

**Thirty-first session**

Council session, part I

Kingston,

9-20 March 2026

**Draft regulations on exploitation of Mineral resources in the Area**

**Further Revised Consolidated Text (clean version)**

**Explanatory note**

1. A Further Revised Consolidated Text (ISBA/31/C/CRP.1) has been prepared and is available on the Authority's website. The Further Revised Consolidated Text contains marked-up changes against the most recent version of the text (the Revised Consolidated Text – ISBA/30/C/CRP.1) and comprehensive explanations in comment boxes.
2. The present document represents a clean version of the Further Revised Consolidated Text, wherein all marked-up text has been accepted and the comment boxes removed. The present document may in certain instances include additional parentheses, square brackets or slashes where it has been deemed necessary to provide clarity regarding the alternatives presented. In a few places, it has been necessary to update the numbering of the paragraphs so that they are consecutive. The changes are solely editorial in nature, and no substantive or content-altering modifications have been made. In case of any inconsistencies between the two versions of the text, the Further Revised Consolidated Text (ISBA/31/C/CRP.1) prevails.
3. This document is solely provided with an aim of offering a better overview of how the content might look and to create a better overview. For full transparency of the changes made and the rationale hereof, reference is made to the Further Revised Consolidated Text.
4. It is suggested that the Council considers whether it would be beneficial to use the clean text on the screen during the negotiations of the text. Alternatively, that both the clean and mark-up text is presented on screen, and that further amendments are provided in the clean version.
5. It is reiterated that *nothing is agreed until everything is agreed*. This main basis for the negotiations must be respected.

## Table of Contents

<b>Preamble</b> .....	14
<b>Part I</b> .....	15
Introduction .....	15
<b>Regulation 1</b> .....	15
Use of terms, [phrases] and scope .....	15
<b>Regulation 2</b> .....	15
Principles, approaches and policies .....	15
<b>Regulation 3</b> .....	17
Duty to cooperate and exchange of information .....	17
<b>Regulation 4</b> .....	18
Rights and legitimate interests of coastal States and duty to notify .....	18
<b>Regulation 4bis</b> .....	19
Without prejudice.....	19
<b>Regulation 4ter</b> .....	20
Protection and Safeguarding of human remains and [objects and sites of an archaeological or historical nature][underwater cultural heritage] and cultural [rights or] interests.....	20
<b>Part II</b> .....	20
Applications for approval of Plans of Work in the form of contracts.....	21
<b>Section 1</b> .....	21
Applications .....	21
<b>Regulation 5</b> .....	21
Qualified applicants .....	21
<b>Regulation 6</b> .....	22
Certificate of sponsorship .....	22
<b>Regulation 7</b> .....	23
Form of applications and information to accompany a Plan of Work .....	23
<b>Regulation 8</b> .....	24
Area covered by an application .....	24
<b>Section 2</b> .....	25
Processing and review of applications.....	25
<b>Regulation 9</b> .....	25
Receipt, acknowledgement and safe custody of applications .....	25
<b>Regulation 10</b> .....	26
Preliminary review of application by the Secretary-General .....	26

<b>Regulation 11</b> .....	<b>26</b>
Publication, notification, and review of the Application .....	26
<b>Section 3</b> .....	<b>28</b>
Consideration of applications by the Commission.....	28
<b>Regulation 12</b> .....	<b>28</b>
Rules for considering applications .....	28
<b>Regulation 13</b> .....	<b>29</b>
Assessment of applicants and application .....	29
<b>Regulation 14</b> .....	<b>33</b>
Amendments to the proposed Plan of Work .....	33
<b>Regulation 15</b> .....	<b>34</b>
Commission’s recommendation for the approval or disapproval of a Plan of Work .....	34
<b>Section 4</b> .....	<b>36</b>
Consideration of an application by the Council.....	36
<b>Regulation 16</b> .....	<b>36</b>
Consideration and approval of Plans of Work .....	36
<b>Part III</b> .....	<b>38</b>
Rights and Obligations of Contractors .....	38
<b>Section 1</b> .....	<b>38</b>
Exploitation Contracts.....	38
<b>Regulation 17</b> .....	<b>38</b>
The Exploitation Contract .....	38
<b>Regulation 18</b> .....	<b>38</b>
Rights and exclusivity under an Exploitation Contract.....	38
<b>Regulation 18 bis</b> .....	<b>39</b>
Obligations of the Contractors .....	39
<b>Regulation 18 ter</b> .....	<b>40</b>
Termination of an Exploitation Contract .....	40
<b>Regulation 19</b> .....	<b>41</b>
Joint arrangements .....	41
<b>Regulation 20</b> .....	<b>41</b>
Term and extension of Exploitation Contracts.....	41
<b>Regulation 21</b> .....	<b>43</b>
Termination of sponsorship .....	43
<b>Regulation 22</b> .....	<b>44</b>
Use of Exploitation Contract as security .....	44

<b>Regulation 23</b> .....	<b>45</b>
Transfer of rights and obligations under an Exploitation Contract .....	45
<b>Regulation 24</b> .....	<b>46</b>
Change of Control .....	46
<b>Regulation 24 bis</b> .....	<b>48</b>
Change of Nationality .....	48
<b>Section 2</b> .....	<b>48</b>
Matters relating to production .....	48
<b>Regulation 25</b> .....	<b>48</b>
Documents to be submitted prior to [commercial] production .....	48
<b>Regulation 25 Alt.</b> .....	<b>49</b>
Documents to be submitted prior to production .....	49
<b>Regulation 26</b> .....	<b>50</b>
Alt. 1 Environmental Performance Guarantee/Alt. 2 Decommissioning and Emergency Response Guarantee/Alt. 3 Closure Guarantee.....	50
<b>Regulation 27</b> .....	<b>51</b>
Commencement of Commercial Production .....	51
<b>Regulation 28</b> .....	<b>51</b>
Maintaining Commercial Production .....	51
<b>Regulation 29</b> .....	<b>52</b>
Reduction or suspension in production.....	52
<b>Regulation 29 bis</b> .....	<b>52</b>
Procedure for suspension or reduction in Exploitation activities .....	52
<b>Regulation 29 ter</b> .....	<b>53</b>
Certification of origin .....	53
<b>Section 3</b> .....	<b>53</b>
Monitoring .....	53
<b>Regulation 29 quat.</b> .....	<b>53</b>
Ship notification, electronic monitoring and data reporting .....	53
<b>Section 4</b> .....	<b>54</b>
Safety, labour and health at sea .....	54
<b>Regulation 29 quin.</b> .....	<b>54</b>
Risk reduction principles .....	54
<b>Regulation 30</b> .....	<b>55</b>
Safety, labour and health standards .....	55
<b>Regulation 30 bis</b> .....	<b>56</b>
Human health and safety management system .....	56

<b>Section 5</b> .....	<b>56</b>
Other activities in the Marine Environment .....	56
<b>Regulation 31</b> .....	<b>56</b>
Accommodation of activities in the Area and in the marine environment .....	56
<b>Regulation 31 Alt.</b> .....	<b>57</b>
Accommodation of activities in the Area and in the marine environment .....	57
<b>Regulation 31 bis</b> .....	<b>57</b>
Reducing risk of damage to submarine cables and pipelines .....	57
<b>Section 6</b> .....	<b>58</b>
Emergency Response and Contingency Plan, Incidents and Notifiable Events .....	58
<b>Regulation 32</b> .....	<b>58</b>
Emergency Response and Contingency Plans .....	58
<b>Regulation 33</b> .....	<b>58</b>
Preventing and responding to Incidents .....	58
<b>Regulation 34</b> .....	<b>59</b>
Notification of Incidents and Notifiable Events .....	59
<b>Regulation 35</b> .....	<b>60</b>
Human remains and [objects and sites of an archaeological or historical nature][underwater cultural heritage] ..	60
<b>Section 7</b> .....	<b>61</b>
Insurance obligations .....	61
<b>Regulation 36</b> .....	<b>61</b>
Insurance .....	61
<b>Section 8</b> .....	<b>62</b>
Training commitment .....	62
<b>Regulation 37</b> .....	<b>62</b>
Training Obligations .....	62
<b>Regulation 37 bis</b> .....	<b>62</b>
Transfer of Technology .....	62
<b>Section 9</b> .....	<b>63</b>
Annual reports and record maintenance .....	63
<b>Regulation 38</b> .....	<b>63</b>
Annual report .....	63
<b>Regulation 39</b> .....	<b>65</b>
Books, records and samples .....	65
<b>Section 10</b> .....	<b>66</b>
Miscellaneous .....	66
<b>Regulation 40</b> .....	<b>66</b>

Prevention of corruption .....	66
<b>Regulation 41</b> .....	<b>67</b>
Other Resource categories.....	67
<b>Regulation 42</b> .....	<b>67</b>
Restrictions on advertisements, prospectuses and other notices .....	67
<b>Regulation 43</b> .....	<b>68</b>
Compliance with other laws and regulations .....	68
<b>Part IV</b> .....	<b>69</b>
Protection and Preservation of the Marine Environment .....	69
<b>Section 1</b> .....	<b>69</b>
Obligations relating to the Marine Environment .....	69
<b>Regulation 44</b> .....	<b>69</b>
General Obligations .....	69
<b>Regulation 44 bis</b> .....	<b>70</b>
Regional Environmental Management Plans .....	70
<b>Regulation 44 ter</b> .....	<b>70</b>
Environmental Goal and Objectives .....	70
<b>Regulation 45</b> .....	<b>72</b>
Development of environmental Standards and Guidelines .....	72
<b>Section 2</b> .....	<b>72</b>
The Environmental Impact Assessment Process .....	72
<b>Regulation 46</b> .....	<b>72</b>
[The] Impact Assessment Process .....	72
<b>Regulation 47</b> .....	<b>74</b>
Environmental Impact Assessment.....	74
<b>Regulation 47 bis</b> .....	<b>75</b>
Scoping.....	75
<b>Regulation 48</b> .....	<b>76</b>
Environmental Impact Statement .....	76
<b>Regulation 48 bis</b> .....	<b>77</b>
[New Environmental Impact Assessment and Revised Environmental Impact Statement [or Revision of Environmental Plans]] / [Revision for change or new or increased effect or risk] .....	77
<b>Regulation 48 ter</b> .....	<b>78</b>
Pilot Mining .....	78
<b>Section 3</b> .....	<b>79</b>
Environmental Management and Monitoring .....	79

<b>Regulation 49</b> .....	<b>79</b>
Environmental Management and Monitoring .....	79
<b>Regulation 50</b> .....	<b>80</b>
Environmental Management and Monitoring Plan .....	80
<b>Regulation 50 bis</b> .....	<b>81</b>
Reporting on Environmental Monitoring and Management.....	81
<b>Regulation 50 ter</b> .....	<b>81</b>
Environmental Management System .....	81
<b>Regulation 51</b> .....	<b>82</b>
Compliance with the Environmental Management and Monitoring Plan .....	82
<b>Regulation 52</b> .....	<b>83</b>
Performance assessments of the Environmental Management and Monitoring Plan .....	83
<b>Regulation 53</b> .....	<b>85</b>
Pollution control .....	85
<b>Regulation 53 bis</b> .....	<b>85</b>
Mining Discharges .....	85
<b>Section 4</b> .....	<b>85</b>
Environmental Compensation Fund .....	85
<b>Regulation 54</b> .....	<b>85</b>
Establishment of an Environmental Compensation Fund .....	85
<b>Regulation 55</b> .....	<b>86</b>
Purpose of the Environmental Compensation Fund.....	86
<b>Regulation 56</b> .....	<b>86</b>
Funding of the Environmental Compensation Fund .....	86
<b>Part V</b> .....	<b>88</b>
Review and modification of a Plan of Work .....	88
<b>Regulation 57</b> .....	<b>88</b>
Modification of a Plan of Work by a Contractor.....	88
<b>Regulation 58</b> .....	<b>89</b>
Review of a Plan of Work .....	89
<b>Part VI</b> .....	<b>92</b>
Closure plans.....	92
<b>Regulation 59</b> .....	<b>92</b>
Closure Plan.....	92
<b>Regulation 60</b> .....	<b>93</b>

Final Closure Plan: Cessation of [Commercial] Production .....	93
<b>[Regulation 60bis]</b> .....	<b>94</b>
Unexpected and Temporary Suspensions of production .....	94
<b>Regulation 61</b> .....	<b>94</b>
[Implementation and Monitoring of the Final Closure Plan] .....	94
<b>Part VII</b> .....	<b>96</b>
Financial terms of an Exploitation Contract .....	96
<b>Section 1</b> .....	<b>96</b>
General .....	96
<b>Regulation 62</b> .....	<b>96</b>
Equality of treatment.....	96
<b>Regulation 63</b> .....	<b>96</b>
Section 2 .....	97
[Determination of Royalties and Payments under the Exploitation Contract] .....	97
<b>Regulation 64</b> .....	<b>97</b>
Royalty payment .....	97
<b>Regulation 64bis</b> .....	<b>97</b>
Equalization measure .....	97
<b>Regulation 64ter</b> .....	<b>97</b>
Environmental costs .....	97
<b>[Regulation 64 quat.</b> .....	<b>97</b>
Environmental costs royalties .....	97
<b>[Regulation 65</b> .....	<b>98</b>
Profit Share on the Transfer of Rights under an Exploitation Contract.....	98
<b>Section 3</b> .....	<b>98</b>
Royalty returns and payment of royalty .....	98
<b>Regulation 66</b> .....	<b>98</b>
Form of royalty returns .....	98
<b>Regulation 67</b> .....	<b>98</b>
Royalty return period .....	98
<b>Regulation 68</b> .....	<b>98</b>
Lodging of royalty returns .....	98
<b>Regulation 69</b> .....	<b>99</b>
Error or mistake in royalty return.....	99
<b>Regulation 70</b> .....	<b>99</b>
Payment of royalty shown by royalty return .....	99

<b>Regulation 71</b> .....	<b>99</b>
Information to be submitted .....	99
<b>Regulation 72</b> .....	<b>100</b>
[Authority may request additional information] [Request for Additional Information] .....	100
<b>Regulation 73</b> .....	<b>100</b>
Overpayment of royalty .....	100
<b>[Regulation 73bis</b> .....	<b>101</b>
Underpayment of royalty .....	101
<b>Section 4</b> .....	<b>101</b>
Records and audit.....	101
<b>Regulation 74</b> .....	<b>101</b>
Proper books and records to be kept.....	101
<b>Regulation 75</b> .....	<b>102</b>
Audit by the Authority .....	102
<b>Regulation 76</b> .....	<b>103</b>
Assessment by the Authority .....	103
<b>Section 5</b> .....	<b>104</b>
Anti-avoidance measures .....	104
<b>Regulation 77</b> .....	<b>104</b>
General anti-avoidance rule .....	104
<b>Regulation 78</b> .....	<b>105</b>
Arm’s-length adjustments .....	105
<b>Section 6</b> .....	<b>105</b>
Interest and penalties .....	105
<b>Regulation 79</b> .....	<b>105</b>
Interest on unpaid royalty .....	105
<b>Regulation 80</b> .....	<b>106</b>
Monetary penalties.....	106
<b>Section 7</b> .....	<b>106</b>
Review of payment mechanism.....	106
<b>Regulation 81</b> .....	<b>106</b>
Review of system of payments .....	106
<b>Regulation 82</b> .....	<b>107</b>
Review of rates of payments .....	107
<b>Section 8</b> .....	<b>107</b>
Payments to the Authority .....	107
<b>Regulation 83</b> .....	<b>107</b>

Recording in Seabed Mining Register .....	107
<b>Regulation 83 bis</b> .....	<b>107</b>
Beneficial Ownership Registry .....	107
<b>Part VIII</b> .....	<b>109</b>
Annual, administrative and other applicable fees .....	109
<b>Section 1</b> .....	<b>109</b>
Annual fees .....	109
<b>Regulation 84</b> .....	<b>109</b>
Annual reporting fee .....	109
<b>Regulation 85</b> .....	<b>109</b>
Annual fixed fee.....	109
<b>Section 2</b> .....	<b>110</b>
Fees other than annual fees .....	110
<b>Regulation 86</b> .....	<b>110</b>
Application fee for approval of a Plan of Work .....	110
<b>Regulation 87</b> .....	<b>110</b>
Other applicable fees.....	110
<b>Section 3</b> .....	<b>111</b>
Miscellaneous .....	111
<b>Regulation 88</b> .....	<b>111</b>
Review and payment .....	111
<b>Part IX</b> .....	<b>112</b>
Information-gathering and handling .....	112
<b>Regulation 89</b> .....	<b>112</b>
Confidentiality of information .....	112
<b>Regulation 90</b> .....	<b>113</b>
Procedures to ensure confidentiality .....	113
<b>Regulation 91</b> .....	<b>115</b>
Data and Information to be submitted upon expiration or termination of an Exploitation Contract .....	115
<b>Regulation 92</b> .....	<b>115</b>
Seabed Mining Register .....	115
<b>Regulation 92 bis</b> .....	117
Publication of environmental data and information .....	117
<b>Part X</b> .....	<b>118</b>
General procedures, Standards and Guidelines.....	118

<b>Regulation 93</b> .....	<b>118</b>
Notice and general procedures .....	118
<b>Regulation 93bis</b> .....	<b>118</b>
Consultation with Coastal States .....	118
<b>Regulation 93 ter</b> .....	<b>119</b>
State and Stakeholder Consultation [by an Applicant or Contractor].....	119
<b>Regulation 94</b> .....	<b>121</b>
Adoption of Standards .....	121
<b>Regulation 95</b> .....	<b>123</b>
Issuance of Guidelines .....	123
<b>Part XI</b> .....	<b>124</b>
Inspection, compliance, and enforcement.....	124
<b>Section 1</b> .....	<b>124</b>
General .....	124
<b>Regulation 95 bis</b> .....	<b>124</b>
Compliance Committee.....	124
<b>Regulation 95 ter</b> .....	<b>124</b>
Public Complaint .....	124
<b>Section 2</b> .....	<b>125</b>
Inspections .....	125
<b>Regulation 96</b> .....	<b>125</b>
The [inspection] / [compliance] mechanism .....	125
<b>Regulation 96 bis</b> .....	<b>125</b>
Inspections .....	125
<b>Regulation 96 ter</b> .....	<b>127</b>
Request for inspection [in the event of [harmful effects]] to the Marine Environment] .....	127
<b>Regulation 97</b> .....	<b>128</b>
Inspectors: Appointment and supervision .....	128
<b>Regulation 97 bis</b> .....	<b>129</b>
[Inspectors' Functions and Responsibilities] .....	129
<b>Regulation 98</b> .....	<b>129</b>
Inspectors' powers .....	129
<b>Regulation 99</b> .....	<b>130</b>
Inspectors' power to issue instructions .....	130
<b>Regulation 100</b> .....	<b>132</b>
Inspection Reports .....	132

<b>Regulation 101</b> .....	<b>133</b>
Complaints relating to Inspections .....	133
<b>Regulation 101bis</b> .....	<b>133</b>
Whistle-blowing procedures.....	133
<b>Section 3</b> .....	<b>133</b>
Enforcement and penalties .....	133
<b>Regulation 103</b> .....	<b>133</b>
Compliance and enforcement measures by the Compliance Committee .....	134
<b>Regulation 103bis</b> .....	<b>135</b>
Non-Compliance Notices .....	135
<b>Regulation 103ter</b> .....	<b>136</b>
Proportionate measures commensurate to non-compliance .....	136
<b>Regulation 103quat.</b> .....	<b>136</b>
Specific procedures through the Council in relation to enforcement .....	136
<b>Regulation 104</b> .....	<b>137</b>
Power to take remedial action .....	137
<b>Regulation 105</b> .....	<b>137</b>
Sponsoring States.....	137
<b>Section 4</b> .....	<b>138</b>
Periodic review of inspection mechanism .....	138
<b>Regulation 105 bis</b> .....	<b>138</b>
Periodic Review of Inspection, Compliance and Enforcement Mechanism .....	138
 <b>Part XII</b> .....	 <b>139</b>
Settlement of disputes .....	139
<b>Regulation 106</b> .....	<b>139</b>
Settlement of disputes .....	139
 <b>Part XIII</b> .....	 <b>140</b>
Review of these Regulations .....	140
<b>Regulation 107</b> .....	<b>140</b>
Review of these Regulations .....	140
 <b>Annex I</b> .....	 <b>141</b>
Application for approval of a Plan of Work to obtain an Exploitation Contract .....	141
<b>Annex II</b> .....	<b>145</b>
Mining Workplan .....	145
<b>Annex III</b> .....	<b>146</b>

Financing Plan .....	146
<b>Annex III bis</b> .....	<b>147</b>
Scoping Report .....	147
<b>Annex IV</b> .....	<b>149</b>
Environmental Impact Statement .....	149
<b>Annex V</b> .....	<b>156</b>
Emergency Response and Contingency Plan .....	156
<b>Annex VI</b> .....	<b>158</b>
Health and Safety Plan and Maritime Security Plan .....	158
<b>Annex VII</b> .....	<b>160</b>
Environmental Management and Monitoring Plan .....	160
<b>Annex VIII</b> .....	<b>164</b>
Closure Plan.....	164
<b>Annex IX</b> .....	<b>166</b>
Exploitation Contract and schedules .....	166
The Schedules to the Exploitation Contract .....	168
<b>Annex X</b> .....	<b>170</b>
Standard clauses for Exploitation Contract .....	170
<b>Annex X bis</b> .....	<b>178</b>
Design Criteria for Impact Reference Zones (IRZs) and Preservation Reference Zones (PRZs) .....	178
<b>Annex XI</b> .....	<b>179</b>
Parent Company Liability Statement.....	179
<b>Schedule</b> .....	<b>182</b>

## Preamble

In accordance with the United Nations Convention on the Law of the Sea of 10 December 1982 (“the Convention”) and the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (“the Agreement”), the Area and its resources are the common heritage of humankind, and the Exploitation of the resources of the Area shall be carried out for the benefit of humankind as a whole, on whose behalf the Authority acts.

