to be exploited, its locality, abundance, geology, mineral content and mineral distribution;
  - (b) An estimate, together with confidence levels of mineable reserves in accordance with the Reporting standard of the International Seabed Authority for mineral exploration results assessments, mineral Resources and mineral reserves together with a comprehensive report of an independent expert including details of and validation of the grade and quality of the proven, probable ore reserves and an evaluation of inferred Resources;
  - (c) The boundaries of the proposed Mining Area(s) and proposed Contract Area under application by attaching a chart (on a scale and projection specified by the Authority) and a list of geographical coordinates (in accordance with the World Geodetic System WGS 84);
  - (d) A sequential mining plan including applicable timeframes and scheduling of the various implementation phases of the proposed Exploitation Activities;
  - (e) 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 other relevant information about the characteristics of such technology, including processing and environmental safeguard and monitoring systems;
  - (f) A technically and economically justified estimate of the period required for the Exploitation of the resource category to which the application relates;

- (g) A detailed production plan, showing an anticipated production schedule to include the estimated maximum amounts of Minerals that would be produced per year under the Plan of Work, by Mining Area, where applicable;
- (h) Details of the methods to be used for the disposal of SWOE from recovery and processing;
- (i) The estimated date of commencement of Commercial Production; and
- (j) Details of sub-contractors to be used for Exploitation Activities.

\*\*\*\*\*

## **Annex III - Financing Plan**

A Financing Plan must:

- (a) Comply with the Recommendations for the guidance of contractors;
- (b) Details and costing of the mining technique, technology and production rates applicable to the proposed mining activities;
- (c) Details and costing of the technological process applicable to extraction and on-board processing of the Mineral ore;
- (d) Details and costing of the technical skills and expertise and associated labour requirements to conduct the proposed mining activities;
- (e) 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;
- (f) Details regarding other relevant costing including capital expenditure requirements;
- (g) Details of expected revenue applicable to the proposed mining activities;
- (h) A detailed cash flow forecast and valuation, excluding financing of the proposed mining activities, clearly indicating applicable regulatory costs; and
- (i) 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 Scoping Report**

An Environmental Scoping Report shall include the following information:

- (a) A description of the proposed activities and its environmental objectives;
- (b) A description of the methodology applied to conduct the scoping;
- (c) Identification of the likely Environmental Impact Area(s);
- (d) A description of the existing status of the Marine Environment in the Environmental Impact Area(s);
- (e) Identification (preliminary) of the anticipated environmental, social and cultural impacts Environmental Effects, including potential cumulative effects, in the potentially affected area(s);
- (f) Details of any predictions or assumptions made to support the Environmental Scoping Report and their longevity;
- (g) Description of any knowledge gaps and how they have been addressed;
- (h) An assessment of the uncertainty surrounding any information presented;
- (i) Indication of possible alternatives to the proposed activities, including location alternatives and scale alternatives;
- (j) Identification and use of Mitigation measures;
- (k) Description of the most appropriate procedure to plan and develop the Exploitation Activities;
- (l) Description of the any consultations previously undertaken by the applicant with Interested Persons;
- (m) Description of the nature, scope and methodology of investigations and studies required in order to identify and predict the Environmental Effects;
- (n) Description of the nature, scope, and methodology of further investigations and studies required in order to identify and predict the Environmental Effects;
- (o) A timeline and milestones for completion of the Environmental Impact Assessment process;
- (p) An environmental baseline report summarizing the environmental baseline data collected by the applicant during Exploration and the environmental baseline studies carried out by the applicant in accordance with the requirements set out in the Recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from Exploration for marine minerals

in the Area, issued by the Legal and Technical Commission, dated 1 March 2013 with a document number of ISBA/19/LTC/8; and

- (q) A report of an independent expert verifying its contents and assessing its conclusions.

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## **Annex V - Environmental Impact Statement Template**

*The recommended format for an Environmental Impact Statement (EIS) is outlined below. It intends to provide the ISA and other stakeholders with unambiguous documentation of 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.*

### **Overview**

#### **Table of Contents**

#### **Executive Summary**

1. *Introduction*
2. *Policy, Legal and Administrative Context*
3. *Description of the Proposed Development*
4. *Description of the Existing Physico-Chemical Environment*
5. *Description of the Existing Biological Environment*
6. *Description of the Existing Socio-Economic Environment*
7. *Assessment of Impacts on the Physico-Chemical Environment and Proposed Mitigation*
8. *Assessment of Impacts on the Biological Environment and Proposed Mitigation*
9. *Assessment of Impacts on the Socio-economic Environment and Proposed Mitigation*
10. *Accidental Events and Natural Hazards*
11. *Environmental Management, Monitoring and Reporting*
12. *Consultation*
13. *Product Stewardship*
14. *Glossary and Abbreviations*
15. *Study Team*
16. *References*
17. *Appendices*

## **Table of Contents**

### **Executive Summary**

*One of the main objectives of the Executive Summary is to provide an explanation of the project and a summary of the content of the EIS for non-technical readers. Information provided in the executive summary should include:*

- *description of the proposed development and its objectives;*
- *anticipated impacts of the activity (physico-chemical, biological, socio-economic);*
- *mitigation measures to minimize environmental impacts;*
- *benefits to be derived from the project;*
- *end-use plans for the development activity, including information about decommissioning.*
- *consultation undertaken with other parties*

### **1. Introduction**

#### **1.1 Background**

*This section should briefly summarize the project being proposed, including all main activities and locations.*

#### **1.2 Project Viability**

*This section should provide information on the viability of the proposed development and provide economic context, why the project is needed, and include a description of benefits to the sponsoring State, etc.*

#### **1.3 Project history**

*This section should briefly summarize the work undertaken up to the date the Environmental Impact Statement was finalized and ready to be submitted to the ISA. This should include a brief description of the deposit discovery, the Exploration undertaken and any mining system 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 the Appendix.*

#### **1.4 Project proponent**

*This section should summarize the credentials of the Contractor or entity proposing the development including major shareholders, other tenements owned including in other jurisdictions, etc. The proponent's technological and environmental expertise, capacity*

