

FIRST DRAFT FOR FRIENDS OF THE PRESIDENT PROPOSAL – FOR DISCUSSION PURPOSES

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 31TH SESSION: COUNCIL -
PART I**

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

1. Name(s) of Delegation(s) making the proposal:

Friends of the President

2. Please indicate the relevant provision to which the textual proposal refers.

Draft Regulation 40 (Prevention of Corruption)

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

Changes are marked in **track changes** and highlighted yellow. **Red** reflects amendments already included in the consolidated draft.

1. A Contractor shall not ~~offer, or promise or~~ **make provide** ~~[nor attempt to make] any gift or reward~~ **for personal favour**, ~~nor attempt to do so, directly or indirectly, to:~~
~~(i) any officials, agents, or employees or~~ **Contractors** or subcontractors of the Authority; or
~~(ii) other individuals operating under the auspices of the Authority;~~
~~to induce or reward such persons for any acts undertaken to act or refrain from acting~~ in accordance with their duties ~~[under these Regulations]~~ **[under the Rules of the Authority, or to reward them for any acts undertaken].**

1.bis. A Contractor shall not offer, promise or provide any make gifts or rewards or favour, nor attempt to do so, directly or indirectly, to the Authority to procure a benefit to which that it would not be entitled to under the Exploration Contract or the Exploitation Contract.

~~1.ter. A Contractor shall not encourage, instruct or allow any other person or government to offer, promise or make any such gift or reward or personal favour referred to in paragraph 1.~~

1.ter A Contractor shall not encourage, instruct, procure or condone another person providing gifts, rewards or favours as referred to in paragraphs 1 and 1.bis above on behalf of the Contractor or for the Contractor's benefit.

1. quater. In respect of activities in the Area, Contractors shall prepare and publish an anti-corruption policy setting out how they manage corruption risk, including

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how they collect and take risk-based steps to use beneficial ownership data of joint venture partners, subcontractors and suppliers in their process.

2. The Contractor acknowledges and agrees that it is subject to shall adhere to the anti-bribery and anti-corruption provisions of the jurisdictions in of which the Contractor is a national or by whose nationals it is effectively controlled and shall conduct its activities under the Exploitation Contract in accordance with its obligations under such anti-bribery and anti-corruption laws, [including in accordance with the OECD Recommendations on Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises].

3. Any act in contravention of The obligations under paragraphs 1, 1.bis, 1.ter and 1.quat shall be deemed a serious and wilful violation of the arc fundamental terms net of these Regulations and the Exploitation Contract for the purposes of Regulation 103, and the Secretary-General, upon becoming aware of any such act or relevant allegation, shall refer the information immediately to the Compliance Committee for their consideration, including possible action pursuant to Regulation 103, and shall notify the Sponsoring State, save for the event that the Compliance Committee is implicated in the act or allegation, in which case the Secretary-General shall refer the matter to the Ombudsperson.

3.bis. The Secretary-General, an Inspector, or a Sponsoring State shall notify the Compliance Committee immediately of any situation it considers to breach this Regulation. The Secretary-General or an Inspector, as applicable, shall also send such notification to the Sponsoring State or States. The Sponsoring State or States shall cooperate with the Authority and consider any further action in accordance with applicable domestic laws.

3.ter. The Compliance Committee shall consider any alleged breach of this Regulation as a matter of urgent priority, including whether to recommend to the Council that an investigation be carried out with the aim of the Compliance Committee determining if a breach has indeed occurred and, if so determined, whether any measures against the Contractor under Regulation 103 would be appropriate. The Secretary-General shall gather and forward all available and potential information and evidence in support of such allegation to the Compliance Committee.

4. If a contravention of this Regulation relates to a decision that has been taken by the Council or Commission under these Regulations, then the Council or Commission shall re-take the decision and may suspend an Exploitation Contract until it has done so.

5. 4. — This Regulation shall equally apply *mutatis mutandis* to applicants and prospective Contractors. If the Authority-Compliance Committee determines that this provision has been contravened by an applicant:

(i) the Commission shall not recommend approval of a proposed Plan of Work and shall reverse any recommendation for approval of a proposed Plan of Work, and

(ii) the Council shall not approve an application for a Plan of Work submitted by the said applicant; the application for the approval of a plan of work shall be dismissed, or the approval shall be reversed in instances where approval has already been granted, as the case may be applicable.

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

This textual proposal reflects the outcome of a Friends of the President initiative.