The objective of these Regulations is therefore to regulate the Exploitation of the resources of the Area consistent with the Convention, including the duty [to take necessary measures in accordance with the Convention] to ensure effective Protection of the Marine Environment from harmful effects caused by those activities [as well as the duty to protect and preserve [objects and sites of an archaeological or historical nature] [underwater cultural heritage] found in the Area [for the benefit of humankind as a whole in accordance with articles 149 and 303 of the Convention], while [ensuring respect for][recognizing and protecting] [existing] cultural [rights or] interests].

# **Part I**

## **Introduction**

### **Regulation 1**

#### **Use of terms, [phrases] and scope**

1. Terms used in the Convention shall have the same meaning in these Regulations.
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 [listed in the Schedule are defined] for the purposes of these Regulations and [Alt.1. the Standards and Guidelines] [Alt. 2. any future Standards and Guidelines adopted in accordance with these Regulations].
4. These Regulations are accompanied by Standards and Guidelines, as referred to in these Regulations and the Annexes thereto, as well as by further rules, regulations and procedures of the Authority [, in particular on the protection and preservation of the Marine Environment [Alt 1. including Regional Environmental Management Plans, [and conservation and management measures]] [Alt 2. These Regulations are further complemented by Regional Environmental Management Plans]].
5. The Annexes, Appendices and Schedule to these Regulations form an integral part of the Regulations and any reference to the Regulations includes the Annexes, Appendices and Schedule thereto.
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].
7. These Regulations shall be applied in a uniform and non-discriminatory manner.
8. Nothing in these Regulations shall affect the rights, jurisdiction and duties of States under the Convention.

### **Regulation 2**

#### **Principles, approaches and policies**

1. These Regulations, and any decision-making thereunder, shall be applied in conformity with the principles governing the Area embodied in the Convention and the Agreement [as well as the Authority's Strategic Environmental Goal and Objectives].
  1. bis These Regulations shall also be applied in accordance with the policies relating to activities in the Area established in articles 150 and 151 of the Convention and in the Annex to the Agreement [and the policies adopted by the Assembly in accordance with article 160 of the Convention].
2. Recognizing that the rights in the Resources of the Area are vested in humankind as a whole, on whose behalf the Authority shall act, Exploitation in the Area shall be carried out for peaceful purposes and for the benefit of humankind as a whole, taking into particular consideration the interests and needs of developing States, while ensuring the effective Protection of the Marine Environment from harmful effects which may arise from such activities in the Area consistent with article 145 of the Convention.

[2. bis Exploitation in the Area and other activities in the Marine Environment shall be carried out with reasonable regard for each other in accordance with article 147 of the Convention.]

[3. Exploitation in the Area shall only commence:

(a) once all Phase 1 Standards and Guidelines, Phase 2 Standards and Guidelines and Phase 3 Standards and Guidelines have been adopted;

(b) when it is demonstrable, in the view of the Commission and Council, that such Exploitation can be conducted in such a manner so as to ensure effective Protection of the Marine Environment from harmful effects which may arise from Exploitation in the Area, and the ecological balance of the Marine Environment is not interfered with; and

(c) in instances where it would not impede the effective implementation of international frameworks and agreements related to the Protection of the Marine Environment. Decisions regarding exploitation activities will be made by taking into consideration progress on the implementation of such frameworks and agreements;]

4. The following principles and approaches shall guide the application of these Regulations:

(a) the principle of the common heritage of humankind;

(a) bis the principle of equity and the equitable sharing of benefits;

(a) ter the principle of uniform and non-discriminatory application;

(b) precautionary principle or precautionary approach as appropriate;

[(c) Ecosystem Approach;]

(c) bis an integrated approach to ocean management;

(d) polluter pays principle;

(e) open access to non-confidential data, and information;

(f) transparency in decision-making, including effective Stakeholder involvement and public participation;

(g) the use of the scientific methods taking into account the Best Available [Science and] Scientific Information, as defined by the Council; and

(h) the use of relevant traditional knowledge of Indigenous Peoples and [of] local communities where available.

5. Activities in the Area shall be carried out for the benefit of humankind as a whole, irrespective of the geographical location of States, whether coastal or land-locked, and taking into particular consideration the interests and needs of developing States.

[5. bis The Authority shall provide for the equitable sharing of financial and other economic benefits derived from activities in the Area through any appropriate mechanism, on a non-discriminatory basis.]

[5. ter The rules, regulations and procedures on equitable sharing of financial and other economic benefits derived from activities in the Area shall be adopted by the Assembly, upon the recommendation of the Council, before the commencement of Commercial Production.]

6. Members of the Authority, Sponsoring States, [Applicants and] Contractors, [observers] and the Authority shall use best efforts to ensure that the Authority performs its functions.

[7. Members of the Authority, Sponsoring States, [Applicants and] Contractors, [observers] and the Authority shall use best [Alt.1 endeavours in their actions to uphold public trust /in the regulatory integrity of the Authority] [Alt.2 efforts to ensure performance of functions by the Authority].]

[7. bis. Nothing in these Regulations shall be construed as diminishing or extinguishing the existing rights of Indigenous Peoples, including as set out in the United Nations Declaration on the Rights of Indigenous Peoples, or of, as appropriate, local communities.]

[7. bis. Alt. The recognition and protection of the rights of Indigenous Peoples, including as set out in the United Nations Declaration on the Rights of Indigenous Peoples, or of, as appropriate, local communities.]

### **Regulation 3**

#### **Duty to cooperate and exchange of information**

In matters relating to these Regulations:

(a) members of the Authority, the Enterprise, Applicants and Contractors shall cooperate with the Authority to facilitate the performance of its duties and responsibilities under the Convention, *inter alia*, [Alt. 1 by providing the Authority with such data and information as is necessary for the Authority to discharge its duties and responsibilities under the Convention] [Alt. 2 to provide to the Authority necessary data and information];

[(b) the Authority, and Sponsoring States, flag States, and port States shall cooperate towards the avoidance of unnecessary duplication of administrative procedures and compliance requirements;]

(c) the Authority in cooperation with Sponsoring States shall develop effective and transparent communication, public information and public participation procedures and ensure their implementation;

[(d) the Authority shall consult and, where relevant, cooperate with Sponsoring States, coastal States, port States, flag States, [relevant global, regional, subregional and sectoral bodies]/ [competent international organisations] to develop measures to implement these Regulations, including to:

(i) ensure effective protection of human life and property at sea, and effective protection of the Marine Environment, with respect to activities in the Area;

(ii) exchange information and data to facilitate compliance with and enforcement of rules, regulations, and procedures of the Authority; and

(iii) facilitate access to sites and items to be inspected under these Regulations for the purposes of monitoring compliance and enforcement.]

(e) contractors, the Enterprise, Sponsoring States and members of the Authority shall cooperate with the Authority in the establishment and implementation of programmes to observe, measure, evaluate and analyse the impacts and effects of Exploitation and related activities on the Marine Environment, including at the regional scale, to share the findings and results of such programmes with the Authority for wider dissemination and to extend such cooperation and collaboration to the implementation and further development of Best Environmental Practices in connection with activities in the Area;

(f) members of the Authority, Sponsoring States, Contractors, and the Enterprise shall, in conjunction with the Authority, cooperate [in accordance with their respective capabilities and resources] with a view to:

(i) sharing, exchanging and assessing data and information for the Area, including by use of data repositories and open-access databases;

(ii) identifying gaps in scientific knowledge and developing targeted and focused research programmes to address such gaps;

(iii) collaborating with the scientific community to identify and develop best practices and improve existing Standards and protocols with regard to the collection, sampling, standardization, assessment and management of data and information;

(iv) undertaking educational awareness programmes for Stakeholders relating to activities in the Area;

(v) promoting the advancement of marine scientific research in the Area for the benefit of humankind as a whole;

(vi) developing mechanisms, including market-based instruments, to support transfer of technology [to developing states and the Enterprise] and capacity building of developing states, and to enhance the environmental performance of Contractors beyond the legal requirements including through technology development and innovation;

[(vi Alt.) developing mechanisms, including incentive mechanisms and compliance measures, to support transfer of technology and capacity building of developing states and the Enterprise beyond the legal requirements; and

(vi bis.) developing structured incentive mechanisms to enhance the environmental performance of Contractors beyond legal requirements, including through technology development, innovation and transparent compliance monitoring.]

(g) in order to assist the Authority in carrying out its policy and duties under section 7 of the Annex to the Agreement, Contractors and members of the Authority shall enable access to non-confidential information, upon the request of the Economic Planning Commission, or other appropriate organs of the Authority to facilitate the Authority's preparation of studies on the potential effects of Exploitation in the Area on the economies of developing land-based producers of those Minerals which are likely to be seriously affected. The content of any such studies shall be in accordance with specific terms of reference and applicable Standards, and shall take into account the Guidelines; and[(h) the Council shall, taking into account recommendations by the Commission, adopt Standards and Guidelines [concerning the duties mentioned in subparagraphs (c) to (g)] which establish requirements, obligations and procedural arrangements, including standardized data templates and methodology for data collection and analysis [within 3 years after the adoption of these Regulations or before any Commercial Production commences, whichever takes place first];]

## **Regulation 4**

### **Rights and legitimate interests of coastal States and duty to notify**

1. Nothing in these Regulations shall affect the rights and legitimate interests of coastal States under the Convention, including but not limited to article 142.

2. Applicants, contractors, as well as the Enterprise, shall take all necessary measures to ensure that their activities and foreseen activities in the Area are conducted with due regard to the rights and legitimate interests of the [relevant] [potentially affected] coastal States under the Convention and in accordance with applicable regulations and Standards and taking into account the Guidelines.

3. Without prejudice to other necessary measures taken pursuant to paragraph 2, Applicants, contractors or the Enterprise shall engage with potentially affected coastal States, including by conducting consultations, at an early stage including prior to and after submitting an application and throughout the Exploitation Contract, in accordance with these Regulations and the applicable Standards, and taking into account the Guidelines.

4. The potentially affected coastal States referred to in paragraph 3 above shall [include] / [comprise]:

(a) coastal States across whose jurisdiction the resource deposits related to the activity may lie;

(b) [following the submission of a written notification to the [Applicant] [as well as the Enterprise] that it wishes to participate in the consultation process pursuant to regulation 93ter, the following:

(i) coastal States, which may include those that are adjacent to any Contract Area, whose sovereign rights for the purpose of exploring and exploiting, conserving or managing Marine natural resources, in accordance with the Convention, may be affected by any activity by the Contractor in the Contract Area; and

(ii) coastal States, which may include those that are adjacent to any Contract Area, whose exercise of jurisdiction with regard to the Protection and Preservation of the Marine Environment, in accordance with the Convention, may be affected by any activity by the Contractor in the Contract Area.]

[(b)Alt. coastal States that are adjacent to any Contract Area which, following the submission of a written notification to the Contractor [and Enterprise] that it wishes to participate in the consultation process pursuant to regulation 93ter, [may include] / [comprising] those:

(i) whose sovereign rights for the purpose of exploring and exploiting, conserving or managing Marine natural resources, in accordance with the Convention, may be affected by any activity by the Contractor in the Contract Area; and

(ii) whose exercise of jurisdiction with regard to the protection and preservation of the Marine Environment, in accordance with the Convention, may be affected by any activity of the Contractor in the Contract Area.]

## **[Regulation 4 bis**

### **Without prejudice**

These Regulations including any acts, measures, decisions or activities undertaken on the basis thereof, shall be without prejudice to, and shall not be relied upon as a basis for asserting or denying any claims to, sovereignty, sovereign rights or jurisdiction, including in respect of any disputes relating thereto.]



## **Regulation 4ter**

### **~~Protection and Safeguarding of human remains and [objects and sites of an archaeological or historical nature] [Underwater Cultural Heritage] and cultural [rights or] interests~~**

~~1. [Objects and sites of an archaeological or historical nature] [Underwater Cultural Heritage] shall be protected and preserved for the benefit of humankind as a whole, in accordance with articles 149 and 303 of the Convention [and other rules of international law not incompatible with the Convention, including the 2001 UNESCO Convention on Underwater Cultural Heritage].~~

~~2. Proper respect shall be given to all human remains [and venerated sites] in the Area.~~

~~[2 bis. Exploitation activities in the Area shall be conducted in a way that ensures the respect, promotion, and consideration of cultural [rights or] interests, [including the rights of Indigenous Peoples or of, as appropriate, local communities,] as well as the relevant traditional knowledge of these Indigenous Peoples and local communities.]~~

~~3. In carrying out its responsibility to protect and safeguard [objects and sites of an archaeological or historical nature][underwater cultural heritage] and cultural [rights or] interests and to accord proper respect to human remains [and venerated sites] in the Area, the [Legal and Technical Commission][Council] may establish an Advisory Group of Experts [on Cultural Matters] composed of xx experts that have appropriate qualifications for the various fields of expertise needed, such as international law experts, archaeologists, archaeological surveyors, historians, experts on the knowledge and rights of Indigenous Peoples and of local communities, and UNESCO experts. [The Advisory Group of Experts shall have a minimum of seven experts nominated from the seven United Nations-recognized sociocultural Indigenous regions.] The Advisory Group of Experts shall [assist the Council and the Legal and Technical Commission][advise the Legal and Technical Commission] on all matters relating to [objects and sites of an archaeological or historical nature][underwater cultural heritage] and cultural [rights or] interests, human remains [and venerated sites] under these Regulations and liaise with relevant Stakeholders as appropriate, including Indigenous Peoples and local communities.~~

## **Part II**

### **Applications for approval of Plans of Work in the form of contracts**

#### **Section 1**

#### **Applications**

#### **Regulation 5**

#### **Qualified Applicants**

1. Subject to the provisions of the Convention, the following may apply to the Authority for approval of Plans of Work:

(a) the Enterprise, on its own behalf or in a joint arrangement; and

(b) states Parties, state enterprises or natural or juridical persons which possess the nationality of States Parties 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 the Convention and these Regulations.

2. Each application shall be submitted:

(a) in the case of the Enterprise, by its Director-General;

(b) in the case of a State, by the authority designated for that purpose by it; and

(c) in the case of any other qualified Applicant, by a Designated Representative, or by the authority designated for that purpose by the Sponsoring State or States.

3. Each application by an entity referred to in regulation 5, paragraph 1, subparagraph (b) shall also contain, together with the necessary documentation as supporting evidence:

[(a)Alt. the information required by regulation 6, paragraph 3, subparagraph (c);]

[(d) all information on the Applicant's principals necessary to allow the Authority to determine their track record in accordance with regulation 77, paragraph 4 and as required under regulation 83 bis;

(d)Alt. all information on the Applicant necessary to allow the Authority to determine their track record regarding fulfilment of payment obligations to the Authority in accordance with regulation 77, paragraph 4;]

(e) all information necessary to demonstrate that the Applicant has the necessary financial, technical and operational capability to carry out the proposed Plan of Work in accordance with these Regulations, applicable Standards and [taking into consideration] Good Industry Practice using appropriately qualified personnel;

(f) [Alt. 1 all information necessary to demonstrate the technical capability in environmental management pursuant to regulation 13, paragraph 3, subparagraph (c) and Section III of Annex I to be able to comply with the requirements of these Regulations and applicable Standards] [Alt. 2 Information on the Environmental Management System].

4. Each application submitted by a partnership or consortium of entities shall contain the information required by these Regulations in respect of each member of the partnership or consortium.

5. In the case of a consortium or any group, the consortium or group shall specify in its application a lead member of the consortium or group.

[6. Sponsoring State shall take all legislative and administrative measures to assure that Contractors have all material, operative, and financial means to comply with the Exploitation Contract and these Regulations and that no corporate limitation shall present Contractors, holding and Ultimate Parent Companies to compensate damages and make the payment required by the Contractors under the Exploitation Contract and these Regulations.]

[6. Alt. The Authority shall not accept the application unless satisfied that the Sponsoring State has adopted laws and regulations and taken administrative measures which are, within the framework of its legal system, reasonably appropriate for securing compliance by the Contractor with the terms of a Contract and obligations under the Convention.]

6. bis The Authority shall not accept the application if the Sponsoring State or States has not enacted legislation pertaining to activities in the Area that complies with the requirements referred to in regulation 105.

## **Regulation 6**

### **Certificate of sponsorship**

1. Each application by a state enterprise or natural or juridical person shall be accompanied by a certificate of sponsorship issued by the State Party of which it is a national / [ and if applicable, by the State Party by which it is effectively controlled 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 Party, each State Party shall issue a certificate of sponsorship.

2. Where an Applicant has the nationality of one State Party but is effectively controlled by another State Party or its nationals, [the Applicant shall obtain] a certificate of sponsorship [from both States Parties].

3. Each certificate of sponsorship shall be duly signed on behalf of the State Party by which it is submitted, and shall contain:

(a) the name, address and contact details of the Applicant;

(b) the name of the Sponsoring State or States;

(c) a statement accompanied by supporting evidence set out in the relevant Standard regarding Effective Control that the Applicant is:

[(i) a national of the Sponsoring State; or, if applicable,

(ii) subject to the Effective Control of the Sponsoring State or its nationals.]

[(i)Alt. if submitted by the State of nationality, a national of that Sponsoring State, and if applicable subject to its Effective Control; or, if applicable

(ii)Alt. if submitted by another State Party, subject to its Effective Control or that of its nationals.]

(d) a statement by the Sponsoring State that it sponsors the Applicant [together with a description of the necessary and appropriate measures taken by the State to secure effective compliance pursuant to article 139, paragraph 2 of the Convention, and to ensure legal recourse for compensation in accordance with article 235, paragraph 2 of the Convention];

[(d)Alt. a description of the laws and regulations and administrative measures taken within the framework of its legal system for securing compliance by a Contractor with the terms of a Contract and obligations under the Convention;]

(e) the date of deposit by the Sponsoring State of its instrument of ratification of, or accession or succession to, the Convention, and the date on which it consented to be bound by the Agreement; and

(f) a declaration that the Sponsoring State assumes responsibility in accordance with articles 139 and 153, paragraph 4 of the Convention and article 4, paragraph 4 of Annex III to the Convention.

4. [State enterprises or natural or juridical persons which possess the nationality of States Parties or are effectively controlled by them or their nationals] in a joint arrangement with the Enterprise shall also comply with this regulation.

## **Regulation 7**

### **Form of applications and information to accompany a Plan of Work**

1. Each application for approval of a Plan of Work shall be:

(a) in the form prescribed in Annex I to these Regulations;

(b) addressed to the Secretary-General; and

(c) prepared in accordance with these Regulations and the applicable Standards [Alt. 1 as well as the respective Regional Environmental Management Plans] and taking into account the Guidelines [Alt. 2 as well as the respective Regional Environmental Management Plans].

2. Each Applicant, including the Enterprise, shall, as part of its application, provide a written undertaking to the Authority that it will:

(a) accept as enforceable and comply with the applicable obligations created by the provisions of Part XI of the Convention, the Agreement, the rules, regulations and procedures of the Authority, including the applicable Standards, the decisions of the organs of the Authority and the terms of its Exploitation Contract;

(b) accept control by the Authority of activities in the Area as authorized by the Convention;

(c) provide the Authority with a written assurance that its obligations under its Exploitation Contract will be fulfilled in good faith.; and

[(d) comply with the national laws, regulations and administrative measures of the Sponsoring State or States made pursuant to articles 139 and 153, paragraph 4 of the Convention and article 4, paragraph 4 of Annex III to the Convention.]

[(e) comply with the undertakings on transfer of technology provided for by the Convention and the Agreement.]

3. An application shall contain sufficient information to demonstrate that the Applicant has access to the necessary financial and technical capability and resources to carry out the proposed Plan of Work, and shall be accompanied by the following:

(a) the data and information to be provided pursuant to section 11.2 of the standard clauses for Exploration Contracts, as Annexed to the relevant Exploration Regulations;

(b) a Mining Work Plan prepared in accordance with Annex II to these Regulations;

(c) a Financing Plan prepared in accordance with Annex III to these Regulations;

(d) an Environmental Impact Statement prepared in accordance with regulation 48 and in the format prescribed in Annex IV to these Regulations;

[(d) bis A Test Mining Report with all information obtained from test mining activities conducted during Exploration. [In cases where an applicant utilizes [mature] [demonstrated] mining technology that has been internationally validated, there shall be no requirement to conduct Test Mining. Instead, the applicant shall provide supporting materials in relation to the [mature] [demonstrated] mining technology when submitting the application];]

(e) a Health and Safety Plan and a Maritime Security Plan prepared in accordance with regulation 30 and Annex VI to these Regulations;

(f) an Emergency Response and Contingency Plan prepared in accordance with regulation 32 and Annex V to these Regulations;

(g) a Training Plan in fulfilment of article 15 of Annex III to the Convention, prepared in accordance with [the applicable Standard];

(h) an Environmental Management and Monitoring Plan prepared in accordance with regulation 50 and Annex VII to these Regulations, including information regarding the Environmental Management System that the Contractor will implement in accordance with regulation 50 ter and the applicable Standards, taking into account the Guidelines;

(i) a Closure Plan prepared in accordance with regulation 59 and Annex VIII to these Regulations;

(j) an application processing fee [as decided by the Council];

(k) a copy of the Contractor's code of Conduct or other rules applicable to all staff involved in the execution of a proposed Plan of Work, including policies pertaining to personnel safety, environmental compliance, inclusivity, gender equality and diversity, and sustainability; and

(l) a copy of documents to evidence the Applicant's Environmental Performance Guarantee, in accordance with regulation 26.