*and resources should be outlined.*

## **1.5 This report**

### **1.5.1 Scope**

*This sub-section should detail what is and what is not included based on earlier assessments or work. Link to other supporting information.*

### **1.5.2 Report structure**

*This section is required if the Environmental Impact Statement spans multiple volumes. This section can provide additional details not listed in the main report's Table of Contents.*

## **2. Policy, Legal and Administrative Context**

*This section should provide information on the relevant legislation, agreements or policies that are applicable to the proposed mining operation.*

### **2.1 Applicable mining and environmental legislation, policy and agreements**

*The applicant should note any legislation, regulation or guidelines that apply to the management or regulation of seabed mining in the Area, including how the proposed operation will comply with these.*

### **2.2 Other applicable legislation, policy and regulations**

*This sub-section should include a description of any other legislation, policy 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, etc.).*

### **2.3 Relevant international and regional agreements**

*This sub-section should list the international agreements applicable to the operation, such as the United Nations Convention on the Law of the Sea (UNCLOS), the Convention on Biological Diversity (CBD), the International Maritime Organization (IMO) suite of environmental and safety conventions including the Safety of Life at Sea (SOLAS) Convention, the International Convention for the Prevention of Pollution from Ships (MARPOL), the London Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London Convention), etc.*

### **2.4 Other standards, principles and guidelines**

*This sub-section should discuss any other non-legally-binding standards or guidelines that will be adhered to, or aligned with, throughout the operation, e.g. Equator Principles, International Organization for Standardization (ISO) standards for Environmental Management, the International Marine Minerals Society (IMMS) Code for Environmental Management, International Seabed Authority guidelines, International Finance Corporation (IFC) Performance Standards, etc.*

## **3. Description of the Proposed Development**

*This section should provide details of the proposed development activity including relevant diagrams and drawings. It is understood that most projects will likely involve the extraction of minerals from the Area with the concentrating process(es) occurring on land within a national jurisdiction and outside the jurisdiction of the ISA. Whilst it is expected that this section would provide a brief description of the entire project including offshore and land-based components, the EIS should focus on those activities occurring within the ISA's jurisdiction (e.g., activities related to the extraction of the minerals from the Area up to the point of transshipment).*

*Details to be provided under this section may include the headings listed below.*

### **3.1 Project area definition**

#### **3.1.1 Location**

*This sub-section should include coordinates of project area, detailed location maps (drawn to scale), site layout, any closed/ exclusion areas.*

#### **3.1.2 Associated activities**

*This sub-section should include a description of any supporting activities and infrastructure required (e.g. transportation corridors) that are outside the direct mining site.*

### **3.2 Mineral resource**

*This sub-section should detail the type of resource proposed for extraction (e.g. seafloor massive sulfides, polymetallic nodules, manganese crusts, etc.), the type of commodity, the grade and volume. Estimates of inferred and indicated resource should be provided, along with visual models of the resource.*

### **3.3 Project Components**

*This section should provide background information to the proposal, technologies to be employed, etc., and include the following sub-sections:*

#### **3.3.1 Mining**

*This section should include technologies to be employed with relevant diagrams and drawings, and should cover: mine plan, general mining sequence, technologies to be employed to separate the resource from the seabed, depth of penetration into the seabed etc.*

#### **3.3.2 Transport/materials handling**

*Description of all methods to be used to transport the mineralized material, including from the seafloor to the surface, and any methods related to the transshipment of the mineralized material, including at-sea transfers.*

#### **3.3.3 On-site processing**

*Description of any processing of the mineralized material to occur within or above the Area. This includes a description of any methods to be used on the seafloor to*

separate the mineralized material from surrounding sediment and/or rock, as well as any dewatering of the mineralized material and this section should also cover any disposal of seawater/fines, etc.

*This should also include a description of the disposal of waste, including handling and disposal of hazardous materials.*

#### **3.3.4 Project Scale**

*Overview of the spatial and temporal scales of the operation including volumes of material to be extracted, processed, and deposited.*

#### **3.3.5 Support equipment**

*This sub-section describes any equipment expected for mining and support operations (e.g., mining vessels/platforms, supply vessels, barges). Describe anticipated frequency of vessel movements for support, supply, barge removal, etc.*

### **3.4 Commissioning**

#### **3.5 Decommissioning**

*Including offshore infrastructure.*

### **3.6 Construction and operating standards**

*This section should outline the design codes to which the equipment will be or has been built, as well as the health and safety standards that will be applied. This section should include sub-sections such as:*

#### **3.6.1 Design codes**

#### **3.6.2 Health and safety**

### **3.7 Other alternatives considered**

*This section should provide an overview of the other locations, methods, etc, that were considered, and rejected, in favor of what is being proposed.*

### **3.8 Development timetable (Detailed schedule)**

*Description of the overall timetable, from implementation of the mining programme through to decommissioning and closure of operations. This 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, Gantt or PERT chart should be used where appropriate. Information provided in this section should include, but not be limited to, the following:*

- *The funding arrangement for proposed activity or if availability of funds is subject to this or other approvals being granted;*

- *Pre-construction activities;*
- *Construction schedule, staging, etc.;*
- *Infrastructure development schedule; and*
- *Closure schedule.*

#### **4. Description of the Existing Physico-Chemical Environment**

*This section should give a detailed account of knowledge of the environmental conditions at the site. It should include information from a thorough literature review as well as on-site studies. It provides the baseline description of the geological and oceanographic conditions against which impacts will be measured and assessed.*

##### **4.1 Key messages**

*Overview of key content (this information can be provided as a box with up to 6 bullet points of the main aspects covered, or the main findings).*

##### **4.2 Regional overview**

*Description of the general environmental conditions of the site, including geological and oceanographic setting within a broader regional context. This is a brief section that should include a map. A more detailed site-specific description will be provided as per the sections below.*

##### **4.3 Studies completed**

*Description of any prior research/Exploration Activities that could provide relevant information for this EIS and future activities. These should be detailed in the appendices, and submission of the environmental reference baseline data collected for the Authority, as outlined in exploration contract conditions, should accompany the EIS.*

##### **4.4 Meteorology and air quality**

*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**

*Description of the nature and extent of the mineral deposit and bedrock within a broader geological context. Description of the general geological landscape and topographic features of the site, including bathymetric maps.*

##### **4.6 Physical oceanographic setting**

*Description of oceanographic aspects such as currents, sedimentation rates, and waves. Detail is required on the regional setting, as well as the specific site, and include changes with depth and horizontal distance (near-field, far-field).*

##### **4.7 Chemical oceanographic setting**

*Description of water mass characteristics at the site and at various depths of the water column in particular near the seafloor, including nutrients, particle loads, temperature and dissolved gas profiles, vent fluid characteristics if applicable, turbidity and geochemistry etc.*

#### **4.8 Seabed substrate characteristics**

*Description of substrate composition, including physical and chemical properties (e.g., sediment composition, pore-water profiles, grain size, sediment mechanics).*

#### **4.9 Natural hazards**

*Description of applicable potential natural hazards for the site, including volcanism, seismic activity, cyclone/hurricane trends, tsunamis etc.*

#### **4.10 Noise and Light**

*Description of ambient noise and light, and the influence of existing Exploration and maritime activity.*

#### **4.11 Greenhouse gas emissions and climate change**

*Description of the greenhouse gas emissions from existing activities as well as any activity that may affect seafloor acidity.*

#### **4.12 Summary of the existing physico-chemical environment**

*Bring together key findings, and include any sensitive environments or highly valued areas. It is anticipated that this summary will be up to one page, and more extensive than the key messages section.*

### **5. Description of the Existing Biological Environment**

*This section should be divided by depth regime for the site into a description of the various biological components and communities that are present or utilize the area.*

#### **5.1 Key messages**

*This section should provide an overview of the key content (this could entail a box with up to 6 bullet points of the main aspects covered, or the main findings).*

#### **5.2 Regional overview**

*This section should provide general regional context and include site-specific issues and characteristics, particularly sensitive environments. Existing conservation areas and protected species, etc., should be covered and there should be a reference to relevant technical data and previous studies. This is a brief section, but provides the broader scale context for the more detailed site-specific description below.*

#### **5.3 Studies completed**

*Description of any prior research/Exploration activities that could provide relevant information for this EIS and future activities. These should be detailed in the appendices,*

and submission of the environmental reference baseline data collected for the Authority, as outlined in exploration contract conditions, should accompany the EIS.

#### **5.4 Biological environment**

*Diversity, abundance, biomass, community-level analyses, connectivity, trophic relationships, resilience, ecosystem function and temporal variability should be addressed. Any work on ecosystem models and appropriate ecosystem indicators, etc., should also be presented here. This section should span the size ranges from megafauna through to microfauna.*

*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 taxon/ecological groups (e.g., plankton, fish, marine mammals, benthic invertebrates, demersal scavengers), using Recommendations from the ISA.*

##### **5.4.1 Surface**

*This section describes the biological environment from the surface down to 200 m water depth. This includes plankton (phytoplankton and zooplankton), surface/near surface fish such as tuna, as well as seabirds and marine mammals.*

##### **5.4.2 Midwater**

*This section describes the biological environment in the open water from a depth of 200 m down to 50 m above the seafloor and includes zooplankton, mesopelagic and bathypelagic fishes, and deep diving mammals.*

##### **5.4.3 Benthic**

*This section describes the benthic invertebrate and fish communities, including infauna and demersal fish up to an altitude of 50 m above the seafloor. This should include considerations of species richness, biodiversity, faunal densities, community structures, etc. Bioturbation should also be covered in this section.*

##### **5.4.4 Ecosystem/community level description**

*This should summarize existing community or ecosystem studies, where elements of the above sections are integrated.*

#### **5.5 Summary of the existing biological environment**

*This section should bring together the key findings with respect to the biological environment including regional distributions, any sensitive environments identified and fauna or highly valued areas. It is envisaged this summary will be up to a page in length.*

### **6. Description of the Existing Socio-Economic Environment**

*This section should describe the socio-economic aspects of the project.*

#### **6.1 Key messages**

*Overview of key content (can be a box with up to 6 bullet points of 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.*

### **6.2.2 Marine Traffic**

*This section describes the non-project related marine traffic occurring within the project area.*

### **6.2.3 Tourism**

*This section describes areas used by cruise-liners, game fishing, sightseeing, marine mammal watching and other relevant tourism activities.*

### **6.2.4 Marine Scientific Research**

*An outline of the current scientific research programs taking place in the area should be provided here.*

### **6.2.5 Conservation Areas**

Describe any nearby and/or relevant Marine Protected Areas or Marine Reserves, Areas of Particular Environmental Interest, Marine Mammal Sanctuaries, etc.

### **6.2.6 Other**

*List other uses of the project area that are not related to the above (e.g. telecommunications cables, other mineral Exploration or Exploitation projects, bioprospecting, etc.).*

## **6.3 Cultural environment**

*As applicable, list places of cultural/historical significance that occur within the zone of influence of the project area (e.g. shipwrecks, traditional fishing grounds, World Heritage Sites, etc.).*

## **6.4 Summary of existing socio-cultural environment**

*Bring together key findings of socio-cultural 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 Physico-Chemical Environment and Proposed Mitigation**

*Provide a detailed description and evaluation of potential impacts of the operation to the physical environment components identified in section 4. This may need to consider effects that could happen during construction/development (pre-commissioning), operational, and decommissioning phases, as well as the potential for accidental events.*

*The preferred approach in this template is that for each component there is a description of:*

- (i) the nature and extent of any actual or potential impact, including cumulative impacts;*
- (ii) measures that will be taken to avoid, remedy or mitigate such impacts; and*
- (iii) the unavoidable (residual) impacts that will remain.*

*It is important for these sections to make clear the expected longevity of residual effects.*

### **7.1 Key messages**

*This section should provide an overview of the key content covered in Section 7.*