4. Where the proposed Plan of Work proposes two or more non-contiguous Mining Areas, the Commission shall require separate documents under paragraph 3(b), (d), (h), (i) and (l) for each Mining Area, unless the Applicant demonstrates [to the satisfaction of the Commission] that a single set of documents is appropriate, taking into account the Guidelines. A decision can be taken by the Council in relation to one Mining Area at a time, with subsequent decisions for further Mining Areas being deferred to a later time upon the submission of further documentation.

5. Where a single set of documents is submitted by the Applicant proposing a Plan of Work for two or more non-contiguous Mining Areas and the Commission considers it is not appropriate, the Commission shall return the application and request separate documents under paragraphs 3(b), (d), (h), (i) and (l) for each Mining Area.

## **Regulation 8**

### **Area covered by an application**

1. Each application for approval of a Plan of Work shall define the boundaries of the area under application, by a list of geographical coordinates in accordance with Annex I to these Regulations.

2. The area under application need not be contiguous and shall be defined in the application in the form of blocks comprising one or more cells of a grid, as provided by the Authority.

3. The area under application shall be an area previously subject to an Exploration Contract for which [sufficient] environmental baseline [Alt. 1 studies are carried out] [Alt. 2 data gathered in accordance with the relevant Standards is [publicly] available].

4. The area under application must be covered by a Regional Environmental Management Plan pursuant to regulation 44bis [, where applicable].

[5. In the application, the Applicant shall provide an overview of other potential legitimate activities in the Marine Environment covered by the application, and a statement confirming whether the area under application or any part of it has received attention under any other [Alt. 1 international organisation or treaty regime] [Alt. 2 relevant legal instruments and framework and relevant global regional, subregional and sectorial body].]

[5. Alt. For any part of the area under application, to the extent practicable after reasonable investigations, the Applicant shall in the application provide an overview of other potential activities in the Marine Environment covered by the application, and indicate whether the area or any part of it is designated or managed or under consideration under any other relevant legal instruments and frameworks and relevant global, regional or sub-regional organizations. [The Applicant shall also indicate that it is aware of its obligation of reasonable regard to other activities in the Area in accordance with article 147].]

6. Where an application concerns a Reserved Area, the Enterprise shall be given an opportunity to decide whether it intends to carry out activities in the area in accordance with article 9 of Annex III to the Convention and Section 2 of the Annex to the Agreement.

## **Section 2**

### **Processing and review of applications**

#### **Regulation 9**

##### **Receipt, acknowledgement and safe custody of applications**

The Secretary-General shall:

(a) acknowledge in writing, within 7 Days, receipt of every application for approval of a Plan of Work submitted under this Part, specifying the date of receipt;

(b) place the application, together with the attachments and annexes thereto, in safe custody and ensure the confidentiality of all Confidential Information contained in the application; and

(c) [Alt. 1 within 30 Days of receipt of an application for approval of a Plan of Work submitted under this Part] [Alt. 2 Conduct the notification and consultation requirements related to applications for approval of a Plan of Work in accordance with regulations 11 and 93ter and];

(i) notify the members of the Authority of the receipt of such application; and;

(ii) notify the members of the Commission and the Finance Committee of receipt of such application.

## **Regulation 10**

### **Preliminary review of application by the Secretary-General**

1. The Secretary-General shall preliminarily review an application for approval of a Plan of Work and determine whether the application contains all [the documents regarding] the information required by regulations 5 to 8 for further processing.

2. Where the Secretary-General determines that an application does not contain all the [documents regarding the] information required by regulations 5 to 8, the Secretary-General shall, within 45 Days of receipt of the application, notify the Applicant, specifying the information which the Applicant must submit in order to complete the application. Further processing of an application will not begin until the Secretary-General determines that the application is complete, which includes all required information having been submitted by the Applicant, including payment of the administrative fee specified in regulation 86.

[2. bis Where the Secretary-General considers that an application contains [the documents regarding] the information required by regulations 5 to 8, it shall circulate to members of the Authority non-confidential information of a general nature regarding the application, and information enabling them to access a non-confidential version of the application.]

3. In case an application is lodged for the same area for which an operator has preference and priority in accordance with article 10 of Annex III first sentence, the Secretary-General shall, after having made the determinations under paragraphs 1 and 2 of this regulation, forward the application to the Commission. The Commission shall make a recommendation as to whether the operator's performance has not been satisfactory in accordance with article 10 of Annex III [and section 1, paragraph 13 of the Annex to the Agreement] based on which the Council shall decide whether the operator's preference and priority shall be withdrawn in accordance with article 10 of Annex III second sentence.

## **Regulation 11**

### **Publication, notification, and review of the Application**

1. The Secretary-General shall, within 7 Days after determining that an application for the approval of a Plan of Work is ready to progress pursuant to regulation 10, [taking into account the confidentiality of the data, place the Environmental Plans and all non-confidential parts of Test Mining Report, if applicable submitted, including any supporting material on the Authority's website for a period of consideration of an application by the Authority, and]consult with all States and Stakeholders in accordance with regulation 93ter on the application[, Environmental Plans and the non-confidential parts of all other documents accompanying the application pursuant to regulation 7].

2. The Applicant shall consider the comments provided pursuant to paragraph 1 when fulfilling the requirement at regulation 93ter, paragraph 9. The Applicant shall submit any revised documentation and the written response to consultation as required by regulation 93ter, paragraph 9 to the Secretary-General [Alt. 1 within a period of 60 Days following the close of the comment period or such longer period as determined by the Secretary-General following a request by the Applicant. The Secretary-General may extend this time period [for a further 30 Days], upon a reasonable request by the Applicant to revise the plans or responses. Notice of the extension of the period shall be posted on the Authority's website] [Alt. 2 in a timely manner].

2. bis The Secretary-General shall provide the [application,] Environmental Plans, and the non-confidential parts of the Test Mining Report, if applicable, and comments submitted pursuant to paragraph 1, together with any responses by the Applicant provided pursuant to paragraph 2, and any other relevant additional information to the Commission and request the Commission to provide its comments on the[m], if applicable, [in a timely manner].

3. The Commission shall, as part of its examination of an application under regulation 12 and assessment of Applicants under regulation 13, examine the [application,] Environmental Plans and the non-confidential parts of the Test Mining Report, if applicable, [and] the comments submitted under paragraph 1, taking into account the consultation submissions received under regulation 93ter, the Applicant's written response prepared under regulation 93ter, paragraph 9, together with any revisions and responses provided by the Applicant under paragraph 2, and any additional information provided by the Secretary-General under paragraph 2bis, and shall provide its comments to the Secretary-General.

3. bis The Secretary-General shall, within 7 Days after receiving comments from the Commission, provide such comments to the Applicant and publish them on the Website of the Authority.

3. ter The Applicant shall consider the comments provided pursuant to paragraph 3 and shall[, where required by the Commission,] revise the [application,] Environmental Plans [and all other accompanying documents] or provide responses in reply to the substantive comments, and shall submit any revisions or responses to the Secretary-General [Alt. 1 within a period of 60 Days after receipt of comments from the Secretary-General. The Secretary-General may extend this time period [for a further 30 Days], upon a reasonable request by the Applicant to revise the plans or responses. Notice of the extension of the period shall be posted on the Authority's website] [Alt. 2 in a timely manner].

4. The Commission shall prepare a report on the [application,] Environmental Plans and the non-confidential parts of the Test Mining Report, if applicable, which shall be published on the Authority's website, and shall be included as part of the reports and recommendations to the Council pursuant to regulation 15. The report shall include:

(a) details of the Commission's determination under regulation 13, paragraph 4;]

(b) details of the comments and responses submitted under paragraphs 1 and 2 bis;

(b) bis details of the consultation submissions comments and responses received under regulation 93ter, paragraph 8, the Applicant's written response prepared under regulation 93ter, paragraph 9,

(c) any further information provided by the Secretary-General under paragraph 2;

(d) any amendments or modifications to the [application,] Environmental Plans [and all other accompanying documents as] recommended by the Commission under regulation 14 and changes subsequently made to application documents by the Applicant; and

(e) the relevant rationale for the Commission's determination, with specific explanation as to any comments or responses that are disregarded.

5. The report of the Commission on the [application,] Environmental Plans[, the non-confidential parts of the Test Mining Report] or revised plans shall be published on the Authority's website in accordance with regulation 92 and shall be included as part of the reports and recommendations to the Council pursuant to regulation 15.

## **Section 3**

### **Consideration of applications by the Commission**

#### **Regulation 12**

##### **Rules for considering applications**

1. Subject to regulation 10 concerning preference and priority among Applicants, the Commission shall examine applications in the order in which they are received by the Secretary-General and shall assess applications in accordance with this regulation and against the criteria contained in regulation 13, in order to make a report and [submit appropriate] recommendations to the Council whether the Plan of Work under application should be approved, or disapproved, pursuant to regulation 15.

[1. bis Subject to paragraph 1 ter., the Commission shall commence the consideration of an application at its next meeting after its receipt of the application provided that the notifications and information pursuant to regulation 11, paragraph 2 bis have been circulated at least 90 Days prior to the commencement of that meeting of the Commission. The Commission may extend consideration of the application to its next meeting if necessary.]

[1. bis. Alt. The Commission shall commence its consideration of an application within 30 Days of its receipt of the application, including via virtual and intersessional meetings in addition to its regular meetings, if necessary.]

1. ter The Commission shall not consider an application for approval of a Plan of Work until the application [, Environmental Plans and all other accompanying documents have] / [has] been published and if necessary, revised in accordance with this regulation.

[2. The Commission shall [consider application expeditiously and] submit its reports and recommendations to the Council no later than [120] / [180] Days from whichever date occurs later out of:

(a) the close of the date of the completion of the review of the [application,] Environmental Plans [and all other accompanying documents], under regulation 11; or

(b) the date of submission of the amendments to the proposed Plan of Work under regulation 14.].

[2. Alt. The Commission shall consider applications expeditiously and shall submit its reports and recommendations to the Council at the next meeting of the Council.]

[2. bis The Commission may delay its reports and recommendations under regulation 12, paragraph 2 by a further 90 Days, if additional information or consultations with experts are necessary.]

3. The Commission shall, in considering a proposed Plan of Work, apply the Convention, the Agreement, and the rules, regulations and procedures of the Authority [and assess if the Plan of Work is consistent with the applicable Regional Environmental Management Plan. The Commission shall do so] in a uniform and non-discriminatory manner.

[3. bis. Alt. In the event the Commission evaluates that there are aspects of the proposed Plan of Work that are not covered entirely by its internal expertise, the Commission may consult with competent independent experts selected taking into account the Guidelines.]

4. In considering the proposed Plan of Work, the Commission shall take into account:

(a) relevant reports from the Secretary-General;

(a) bis any consultation submissions received under regulation 93ter;

[(a) ter any advice or reports received from any competent organ of the United Nations or of its specialized agencies or any international organizations with competence in the subject matter;]

(a) quat any information supplied by the Sponsoring State or States.

[(b) any concern raised by a [relevant]/ [potentially affected] Coastal State with respect to the application];

(b) bis any advice or reports in respect of the Environmental Plans sought by the Commission from recognized experts in the field of the protection of the Marine Environment listed by the Council;

[(b) ter. reports from the Finance Committee upon matters within its competence, including:

(i) assessment of the economic benefits to be derived from the activities proposed in the application;

(ii) advice as to securing optimum revenue for the Authority;

(iii) the administrative budget required to manage a contract if awarded, and the proposed annual reporting fee to be levied pursuant to regulation 84;

(iv) any recommendation regarding the amount or format of the Environmental Performance Guarantee; and

(v) advice as to whether the Applicant would be subsidized so as to be given an artificial competitive advantage with respect to land-based miners.]

(c) any previous operating record of the Applicant, including in relation to Exploitation activities within other jurisdictions, as well as the Applicant's performance during the Exploration stage, including the quality of annual reports and baseline data, and the Test Mining Report.

[5. During its consideration of the Plan of Work the Commission may request the Applicant to provide additional information for the purpose of clarifying any aspect of the Plan of Work. Where the Commission makes such a request it shall specify the timeline within which the Applicant may provide the information, taking into account the complexity of the requested information. Where the Applicant does not provide the information as requested, the Commission shall proceed with a review of the Plan of Work and make a decision based on what the Applicant has already submitted.]

## **Regulation 13**

### **Assessment of Applicants and application**

1. In assessing both the Applicant and the application, the Commission shall take into account all information pursuant to regulation 12, paragraph 4 and all applicable Standards and Guidelines when making its determinations under this regulation.

2. The Commission shall determine whether the Applicant meets the following criteria:

(a) the Applicant is a qualified Applicant pursuant to regulation 5;

(b) the Applicant has given the undertakings and assurances specified in regulation 7, paragraph 2;

(c) the Applicant [and, if applicable its [principals]] have satisfactorily discharged their obligations to the Authority, including having a satisfactory track record of past [compliance and environmental] performance [both within the Area and in national jurisdictions];

(e) the Applicant has the financial and technical capabilities and capacity to carry out the Plan of Work, meet environmental performance obligations and to meet all obligations under an Exploitation Contract, pursuant to the applicable Standard, in accordance with paragraphs 3 and 4 of this regulation; and

(f) the Applicant is [sponsored by its State Party of nationality and, where applicable, the State Party by which or by whose nationals it is effectively controlled].

3. In considering the financial capability of an Applicant, the Commission shall determine, in accordance with these Regulations, Standards and taking into account the Guidelines, whether:

(a) the Financing Plan is compatible with proposed Exploitation activities;

(b) the Applicant is [or will be] capable of committing sufficient financial resources to cover the estimated costs of the proposed Exploitation activities as set out in the proposed Plan of Work, and all other associated costs of complying with the terms of any Exploitation Contract, including:

(i) the payment of any applicable fees and other financial payments and charges in accordance with these Regulations;

(ii) the estimated costs of implementing the Environmental Management and Monitoring Plan and the Closure Plan; and

(iii) sufficient financial resources for the prompt execution and implementation of the Emergency Response and Contingency Plan, and effective response to an Incident.

(c) the Applicant demonstrates that it will purchase insurance products that are appropriate to the financing of exposure to risk in accordance with regulation 36, and applicable Standards, taking into account the Guidelines; and

(d) the Applicant has proposed an Environmental Performance Guarantee whose amount and form is assessed by the Commission to be adequate, and in conformity with the requirements of regulation 26 and the applicable Standard and taking into consideration relevant Finance Committee report or the Guidelines.

4. In considering the technical capability of an Applicant, the Commission shall determine, in accordance with Standards and taking into account the Guidelines, whether the Applicant has [sufficiently demonstrated that] it has [or will have]:

(b) the necessary technical and operational capability to carry out the proposed Plan of Work taking into account Good Industry Practice and Best Environmental Practices using appropriately qualified and adequately supervised personnel;

(c) the technology, data, information, and procedures necessary to comply with the terms of the Environmental Management and Monitoring Plan and the Closure Plan, [taking into account] the applicable Regional Environmental Management Plan, including the technical capability to identify and monitor key environmental parameters and ecosystem components so as to detect any adverse effects, and to modify management and operating procedures as required to [ensure the effective Protection of the Marine Environment];

(d) established the necessary risk assessment and risk management systems to effectively implement the proposed Plan of Work in accordance with these Regulations and taking into account Good Industry Practice, Best Available Techniques, Best Available Scientific Information, and Best Environmental Practices,, including the technology and procedures to meet health, safety and environmental requirements for the activities proposed in the Plan of Work;

(e) the capability to respond effectively and promptly to Incidents, in accordance with the Emergency Response and Contingency Plan [including sufficient technical capability to respond to unforeseen circumstances.];

(f) the capability and capacity to utilize and apply Best Available Techniques;

(g) a safety management system that meets the requirements of regulation 30 bis; and

(h) an Environmental Management System that meets the requirements of regulation 50 bis.

5. In considering whether [a State Party or a national of a State Party effectively controls an Applicant, the Commission shall apply the relevant Standard regarding Effective Control.]

6. The Commission shall determine whether the application meets the following criteria:

(a) the application is accompanied by a certificate of sponsorship;

(b) the application is in conformity with these Regulations, [Alt. 1 and takes into account] the applicable Standards, the relevant Regional Environmental Management Plan and [Alt. 2 takes into account] the Guidelines;

(c) the application provides for benefits for humankind, reasonable regard for other activities, effective Protection of the Marine Environment, and Protection of [Underwater Cultural Heritage], in accordance with paragraphs 7 to 10 of this regulation; and

(d) whether the Plan of Work provides for the effective protection of human life, and health and safety of individuals engaged in Exploitation, in accordance with the rules, regulations and procedures adopted by the Authority.

7. In considering whether an application provides for benefits for humankind as a whole, the Commission shall determine:

(a) whether the Plan of Work will provide [optimum revenue] to the Authority, and taking into account negative externalities caused by any damage to the Marine Environment, will benefit humankind as a whole; and

(b) whether the Plan of Work is consistent with the approaches, principles and policies contained in regulation 2.

[8. In considering whether an application provides for reasonable regard for other activities in the Marine Environment, the Commission shall determine:

(a) whether the Plan of Work provides for Exploitation to be carried out in line with regulation 31 and articles 87 and 147 of the Convention, and in accordance with the applicable Standards and taking into account the Guidelines;

(b) whether the Plan of Work has demonstrated due diligence in relation to the accommodation of other activities in the Marine Environment, including to:

(i) identify in-service and (to the extent information is available to the Applicant) planned submarine cables and pipelines in, or adjacent to, the area under application

using publicly [and commercially] available data and resources taking into account the Guidelines;

(ii) identify sea lanes in, or adjacent to, the area under application that are essential to international navigation;

(iii) identify areas of intense fishing activity as may be defined in Standards or Guidelines in, above, or adjacent to, the area under application;

(iv) identify any other activities in or adjacent to the Contract Area in accordance with regulation 31, including marine scientific research activities and environmental Protection measures and area-based management tools established or proposed by competent international organizations; and

(v) where other marine users are identified in relation to the area under application whether listed in the Regional Environmental Management Plan or identified by some other means, consult with those users to agree measures the Contractor will take to give reasonable regard to their activities pursuant to regulation 31.]

9. In considering whether an application provides for effective Protection of the Marine Environment, the Commission shall determine:

(a) whether the Plan of Work demonstrates that it will meet [article 145 of the Convention,] the [Authority's Strategic Environmental Goal and Objectives under regulation 44ter], the regional environmental objectives and measures under the relevant Regional Environmental Management Plan, and the environmental thresholds in the applicable Standards, taking into consideration the cumulative effects of all Exploitation Activities [and climate change];

(b) whether the Plan of Work, complies with the principles set out in regulation 44, paragraph 1;

(c) whether the Plan of Work demonstrates that:

(i) it is based on adequate and sufficient environmental baseline data, in accordance with applicable Standards and taking into account the Guidelines;

(ii) it complies with the Standards developed pursuant to regulation 45;

(iii) the Plan of Work gives full effect to the precautionary principle or approach as appropriate;

(iv) it will not cause Environmental Impacts and Effects outside of the relevant Contract Area and will not cause Environmental Impacts to any area designated by the Authority as a protected area in terms that prohibit such Impacts and Effects [, and will not transfer harmful [Environmental Impacts and Effects] to the areas within national jurisdiction];

(v) it includes Preservation Reference Zones and Impact Reference Zones in accordance with the criteria contained in Annex X bis;

(vi) performance of the Plan of Work can be effectively monitored and controlled by the Authority, to [prevent] Environmental Effects, and ensure compliance with the rules, regulations and procedures of the Authority;

(vii) it identifies and manages appropriately the gaps and uncertainties in the data or information available at the time of application; and

(viii) it meets relevant international rules with regards to any deliberate disposal from vessels, platforms or other man-made structures at sea.

(d) whether the Plan of Work ensures effective Protection of the Marine Environment, in accordance with all applicable environmental requirements in the

Convention, Agreement, and the rules, regulations and procedures of the Authority, taking into account:

- (i) any Environmental Impacts and Environmental Effects [, individually and cumulatively,] of allowing the Exploitation activity;
- (ii) all proposed Mitigation and risk management measures;
- [(iii) an evaluation of harmful effects individually, in combination, as well as cumulatively, including effects from other activities in the area under application;]
- (iv) the effects on human health that may arise from Environmental Effects;
- (v) the importance of protecting the biological diversity and integrity of marine species, ecosystems and processes;
- (vi) the importance of protecting rare and vulnerable ecosystems and the habitats of threatened species;
- (vii) traditional knowledge or cultural interests relevant to the Protection of the Marine Environment, where available;
- (viii) [Best Available Scientific Information];
- (ix) the assessment framework for Mining Discharges as set out in the Standards; and
- (x) any relevant Guidelines developed in accordance with regulation [ 45].