### **7.2 Description of potential impact categories**

*This section is an overview and description of general impact categories caused by the mining operation. This is not expected to be detailed, but introduce the major types of effect, such as habitat removal, creation of sediment plumes, noise, 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). The results of any environmental risk assessments should be described, and included as separate reports or appendices where appropriate.*

### **7.3 Meteorology and air quality**

*Description of potential effects on the air quality from the surface or subsurface operations.*

### **7.4 Geological setting**

*Description of impacts the mining operation may have on the topography of the site or geological / geophysical composition.*

### **7.5 Physical oceanographic setting**

*Description of effects on current speed/direction, sedimentation rates, etc. A regional oceanographic model will be relevant for this section.*

### **7.6 Chemical oceanographic setting**

*Description of effects such as sediment plume generation (composition and concentration) and 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 for this section. For a seafloor massive sulfide project, modification of vent fluid discharges should be addressed.*

### **7.7 Seabed substrate characteristics**

*For example: changes in the sediment composition, grain size, density, pore water profiles.*

## **7.8 Natural hazards**

*Discussion of 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**

*Estimated greenhouse gas emissions released by activities and any activity that may affect water acidity. Sub-sections should include estimated greenhouse gas emissions and greenhouse gas emissions assessment.*

## **7.11 Maritime safety and interactions with shipping**

*Include project safety, interaction with other vessels.*

## **7.12 Waste management**

*Vessel waste management, with reference to compliance with relevant conventions, legislation or principles, 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.*

### **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.*

## **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 may happen during construction/development (pre-commissioning), operational, and decommissioning phases, as well as the potential for accidental events. The preferred approach in this template is that for each component there is a description of:*

- (i) *the nature and extent of any actual or potential impact, including cumulative impacts;*
- (ii) *measures that will be taken to avoid, remedy or mitigate such impacts; and*
- (iii) *the unavoidable (residual) impacts that will remain.*

*It is important for these sections to make clear the expected longevity of residual effects and whether or not the biological environment is expected to recover, and in what timeframe, following disturbance.*

### **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 general impact categories caused by the mining operation. This is not expected to be detailed, but introduce the major types of effect, such as habitat removal, crushing of animals, creation of sediment plumes, noise, light, etc. A description should be included of any lessons learned from activities during the exploratory phase of the program (e.g. mining system component tests).*

### **8.3 Surface**

*Description of potential effects on the biological environment from the surface down to 200 m water depth. This includes any impacts to plankton (phytoplankton and zooplankton), surface/near surface fish such as tuna, as well as seabirds and marine mammals.*

### **8.4 Midwater**

*Description of potential effects on the biological environment from a depth of 200 m down to 50 m above the seafloor and includes zooplankton, mesopelagic and bathypelagic fishes, and deep-diving mammals.*

### **8.5 Benthic**

*Description of potential effect on benthic invertebrate and fish communities, including infauna and demersal fish up to an altitude of 50 m above the seafloor.*

### **8.6 Ecosystem/community level**

*Describe estimated effects on the ecosystem or where linkages between the various components above are known.*

### **8.7 Cumulative impacts**

*The nature and extent of any interactions between various impacts, where they may have cumulative effects must be considered.*

#### **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 Other issues**

*Outline where there are other more general issues, i.e. aspects of existing conservation areas and management plans, biosecurity, etc.*

### **8.9 Summary of residual effects**

*A table may be a useful summary format.*

## **9. Assessment of Impacts on the Socio-Economic Environment and Proposed Mitigation**

*As per preceding sections, provide a detailed description and evaluation of potential impacts of the operation to the socio-economic components identified in section 6. This may need to consider effects that may happen during construction/development (pre-commissioning), operational (including maintenance), and decommissioning phases, as well as potential for accidental events. The preferred approach in this template is that for each component there is a description of:*

- (i) the nature and extent of any actual or potential impact, including cumulative impacts;*
- (ii) measures that will be taken to avoid, remedy or mitigate such impact; and*
- (iii) 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.*

##### **9.2.1.2 Marine Traffic**

*A description of potential impacts to 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 Conservation Areas**

*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. telecommunications cables, other mineral Exploration or Exploitation projects, bioprospecting, etc.).*

### **9.3 Cultural environment**

*As applicable, describe potential impacts to places of cultural/historical significance that occur within the zone of influence of the project area (e.g. shipwrecks, traditional fishing grounds, World Heritage Sites, etc.), along with proposed management measures and a description of residual impacts.*

### **9.4 Socio-economic and socio-cultural issues**

*This section will provide a description of economic benefit or impact, including any applicable social initiatives.*

### **9.5 Summary of existing socio-cultural 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:*

- (i) The nature and extent of any impact;*
- (ii) Measures that will be taken to avoid, mitigate or minimize such impact; and*
- (iii) Residual impacts.*

### **10.1 Extreme weather**

*For example: hurricanes/cyclones.*

## **10.2 Natural hazards**

*For example: volcanic eruption, seismic events.*

## **10.3 Accidental events**

*For example, hazardous material leakage or spillage, fire and explosion, collisions, including potential loss of equipment.*

## **11. Environmental Management, Monitoring and Reporting**

*Sufficient information should be provided to enable the ISA 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 under this section and previous sections during different stages in the project life, i.e. from construction to decommissioning and closure. Information detailed in this section should include, but not be limited to, the headings 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 (EMS)**

*Although a full EMS may not exist at the time the EIS is submitted, this section should outline the standards that will be considered and/or aligned with in developing the EMS for the project.*

### **11.3 Environmental Management and Monitoring Plan (EMMP)**

*An EMMP will be submitted as a separate document for the ISA's approval prior to mining operations commencing. This section should provide an overview of what an EMMP would entail. This section shall include, as a minimum, the following headings:*

#### **11.3.1 Mitigation and Management**

*This section should summarize the actions and commitments that have arisen from the impact minimization and mitigation strategies.*

#### **11.3.2 Monitoring plan**

*This section should summarize the monitoring plan approach and program.*

##### **11.3.2.1 Approach**

##### **11.3.2.2 Program**

*This section should provide an overview of the envisaged monitoring program (it is noted further detail will be provided in the EMMP).*

#### **11.3.3 Closure plan**

*It is expected that 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**

*This section should outline how results of monitoring studies will be reported to the Regulatory Authority.*

### **11.4.2 Incident Reporting**

*This section should outline how Incidents will be reported.*

## **12. Product Stewardship**

*This section should include a brief description of what is intended for the mined material once it leaves the Area. The intention is not for a full and highly detailed account, but where information is known about environmental impacts these should be described briefly here.*

## **13. Consultation**

*This section describes the nature and extent of consultation(s) that have taken place with parties identified to have existing interests in the proposed project area and other relevant stakeholders.*

### **13.1 Consultation methods**

*The applicant should describe how they have consulted with different groups and how this aligns with any relevant consultation obligations.*

### **13.2 Stakeholders**

*This section lists any relevant stakeholders or other interested parties that have been consulted and explains the process by which stakeholders were identified.*

### **13.3 Public consultation and disclosure**

*The applicant should 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 how the applicant intends to address these concerns, or why not.*

### **13.4 Continuing consultation and disclosure**

*This section outlines any further consultation with stakeholders that has been deemed as needed and which is being planned.*

## **14. Glossary and Abbreviations**

*This section will explain the relevant terms used in the EIS (e.g. terms under different legislation, technical terms) and will provide a list of acronyms and their definitions.*

### **15. Study Team**

*This section should outline the people involved in carrying out the EIA studies and in writing the EIS. If independent scientists or other experts were involved in any of the work, they should be listed under "EIS specialist sub consultants".*

### **16. References**

*This section should provide details of reference materials used in sourcing information and/or data used in the EIS.*

### **17. Appendices**

*The Appendices should include all the technical reports carried out for parts of EIA and EIS.*

## **Annex VI Emergency Response and Contingency Plan**

An Emergency Response and Contingency Plan must:

- (a) Be prepared in accordance with Good Industry Practice;
- (b) Comply with any Recommendations for the guidance of contractors, where applicable;
- (c) 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 co-operation with the Authority, coastal States, other competent international organizations and, where applicable, emergency response organisations; and
- (d) Must 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 mechanisms(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 and Environmental Management System to be integrated into the overall management system of the Contractor;
  - viii. Description of the mining operations and equipment, including emergency response equipment;
  - ix. Description of all foreseeable Incidents and likelihood and consequences assessed and associated control measures;
  - x. The number of persons that can be present on the mining vessels at any time;
  - xi. Description of the arrangements to protect persons on the mining vessel, and to ensure their safe escape, evacuation and rescue;
  - xii. Details of arrangements for the maintenance of control systems to monitor the Marine Environment in the event of an Incident;

- xiii. Details of the safety and Environmental Management System;
- 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. Assessment of pollution hazards and the measures to prevent or reduce such hazards;
- xviii. Assessment of mining discharges and measures to control such discharges;
- xix. Details of the warning mechanisms to the Authority and [other] together with the type of information to be contained in such warning;
- xx. Details of arrangements for co-ordinating any emergency response;
- xxi. Details of training programmes for personnel;
- xxii. Description of monitoring of performance under plan;
- xxiii. Details of audit and review processes;
- xxiv. Details of presence of other hazards/harmful substances; and
- xxv. Assessment of likelihood of oil spills, leaks etc. from normal operation of mining vessel.

Note: this plan is to be developed further under these regulations and in conjunction with other international organizations, Sponsoring States and other entities with relevant jurisdictional competence as regards specific components of the plan.

\*\*\*\*\*

## **Annex VII Environmental Management and Monitoring Plan**

An Environmental Management and Monitoring Plan shall include the following information:

- (a) A description of the Marine Environment likely to be affected by the proposed Exploitation Activities;
- (b) The environmental objectives;
- (c) Details of the Environmental Management System and the applicant's environmental policy;
- (d) An assessment of the potential Environmental Effects of the proposed Exploitation Activities on the Marine Environment, and any changes in the Marine Environment likely to result, including socio-economic conditions and cultural heritage, where applicable;
- (e) A summary of the assessment of the significance of the potential Environmental Effects and the proposed Mitigation measures and management control procedures and responses to minimise the harm from Environmental Effects consistent with the Environmental Impact Assessment and environmental targets;
- (f) A description of the applicant's system for ensuring that it shall adhere to Good Industry Practice and a description of how such practices are reflected in the proposed Exploitation Activities;
- (g) A description of the planned Monitoring programme, standards, protocols, procedures and performance assessment of the Environmental Management and Monitoring Plan, including environmental objectives set and the necessary risk assessment and management techniques, including adaptive management techniques (process, procedure, response), to achieving the desired outcomes;
- (h) Details of the proposed monitoring stations across the Environmental Impact Area;
- (i) Details of the quality control and management standards;
- (j) A description of the technology to be deployed;
- (k) The location, and planned monitoring and management of Preservation Reference Zones and Impact Reference Zones;
- (l) A training programme for all persons engaged or to be engaged in activities in the Area by or on behalf of the applicant;
- (m) Details of Mining Discharges;

- (n) Details of ongoing consultation with other users of the Marine Environment;
- (o) Details of any practicable restoration / rehabilitation of the Marine Environment;
- (p) Plan for further research and studies;
- (q) Details of reporting requirements and timing;
- (r) Details of the plan for review and environmental audit; and
- (s) A description of the applicant's Environmental Management System, including any relevant Environmental Performance indicators (triggers / thresholds).