(e) Whether the Test Mining Report[, if required pursuant to Regulation 7,] is in accordance with the applicable requirements and demonstrates that the test mining activities:

- (i) Support the information provided in the present application for the approval of a Plan of Work for Exploitation;
- (ii) Did not cause harmful effects on the Marine Environment; and
- (iii) Were conducted under appropriate technical, spatial and temporal conditions, in accordance with any applicable Recommendation from the Commission;

10. In determining whether an application provides for the protection of cultural rights or] interests, and taking into account the inputs of the Advisory Group of Experts [on Cultural Matters] established pursuant to Regulation 4bis, the Commission shall [determine whether the application]:

- (a) adequately identifies such cultural [rights or] interests; and
- (b) Alt) has considered relevant traditional knowledge of Indigenous Peoples and [of] local communities, where available[, and will not interfere with any cultural [rights or] interests].

## **Regulation 14**

### **Amendments to the proposed Plan of Work**

1. At any [reasonable] time prior to making its recommendation to the Council and as part of its consideration of an application under regulation 12, the Commission may:

- (a) request the Applicant to provide additional information on any aspect of the application prior to making a recommendation; and

(b) request the Applicant to amend its Plan of Work or propose specific amendments for consideration by the Applicant where such amendments are considered necessary to bring the Plan of Work into conformity with the requirements of these Regulations.

[1. bis The Commission shall make a request pursuant to paragraph 1, subparagraph (b) where amendments to the proposed Plan of Work are necessary to ensure that the applicable Regional Environmental Management Plan is appropriately reflected and incorporated in the Plan of Work.]

2. Where the Commission makes a request under paragraph 1 [and 1.bis], the Commission shall provide to the Applicant a brief justification and rationale for such a request. The Applicant must respond within 90 Days after the receipt of the request, by agreeing to the request, rejecting the request, or making an alternative proposal for the Commission's consideration.

3. The timeframe referred to in regulation 12, paragraph 2 shall be extended by the timeframe determined by the Commission pursuant to paragraph 1.

[4. The Secretary-General shall publish any amendment, additional information or revised application received pursuant to paragraph 2 on the Authority's website, and [Alt. 1 the Commission shall determine whether these are significant, in which case an opportunity for public consultation shall be provided in accordance with regulation 11] [Alt. 2 at the request of the Commission, shall provide an opportunity for public consultation in accordance with regulation 11].]

[5. The Commission shall take into account the Applicant's response under paragraph 1 and any responses received from public consultation under paragraph 4 into account in making its recommendations to the Council.]

## **Regulation 15**

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

1. If the Commission determines that the application and the Applicant meet the criteria set out in regulation 13, it shall recommend approval of the Plan of Work to the Council.

[1. Alt. The Commission shall recommend approval of a proposed Plan of Work if the Plan of Work [fully] complies with all requirements stipulated in regulation 13, and [Alt. 1 the Commission has sufficient information to determine that all requirements in regulation 13 have been met] [Alt. 2 and that there is sufficient, verifiable supporting information to confirm compliance with those requirements].]

1. bis The Commission shall provide with any recommendation for approval made under paragraph 1:

(a) a report in accordance with regulation 11, paragraph 5;

(b) a summary of the deliberations of the Commission including what considerations have been taken into account and how these have been assessed, as well as divergences of opinion in the Commission, if any;

(c) bis a summary of any uncertainties inherent in the Plan of Work and how the Applicant has proposed to address these;

(d) any conditions the Commission considers appropriate to deal with adverse effects of the proposed activities;

[(e) a summary of the request and its implementation referred to in regulation 14, paragraph 1 and 1.bis, if applicable; and]

[(f) the list of States and Stakeholders that participated in the consultation, and the summary of comments received as well as the way these comments were addressed by the Contractor.]

2. The Commission shall not recommend approval of a proposed Plan of Work if:

(a) the Plan of Work does not comply [, or the Commission is unable to determine whether the Plan of Work complies with, either alone or in combination with other activities and impacts] with all requirements stipulated in regulation 13 [and regulation 12, paragraph 3];

(b) part or all of the area covered by the proposed Plan of Work is included in:

(i) a Plan of Work for Exploration approved by the Council for the same Resource category for a different qualified Applicant and for which the Council has decided to maintain the operator's preference and priority in accordance with article 10 of Annex III;

(ii) a Plan of Work approved by the Council for Exploration or Exploitation of other Resources if the proposed Plan of Work would be likely to cause undue interference with activities under such approved Plan of Work for other Resources;

(iii) an area disapproved for Exploitation by the Council pursuant to article 162, paragraph 2, subparagraph (x) of the Convention; or

(iv) an Area of Particular Environmental Interest or any other protected site disapproved for exploitation by the Council [or in respect of which the Council has set a spatial or temporal protective measure as indicated in the applicable Regional Environmental Management Plan];

[(vii bis) any other area identified [by the Council] [by the Authority] for preservation for reasons of particular scientific, archaeological, historic or cultural interest;]

[(vii bis alt) any other area containing an object or site of an archaeological or historical nature;]

(v) 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;

(vi) an area that has not been subject to prior Exploration activities;

[(vii) an area not covered by a Regional Environmental Management Plan; and]

[(viii) an area lacking a representative protection in the Regional Environmental Management Plan.]

[(c) such approval would undermine or contradict the Authority's Strategic Environmental Goals or Objectives pursuant to regulation 44 ter or the regional goals, objectives or measures set out in the relevant Regional environmental management plan;]

[(d) there is inadequate environmental baseline information for the area covered by the proposed Plan of Work; and]

(e) if, [in spite of the warnings by the Authority] the Applicant, or its predecessor in law [has previously conducted his activities in such a way as to result in serious, persistent and wilful violations of the fundamental terms of [the] / [another] Contract, Part XI and the rules, regulations and procedures of the Authority].

3. The Commission shall not recommend the approval of a proposed Plan of Work if it determines that:

(a) such approval would permit a State party or entities sponsored by it to Monopolize the conduct of activities in the Area with regard to the Resource category in the proposed Plan of Work in accordance with applicable Standards, taking into account the Guidelines [or significantly control the production of a single Mineral or Metal produced globally]; or

(b) the total area allocated to a Contractor under any approved Plan of Work would exceed:

(i) 75,000 square kilometres in the case of polymetallic nodules;

(ii) 2,500 square kilometres in the case of polymetallic sulphides; or

(iii) 1,000 square kilometres in the case of cobalt-rich ferromanganese crusts.

4. If the Commission determines that it will not recommend approval of the Plan of Work pursuant to paragraphs 1-3 it shall inform the Applicant in writing, providing the reasons for this determination, and shall provide the Applicant with a further opportunity to make representations within 90 Days of the date of notification to the Applicant. During this period the Commission shall not make a recommendation to the Council on the application.

5. At its next available meeting, the Commission shall consider any such representations made by the Applicant when preparing its reports and recommendations to the Council, provided that the representations have been circulated at least 30 Days in advance of that meeting.

[5. Alt. The Commission shall consider any such representations made by the Applicants when preparing its reports and recommendations to the Council, which it shall do within 30 days of its receipt of such representations, including through intersessional or virtual meetings if necessary.]

## **Section 4**

### **Consideration of an application by the Council**

#### **Regulation 16**

##### **Consideration and approval of Plans of Work**

[1. The Council shall [commence at its next meeting considerations of] the reports and recommendations of the Commission, [Alt. 1 relating to approval of Plans of Work in accordance with paragraph 11 of Section 3 of the Annex to the Agreement, after due consideration, and within 60 Days unless the Council decides to provide for a longer period, the Council shall approve or disapprove the Plan of Work] [Alt. 2 and shall take decisions on approval or disapproval of the Plan of Work in accordance with paragraph 11 of Section 3 of the Annex to the Agreement].]

[1. Alt. The Council shall take decisions on approval or disapproval of the Plan of Work in accordance with paragraph 11 of Section 3 of the Annex to the Agreement.]

2. The Council shall disapprove a Plan of Work if any requirement of regulation 13 is not fulfilled.

[3. The Council shall, when approving a Plan of Work, request the Secretary-General to ensure that the contract to be concluded incorporates all conditions outlined in the draft Plan of Work and the accompanying plans, as well as any additional conditions requested by the Commission or the Council.]

## **Part III**

### **Rights and Obligations of Contractors**

#### **Section 1**

##### **Exploitation Contracts**

###### **Regulation 17**

###### **The Exploitation Contract**

1. After the Council's approval of a Plan of Work, and upon Council's request, the Secretary-General shall prepare an Exploitation Contract between the Authority and the Applicant in the form prescribed in Annex IX to these Regulations.
2. The Exploitation Contract shall be signed on behalf of the Authority by the Secretary-General or a duly authorized representative. The Designated Representative or the authority designated under regulation 5, paragraph 2 shall sign the Exploitation Contract on behalf of the Applicant. The Secretary-General shall notify all members of the Authority in writing of the conclusion of each Exploitation Contract.
3. The Exploitation Contract and its schedules is a public document and shall be published on the website of the Authority within 7 Days in the Seabed Mining Register, except for Confidential Information, which shall be redacted.

###### **Regulation 18**

###### **Rights and exclusivity under an Exploitation Contract**

1. An Exploitation Contract shall confer on a Contractor [or the Enterprise] the exclusive right to exploit the specified Resource category in the Contract Area in accordance with these Regulations and the approved Plan of Work.
2. [The Authority shall not permit any other entity to exploit or explore for the same Resource category in the Contract Area for the entire duration of an Exploitation Contract.]
3. [Alt. 1 The Authority, with the cooperation of States Parties to the Convention, shall ensure that no other Contractor operating in the Contract Area interfere with the rights granted to or operations of the Contractor.] [Alt. 2. The Authority shall ensure that no other entity operates in the same area for a different category of resources in a manner which might interfere with the operations of the Contractor.]
4. An Exploitation Contract shall provide for security of tenure and shall not be [suspended or] terminated except in accordance with [the terms set out in article 18 of the Annex III of the Convention.]/ [regulation 18 ter].
5. An Exploitation Contract shall not confer any interest or right on a Contractor in or over any other part of the Area or its Resources [or any other part of the Marine Environment], other than those rights expressly granted by the terms of the Exploitation Contract or these Regulations. [Activities in the Area under an Exploitation Contract,

shall be carried out with reasonable regard for other activities in the Marine Environment].

[5 bis Adverse Impacts from activities in the Area carried out under an Exploitation Contract must be limited to the Contract Area]. [An entity carrying out activities in the Area under an Exploitation Contract shall take all appropriate measures to prevent any transboundary harm or minimise the risk thereof.]]

6. The Contractor shall, subject to regulation 20, have the exclusive right to apply for an extension of its Exploitation Contract.

7. In relation to Exploration activities in the Contract Area conducted under an Exploitation Contract, the Contractor:

(a) may conduct Exploration activities within the Contract Area, in accordance with the proposed Exploration programme included in the Plan of Work;

(b) shall exercise due diligence in conducting Exploration activities in the Contract Area and shall report the results of its Exploration activities to the Authority in accordance with regulation 38, paragraph 2, subparagraph (k) and applicable Standards, taking into account the Guidelines; and

(c) shall also comply with:

(i) any recommendations issued by the Commission pursuant to the Exploration Regulations; and

(ii) provisions of the Exploration Regulations that relate to the Protection and Preservation of the Marine Environment, and environmental baselines and monitoring.

## **Regulation 18 bis**

### **Obligations of the Contractors**

1. Contractors shall comply with the terms and conditions of their Exploitation Contract and the rules, regulations and procedures of the Authority, [as well as the applicable Regional Environmental Management Plans], in a manner consistent with the Convention and the Agreement.

1. Alt. A Contractor shall comply with the applicable obligations created by the provisions of the Convention, the Agreement, these Regulations, and other rules, regulations and procedures of the Authority, the decisions of the organs of the Authority [as well as the applicable Regional Environmental Management Plans] and the terms of its Exploitation Contract with the Authority.

1. bis A Contractor shall carry out activities under a Plan of Work [and shall seek continuous improvement in its operations] in accordance with Good Industry Practice and Best Environmental Practices, at all times using appropriately qualified and adequately supervised personnel.

[1. ter Contractors shall comply with the national laws, regulations and administrative measures of the Sponsoring State or States made pursuant to articles 139 and 153, paragraph 4 of the Convention and article 4, paragraph 4 of Annex III to the Convention.]

[1. quat. Contractors shall remain current in their implementation of Best Environmental Practices and Good Industry Practices and shall continually identify and

implement solutions that reflect the most up-to-date Best Available Scientific Evidence and Best Available Techniques.]

[2. In accordance with the Exploitation Contract or the Parent Company Liability Statement, as the case may be, the Contractor and its Managing Company, shall have responsibility or [strict] liability for any damage arising out of;

(a) the Contractor's operations; or

(b) the operations of its subsidiaries or sub-contractors in the performance of the Plan of Work and shall be held [strictly] liable for the actual amount of damage.]

[3. In the event that Contractors fail to comply with their payment obligations under these Regulations, their Managing Company shall be held responsible to effect such payments to the Authority on behalf of Contractors.]

4. The Contractor shall allocate sufficient resources and assign roles and responsibilities to implement their obligations under these Regulations.

## **Regulation 18 ter**

### **Termination of an Exploitation Contract**

1. An Exploitation Contract can only be terminated:

(a) by the mutual [written] consent of the parties;

(b) by reason of termination of State sponsorship, pursuant to regulation 21 and without the Contractor having secured an alternative sponsorship;

(c) by the Contractor in accordance with the terms of the Exploitation Contract, as covered by section 10 of Annex X to these Regulations;

(d) by the Authority in accordance with the terms of the Exploitation Contract, as covered by section 12 of Annex X to these Regulations; or

(e) by expiration of the term of the Exploitation Contract, without extension.

2. Any termination of an Exploitation Contract by the Authority shall be by written notice to the Contractor, through the Secretary-General, which shall include a statement of the reasons for taking such action. [Unless a different time period is indicated in these Regulations,] the termination shall be effective [60 Days] after such written notice, unless the Contractor within such period disputes the Authority's right to terminate the Exploitation Contract in accordance with Part XI, Section 5, of the Convention, in which case the Exploitation Contract shall only be terminated in accordance with a final binding decision in accordance with Part XI, Section 5, of the Convention.

2. bis If the Contractor disputes the Authority's right to terminate the Exploitation Contract in accordance with Part XI, Section 5 of the Convention, the Exploitation activity may be suspended until a binding decision is issued pursuant to regulation 29 bis.

3. Nothing in this regulation shall relieve the Contractor of subsisting obligations or liabilities under its Exploitation Contract, for which the Contractor shall remain responsible and liable in the event of any termination.

## **Regulation 19**

### **Joint arrangements**

1. Exploitation Contracts may provide for joint arrangements between a Contractor and the Authority through the Enterprise, in the form of joint ventures or production-sharing, as well as any other form of joint arrangement, which shall have the same protection [against revision, suspension or termination] as Exploitation Contracts with the Authority.

2. The Council shall enable the Enterprise to engage in activities in the Area effectively at the same time as the entities referred to in article 153, paragraph 2, subparagraph (b) of the Convention.

[2. bis Before approving any Exploitation Contract [that involves joint arrangement between a Contractor and the Authority through the Enterprise,] the Authority shall adopt Standards and Guidelines:

(a) providing for joint arrangements between a Contractor and the Enterprise, pursuant to article 11 of Annex III of the Convention; and

(b) in relation to financial terms, to further the objective of enabling the Enterprise to engage in exploration or exploitation activities, pursuant to article 13, paragraph 1, subparagraph (e) of Annex III of the Convention.]

## **Regulation 20**

### **Term and extension of Exploitation Contracts**

1. The maximum initial term of an Exploitation Contract is [30]/ [20] years from [Alt. 1: commencement of Commercial Production] [Alt 2: execution of the Exploitation Contract] [Alt. 3: from the date of signing of the Exploitation Contract]. Any extension period shall be a maximum of [5]/ [10] years.

1. bis The Commission may recommend to Council a shorter time period than the period mentioned in paragraph 1 of this regulation for the initial term of an Exploitation Contract in light of, amongst others, the expected economic life of the Exploitation Activities of the resource category.

2. An application to extend an Exploitation Contract shall be made in writing addressed to the Secretary-General and shall be made no later than 2 years before the expiration of the initial period [or extended period] of the Exploitation Contract.

3. When submitting an application to extend an Exploitation Contract, the Contractor shall supply a revised Plan of Work, a revision of all accompanying documents and information in accordance with regulation 7, as well as any such documentation as may be specified in the Standards and Guidelines. The [Secretary-General] [or the Contractor] shall conduct a consultation process on the revised Plan of Work in accordance with regulations 93 bis and 93 ter.

4. The Commission shall consider the application to extend an Exploitation Contract, along with any revised documents or responses prepared by the Contractor pursuant to regulation 93 ter, paragraph 9 [at its next meeting] provided the documentation required under paragraph 2 or pursuant to regulation 93 ter, paragraph 9 has been circulated at least [60] Days prior to the commencement of that meeting of the Commission.

[4. bis The Commission shall submit its report and recommendations to the Council regarding an application to extend an Exploitation Contract no later than [120 Days] from the date of the completion of the requirements for review of updated

Environmental Plans, in accordance with regulation 11, or from the date of the completion of the amendments to the revised or a new Plan of Work, in accordance with regulation 14, if any, whichever date occurs later.]

5. In making its recommendations to the Council under paragraph 6 below, the Commission shall examine and assess applications in accordance with regulation 12, against the criteria contained in regulation 13, and take account of any report on the review of the Contractor's activities and performance under a Plan of Work under regulation 58, as well as any other relevant information from, inter alia, performance assessments, annual reports, environmental reports, inspection reports, compliance reports, monitoring [data], [third-party or whistle-blower complaints], and legal actions against the Contractor.

6. The Commission [shall]/[may] recommend to the Council the approval of an application to extent an Exploitation Contract, and an Exploitation Contract [shall]/[may] be extended by the Council provided that:

(b) the Contractor is in compliance with the terms of its Exploitation Contract and the rules, regulations and procedures of the Authority;

(b) bis the Contractor's application to extend an Exploitation Contract sufficiently demonstrates that the Contractor has met and complied with all [related environmental obligations including environmental thresholds] and demonstrates that the Preservation Reference Zones and Impact Reference Zones met their objectives, and that the Contractor's application for an extension includes designation of suitable Preservation Reference Zones and Impact Reference Zones for the extension period in accordance with Annex X bis;

(b) ter the cumulative environmental impact does not exceed the threshold set by the applicable Regional Environmental Management Plan as a result of the extension and that such extension does not hinder the achievement of the strategic and regional environmental goals and objectives;

(c) the Exploitation Contract has not been terminated earlier;

[ (c) bis the Contractor is able to demonstrate that all related contractual obligations, such as the requirement to maintain insurance coverage at all times during the conduct of Exploitation activities, will extend or continue to remain in force for the duration of the extension period; ]

(d) the Contractor has paid the applicable fee;

(e) [the Sponsoring State has reconfirmed their sponsorship of the Contractor by reissuing their certificate of sponsorship; and]

(e) bis [the Council is satisfied that the requirements of regulation 13 will be met.]

7. Any extension of an Exploitation Contract shall be effected by the execution of an instrument in writing by the Secretary-General or duly authorized representative as requested by the Council, and the Designated Representative or the authority designated under regulation 5, paragraph 2. The terms of an extended Exploitation Contract shall be those set out in the standard Exploitation Contract annexed to these Regulations that is in effect on the date that the Council approves the extension application.

8. An Exploitation Contract in respect of which an application for extension has been made [shall]/[may], despite its expiry date, remain in force until such time as the extension application has been considered and its extension has been granted or refused unless the Council decides otherwise. [Notwithstanding this, during this period following the expiry of an Exploitation Contract and pending the consideration and decision on the extension request, the Contractor shall suspend Exploitation activities.]

## **Regulation 21**

### **Termination of sponsorship**

1. Each Contractor shall ensure that it has the appropriate sponsorship throughout the duration of the Exploitation Contract. No activities under an Exploitation Contract may be carried out in the absence of the appropriate sponsorship.
2. Without prejudice to any terms, rights or obligations between a State Party and a Contractor under the terms of sponsorship, if a State Party terminates its sponsorship of a Contractor, it shall within [7]/[14] Days provide the Secretary-General with a written notice [describing the reasons for such termination and the date the termination is to take effect].
  2. bis If the reasons for termination of sponsorship include material non-compliance with its terms of sponsorship, the Contractor must [immediately] [upon receiving a suspension notice], suspend its Exploitation activities until the Council has considered the matter in accordance with paragraph 6 below.
  3. In the event of any termination of sponsorship the Contractor may, prior to the termination date referred to in paragraph 2 above obtain the sponsorship of another State Party or States Parties, whose sponsorship shall meet the requirements of regulation 6 as if the Contractor were an Applicant. The Contractor shall submit a certificate or certificates of sponsorship in accordance with regulation 6 as if the Contractor were an Applicant.
    3. bis In the event of termination by a Sponsoring State of its sponsorship of a Contractor with more than one Sponsoring State, any other Sponsoring State may continue its sponsorship if the Contractor continues to be its national or effectively controlled by that State or its national. Any such Sponsoring State shall issue an updated certificate of sponsorship prior to the termination date referred to in paragraph 2 above, which the Contractor shall submit to the Authority in accordance with regulation 6 as if the Contractor were an Applicant.
    3. ter The Exploitation Contract terminates on the termination date referred to in paragraph 2 above unless a certificate or certificates of sponsorship has or have been submitted in accordance with paragraph 3 and is or are under consideration by the Authority in accordance with paragraph 3. quat, in which case the Exploitation Contract shall only terminate if the Council decides the Contractor does not have appropriate sponsorship. Such termination shall take effect immediately on the date of the Council decision.
    3. quat If a certificate or certificates of sponsorship has or have been submitted in accordance with paragraph 3, the Commission shall review whether the Contractor has the appropriate sponsorship and issue a recommendation to the Council, which shall decide whether the Contractor has appropriate sponsorship.
  4. A Sponsoring State is not discharged from any obligations accrued while it was a Sponsoring State by reason of termination of its sponsorship nor shall such termination affect any legal rights and obligations created during such sponsorship.
5. The Secretary-General shall [notify the members of the Authority] within 7 Days of receipt of any notice under paragraphs 2, 3 or 3bis.
6. After a Sponsoring State has given a written notice in accordance with paragraph 2 above, the Council, based on the recommendations of the Commission [and the Compliance Committee], shall take into account the reasons for the termination of sponsorship, especially where the termination of sponsorship equates to a material

breach of the terms of the Exploitation Contract. The Council [may], pursuant to regulation 103, require the Contractor to take remedial action or other steps, including suspension of Exploitation activities. Such remedial action or suspension shall continue until the Contractor has demonstrated to the satisfaction of the Council that the [material] breach of the Exploitation Contract has been addressed, a new certificate of sponsorship is submitted [and the Contractor is operating in compliance with the Exploitation Contract].