\*\*\*\*\*

## **Annex VIII - Closure Plan**

A Closure Plan shall include the following information:

- (a) A description of the closure aims and objectives and how these relate to the mining activity and its environmental and social setting;
- (b) A plan with co-ordinates showing the area(s) subject to the closure objectives;
- (c) A summary of the relevant regulatory requirements, including conditions previously documented;
- (d) Details of the closure implementation and timetable, including description of the decommissioning arrangements for vessels, plant and equipment;
- (e) Arrangements for temporary closure/suspension in mining activities (“care and maintenance”);
- (f) Data and information relating to baseline conditions for monitoring measures;
- (g) An updated environmental risk assessment together with details of the identifiable residual Environmental Effects;
- (h) Details of post closure Monitoring: benthic ecology and seabed sediment surveys;
- (i) Details of the management measures to mitigate the residual Environmental Effects;
- (j) Details of the persons or entity that will implement the management measures under 5. Above and their qualification(s) and experience;
- (k) Details of the quantum of the Performance Guarantee and security provided under the regulations/condition of approval;
- (l) Reporting/handling of data and information post closure;
- (m) Details of consultations with Interested Persons;
- (n) Details of any progressive remediation or rehabilitation, where applicable/directed by the Council;
- (o) Details of any compensatory measures agreed or proposed to achieve the agreed closure objectives; and
- (p) Technical documents or reports to be annexed to Closure Plan.

## **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 for 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 Activities, defined by the coordinates listed in schedule 1 hereto.

### **C. Whereas:**

- (a) the parties have a mutual interest in the conduct of Exploitation Activities 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) it is the 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 Contractor desires to exploit [resource type] from the area described in Schedule 1 to this agreement, on the terms and conditions set out herein and established in the [Regulations].

### **D. Grant of rights:**

In consideration of:

- (a) the interest and financial commitment of the Contractor in conducting activities in the Contract Area and the mutual covenants made herein; and
- (b) other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by the Parties.

The Authority hereby grants to the Contractor the exclusive right to exploit **[mineral category]** solely in the Contract Area in accordance with the terms and conditions of this Contract.

**E. 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.

**F. Entire agreement**

This Contract expresses the entire agreement between the parties, and no oral understanding or prior writing shall modify the terms hereof.

**G. Languages**

This Contract will be provided and executed in the [ ] and English languages 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 Financing Plan

**Schedule 3**

The Emergency Response and Contingency Plan

**Schedule 4**

The Environmental Management and Monitoring Plan.

**Schedule 5**

The initial Closure Plan

**Schedule 6**

The Training Plan

**Schedule 7**

The Health, Safety and Maritime Security Plan

**Schedule 8**

Terms and conditions agreed between the Authority and the Contractor during the application approval process

**Schedule 9**

Where applicable under regulation 10, the form of any Performance Guarantee and its related terms and conditions

**Schedule 10**

Agreed review dates for individual plans together with any specific terms attaching to a review

**Schedule 11**

To the extent that any documentation is not available at the point of signing the Contract and a timeframe for submission has been agreed with the Authority, this should be reflected here with deadline dates

## **Annex X - Standard Clauses for exploitation contract**

### **Section 1 Definitions**

In the following clauses:

- (a) “Regulations” mean the Regulations on Exploitation for Mineral Resources in the Area, adopted by the Authority.
- (b) “Contract Area” means that part of the Area allocated to the Contractor for Exploitation Activities, 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 the Plan of Work under the best economic and technical conditions and in accordance with Good Industry Practice. For the avoidance of doubt, the Plan of Work includes the:

- (a) Financing Plan;
- (b) Emergency Response and Contingency Plan;
- (c) Training plan;
- (d) Environmental Management and Monitoring Plan;
- (e) Closure Plan; and
- (f) Health, safety 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:

- (a) Comply with the Rules of the Authority, as amended from time to time, and the decisions of the relevant organs of the Authority;
- (b) Comply with the terms and conditions of this Contract, including the terms and conditions of approval of a Plan of Work at Schedule 8 and fulfil its obligations under this Contract in good faith;
- (c) Accept control by the Authority of activities in the Area as authorized by the Convention;
- (d) Observe any Recommendations which may be issued from time to time by the Legal and Technical Commission;
- (e) Comply with the requirements of any inspection in accordance with the Rules of the Authority;
- (f) Comply with the requirements of the Authority in connection with a review of activities under this Contract in accordance with the Regulations and Schedule 10 to this Contract;
- (g) Comply with any Compliance Notice issued pursuant to regulation 88 and instructions issued by Inspectors;
- (h) Pay all fees required or amounts falling due to the Authority under the Regulations;
- (i) Make payments due to the Authority in accordance with Part VII of the Regulations;
- (j) Carry out its obligations under this Contract with due diligence, efficiency and economy, with due regard to the effect of its activities on the Marine Environment, and exercising reasonable regard for other activities in the Marine Environment;
- (k) Manage the Resources in a way that promotes further investment and contributes to the long term development of the common heritage of mankind; and
- (l) Keep such financial, commercial, legal, operational, technical and other data, information and Records relating to the Exploitation Activities as required under the Rules of the Authority.

**Section 4**  
**Security of tenure and exclusivity**

4.1 The Contractor is hereby granted the exclusive right under this Contract to exploit the resource category specified in the Contract and to conduct Exploitation Activities within the Contract Area in accordance with the Rules of the Authority. 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 seafloor 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**  
**Reasonable regard for other activities in the Marine Environment**

6.1 The Contractor shall carry out Exploitation Activities under this 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 generally accepted international rules and standards established by competent international organizations.

**Section 7**  
**Use of sub-Contractors and third parties.**

7.1 No Contractor may sub-contract any part of its obligations under this Contract unless the sub-contract contains appropriate terms and conditions to ensure that the performance of the sub-contract will reflect and uphold the same standards and requirements of this Contract between the Contractor and the Authority, as is relevant.

7.2 The Contractor shall ensure the adequacy of its systems and procedures for the supervision and management of its sub-contractors and any work that is further sub-contracted, in accordance with Good Industry Practice.

7.3 Nothing in this section shall exempt the Contractor from any and all obligations 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 sub-contracts any aspect of the performance of those obligations to a third party.

## **Section 8**

### **Responsibility and liability**

8.1 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, limit, and ameliorate 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.

8.2 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.

8.3 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.

8.4 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 9**

### **Force majeure**

9.1 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 regulation, 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.