7. Nothing in this regulation shall relieve a Contractor of any obligation or liability under its Exploitation Contract, and the Contractor shall remain responsible and liable to the Authority for the performance of its obligations under its Exploitation Contract in the event of any termination of sponsorship.

## **Regulation 22**

### **Use of Exploitation Contract as security**

1. The Contractor may solely for the purpose of raising financing to effect its obligations under an Exploitation Contract and only with the prior consent of the Sponsoring State or States and of the Council, based on the recommendations of the Commission, mortgage, pledge, lien, charge or otherwise encumber all or part of its interest under an Exploitation Contract. The Council's consent shall not be unreasonably withheld or delayed.

2. The Contractor shall, when seeking the consent of the Council, and in its annual reports submitted in accordance with regulation 38, disclose to the Council and Commission the terms and conditions of any such encumbrance referred to in paragraph 1 above and its potential impact on the activities under the Exploitation Contract in the event of any default by the Contractor.

3. As a condition to giving consent under this regulation, the Authority shall request evidence that the beneficiary of any encumbrance referred to in paragraph 1 above agrees either, upon foreclosure, to undertake Exploitation activities in accordance with the requirements of the Exploitation Contract and these Regulations, in which case the beneficiary must fulfil the requirement of paragraphs 4 and 5 of regulation 23 or that such a beneficiary shall transfer the mortgaged property only to a Transferee that fulfils the requirements of paragraphs 4 and 5 of regulation 23 as determined by the Commission.

4. The Council may require that the beneficiary of the encumbrance referred to in paragraph 1 above:

(a) shall subscribe to any internationally adopted standards for the extractive industries which are widely accepted including environmental and social governance standards, with reference to relevant Standards and Guidelines where relevant; or/and

(b) shall be properly regulated through a national financial conduct authority in accordance with the Guidelines.

5. A Contractor shall file with the Seabed Mining Register [a summary of any agreement]/[the agreement] that results or may result in a transfer or assignment of an Exploitation Contract, part of an Exploitation Contract or any interest in an Exploitation Contract, including registration of any security, guarantee, mortgage, pledge, lien, charge or other encumbrance over all or part of an Exploitation Contract. Nothing in this regulation shall relieve a Contractor of any obligation or liability under its Exploitation Contract.

6. The Authority shall not provide any funds or issue any guarantees or otherwise

become liable directly or indirectly in the financing of the Contractor's obligations under an Exploitation Contract.

## **Regulation 23**

### **Transfer of rights and obligations under an Exploitation Contract**

1. A Contractor may transfer its rights and obligations under an Exploitation Contract in whole or in part only with the prior written consent of the Sponsoring State, and the Council [[, such consent not to be unreasonably withheld], based on the recommendations of the Commission [and with notification to the Sponsoring State].] / [The consent of the Council shall be based on the recommendations of the Commission and shall not be unreasonably withheld.]

[1. Alt. A Contractor may transfer its rights and obligations under an Exploitation Contract, in whole or in part, only with the prior consent of the Sponsoring State and the Council. The consent of the Council shall be based on the recommendations of the Commission and shall not be unreasonably withheld.]

2. The Contractor and Transferee shall jointly inform the Secretary-General of any application to transfer the rights and obligations under an Exploitation Contract. The Secretary-General shall transmit that application to the Commission, which shall give its recommendation to the Council.

3. The Commission shall consider and [decide whether to] recommend to the Council that the Council consent to the application for consent to transfer at its next meeting [, provided that the documentation has been circulated at least 30 Days prior to that meeting] / [within 90 Days of the receipt application date].

[3. Alt. Provided that the documentation has been circulated at least [30] / [90] Days in advance, the Commission shall consider at its next meeting and decide whether to recommend to the Council that the Council consent to the application for consent to transfer.]

[3. Alt. 2. The Commission shall consider and decide whether to recommend to the Council that the Council consent to the application for transfer within 90 Days of receiving the relevant application.]

4. An application to transfer the rights and obligations under an Exploitation Contract shall be subject to the requirements under regulations 5, 6, 13 and 15.

4. bis If at the time of the transfer a Material Change arises this [should] / [shall] be addressed in accordance with regulation 57.

5. The Commission shall not recommend approval of the transfer if it would:

(a) involve conferring on the Transferee a Plan of Work, the approval of which would be forbidden by article 6, paragraph 3, subparagraph (c), of Annex III to the Convention;

[(b) allow the Transferee to Monopolize the conduct of activities in the Area [with regard to the Resource category covered by the Exploitation Contract or to Monopolize or significantly control the production of any single Mineral or Metal produced globally;]

[(b) Alt. allow the Transferee to obtain significant control or Monopolize the Exploitation activities in the Area, or permit the Transferee, its holdings, subsidiaries, affiliated and ultimate parent companies to obtain significant control, market dominance or monopoly in the production of any single mineral or Metal produced globally;]

(c) if any circumstances under regulations 15[, paragraph 2, or] paragraph 3 are applicable; or

[(d) be foreseen that neither the Managing Company of the Contractor nor the Managing Company of the Transferee will issue a Parent Company Liability Statement.]

6. Where the Exploitation Contract is subject to an encumbrance registered in the Seabed Mining Register, the Commission shall not recommend consent to the transfer unless it has received evidence of consent to the transfer from the beneficiary of the encumbrance.

[6. bis The Authority shall levy a Transfer Profit Share, on any gain realised from the direct or indirect transfer of rights under an Exploitation Contract [in accordance with the applicable Standard].]

[6. ter The effective operation of the Transfer Profit Share referenced in the above paragraph shall follow the provisions included in the applicable Standard.]

[6. bis/ter. Alt. The Authority shall levy a Transfer Profit Share on any gain realized from the direct or indirect transfer of rights under the Exploitation Contract. The effective operation of the Transfer Profit Share shall follow the provisions included in the applicable Standard.]

7. Where the Commission determines that the requirements of paragraphs [4, 5, 6 and 7]/ [4 and 5] of this regulation have been fulfilled, it shall recommend approval of the application for consent to the Council. In accordance with article 20 of the Annex III to the Convention, the Council shall not withhold consent to a transfer if the requirements of this regulation are complied with. Once the Council has received a recommendation from the Commission, the Council shall inform the Contractor of the Council's decision within 30 Days.

8. A transfer is validly effected only upon:

(a) execution of the assignment and novation agreement between the Authority, the transferor and the Transferee;

(b) payment of the prescribed transfer fee;

(c) recording by the Secretary-General of the transfer in the Seabed Mining Register; and

(d) payment of the Transfer Profit Share in accordance with paragraph 6bis of this regulation and the applicable Standard.

9. The assignment and novation agreement shall be signed on behalf of the Authority by the Secretary-General or by a duly authorized representative, and on behalf of the transferor and the Transferee by their duly authorized representatives.

[9. bis If a Contractor initiates a transfer of its rights and obligations under an Exploitation Contract to another entity without prior written consent of the Sponsoring State and the Council, the Exploitation Contract shall terminate.]

## **Regulation 24**

### **Change of Control**

1. Where there is a Change of Control of a Contractor, or a Change of Control in an entity providing an Environmental Performance Guarantee on behalf of a Contractor, the Contractor shall, as soon as reasonably practicable [prior to the Change of Control] notify the Secretary-General and the Sponsoring State or States. The Contractor shall provide the Secretary-General and the Sponsoring State or States with any changes to the information required of Applicants in Annex 1, Section 1 resulting from the proposed Change of Control. On receipt of such notification and any further information pursuant to this paragraph, the Secretary-General shall [within 7 Days]/[immediately] notify the Commission and the Council.

1. bis Where there is a proposed Change of Control of a Contractor, regulation 21, paragraph 1, regulation 21, paragraph 3, regulation 21, paragraph 3.bis, regulation 21, paragraph 4 and regulation 21, paragraph 7 shall apply *mutatis mutandis*, and the Contractor shall have the appropriate sponsorship in place prior to the Change of Control. Failure to have the appropriate sponsorship in place results in the automatic termination of the Exploitation Contract upon the Change of Control, unless a State Party or States Parties have submitted a certificate or certificates of sponsorship and the Commission or Council, as applicable, is still reviewing whether the Contractor has the appropriate sponsorship.

1. ter If a State Party or States Parties have submitted a certificate or certificates of sponsorship and the Commission or Council, as applicable, is still reviewing whether the Contractor has the appropriate sponsorship and a Contractor proceeds with a Change of Control before the Council has decided that the Contractor has the appropriate sponsorship, no activities under an Exploitation Contract may be carried out until the Council has decided that the Contractor has the appropriate sponsorship. If the Council decides that the Contractor lacks the appropriate sponsorship or does not have the operational or financial capability to meet its obligations under its Exploitation Contract, or its Managing Company will not have the capability to meet its obligations under the Parent Company Liability Statement, but the Change of Control has already occurred, the Exploitation Contract shall terminate automatically.

2. After considering information and documents and consulting the Contractor or entity providing the Environmental Performance Guarantee, as the case may be, the Commission shall:

(a) determine whether, following a Change of Control of the Contractor or the entity providing the Environmental Performance Guarantee, the Contractor will continue to be able, to meet its obligations under the Exploitation Contract or Environmental Performance Guarantee;

[(a) bis determine whether the Contractor will have the appropriate sponsorship after the Change of Control;]

(b) determine the identity of any Managing Company of the Contractor, which shall be required to issue a Parent Company Liability Statement effective as of the Change of Control;

(c) in the case of an entity providing an Environmental Performance Guarantee, require the Contractor to lodge a new Environmental Performance Guarantee in accordance with regulation 26, within such time frame as the Commission shall stipulate; and

(e) provide a report on any developments pertaining to this paragraph to the Council at its next meeting.

3. Where the Commission determines that, following a Change of Control, a Contractor may not have the operational or financial capability to meet its obligations under its Exploitation Contract or lacks the appropriate sponsorship, or its Managing Company will not have the capability to meet its obligations under the Parent Company Liability Statement, the Commission shall submit a report of its findings and recommendations to the Council. The Council shall consider the matter at its next meeting with a view to taking a decision in accordance with this regulation.

4. Where the Council decides that a Contractor may not have the operational or financial capability to meet its obligations under its Exploitation Contract, or lacks the appropriate sponsorship, or its Managing Company will not have the capability to meet its obligations under the Parent Company Liability Statement, the Contractor may decide not to proceed with the Change of Control, in which case the Exploitation

Contract remains in full force and effect. 5bis. This regulation shall apply *mutatis mutandis* to a Change of Control of an Applicant.

5. This regulation shall apply *mutatis mutandis* to a Change of Control of an Applicant.

## **Regulation 24 bis**

### **Change of Nationality**

1. If a Contractor wishes to change its nationality, or if a Controlling National wishes to change its own nationality or that of its Contractor, the Contractor shall, as soon as reasonably practicable prior to the proposed Change of Nationality, notify the Secretary-General and its Sponsoring State or States, as applicable. The Contractor shall provide the Secretary-General and the Sponsoring State or States with such details as may reasonably be requested of the Change of Nationality. On receipt of such notification and any further details pursuant to this paragraph, the Secretary-General shall within 7 Days notify the Commission and the Council.

2. Where there is a proposed Change of Nationality of a Contractor or a Controlling National, the State Party or States Parties, as applicable, that become the new State of nationality of the Contractor, or the Controlling National shall submit a certificate or certificates of sponsorship in accordance with regulation 6 as if the Contractor were an Applicant. Regulation 21, paragraph 1, regulation 21, paragraph 3, regulation 21, paragraph 3.bis, regulation 21, paragraph 4 and regulation 21, paragraph 7 shall apply *mutatis mutandis* to this situation.

3. The Contractor must have the appropriate sponsorship prior to the Change of Nationality of itself or of the Controlling National. Failure to have the appropriate sponsorship in place results in the automatic termination of the Exploitation Contract upon the Change of Nationality.

4. After considering information and documents and consulting the Contractor or its Controlling National, as applicable, the Commission shall submit a report of its findings and recommendations to the Council. The Council shall consider the matter at its next meeting with a view to taking a decision on whether the Contractor will have the appropriate sponsorship upon the Change of Nationality.

5. This regulation shall apply *mutatis mutandis* to a Change of Nationality of an Applicant or its Controlling National.

## **Section 2**

### **Matters relating to production**

## **Regulation 25**

### **Documents to be submitted prior to [commercial] production**

1. At least 12 months prior to the proposed commencement of Commercial Production, the Contractor shall provide to the Secretary-General a [bankable] Feasibility Study prepared in accordance with the applicable Standard and taking into account the Guidelines [as well as the Pilot Mining Report and the updated

Environmental Plans, pursuant to regulation 48 ter and in accordance with Annex [IV ter].

[1. bis The Contractor shall conduct consultation on the Feasibility Study with all States and Stakeholders in accordance with regulations 93 bis and 93 ter.]

1. ter Provided the procedure under regulations 93 bis and 93 ter has been completed, the Commission shall review the Feasibility Study and determine whether any Material Change needs to be made to the Plan of Work, [and it should promptly inform the Contractor, which shall prepare and submit to the Commission through the Secretary-General a revised Plan of Work.

2. Regulation 57 shall apply to a revised Plan of Work submitted by the Contractor under paragraph 1.

3. The Contractor [shall] not commence Commercial Production in any part of the Area covered by the Plan of Work until either:

(a) the Commission has determined that no Material Change to the Plan of Work needs to be made [pursuant to paragraph 1 ter.]; or

(b) in the event that a Material Change is made, the Council has given its approval to the revised Plan of Work pursuant to paragraph 2 above; and the Authority has confirmed lodgement of an Environmental Performance Guarantee in accordance with regulation 26.

## **Regulation 25 Alt.**

### **Documents to be submitted prior to production**

1. A Contractor must obtain the agreement of the Council before commencing Commercial Production.

2. At least 12 months prior to a proposed date of commencement of Commercial Production, the Contractor shall notify the Secretary-General of its intention to commence Commercial Production on that date.

3. The notification from the Contractor under paragraph 1 shall, taking into account any new information obtained since the award of the Exploitation Contract, include either:

(a) a confirmation that no amendment to the Plan of Work is required, or

(b) a Plan of Work revised in accordance with regulation 57.

4. The Secretary-General shall promptly forward the notification to the Commission and the Council. The Commission shall conduct a consultation with Stakeholders and shall prepare a report and recommendation to the Council on whether to agree to the proposed date of commencement of Commercial Production, in accordance with the applicable Standards and taking into account the Guidelines.

5. The Council shall decide, giving reasons, whether to agree to the proposed date of Commercial Production. Where the decision is not to agree to commencement of Commercial Production, the Council shall indicate any actions it requires from the Contractor to progress towards a new date of commencement of Commercial Production. The Contractor shall comply with the decision of the Council.

## Regulation 26

### **Alt. 1 Environmental Performance Guarantee/Alt. 2 Decommissioning and Emergency Response Guarantee/Alt. 3 Closure Guarantee**

1. A Contractor shall lodge an Environmental Performance Guarantee in favour of the Authority on execution of the Exploitation Contract.

2. The required form and amount of the Environmental Performance Guarantee shall be included in the Plan of Work according to the applicable Standards and take into account the Guidelines and shall reflect the forecasted costs required for implementation of the Contractor's Closure Plan and Emergency Response and Contingency Plan.

3. [The amount of an Environmental Performance Guarantee may be provided by way of instalments over a specified period]. In such cases, Commercial Production may only commence once the full amount has been provided.

[3. bis The Environmental Performance Guarantee shall take the form of a letter of credit or security bond and meet the other financial criteria provided for in the Standard.]

4. The amount of the Environmental Performance Guarantee shall be reviewed by the Commission and updated by the Contractor:

(a) where the Closure Plan is updated in accordance with these Regulations; or

(b) as the result of:

(i) a performance assessment under regulation 52;

(ii) a modification of a Plan of Work under regulation 57; or

(iii) a review of activities under a Plan of Work under regulation 58;

(c) at the time of review by the Commission of a Final Closure Plan under regulation 60.

[(d) [at least every [five] year to consider whether the likely cost of the activities outlined in paragraph 2 have substantially increased, taking into account inflation and other market or economic conditions that may impact on the amount of the Environmental Performance Guarantee that must be held.]

(e) at each extension of the Exploitation Contract; and

(f) at any time that the Environmental Performance Guarantee, or any part of it, is used or drawn upon.

5. A Contractor shall, as a result of any review under paragraph 4 above, recalculate the amount of the Environmental Performance Guarantee within 60 Days of a review date and submit this calculation to the Secretary General for forwarding to the Commission for their review. The Commission shall promptly assess and make appropriate recommendations to the Council, which shall determine the revised amount. Within 30 Days, the Contractor shall lodge a revised Environmental Performance Guarantee in favour of the Authority.

6. The Authority shall hold such guarantee in accordance with its policies and procedures, which shall provide for:

(a) the repayment or release of any Environmental Performance Guarantee, or part thereof, upon compliance by the Contractor with its obligations that are the subject of the Environmental Performance Guarantee;

(b) the forfeiture of any Environmental Performance Guarantee, or part thereof, where the Contractor fails to comply with such obligations; and

[(c) the replenishment of any Environmental Performance Guarantee, or part thereof, by the Contractor should the Authority need to make recourse to the Environmental Performance Guarantee.]

7. The requirement for an Environmental Performance Guarantee under this regulation shall be applied in a uniform and non-discriminatory manner.

8. [The lodging of an Environmental Performance Guarantee does not relieve the Contractor of its obligations that are subject of this regulation.] [Refusal or reluctance on the part of the Contractor to fulfil such obligation shall be subject to the relevant compliance measures under these Regulations]. The provision of an Environmental Performance Guarantee by a Contractor shall not affect the responsibility and liability of the Contractor under its Exploitation Contract and does not relieve the Contractor of its obligations that are subject of this regulation. [Should the Authority be compelled to make recourse to the Environmental Performance Guarantee due to any non-compliance by the Contractor of its obligations that are the subject of the Environmental Performance Guarantee, the Contractor remains liable to the Authority for any direct, incidental or additional costs incurred by the Authority.]

## **Regulation 27**

### **Commencement of Commercial Production**

1. Where the requirements of regulation 25 are satisfied and the Contractor has lodged an Environmental Performance Guarantee in accordance with regulation 26, the Contractor, consistent with Good Industry Practice, shall make reasonable efforts to bring each Mining Area into Commercial Production in accordance with the Plan of Work.

2. The commencement of Commercial Production shall be based on the maintenance of a certain level of production capacity for a specified number of days in accordance with the applicable Standard.

3. Any failure on the part of the Contractor to comply with this regulation and the applicable Standard may be considered under the general anti-avoidance rule established pursuant to regulation 77 and other applicable rules, regulations, and procedures of the Authority.

[4. The definition of commencement of Commercial Production as provided for pursuant this regulation shall apply to Exploitation activities in the Area without prejudice to activities in other areas of the seabed and subsoil thereof.]

## **Regulation 28**

### **Maintaining Commercial Production**

1. Except for in circumstances described in regulation 33, the Contractor shall maintain Commercial Production in accordance with the Exploitation Contract and the Plan of Work annexed thereto, including the Mining Workplan and any amendments made to it from time to time,] these Regulations. A Contractor shall, taking into account Good Industry Practice, manage the recovery of the Minerals removed from the Mining Area at rates included in the Mining Workplan, [including any amendments made to it from time to time].

2. [During Commercial Production] the Contractor shall notify the Secretary-General and if applicable the Sponsoring State or States, if it:

(a) fails to maintain Commercial Production; or

(b) determines that it will not be able to maintain Commercial Production in the future.

2. bis Save for a situation covered by regulation 29, the Secretary-General shall transmit the notification made under paragraph 2 and any supporting documentation to the [Compliance Committee]/ [The Commission] for review and to make a recommendation to the Council.]

3. A Contractor shall notify the Secretary-General [and if applicable the Sponsoring State or States] as soon as it recommences any Commercial Production, and no later than [24] hours after such recommencement, and, where necessary, shall provide to the Secretary-General [and Sponsoring State] such information as is necessary to demonstrate what was causing the contractor to fail to maintain Commercial Production . The Secretary-General shall notify the Council that production has recommenced.

## **Regulation 29**

### **Reduction or suspension in production**

1. Notwithstanding regulation 28, a Contractor may temporarily reduce or suspend production but shall notify in writing the Secretary-General, the Council [and if applicable the Sponsoring State or States thereof and provide the rationale for such a reduction or suspension and the period of time for which the Contractor anticipate the Temporary Suspension of or reduction in production will last [as soon as practicable thereafter but no later than 7 Days from the date of the reduction or suspension]. regulation 29 bis shall govern the procedure for such suspensions.

2. The reduction or suspension may be for a period of up to 12 months. If the Contractor proposes to continue the reduction or suspension for more than 12 months, the Contractor shall notify the Secretary-General in writing, at least [30 Days] prior to the end of the 12-month period, giving its reasons for seeking a further reduction or suspension of that length of time. the Secretary-General shall transmit the notification and any supporting documentation to the [Compliance Committee]/[Commission] for review and to make a recommendation to the Council.]

## **Regulation 29 bis**

### **Procedure for suspension or reduction in Exploitation activities**

1. Any time that there is a suspension of Exploitation activities under these Regulations and pursuant to regulation 29, the Secretary-General shall [within 7 Days] notify the Council and publish the notice on the Authority's website when activities have been suspended, which shall include the rationale for the suspension, and when the activities have recommenced.

2. During a suspension of Exploitation activities for any reason:

(a) a Contractor shall notify the Secretary-General [and if applicable the Sponsoring State or States], as soon as it intends to recommence any or all of the suspended activities and no later than [72 hours] before such recommencement, and, where

necessary, shall provide to the Secretary-General such information as is necessary to demonstrate that the issue triggering a suspension has been addressed; or

(b) a Contractor shall report to the Secretary-General on at least a monthly basis with regards to the reasons for continuing the suspension, providing such information as is necessary to justify that the issue triggering a suspension continues.

3. The Secretary-General shall supply all information received pursuant to paragraph 3 to the Commission for review and to make a recommendation to the Council. The Council shall determine when the relevant Exploitation activities should recommence, giving the Contractor no less than 60 Days' written notice where resumption of activities is required.

4. In making its review under paragraph 4, the Commission shall take into account the recommendations of the Economic Planning Commission where applicable and shall examine whether the reasons for the suspension are reasonable, and whether a continued suspension or a recommencement of activities, would be in the best interests of humankind in the circumstances.

5. Throughout the duration of any suspension in Exploitation activities, the Contractor shall continue to monitor and manage the Mining Area in accordance with the relevant section of the Closure Plan.

6. Where a suspension in Exploitation activities continues for a period of more than 12 months, the Commission may require the Contractor to submit a Final Closure Plan in accordance with regulation 60.

7. In the event that a Contractor elects to suspend all Commercial Production for more than five consecutive years, the Council may after discussion with the Contractor decide that Commercial Production has ceased and require the Contractor to implement the Final Closure Plan.

8. The procedure under this regulation shall also apply mutatis mutandis to reductions that result in failure to maintain Commercial Production.

## **Regulation 29 ter**

### **Certification of origin**

1. The Authority, upon the receipt of an application from the Enterprise or the Contractor, shall certify the origin for the Minerals removed from the Area, in accordance with the applicable Standard.

2. Any certification of the origin of Minerals in accordance with the applicable Standard shall be recognised by the member States of the Authority.

## **Section 3**

### **Monitoring**

#### **Regulation 29 quat.**

##### **Ship notification, electronic monitoring and data reporting**

1. All Installations, ships and mining collectors engaged in Exploitation activities under the Exploitation Contract shall be fitted with an electronic monitoring system,

which shall record [continuously and] where technically feasible in real time, inter alia, the date, time and position of [all Exploitation activities]/[all activities relating to the Exploitation Contract], and environmental data. [The electronic monitoring system shall also be capable of detecting and recording any unauthorized activities.] The details and frequency of reporting shall be in accordance with the Standards and taking into account the Guidelines.

2. All Installations, ships, mining collectors [and other service operating units] shall be fitted with a satellite tracking system [which shall be turned on at all times] to enable identification of each ship and determination of its position, navigation status, course and speed. [This system shall also include redundancy measures to ensure continuous tracking in case of primary system failure]. The detail and frequency of reporting shall be in accordance with the Standards and taking into account the Guidelines.

[3. The Compliance Committee shall issue a Non-Compliance Notice under regulation 103 bis to a Contractor, where there is reasonable evidence to suggest based on the data transmitted to the Authority that unapproved [or unreported] Exploitation activities have occurred or are occurring. [The Contractor shall be required to provide a detailed explanation and corrective action plan within 7 Days].]

4. All data received and transmitted to the Authority under this regulation shall be transmitted to the Sponsoring State or States.

## **Section 4**

### **Safety, labour and health at sea**

#### **Regulation 29 quin.**

##### **Risk reduction principles**

1. [The Contractor shall prevent harm or danger of harm to human life and health, including in accordance with any applicable Standards, and taking into account the Guidelines.]

The Contractor shall reduce the risk [of accidents, Incidents and other hazards].

2. The Contractor shall keep under review the risk reduction measures in the light of new knowledge and technology developments and Good Industry Practice, Best Available Techniques and Best Environmental Practices. In assessing whether the time, cost and effort would be [grossly] disproportionate to the benefits of further reducing the risk, consideration shall be given to best practice risk levels compatible with the operations being conducted.

3. The Contractor shall maintain the necessary risk assessment and risk management systems in accordance with the applicable Standard and taking into account Good Industry Practice, Best Available Techniques and Best Environmental Practices and shall report annually to the Secretary-General on such systems in accordance with regulation 38, paragraph 2, subparagraph (h).

## **Regulation 30**

### **Safety, labour and health standards**

1. The Contractor shall ensure at all times that:

(a) all vessels, and Installations engaged in Exploitation activities are in good repair, in a safe and sound condition in accordance with the requirements, specifications and preventive or corrective maintenance plans of the respective manufacturers, and adequately crewed, and comply with paragraphs 2 and 3 below;

(b) all vessels, and Installations engaged in Exploitation activities have an appropriate class designation and shall remain in class for the duration of the Exploitation Contract; and

(c) the Health and Safety Plan and Maritime Security Plan are kept up-to-date and effectively implemented.

2. The Contractor shall ensure compliance with the [relevant] mandatory international rules and standards established by competent international organizations or general diplomatic conferences concerning the safety of life at sea, the pollution of the Marine Environment by vessels, the prevention of Collisions at sea, the training of seafarers, maritime labour conditions and the treatment of crew members, as well as the rules, regulations and procedures of the Authority on these matters.

3. In addition, Contractors shall:

(a) comply with the relevant national laws relating to vessel standards and crew safety of their flag State in the case of vessels, or their Sponsoring State or States in the case of Installations; and

(b) comply with the national laws of its Sponsoring State or States in relation to any matters that fall outside of the jurisdiction of the flag State, such as worker rights for non-crew members and human health and safety that pertains to the mining process rather than to ship operation.

4. The Contractor shall provide copies of valid certificates required under relevant international shipping conventions to the Authority upon request.

5. The Contractor shall ensure that:

(a) all of its personnel, before assuming their duties, have the necessary experience, training and qualifications and safety equipment and are able to conduct their duties safely, competently and in compliance with the rules, regulations and procedures of the Authority and the terms of the Exploitation Contract;

(b) implementation of the Health and Safety Plan and Maritime Security Plan shall include awareness-raising programmes for personnel about the duties arising from those plans, and a programme to inform all personnel engaged in Exploitation activities as to the occupational risks which may result from their work and the manner in which such risks are to be dealt with; and

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

## **Regulation 30 bis**

### **Human health and safety management system**

1. When conducting its operations, a Contractor shall develop, implement and maintain a safety management system, taking into account the Guidelines.

1. bis A safety management system shall be detailed in the Health and Safety Plan and Maritime Security Plan.

2. A Contractor's safety management system shall:

(a) establish site-specific safety objectives and meeting performance requirements reflected in the Health and Safety Plan and Maritime Security Plan;

(b) cover occupational health and safety and process safety, including the selection or design of assets, facilities, equipment and materials;

(c) permit effective reporting to the Authority in connection with safety performance;

(e) be in accordance with Good Industry Practice and internationally recognised standards; and

[(f) be subject to continual improvement during the term of the Exploitation Contract, including through frequent management review and audit.]

[2. bis A Contractor shall, in its annual reports detail any material changes to the health and safety management system and demonstrate the systematic assessment of the system and its continual improvement, including through the results of management review and audits under paragraph 2, subparagraph (f) bis.]

[3. A proposed change to a Contractor's safety management system shall be treated the same as a modification of a Plan of Work, pursuant to regulation 57 mutatis mutandis.]

4. Compliance with this regulation is a fundamental term of the Exploitation Contract, for the purposes of regulation 103.]

## **Section 5**

### **Other activities in the Marine Environment**

#### **Regulation 31**

##### **Accommodation of activities in the Area and in the marine environment**

1. Contractors shall carry out activities under an Exploitation Contract with reasonable regard for other activities in the Marine Environment, in accordance with article 147 of the Convention, and consistent with any applicable Standards and taking into account the Guidelines.

2. A Contractor shall exercise due diligence in identifying current and planned uses or activities in the Marine Environment transiting, overlapping, or proximate to the Contract Area through publicly available data and resources and any other reasonable means [, including but not limited to marine scientific research, fishing, navigation, and activities to ensure effective Protection for the Marine Environment.]

3. Where the relevant other activities involve competent international, regional, or sectoral bodies, the Authority shall, in conjunction with member States, cooperate with such bodies and, where possible, coordinate activities in the Marine Environment.

### **Regulation 31 Alt.**

#### **Accommodation of activities in the Area and in the marine environment**

1. Contractors shall carry out activities under an Exploitation Contract with reasonable regard for other activities in the Marine Environment, in accordance with article 147 of the Convention, and consistent with any applicable Standards and taking into account the Guidelines.
2. The Authority shall cooperate actively with States Parties, competent international organizations, and relevant entities, to acquire information regarding other activities overlapping with, or in proximity to Contract Areas to facilitate the accommodation of Activities as set out in article 147 of the Convention.
3. The Authority shall transmit to the relevant State Parties, international organizations or entities the coordinates and Activities information concerning such Contract Areas, where the Authority becomes aware of other activities conducted or proposed to be conducted in areas overlapping with, or in proximity to Contract Areas.
4. The Authority shall transmit to Contractors that may be affected by other activities any relevant information it has obtained from the State Parties, international organizations, or entities, and shall facilitate communication between the Contractor and the States, organizations, or entities concerned.

### **Regulation 31 bis**

#### **Reducing risk of damage to submarine cables and pipelines**

1. The Contractor shall take [all] necessary measures to reduce the risks of damage [arising from its conduct of activities in the Contract Area] to submarine cables or pipelines, including, as appropriate, through:
  - (a) coordinating with relevant Stakeholders and international, regional or sectoral bodies for, or operators of, submarine cables or pipelines in the Marine Environment [, including through conducting consultations in line with regulation 93 ter];
  - (b) complying with measures the Contractor has agreed with the operators of submarine cables or pipelines in the Contract Area to reduce the risks of damage to any in-service [or planned] submarine cables and pipelines;
  - (c) [identifying current and planned uses or activities relating to submarine cables or pipelines in the Marine Environment transiting or proximate to the Contract Area through publicly or commercially available data and resources;]
  - (d) [promoting information sharing of Exploitation activities under an Exploitation Contract;] and
  - (e) other measures in accordance with the applicable Standards and taking into account the Guidelines.
2. Nothing in these Regulations shall affect the rights and obligations of States pertaining to submarine cables and pipelines under the Convention, including articles 87, 112 and 113 of the Convention.

## **Section 6**

### **Emergency Response and Contingency Plan, Incidents and Notifiable Events**

#### **Regulation 32**

##### **Emergency Response and Contingency Plans**

1. A Contractor shall maintain:

(a) the currency and adequacy of its Emergency Response and Contingency Plan based on the identification of potential Incidents and in the light of new knowledge, and technology developments, Good Industry Practice and Best Environmental Practices, which shall be reviewed at least [quarterly]; and

(b) such resources, training and procedures, [including on-vessel presence for rapid emergency response], as are necessary for the prompt execution and implementation of the Emergency Response and Contingency Plan and any Emergency Orders issued by the Authority.

2. The Secretary General shall facilitate the exchange of knowledge, information and experience relating to Incidents between Contractors and States, and shall [where appropriate] draw on the advice of other relevant international organizations for the purposes of supporting:

(a) contractors to meet their requirements, inter alia under this regulation 32, paragraph 1; and

(b) the Authority in the development, revision and dissemination of applicable Standards and Guidelines and other appropriate materials.

#### **Regulation 33**

##### **Preventing and responding to Incidents**

1. The Contractor shall suspend Exploitation activities and follow the procedures set forth in regulation 29 bis if it is reasonably foreseeable that proceeding or continuing would cause or contribute to an Incident, [or reduce] or prevent the effective management of an Incident.

1. bis A Contractor shall maintain an Incident Register in respect of all on board any mining vessels or Installations engaged in Exploitation activities.

2. The Contractor shall, upon becoming aware of an Incident:

(b) immediately implement, as applicable, the Emergency Response and Contingency Plan;

(c) undertake promptly, and within such time frame as stipulated, any instructions received from the Secretary-General in consultation with the Sponsoring State or States, flag State, [States adjacent to the Contract Area likely to be affected] or relevant international organizations, as the case may be;

(d) take all other measures necessary [and reasonable] in the circumstances to limit the adverse effects of the Incident;

(e) record the Incident in the Incidents Register; and

(f) following resolution of an Incident, provide the [Secretary-General and its Sponsoring State or States] with an Incident report which details the Incident and any corresponding data on its nature, scale, and impacts, the Contractor's response, [findings] [and any proposed measures to minimise or reduce the risk of similar Incidents occurring in the future]. Any adjacent coastal states consulted under paragraph 2, subparagraph (c) shall also receive the incident report.

3. The Secretary-General shall promptly report any Contractor that fails to comply with this regulation to its Sponsoring State or States, [States adjacent to the Contract Area [likely to be affected] and the flag State of any vessel involved in the Incident for consideration of the institution of legal proceedings under national law [and the Compliance Committee].

4. The Secretary-General shall:

(a) before issuing instructions under this regulation, request instruction from the Compliance Committee, and consult with the Sponsoring State or State, and other relevant State or international organisations, insofar as it is feasible to do so taking account of the urgency in the situation; and

(c) report such Incidents and measures taken to the Commission and the Council at their next available meeting.

5. The Secretary-General shall publish copies of Incident reports on the Authority's website [and the Seabed Mining Register except to the extent this is] Confidential Information.

## **Regulation 34**

### **Notification of Incidents and Notifiable Events**

1. A Contractor shall immediately notify its Sponsoring State or States, States adjacent to the Contract Area likely to be affected and the Secretary-General of the occurrence of any of the Notifiable Events,

2. The Contractor shall, as soon as reasonably practicable, but no later than 24 hours after the Contractor becomes aware of any such Notifiable Event:

(a) provide written notification to the Secretary-General of the event, including a description of the event, the immediate response action taken, including, if appropriate, a statement regarding the implementation of an Emergency Response and Contingency Plan and any planned action to be taken; and

(b) record the Notifiable Events in the Incidents Register.

3. Upon receipt of notification under paragraph 2, the Secretary-General shall consult with the Sponsoring State or States, States adjacent to the Contract Area likely to be affected and other regulatory authorities as necessary and shall seek the instructions of the Compliance Committee and the Council.

[4. The Contractor shall ensure that all regulatory authorities are notified and consulted, as appropriate.]

5. Where a complaint is made to a Contractor concerning a matter covered by these Regulations, the Contractor shall record the complaint and shall report it to the Secretary-General within 7 Days of the complaint being received.

## Regulation 35

### Human remains and [objects and sites of an archaeological or historical nature] [Underwater Cultural Heritage]

1. Exploitation activities in the Area shall be conducted in a way that does not [negatively] affect human remains and [~~objects and sites of an archaeological or historical nature~~] [Underwater Cultural Heritage] [and shall avoid the [unnecessary] disturbance of venerated sites].

2. The Contractor shall notify the Secretary-General in writing within 48 hours the finding in the Contract Area of any human remains and [objects and sites of an archaeological or historical nature] [Underwater Cultural Heritage] [or any venerated sites], and [its] location, including the preservation and protection measures taken. The Contractor shall immediately cease exploitation activities within a 500 meters radius of the finding.

3. The Secretary-General shall transmit such information in writing, within 5 Days of receiving it to all members States, the President of the Council, the Director General of the United Nations Educational, Scientific and Cultural Organization (UNESCO), to any other competent international organization and to any other [competent] observer.

4. Within 10 Days of the notification of the discovery by the Secretary-General, any member State may declare to the President of the Council its interest in being consulted on how to ensure the effective protection of the human remains and [objects and sites of an archaeological or historical nature] [Underwater Cultural Heritage] [or any venerated sites] found in the Area. Both the Sponsoring State [and the flag State] of the Contractor shall always be considered one of these interested States. [Competent international organizations and observers] [International Organizations and observers referenced in paragraph 3] shall have the same length of time to notify the Secretary-General their interest in being consulted.

5. After ascertaining the views of Member States, particularly those with preferential rights under article 149 of the Convention, in its next immediate meeting after the notification of the discovery by the Secretary-General, the Council shall make a decision as to whether or not exploitation activities shall be terminated within the area referred to in paragraph 2. The Council may suggest to the member States any measure to preserve human remains and [objects and sites of archaeological or historical nature] [Underwater Cultural Heritage] [or any venerated sites] in their archaeological and natural context, for the benefit of humankind as a whole. In adopting its decisions, the Council shall take into account the views of the United Nations Educational, Scientific and Cultural Organization and other competent international organizations. The Council may also take into account the views of other [competent] observers and may be assisted by the Advisory Group of Experts [on Cultural Matters] ~~referenced in DR 4bis.~~

6. No member State shall undertake or authorize activities directed at, or incidentally affecting, sunken State vessels and aircraft without the consent of the flag State.

7. Any measure decided under this regulation shall be adopted or suggested in accordance with applicable Standards and taking into the Guidelines.

[8. The Contractor shall not be entitled to compensation for any measure required in this regulation.]

9. The Council shall forward to the Seabed Mining Register all information, except for Confidential Information, used in making its decision under paragraph 5 of this regulation.

[10. If [Alt. 1 objects and sites of an archaeological or historical nature] [Alt. 2 the remains of Underwater Cultural Heritage] may be deemed to be a potentially polluting wreck, then regulation [X] shall also apply.]

## **Section 7**

### **Insurance obligations**

#### **Regulation 36**

##### **Insurance**

1. A Contractor shall obtain and thereafter at all times maintain, and cause its subcontractors to obtain and maintain, in full force and effect, insurance with financially sound insurers satisfactory to the Authority, of such types, on such terms and in such amounts in accordance with the applicable Standard and consistent with Good Industry Practice.

1. bis The insurance required under paragraph 1 shall:

(a) be proposed at the time of applying for approval of a Plan of Work of exploitation to allow the Commission and Council to assess the satisfactoriness of the proposed insurance policy against this regulation and the applicable Standard;

(b) be in effect [Alt. 1. upon the execution of the Exploitation Contract] [Alt. 2. as at the point in time that the Contractor's vessel departs port for the Area for the purpose of conducting Exploitation activities] until such time as the Environmental Performance Guarantee has been released back to the Contractor in full by the Authority; and

(c) cover all [potential] harms to people, property, natural resources, and environment that may occur, wherever located, or howsoever caused, as a result of the Contractor's activities in the Area.

[(c) Alt. cover the financial consequences of any liability of the Contractor in accordance with the applicable Standard].

2. Contractors shall include the Authority as an additional assured. A Contractor shall ensure that all insurances required under these Regulations shall be endorsed to provide that the underwriters waive any rights of recourse, including subrogation rights against the Authority in relation to Exploitation.

3. The obligation under an Exploitation Contract to maintain insurance as specified in these Regulations and the applicable Standard is a fundamental term of the Exploitation Contract. Should a Contractor fail to maintain the insurance required under these Regulations, the Contractor shall immediately suspend Exploitation activities pursuant to regulation 29bis. The Compliance Committee, upon being notified of such a suspension, shall consider what additional compliance action is needed, if any, pursuant to regulation 103.

[4. A Contractor shall not make any Material Change to or terminate any insurance policy related to its Exploitation activities in the Area without the prior approval of the Council.]

5. A Contractor shall notify the [Compliance Committee [immediately] [without any delay] if the insurer terminates the policy or modifies the terms of insurance [or in case of any change of insurer].

6. A Contractor shall notify the Secretary-General within 24 hours upon receipt of claims made under its insurance.

7. A Contractor shall include evidence of the existence of insurance in accordance with regulation 38, paragraph 2, subparagraph (i) [to its annual report to the Authority.

8. The Secretary-General shall notify the Commission and the Council at its next available meetings of termination, modification of the terms of insurance, reception by a Contractor of claims made under its insurance and actions of a Contractor in this regard.

## **Section 8**

### **Training commitment**

#### **Regulation 37**

##### **Training Obligations**

1. The Contractor [and the Enterprise] shall conduct and carry out the training programs for the personnel of the Authority and developing States on an ongoing basis in accordance with the approved Training Plan commitment under Schedule 8 to the Exploitation Contract, these Regulations and applicable Standards, and taking into account the Guidelines.