9.2 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.

9.3 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 10 Renewal**

10.1 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 quantities from the Contract Area;
- (b) The Contractor is in compliance with the Rules of the Authority;
- (c) The Contractor is not in default of this Contract; and
- (d) This Contract has not been sooner terminated.

10.2 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.

10.3 The Secretary-General shall review the notification, and if the Secretary-General 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 Authority approves the renewal application.

## **Section 11 Renunciation of rights**

11.1 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 12**

### **Termination of sponsorship**

12.1 If the nationality or control of the Contractor changes or the Contractor's sponsoring State, as defined in the Regulations, terminates its sponsorship, the Contractor shall promptly notify the Authority.

12.2 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 13**

### **Suspension and termination of Contract and penalties**

13.1 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 willful 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 or recklessly 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 9 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;
- (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, adverse economic conditions, unavoidable delays in construction, major unanticipated vessel repairs and environmental factors, or other circumstances beyond the reasonable control of the Contractor that prevented the Contractor from achieving commercial production.

13.2 The Council may, without prejudice to Section 9, 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 9, 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.

13.3 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.

13.4 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.

13.5 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.

13.6 In the case of any violation of this Contract not covered by Section 13.1(a), or in lieu of suspension or termination under Section 13, the Council may impose upon the Contractor monetary penalties proportionate to the seriousness of the violation and in accordance with the Regulations and Appendix III thereof.

13.7 Subject to Section 14, the Contractor shall cease operations upon the termination of this Contract.

#### **Section 14**

##### **Obligations on Suspension or following Expiration, Surrender or Termination of a Contract**

14.1 In the event of termination, expiration or surrender of this Contract, the Contractor shall:

- (a) Comply with the Closure Plan, 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 these 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 to the Marine Environment to the reasonable satisfaction of the Authority.

14.2 Where the Contractor fails to undertake the obligations listed in Section 14.1 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 Performance Guarantee held by the Authority.

14.3 Upon termination of this Contract, any rights of the Contractor under the Plan of Work also terminate.

## **Section 15**

### **Transfer of rights and obligations**

15.1 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.

15.2 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 Annex III, Article 6, paragraph 3(c), of the Convention.

15.3 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 16**

### **No waiver**

16.1 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 17**

### **Modification of terms and conditions of this Contract**

17.1 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.

17.2 This Contract may be revised by agreement between the Contractor and the Authority.

17.3 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.

17.4 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 18**

### **Applicable law**

18.1 This Contract is governed by the terms of this Contract, the rules, regulations and procedures of the Authority, Part XI of the Convention, the Agreement and other rules of international law not incompatible with the Convention.

18.2 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 18.1 hereof and shall not engage in any transaction, directly or indirectly, prohibited by the applicable law.

18.3 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 19**

### **Disputes**

Any dispute between the parties concerning the interpretation or application of this Contract shall be settled in accordance with Part XIII of the Regulations.

## **Section 20**

### **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 79.

**Section 21**  
**Schedules**

This Contract includes the Schedules to this Contract, which shall be an integral part hereof.

## APPENDICES

## **Appendix I - Notifiable events**

In respect of an Installation or vessel engaged in activities in the Area, notifiable events for the purposes of regulation 41 include: -

1. Fatality of a person
2. Missing person
3. Occupational illness
4. Occupational injuries
5. Medical evacuation (MEDEVAC)
6. Fire / explosion resulting in an injury or major damage or impairment
7. Collision resulting in an injury or major damage or impairment
8. Leak of hazardous substance
9. Unauthorised Mining Discharge
10. Adverse environmental conditions
11. 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. Contact with fishing gear
16. Contact with submarine pipelines or cables.

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## Appendix II Schedule of administrative fees (regulation 83)

### Prescribed amount (US\$)

Processing and review of an Environmental Scoping Report (regulation 18)	[ ]
Application for the approval of a Plan of Work (regulation 4)	[ ]
Submission of annual report (regulation 37)	[ ]
Renewal of an exploitation contract (regulation 13)	[ ]
Transfer of an interest in an exploitation contract and approved Plan of Work (regulation 16)	[ ]
Use of a contract or approved Plan of Work as security (regulation 15)	[ ]
Temporary suspension in Commercial Production (regulation 32)	[ ]
Material change to a Plan of Work (regulation 46)	[ ]
Approval of a revised / final Closure Plan (regulation 22 and 25)	[ ]
Approval of a revised Environmental Management and Monitoring Plan (regulation 22)	[ ]
Approval of a revised mining plan (regulation 30)	[ ]
[Other]	

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### **Appendix III Monetary penalties**

#### **Prescribed amount (US\$)**

Penalty in respect of any under declaration 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 37)	[ ]

## Schedule 1 - Use of terms and scope

**The content and wording of the terms defined below is indicative at this stage. Definitions will evolve as both regulatory content evolves and / or a common approach toward terms based on internationally accepted definitions is established.**

**“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.

**“Authority”** means the International Seabed Authority established under Article 156 of the Convention.

**“Best Available Scientific Evidence”** means the best scientific information and data accessible and attainable that, in the particular circumstances, is of good quality and objective, within reasonable technical and economic constraints and based on internationally recognized scientific practices, standards, technologies, and methodologies.

**“Best Environmental Practices”** means the application of the most appropriate combination of environmental control measures and strategies taking into account the criteria set by the Authority.

**“Calendar Year”** means a period of 12 months ending with 31 December.

**“Closure Plan”** means a plan required to be produced and submitted to the Authority in accordance with these Regulations, setting out the responsibilities of a Contractor in the event of a suspension or cessation of mining activities in the Contract Area, including decommissioning.

**“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.<sup>7</sup>

**“Commission”** means the Legal and Technical Commission of the Authority.

**“Confidential Information”** shall have the meaning assigned to that term by regulation 75.

**“Contract Area”** means that part of the Area allocated to a Contractor and delineated in Schedule 1 to an exploitation contract.

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<sup>7</sup> This wording is taken from article 17(2)(g), annex III of the Convention; article 17(1)(b)(xiii), annex III 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.