[2. The Contractor shall in the Training Plan:

(a) include measures to ensure the protection of the health, safety and rights of trainees; and

(b) have due regard to gender equality, inclusivity, non-discrimination, and diversity in the Contractor's approach to training opportunities.]

#### **Regulation 37 bis**

##### **Transfer of Technology**

[1. The Contractor shall cooperate fully and effectively with the Authority for the purpose of the Authority, the Enterprise or its joint venture, a developing State or States acquiring deep seabed mining technology on fair and reasonable commercial terms and conditions, consistent with the effective protection of intellectual property rights.]

[1. Alt. The Contractor shall include in the Plan of Work undertakings on transfer of technology pursuant to article 144 of the Convention and Section 5 of the Annex to the Agreement.

2. The Plan of Work shall include a detailed technology transfer plan, specifying the types of technology to be transferred, the modalities of transfer, and the timelines for implementation, in accordance with the applicable Standards and taking into account the Guidelines.]

## Section 9

### Annual reports and record maintenance

#### Regulation 38

##### Annual report

1. A Contractor shall, within 90 Days of the end of each Calendar Year, submit an annual report to the Secretary-General regarding its activities in the Contract Area and reporting on compliance with the terms of the Exploitation Contract.

2. Such annual reports shall be in accordance with applicable Standards and taking into account the Guidelines and include:

(a) details of the Exploitation work carried out during the Calendar Year, including maps, charts and graphs illustrating the work that has been done and the data and results obtained, reported against and noting variance from the approved Plan of Work;

(b) the information to be included in royalty returns pursuant to regulation 71;

(c) details of the [mining] equipment used to carry out Exploitation, and in operation at the end of the period;

(d) an annual financial report, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, of the actual and direct Exploitation expenditures, which are the capital expenditures and operating costs of the Contractor in carrying out the programme of activities during the Contractor's accounting year in respect of the Contract Area, together with an annual statement of the computation of payments paid or payable by the Contractor to the Authority, governments, state enterprises, and other contractors, as well as payments and other forms of financial benefit received by the Contractor from Sponsoring States, and reported against the Financing Plan;

(e) information on compliance with health, labour and safety standards [reported against the Health and Safety Plan];

(e) bis details of any [accidents] / [Notifiable Events] or Incidents arising during the period [including a description of the necessary corrective actions that have been taken into account [to address the incident and prevent recurrence];

(f) details of training carried out in accordance with the Training Plan;

(g) the actual results and data obtained from environmental monitoring programmes, including observations, measurements, evaluations and the analysis of environmental parameters, reported against [the Strategic Environmental Goal and Objectives in regulation 44ter, the relevant Regional Environmental Management Plan including its Regional Environmental Objective and] where applicable, any criteria and thresholds included in the applicable Standards, and against the Environmental Management and Monitoring Plan, [taking into consideration the Regional Environmental Management Plan] together with details of any response actions implemented under the plan and the actual costs of compliance with the plan;

(g) bis a statement indicating whether and how the results obtained from environmental monitoring programmes help to reduce knowledge gaps, particularly with respect to Environmental Impacts and Effects of activities in the Area [and effects outside of the Area identified within the impact assessment] and help to support the identification and improvement of Environmental Practices.;

(g) ter details on the actions taken yearly for the reduction of air pollution,

discharges of wastewater and generation [and disposal] of waste (including details concerning the operating costs associated with such actions);

[(g) quat. details of all operating costs associated with environmental measures;]

(h) a statement that all risk management systems and procedures have been followed and remain in place, together with a report on exceptions and the results of any [verification]/[assessment] [and]/[or] audit [of the Environmental Management and Monitoring Plan and Environmental Management System undertaken in accordance with regulations 50 and 50ter] [undertaken internally or by independent competent persons, appointed or employed by the Contractor];

(i) evidence that insurance is maintained, including the amount of any deductibles and self-insurance, together with the details and amount of any claims made or amounts recovered from insurers during the period;

(j) details of any material changes made in connection with subcontractors engaged by the Contractor during the Calendar Year;

(j) bis details about any changes made to the Contractor's business structure or collaborations, including but not limited to their subcontractors, holding, subsidiaries, affiliates and ultimate parent companies, agencies and partnerships;

(k) the results of any Exploration activities, including updated data and information on the grade and quality of Resources and reserves identified in accordance with the applicable Standards and taking into account the Guidelines;

(l) a statement that the Contractor's Financing Plan is adequate for the following [reporting] period;

[(m) details of any proposed modification to the Plan of Work and the reasons for such modifications];

(n) details of any [material] changes made to the Contractor's [human health and safety management system and] Environmental Management System in accordance with regulation [s 30bis and] 50 bis [respectively];

(o) details of any consultations carried out with coastal States, other marine users, or any other Stakeholders, including pursuant to regulation 31;

(p) a summary of any complaints or whistleblowing reports received during the reporting period and details of how these have been dealt with;

(q) a summary of any performance assessments pursuant to regulation 52, or review of activities pursuant to regulation 58 during the reporting period;

(r) a summary of how the Contractor has dealt with any inspection reports, Inspector instructions, Non-Compliance Notices, monetary penalties or any other regulatory monitoring, or enforcement action taken by the Authority or the Sponsoring State or States in relation to contractor compliance during the reporting period;

(s) evidence that the Environmental Performance Guarantee has been paid or maintained in accordance with the contract terms and the rules, regulations and procedures of the Authority;

(t) a summary report of the Mining Discharges registered in accordance with regulation 53 ter;

(u) the indicative planned date of Closure, and an explanation of any changes to the date, if applicable, in accordance with regulation 59[; and

(v) any other matters specified in the applicable Standards as may be amended from time to time.]

2. bis The Secretariat shall arrange for the effective management of the submitted information in order to overcome existing gaps in knowledge concerning the marine ecosystems including their sensitivity and resilience, the determination of environmental quality Standards and appropriate exploitation equipment.

[2 ter The Commission shall review [annual reports received, and shall prepare and submit to the Council a summary report which shall record any trends or findings from the review, and any related recommendations for the Council's consideration]/[a summary report which shall record any trends or findings from the review, including any concerns relating to non-compliance or performance and any related recommendations for the Council's consideration]. The report should include any information relevant to the formulation by the Authority of rules, regulations and procedures concerning Protection of the Marine Environment and health and safety.]

[2. ter. Alt. In reviewing annual reports, the Commission shall prepare for the Council a report that summarises trends or findings from the annual reports, including but not limited to any knowledge and information relevant to the continuous improvement of the regulation and the management of activities in the Area, with a particular emphasis on information relevant to better understanding marine ecosystems and the impacts of activities in the Area on such ecosystems [as well as safety and mining equipment].]

3. Annual reports shall be published in the Seabed Mining Register, except for Confidential Information, which shall be redacted. To this end, Contractors shall structure the annual reports such that any Confidential Information can be clearly identified and extracted.

## **Regulation 39**

### **Books, records and samples**

1. A Contractor shall keep a complete and proper set of books, accounts and financial records, consistent with internationally accepted accounting principles, which must include information that fully discloses all revenue and actual and direct expenditures [and] liabilities 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.

1. bis The Contractor shall keep the books, accounts, and records pursuant to paragraph 1 [at a place specified in the Exploitation Contract], and shall make them available for inspection and audit in accordance with these Regulations.

[1. bis. Alt. The Contractor shall maintain books, accounts, and records at a location specified in the Exploitation Contract. If circumstances require a change, the Contractor and the Compliance Committee may mutually agree on an alternative location. In any case, the books, accounts, and records shall be kept in a place that allows them to be readily available for inspection and audit in accordance with these Regulations.]

2. A Contractor shall maintain [maps, geological]/[relevant maps and geological data], mining and Mineral analysis reports, production records, processing records, records of sales or use of Minerals, records of port inspections, customs records, processing plant receipt data or records, environmental data, archives and samples and any other data, information and samples connected with the Exploitation activities in accordance with Standards and taking into account the Guidelines.

3. A Contractor shall keep, in good condition, a representative portion of samples or cores, as the case may be, of the Resource category, from each sample collection period identified in the applicable Standard, together with biological samples, obtained in the course of Exploitation until the termination of the Closure Plan. Samples shall be

maintained taking into account the Guidelines, which shall provide the option for the Contractor to maintain them itself or to have such maintenance performed on its behalf in whole or in part by a third party.

4. Upon [written] request of the Secretary-General or Inspectors, or Compliance Committee, the Contractor shall deliver to the Secretary-General for analysis a portion of any sample or core obtained during the course of Exploitation activities.

5. A Contractor shall, subject to reasonable notice[, and after consultation with the Sponsoring State], permit full access by the Secretary-General or [Inspectors][and]/[or][Compliance Committee] to the data, information and samples [kept or maintained by the Contractor in accordance with this regulation].

## **Section 10**

### **Miscellaneous**

#### **Regulation 40**

##### **Prevention of corruption**

1. A Contractor shall not offer, promise or provide any gift, reward, favour or undue advantage, nor attempt to do so, directly or indirectly, to:

(a) any officials, agents, employees or contractors or subcontractors of the Authority; or

(b) other individuals acting under the auspices of the Authority;

to induce such persons to act contrary to their duties under the Rules of the Authority, or to reward them for any such acts undertaken or refrained from.

1. bis A Contractor shall not offer, promise or provide any gift, reward, favour or undue advantage, nor attempt to do so, directly or indirectly, to the Authority, to procure a benefit to which it would not be entitled.

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

1. quat. In respect of activities in the Area, Contractors shall prepare and publish an anti-bribery and anti-corruption policy setting out how they assess and manage corruption risk, including 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 shall adhere to the anti-bribery and anti-corruption provisions of the jurisdictions of which the Contractor is a national and shall conduct its activities under the Exploitation Contract in accordance with its obligations under such anti-bribery and anti-corruption laws.

3. The obligations under paragraphs 1, 1.bis, 1.ter and 1.quat are fundamental terms of the Exploitation Contract for the purpose of regulation 103.

3. bis The Secretary-General, an Inspector, or a Sponsoring State shall notify the Compliance Committee immediately if it becomes aware of any circumstance it considers contravenes this regulation or which would be likely to do so. 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 contravention of this regulation as a matter of urgent priority, including whether to conduct an investigation to determine if a breach has occurred, if so determined, whether any measures against the Contractor under [regulation 103] would be appropriate. The Secretary-General shall forward all available potential information and evidence in support of such alleged contravention to the Compliance Committee and the Sponsoring State.

4. Without prejudice to the Compliance Committee's competence to take or recommend measures in accordance with [regulation 103], if a contravention of this regulation relates to a decision that has been taken by the Council or a recommendation of the Commission under these Regulations, then the Council or Commission shall consider the decision or recommendation *de novo*. If the decision of the Council or recommendation of the Commission relates to the approval of a Plan of Work or an extension of an approved Plan of Work,

(a) the Commission shall recommend the disapproval of the concerned Plan of Work or the extension of the concerned Plan of Work; and

(b) the Council shall disapprove the concerned Plan of Work or the extension of the concerned Plan of Work.

5. This regulation shall apply *mutatis mutandis* to applicants. If the Compliance Committee determines that this regulation has been contravened by an Applicant:

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

(b) the Council shall not approve an application for a Plan of Work submitted by the said application, as applicable.

## **Regulation 41**

### **Other Resource categories**

1. The Contractor shall notify the Secretary-General immediately [or within no more than six hours of the discovery] if it discovers, within its Contract Area, Resources other than the Resource category to which the Exploitation Contract relates. [This notification shall include a description of the resources found].

1. bis The Secretary-General shall inform the Council about such notification during the next available meeting of the Council.

2. Any Exploration for and Exploitation of Resources referred to in paragraph 1 of this regulation shall be the subject of a separate application to the Authority [by any interested party] in accordance with the relevant rules, regulations and procedures of the Authority for that specified category of resources.

## **Regulation 42**

### **Restrictions on advertisements, prospectuses and other notices**

1. [Except to the extent required by any legal or disclosure requirements, including in relation to securities listings] no statement shall be made in any prospectus, notice, circular, advertisement, press release or similar document issued by the Contractor or

with the express or implied permission of the Contractor, or in any other manner or through any other medium, claiming or suggesting, whether expressly or by implication, that the Authority has or has formed or expressed an opinion over the commercial viability of Exploitation in the Contract Area.

[2. If there is any indication or reason to believe that this regulation has been contravened, the Compliance Committee shall take the matter up for urgent consideration, and determine whether to recommend to the Council that an investigation be carried out against all person or persons involved. The Secretary-General shall gather and forward all available and potential information and evidence in support of such allegation to the Compliance Committee [and the Contractor] [and seek the views of the Contractor in relation to any alleged contravention]. The Secretary General shall also notify the relevant Sponsoring State, who shall cooperate with the Authority as well as consider further action pursuant to its national legislation.]

[3. This regulation may equally apply to Applicants. If the Authority determines that this regulation has been contravened, based on a verified finding of non-compliance, the application for the approval of a Plan of Work shall be dismissed, or the approval shall be reserved in instances where approval has already been granted, as the case may be. Any such dismissal or reversal shall be subject to procedural safeguards under the Authority's legal framework.

## **Regulation 43**

### **Compliance with other laws and regulations**

1. Nothing in an Exploitation Contract shall relieve a Contractor from its obligations under any national, international or other law to which it is subject, including the laws of a Sponsoring State and flag State.
2. Contractors shall maintain the currency of all permits, licences, approvals, certificates, and clearances not issued by the Authority and that may be required to lawfully conduct Exploitation activities in the Area. [Contractors must conduct regular reviews to ensure that all necessary documents are up to date and valid].
3. Contractors shall notify the Secretary-General promptly when a permit, licence, approval, certificate, or clearance connected with its activities in the Area is terminated, changed or suspended. The Secretary-General shall upon notification request the relevant States how the termination, changes or suspensions may impact the Contractors activities in the Area. The Secretary-General shall then report any information provided by the Contractor and relevant States to the Compliance Committee for their consideration of whether any regulatory action is warranted or additional information from the Contractor or relevant State is required.

## **Part IV**

### **Protection and Preservation of the Marine Environment**

#### **Section 1**

#### **Obligations relating to the Marine Environment**

#### **Regulation 44**

##### **General Obligations**

1. The Authority, Sponsoring States, the Enterprise, Contractors, flag States and port States and the States of registry shall take necessary measures to ensure effective Protection of the Marine Environment from harmful effects which may arise from the Exploitation, in accordance with these Regulations as well as applicable Standards, taking into account the [relevant Regional Environmental Management Plan] and Guidelines and to this end shall, [as applicable in their respective areas of competence]:

(a) apply the precautionary principle or precautionary approach, [as appropriate];

(a) bis apply an Ecosystem-based Approach;

(b) apply Best Environmental Practices;

(c) apply scientific-based approach and use the Best Available Science and Scientific Information;

(c) bis ensure the availability of [sufficient] science and scientific information for the purpose of decision-making;

(c) ter use relevant traditional knowledge of Indigenous Peoples and [of] local communities in decision-making, where available;

[(c) quat. recognize and protect cultural [rights or] interests in decision-making;]

(d) ensure accountability and transparency in the assessment, evaluation and management of Environmental Effects and risks, including but not limited to [Stakeholder consultation and] public access to environmental information;

(e) apply the polluter pays principle;

(f) elaborate and implement measures to ensure that harmful effects ] to the Marine Environment are not transferred from one area to another or from one type of pollution into another one and to prevent, reduce and control interference with the ecological balance of the Marine Environment. Special attention should be paid to avoiding toxic, persistent and bio accumulative substances;

(g) ensure reasonable regard for climate change Mitigation and avoidance of impacts on the ocean's capacity to function as a [climate regulator] [carbon sink]; and

[(h) apply the [Mitigation measures,] and should it become feasible in the future, remediate and restore the Marine Environment from harmful effects caused by activities in the Area.

[(h) Alt. apply the Mitigation hierarchy to avoid, reduce, remediate and offset, as applicable, impacts on the Marine Environment.]

2. The Commission shall make recommendations to the Council on the implementation of paragraph 1 as required.

3. Nothing in these Regulations shall be interpreted as preventing States from applying environmental or other laws and regulations, or the Enterprise and Contractors from taking measures that are more stringent than those in the rules, regulations and procedures of the Authority relating to the Protection of the Marine Environment.

[4. Exploitation in the Area and obligations relating to the Marine Environment] [The Rules of the Authority] shall be interpreted and applied in a manner that does not undermine relevant legal instruments and frameworks and relevant global, regional, subregional and sectoral bodies and that promotes coherence and coordination with those instruments, frameworks and bodies.]

## **Regulation 44 bis**

### **Regional Environmental Management Plans**

[1. The Council may request the Commission to prepare a Regional Environmental Management Plan for the regional areas where activities in the Area are likely to take place, for consideration and adoption by the Council.]

2. The Commission shall only consider an application for a Plan of Work if a Regional Environmental Management Plan has been adopted by the Council for the particular area and type of resource concerned [in line with the Council approved procedures and template].

[2. bis As a general rule, a Regional Environmental Management Plan for a specific area shall be finalized prior to the expiry of the first exploration contract in that area.]

3. In the event that an application for a Plan of Work is submitted for an area where no such Regional Environmental Management Plan exists, the drafting of a Regional Environmental Management Plan applicable to the area in concern shall be prioritised. [If such Regional Environmental Management Plan has not been adopted by the Council within 2 years after the submission of an application of a Plan of Work, the Commission shall consider the application for decision without delay, and the Council shall expedite in parallel the formulation of such Regional Environmental Management Plan.]

[3. bis The Council shall, based on the recommendations of the Commission, adopt the rules, regulations and procedures in relation to the development, establishment and review of Regional Environmental Management Plans.]

## **Regulation 44 ter**

### **Environmental Goal and Objectives**

1. In performing their roles and obligations [under the Convention, the Agreement, and all relevant rules, regulations and procedures of the Authority,] [under these Regulations] [in relation to exploitation] Contractors, the Enterprise, the Authority and its organs, and Sponsoring States shall be guided by the Strategic Environmental Goal and Objectives, set out in this regulation.

2. The Strategic Environmental Goal and Objectives in this regulation contribute to ensuring the Effective Protection for the Marine Environment from harmful effects that may arise from activities in the Area, in accordance with article 145 of the Convention.

3. The Strategic Environmental Goal is to conserve and sustain Ecosystem Integrity of the Marine Environment.

4. The Strategic Environmental Objectives are to:

(a) prevent loss of biological diversity, [including but not limited to genetic, species or functional diversity, habitat or community types, and structural complexity];

(b) maintain the ability of populations to replenish themselves, [including but not limited to ensuring population connectivity and the preservation of suitable habitat];

(c) prevent significant changes in the distribution, abundance, behaviour or productivity of species;

(d) [Alt 1. prevent further risk to] [Alt 2. protect] [Alt.3 prevent further deterioration of] endangered or threatened species or populations of said species, including those for which the conservation status is unknown;

(e) prevent the degradation of ecosystem functions and ecosystem services [including but not limited to carbon sequestration] [recognising that many ecosystem services are yet to be discovered];

(f) prevent contamination by pollutants, damage to species, or other harmful effects to the Marine Environment during any phase of the mining process;

(f. Alt.) prevent pollution and minimize risks posed by pollutants, especially those that may damage species or cause other harmful effects to the Marine Environment, including the coastline [during any phase of the mining process];

(g) prevent, reduce and mitigate adverse effects on air and water quality as well as significant changes in the atmosphere, climate and weather patterns, the terrestrial environment, or the Marine Environment;

(h) maintain resilience to prevent regime shift and to support recovery from Environmental Effects, including Cumulative Environmental Effects, including but not limited to those resulting from mining and climate change, that can affect source populations and communities, connectivity corridors, life-history patterns and species distributions;

(i) prevent any risks that will undermine the protection and conservation of the natural resources of the Area and the prevention of damage to the species of the Marine Environment;

(i. Alt.) protect and conserve the natural resources of the Area and prevent, reduce and mitigate damage to the species of the Marine Environment;

(j) prevent degradation of special biological, scientific, archaeological, or historical significance of the Area or the Marine Environment. This shall include the preservation of vulnerable and unique marine ecosystems[]; and

(k) prevent harmful effects from drilling, dredging, excavation, disposal of waste, construction and operation or maintenance of installations, pipelines or other devices related to activities in the Area].

5. The Council shall ensure that the Strategic Environmental Goal and Objectives pursuant to this regulation are operationalized through region-specific environmental objectives [and measures], including in Regional Environmental Management Plans.

6. [The Council shall ensure that the Strategic Environmental Goal and Objectives pursuant to this regulation and the region-specific environmental objectives pursuant to paragraph 5 are further operationalised through environmental thresholds, developed pursuant to regulation 45, paragraph 2 and regulation 94.]

7. Contractors, Applicants, the Enterprise, [the Council, the Commission and Sponsoring States] as applicable, shall ensure that a [proposed] Plan of Work reflects [and contributes to] the achievement of the Strategic Environmental Goal and Objectives pursuant to paragraphs 3 and 4 as well as the relevant region-specific environmental objectives pursuant to paragraph 5.

8. [The Authority shall keep its [Strategic Environmental Goal and Objectives and] region-specific environmental goals and objectives under periodic review and ensure amendments to reflect advances in scientific research and knowledge, technology, and new contributions from Indigenous Peoples and [from] local communities. Where the [Strategic Environmental Goal and Objectives or] region-specific environmental goals and objectives are revised, the Commission shall:

(a) inform Contractors, the Enterprise and Sponsoring States and discuss whether any modification of a Plan of Work is required pursuant to regulation 57; and

(b) recommend to the Council any necessary amendments to other relevant instruments.]