**“Contractor(s)”** means an entity under regulation 2 holding an exploitation contract and, where the context applies, shall include its employees, sub-contractors, agents and all persons engaged in working or acting for them in the conduct of its operations under an exploitation contract.

**“Convention”** means the United Nations Convention on the Law of the Sea.

**“Council”** means the principal organ of the Authority established under Article 158 of the Convention.

**“Day”** means calendar day.

**“Environmental Effect(s)”** means any consequences in the Marine Environment arising from the conduct of Exploitation Activities, being positive, negative, direct, indirect, temporary or permanent, or cumulative effect arising over time or in combination with other mining impacts.

**“Environmental Impact Area”** means that area of the Marine Environment where Environmental Effects (direct, indirect, or cumulative) are likely to occur as a result of Exploitation Activities, including the Mining Area, adjacent, surrounding and far-field areas as documented in the Environmental Impact Statement.

**“Environmental Performance”** means the extent to which a Contractor has achieved the environmental objectives, environmental targets and other Monitoring and management deliverables under an Environmental Management and Monitoring Plan.

**“Emergency Response and Contingency Plan”** means a planned course of action developed and documented by an applicant and based on Good Industry Practice to respond quickly to and Mitigate the impact of Incidents or accidents that may arise and which may cause imminent danger of damage to the Marine Environment or to human health and safety.

**“Exploitation”** and **“Exploitation Activities”**, as applicable, means the recovery for commercial purposes of Resources in the Area and the extraction of minerals therefrom, including the construction and operation of mining, processing and transportation systems, for the production and marketing of metals and all other activities, including Exploration, in the Contract Area and other steps preparatory to Commercial Production, as well as the decommissioning and closure of operations, necessary or expedient to carry out a Contractor’s rights and obligations under a an exploitation contract.

**“Exploration”** and **“Exploration Activities”**, as applicable, means the searching for Resources in the Contract 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.

**“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.

**“Feasibility Study”** means a report required to be produced by a Contractor and submitted to the Authority by an applicant under regulation 29(1) and prepared in accordance with the Recommendations.

**“Financing Plan”** means a plan required to be produced and submitted to the Authority by an applicant under regulation 4(3)(c) as part of its Application and prepared in accordance with Annex III to these Regulations.

**“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 and the performance requirements under any rules, regulations and procedures of the Authority, or Recommendations of the Commission, and any other standards that may be adopted or endorsed by the Authority expressly for the purpose of this definition from time to time.

**“Incident(s)”** means a situation where activities in the Area result in:

- (a) A marine Incident or a marine casualty as defined in the Code of the 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;
- (c) Damage to a submarine cable or pipeline.

**“Information”** means all information, data or knowledge supplied or transferred to the Authority in any format whatsoever.

**“Inspector”** means a person appointed by the Authority as an Inspector in relation to and in accordance with these Regulations.

**“Installation”** means any offshore installation, artificial structure, floating platform, equipment or device used, or intended to be used, in or on the seabed or adjacent water column for the purpose of the Exploitation Activities.

**“Interested Person(s)”** means a natural or juristic person or an association of persons that, in the opinion of the Authority, is directly affected by the carrying out of Exploitation Activities in the Area or who has relevant information or expertise.

**“Marine Environment”** includes the physical, chemical, geological and biological *and genetic* 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.

**“Minerals”** means Resources that have been recovered from the Area.

**“Mining Area(s)”** means that part or parts of the Contract Area allocated to a Contractor for Exploitation, defined by the coordinates contained in the exploitation contract.

**“Mining Discharge”** means the disposal, dumping as defined in Article 1 1(5), of the Convention, or release, disposal, spilling, leaking, pumping, emitting, or emptying of sediments, wastes and other effluents, including water evacuated from Minerals during shipboard processing, into the Marine Environment made as an integral part of, or as a direct result of activities in the Area or from shipboard processing immediately above a Contract Area.

**“Mitigate” and “Mitigation”** includes:

- a) avoiding an effect altogether by undertaking taking 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.
- d) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the mining activity.

**“Monitor” or “Monitoring”** means the systematic sampling and assessment of the Marine Environment in order to observe, study, detect or measure the Environmental Effects against, where practicable, quantitative and qualitative environmental targets.

**“Performance Guarantee”** means any insurance, bank guarantee, trust fund, cash, parent company guarantee, State guarantee or other such instrument or combination of instruments required by the Council under regulation 9.

**“Plan(s) of Work”** means a Plan of Work for Exploitation in the Area being collectively all and any plan or other document setting out the activities for the conduct of the Exploitation, which form part of, or is proposed to be part of, an exploitation contract.

**“Public Notice”** when given by the Authority, means any notice defined as such and published digitally at [www.isa.org.im](http://www.isa.org.im).

**“Records”** means all financial, commercial and technical books, accounts, statements, records, documents, papers, data and information connected with and arising from the Exploitation Activities and required under these Regulations.

**“Recommendations”** means the recommendations for the guidance of Contractors issued by the Commission from time to time in accordance with these Regulations.

**“Resources”** means all solid, liquid or gaseous mineral resources in situ in the Area at or beneath the seabed, including, but not limited to (i) polymetallic nodules being any deposit or accretion of nodules, on or just below the surface of the deep seabed, which contain metals such as manganese, nickel, cobalt and copper; (ii) polymetallic sulphides being 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 (iii) cobalt crusts being 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, other metallic and rare earth elements.

**“Rules of the Authority”** means the Convention, the Agreement, the contract, these Regulations, the Recommendations and other rules, regulations and procedures of the Authority as may be adopted from time to time.

**“Seabed Mining Register”** means the mineral rights and dealings online registry established and maintained by the Authority in accordance with regulation 78.

**“Serious Harm to the Marine Environment”** means any Environmental Effect from activities in the Area on the living or non-living components of the Marine Environment and associated ecosystems beyond that which is negligible or which has been assessed and judged to be acceptable by the Authority pursuant to these Regulations and the relevant rules and regulations adopted by the Authority.

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