## **Regulation 45**

### **Development of environmental Standards and Guidelines**

1. Environmental Standards and Guidelines developed under this regulation shall have the purpose of ensuring the effective Protection of the Marine Environment from harmful effects, in accordance with article 145 of the Convention. [In addition to the environmental Standards, Guidelines on environmental matters may be developed, in accordance with regulation 95.]

2. The application of this regulation shall be without prejudice to the function of the Council, upon recommendation by the Commission to adopt [other] Standards for the purpose [of ensuring] the effective Protection of the Marine Environment from harmful effects, in accordance with article 145 of the Convention.

## **Section 2**

### **The Environmental Impact Assessment Process**

#### **Regulation 46**

##### **[The] Impact Assessment [Process]**

1. An Applicant or Contractor shall carry out an Environmental Impact Assessment on the potential impacts and effects on the Marine Environment of the proposed operations and activities [in accordance with the relevant regulations, and Standards, and taking into account the applicable Guidelines].

2. The purpose of an Environmental Impact Assessment [Process] shall be to identify and inform the Authority's assessment of an application of a Plan of Work under regulations 13 to 16, and predict and evaluate the potential Environmental Impacts [and Environmental Effects], of the proposed activities in the Area on the Marine Environment and identify necessary measures to Mitigate, or manage them, to enable the Authority to assess [whether:]/[the potential [residual] adverse [Environmental Impacts and] Environmental Effects, with the aim to]:

(a) [the] effective Protection for the Marine Environment from harmful effects which may arise from such proposed activities [is ensured];

(b) [all] activities in the Area are carried out with reasonable regard for other activities in the Marine Environment;

(c) [ensure, in accordance with the Convention, that] [the Sponsoring State [or States]] and the Contractors, [in accordance with the Convention,] conduct the Environmental Impact Assessment with due regard to the rights and legitimate interests of any potentially most affected coastal State by maintaining, timely targeted and proactive consultations in accordance with regulation 93 bis; and

(d) the proposed activities are carried out in accordance with the Convention, the Agreement, the Rules, regulations and procedures of the Authority and the applicable Standards and taking into account the Guidelines as well as, Best Available Scientific Information, Best Environmental Practices, and Best Available Techniques.

3. The [process for] Environmental Impact Assessment shall:

(a) be based on relevant and representative environmental baseline data based on sufficient scientific information in accordance with applicable Standards and Regional Environmental Management Plans and taking into account the Guidelines;

(b) be carried out by competent experts [or competent individuals];

(b) bis be based on the Best Available [Science and] Scientific Information and, [where available,] relevant traditional knowledge of Indigenous Peoples and [of] local communities;

[(b)ter take into account the need for the recognition and protection of cultural [rights or] interests;]

(c) include an Environmental Risk Assessment that takes into consideration the region as a whole in accordance with the relevant Regional Environmental Management Plan;

(c) bis include an underwater survey, [which may be conducted by an expert archaeology surveyor], to identify human remains and [objects and sites of an archaeological or historical nature][Underwater Cultural Heritage] or any venerated sites that are located in areas of the proposed Exploitation activities;

(d) [include] consultation with all States and Stakeholders in accordance with regulation 93 ter, relevant Standards and taking into account the relevant Guidelines.

(e) take into account the results from Test Mining activities conducted during Exploration;

(f) identify scientific and other knowledge gaps or data uncertainties, and assess the degree to which these influence the assessment; and

(g) be an iterative process where specific stages are revisited and may be updated in the light of new information or new activity at a later stage.

4. The Environmental Impact Assessment [Process] must follow certain procedural steps and entail the following elements:

(a) a stage for scoping in accordance with regulation 47 bis;

(b) a stage for assessment of Environmental Impacts [and Environmental Effects] in accordance with regulation 47;

(c) a stage on the preparation and submission to the Authority of the Environmental Impact Statement to document and report the results of the Environmental Impact Assessment in accordance with regulation 47, the applicable Standards and taking into account the [relevant] Guidelines; and

(d) the publication and review by the Commission of the Environmental Impact Statement, and publication of the Commission's report and recommendations to the Council pursuant to regulations 11-15.

## **Regulation 47**

### **Environmental Impact Assessment**

1. The Applicant or Contractor shall, in accordance with the Standards, and taking into account the Guidelines, undertake an impact assessment, based on the terms of reference agreed in the Scoping Report. This includes assessing:

(a) the intensity or severity of the impact [or effect] at the [area being affected];

(b) the spatial extent of the impact [or effect] relative to the availability of the habitat type affected;

(c) the sensitivity and vulnerability of the ecosystem to the impact [or effect, if applicable];

(d) the ability of an ecosystem to recover from harm, and the rate of such recovery;

(e) the extent to which ecosystem functions may be altered by the impact [or effect]; and

(e)bis the extent to which human remains and [objects and sites of an archaeological or historical nature] [Underwater Cultural Heritage] or any venerated sites may be altered or otherwise affected by the impact; and

[(e)ter the extent to which cultural [rights or] interests may be affected by the impact.]

2. In undertaking the impact assessment, the Applicant or Contractor shall complete:

(a) an analysis of reasonable alternatives to the planned activity, including the no-action alternative;

(b) an Environmental Risk Assessment, which adds to the preliminary Environmental Risk Assessment required during scoping by regulation 47 bis, paragraph 3, subparagraph (b);

(c) an analysis of the results of the Environmental Risk Assessment, including identification of risks requiring particular focus, including in the Environmental Management and Monitoring Plan;

(d) identification of measures to monitor [Environmental Impacts and] Environmental Effects to identify measures to prevent, Mitigate and manage such [impacts,] effects and risks to as low as reasonably practicable, while within acceptable levels in accordance with environmental Standards;

(d) bis an analysis of the sufficiency of scientific information needed to perform the assessments listed in paragraph 1; and

(e) provide for [engagement with potentially directly affected States]/[consultation with all States and Stakeholders] in accordance with regulation 93 ter, [relevant] Standards and taking into account the relevant Guidelines.

## **Regulation 47 bis**

### **Scoping**

1. An Applicant or Contractor shall undertake scoping and prepare and submit to the Secretary-General a Scoping Report in accordance with this regulation, Annex III bis, the applicable Standard and taking into account the applicable Guidelines.

2. An Applicant or Contractor shall use Environmental Impact Assessment scoping to identify and prioritize the main activities and potential impacts associated with the proposed Exploitation, in order to focus the Environmental Impact Assessment and Environmental Impact Statement on the key environmental issues.

[2 bis An Applicant or Contractor shall ensure that key environmental and any associated impacts, such as economic, social, cultural and human health impacts, including potential cumulative impacts, as well as alternatives to the planned activity, if any, to be included in the Environmental Impact Assessments, are identified.]

3. In undertaking the Environmental Impact Assessment scoping, the Applicant or Contractor, shall:

(a) review available data and knowledge, and propose additional data to be collected and studies needed to complete an Environmental Impact Statement in accordance with these Regulations;

(b) undertake a preliminary impact analysis and Environmental Risk Assessment which will be updated as the Environmental Impact Assessment proceeds;

(c) identify potentially affected Stakeholders in accordance with the applicable Standards and taking into account the Guidelines;

(c) bis [engage]/[consult] with potentially affected [States] and in accordance with regulation 93 bis, Standards and taking into account the Guidelines;

(d) identify and evaluate feasible alternative means of carrying out the project that will be further examined in the Environmental Impact Assessment;

(e) use the best available science and scientific information and, where available, relevant traditional knowledge of Indigenous Peoples and [of] local communities;

[(e)bis take into account cultural [rights or] interests;]

(e)ter review the Best Available Scientific Information and, where available, relevant traditional knowledge of Indigenous Peoples and [of] local communities and conduct consultations with the relevant Stakeholders to identify, to the extent possible, potential areas containing human remains and [objects and sites of an archaeological or historical nature] [Alt. 2 Underwater Cultural Heritage] or any venerated sites that are located in areas of the proposed Exploitation activities;

(f) identify terms of reference for the Environmental Impact Assessment; and

(g) prepare a Scoping Report.

4. The Applicant or Contractor shall consult on the Scoping Report, with all States and Stakeholders, in accordance with regulation 93 ter, before submission for approval.

5. The Commission shall consider a Scoping Report submitted in accordance with this regulation, and taking into account the consultation submission received under regulation 93 ter, paragraph 8, the Applicant or Contractor's written response prepared under regulation 93 ter, paragraph 9, any additional information provided by the Secretary-General, and in accordance with the applicable Standards and taking into account the Guidelines.

6. The Commission [shall, within 60 days following its receipt of the report and any comments received as part of the consultation process referred to in paragraph 5,] recommend that the Applicant or Contractor:

(a) revise the preliminary Environmental Risk Assessment, terms of reference or other aspects of the Scoping Report;

(b) submit [a revised Scoping] Report, [including any amended terms of reference] for further consideration [by the Commission]; or

(c) further consults under regulation 93 ter on any revised Scoping Report, particularly if the recommendations are likely to lead to a Material Change in the Scoping Report; and

[(d) proceed with the preparation of the Environmental Impact Assessment based on the agreed terms of the reference contained in the Scoping Report.]

7. The Applicant or Contractor [shall, before proceeding with the next steps of the Environmental Impact Assessment pursuant to regulation 47 agree the final contents of the draft terms of reference with the Commission (or have obtained approval of the scoping or taken account of any recommendations of the Authority provided prior to the adoption of these Regulations).

## **Regulation 48**

### **Environmental Impact Statement**

1. An Applicant or Contractor, as the case may be, shall prepare an Environmental Impact Statement in accordance with this regulation, Annex IV, the applicable Standards and taking into account Guidelines. The Statement shall be considered by the Authority in accordance with Part II or regulation 57 and is required for an application for a Plan of Work pursuant to regulation 7, paragraph 3, subparagraph (d).

2. The Environmental Impact Statement shall document and report the results of the Environmental Impact Assessment carried out in accordance with regulation 47 and shall provide the Authority, its member States and other Stakeholders with [clear] documentation of the potential [Environmental Impacts and] Environmental Effects based on the Best Available Scientific Information, [including relevant and sufficient baseline environmental data and taking into consideration the Best Environmental Practices, and Good Industry Practice.

2. bis The Applicant or Contractor shall engage with potentially directly affected Stakeholders, and in accordance with regulation 93 bis applicable Standards, and taking into account Guidelines, during the development of the Environmental Impact Statement.

2. ter The Applicant or Contractor shall consult with all States and Stakeholders in accordance with regulation 93ter on the Environmental Impact Statement before submission for approval.

3. The Environmental Impact Statement shall be in a form, [and entail all elements,] prescribed by the Authority in Annex IV and the applicable Standard and taking into account] the applicable Guidelines, and shall:

(a) detail the results of the Environmental Impact Assessment including the methodology used, the sufficiency of [data and] information and evaluation of the identified Environmental Impacts [and Environmental Effects];

[(a) bis based on sufficient baseline environmental data and results of the performed Test Mining Study, where applicable;]

(b) demonstrate that the proposed Exploitation is in accordance with all [applicable] environmental Standards and [taking into consideration] the Authority's environmental [goals and] objectives] and the relevant Regional Environmental Management Plan, as well as any [Test Mining activities conducted during Exploration;] [or relevant data from any Test Mining activities] [additional objectives set by the Contractor] [and any results of the performed Test Mining Study, where applicable];

(c) describe engagement and consultations undertaken and identify comments received through consultation with States on the Environmental Impact Assessment and [in accordance with regulation 93 ter] [include the written response prepared under regulation 93 bis, paragraph 9];

(d) be prepared in clear language and in an official language of the Authority together with an English-language version, where applicable.

[4. The Environmental Impact Statement of every project, including any revisions, shall be made available on the Authority's website.]

## **Regulation 48 bis**

### **[New Environmental Impact Assessment and Revised Environmental Impact Statement [or Revision of Environmental Plans]] / [Revision for change or new or increased effect or risk]**

1. If a Contractor becomes aware that any of the circumstances listed in paragraph 2 below have not been addressed by either an Environmental Impact Assessment or an Environmental Plan, it shall promptly notify the Secretary-General in writing, including:

(a) a detailed description of the circumstance;

(b) details of the potential [impact,] effect on or risk to the Marine Environment; and

(c) details of any Environmental Impact Assessment conducted or to be conducted, or proposed modification to the Environmental Plans.

2. The relevant circumstances for the purpose of paragraph 1 are:

(b) environmental monitoring demonstrates that impacts [and effects] significantly exceed the impact predictions made in the Environmental Impact Statement [and which are not the result of natural variability or natural changes in the Marine Environment];

(c) an activity described in the Plan of Work is predicted to [consistently and persistently] exceed the impact thresholds set out in the Standards on environmental thresholds [in a manner that results in demonstrated non-compliance with these Regulations];

(d) an applicable Standard, activity or predicted [significant] impact [or effect] has not already been addressed by an Environmental Impact Statement; or

(e) a review of existing Environmental Impact Assessment or Environmental plans is otherwise deemed necessary by the Commission or Council, in accordance with applicable Standards and taking into account the Guidelines, including following its review of a Contractor's activities contained in an annual report submitted pursuant to regulation 38 or review of a Plan of Work pursuant to regulation 58.

3. The Secretary-General shall transmit the information received from the Contractor under paragraph 1 above to the Commission. The Commission shall assess the information and determine whether the Contractor shall undertake an Environmental Impact Assessment and propose a revised Environmental Impact Statement; [or make modification to the Environmental Plans] or [make] other modification to the Plan of Work in accordance with regulation 57.

[4. In order to proceed with Exploitation on a site within the Contract Area, where such Exploitation activity was not covered by the agreed Plan of Work, the Contractor must submit a new Environmental Impact Statement and revised Plan of Work, which must be approved by the Authority in accordance with regulations 11 to 16.]

[5. For the avoidance of doubt, any Environmental Impact Assessment and revision to an Environmental Impact Statement conducted pursuant to this regulation shall be subject to the full processes prescribed in these Regulations.]

## **Regulation 48 ter**

### **Pilot Mining**

[1. Unless otherwise provided, nothing in this regulation shall exempt the Applicant or Contractor, as the case may be, from conducting Test Mining before the submission of a Plan of Work for Exploitation.]

2. Subject to this regulation and the applicable Standard, a Contractor shall conduct “Pilot Mining” before starting any Commercial Production under an Exploitation Contract. Information gathered through Pilot Mining shall be compiled in a Pilot Mining Report in accordance with the applicable Standard and taking into account the Guidelines.

3. Pilot Mining is conducted by a Contractor in its preparation for commencement of Commercial Production, and to assist the Commission in its [evaluation] [validation] of the Feasibility Study.

4. The purpose of Pilot Mining is to validate that the proposed mining equipment is commercially and technically appropriate and the effects of the activity, in particular with regard to the Protection of the environment, operates as described in the Environmental Impact Statement/Plan of Work.

5. Pilot Mining requires a prior approval by the Commission and Council and shall be carried out with reasonable regard for other activities in the Marine Environment, in accordance with articles 87 and 147 of the Convention, and in accordance with the applicable Standard and taking into account the Guidelines, in particular to ensure effective protection for the Marine Environment from harmful effects in accordance with article 145 of the Convention.

6. A validation monitoring system shall be established by the Contractor, in line with the Environmental Management and Monitoring Plan, in order to monitor whether the requirements of the Plan of Work are complied with. In case of non-compliance, regulation 52 will apply.

7. Any gains from Resources which have been collected during Pilot Mining shall be paid to the mechanism for the sharing of benefits to be established by the Authority.

8. If a Material Change has been determined in accordance with regulation 25 or 57, paragraph 2, the Council shall determine whether and on which aspects any additional Pilot Mining may have to be undertaken based on the recommendations of the

Commission in order to satisfy the requirements of paragraph [3] above. In this case, paragraphs [2] and [4] above apply.

9. After the Pilot Mining, the Contractor shall submit to the Commission a Pilot Mining Report. The Pilot Mining Report shall provide information on the findings from the Pilot Mining, in accordance with the Standards and taking into account the Guidelines. On this basis, the Contractor shall accordingly update its Environmental Plans. The Pilot Mining Report and the updated Environmental Plans shall mutatis mutandis be subject to regulation 11 and provide the Commission with required information for its assessment. The Commission shall, without undue delay, review the findings of the Pilot Mining Report and the updated Environmental Plans and make appropriate recommendations to the Council.

10. The Council shall, without undue delay, consider the findings of the Pilot Mining Report and the updated Environmental Plans based on the recommendation of the Commission and in accordance with the procedure set out in regulation 16. If the findings of the Pilot Mining and the updated Environmental Plans are in accordance with the criteria set out in regulation 13, the Council shall make an affirmative decision and notify the Contractor through the Secretary-General. Thereafter, the Contractor may commence Commercial Production in accordance with the Exploitation Contract.

11. The provisions under regulations 12 to 16 shall apply mutatis mutandis to paragraphs 8 to 10 in this regulation.

[12. Pilot Mining shall not equate to Commercial Production as defined under regulation 27 and in the Schedule.]

### **Section 3**

#### **Environmental Management and Monitoring**

##### **Regulation 49**

##### **Environmental Management and Monitoring**

1. A Contractor shall continuously [and/or continually, as appropriate,] monitor and manage the Environmental Impacts and Environmental Effects [and risks] of its activities on the Marine Environment, [in accordance with the Environmental Management and Monitoring Plan and the Closure Plan].

2. A Contractor shall monitor the Environmental Impacts and Environmental Effects [and risks] of its activities on the Marine Environment [to determine whether they are having or are likely to have harmful effects on the Marine Environment] to assess compliance with the [Environmental Impact Assessment and] Environmental Impact Statement and Environmental Management and Monitoring Plan and Closure Plans [and to avoid risk of Serious Harm to the Marine Environment]. Such monitoring shall include a comparison of monitoring data against environmental threshold values and a comparison between monitoring data and the effects predicted in the Environmental Impact Statement, to measure, analyse, and document the actual effects on the Marine Environment.

3. Monitoring shall be conducted until completion of a Closure Plan.

4. The Contractor shall Mitigate and manage Environmental Impacts and Environmental Effects [and risks] to ensure that these are consistent with the [threshold

values,] Standards and the Exploitation Contract and its schedules [including the predictions made in the Environmental Impact Statement].

5. If the Contractor identifies harmful effects on the Marine Environment that breach the terms and conditions of its Exploitation Contract or the relevant rules, regulations and procedures of the Authority, including the applicable Standards, [taking into account the Guidelines,] [and if the harmful effects is an Incident or Notifiable Event, the Contractor shall proceed in accordance with regulation 33 or 34,as applicable]. [All harmful effects identified by the Contractor shall be reported in according to regulation 50bis].

## **Regulation 50**

### **Environmental Management and Monitoring Plan**

1. The purpose of an Environmental Management and Monitoring Plan is to set out how a Contractor shall meet its management and monitoring obligations under regulation 49.

2. The Environmental Management and Monitoring Plan shall include all elements and matters prescribed in Annex VII to these Regulations and shall:

(a) incorporate project specific environmental objectives and environmental performance Standards, [including environmental threshold values] which are designed to achieve the environmental policy and objectives of the Authority [including those] set out in regulation 44 ter] and [are compatible with] applicable Standards and [taking into account] the relevant Regional Environmental Management Plan;

(b) incorporate appropriate measurement criteria, in accordance with the applicable Standard and reflect its methodology to determine whether the environmental objectives [and Environmental Performance Standards] are being met and that the operation is compliant with the Exploitation Contract and its schedules and the relevant rules, regulations and procedures of the Authority;

(c) incorporate measures and procedures on:

(i) how the Environmental Impacts and Environmental Effects of Exploitation will be monitored;

(ii) how the Mitigation and Management measures, including pollution control and Mining Discharge in regulations 53 bis and 53 ter will be implemented and how the effectiveness of such measures will be monitored [and evaluated];

(iii) how spatial and temporal measures, including Preservation Reference Zones and Impact Reference Zones, will be utilised and implemented;

(iv) how, if the monitoring results in new knowledge, the Contractor will take such knowledge into account;

(v) a description of the Environmental Management System; and

(vi) how continual improvement will be achieved, including by testing assumptions and predictions made in the Environmental Impact Statement, improving environmental knowledge, and reducing uncertainties remaining from the Environmental Impact Assessment.

(d) contain a monitoring programme for at least the first seven years of Commercial Production to be conducted in compliance with the applicable Standards and taking into account the Guidelines.

[2. Alt. The Environmental Management and Monitoring Plan shall be in accordance with the Authority's environmental policy and objectives [including those set out in regulation 44 ter] and [are compatible with] applicable Standards and [taking into account] the relevant Regional Environmental Management Plan, the relevant Guidelines, and be based on the Environmental Impact Statement, and shall include all elements and matters prescribed by the Authority in Annex VII to these Regulations, and shall:

- (a) set project specific environmental objectives and environmental performance Standards;
- (b) set measurement criteria and methodology;
- (b) bis [detail] how spatial and temporal measures, including Preservation Reference Zones and Impact Reference Zones, will be utilised and implemented;
- (c) commit to specific measures and procedures on;
  - (i) monitoring the Environmental Impacts and Environmental Effects of Exploitation;
  - (ii) Mitigation and management, including pollution control and Mining Discharge in regulations 53 bis and 53 ter;
  - (iii) [monitoring the effectiveness of monitoring and management, as the relevant measures and procedures are implemented]; and
  - (iv) taking corrective action and responding to monitoring results and new knowledge with the aim of continuous improvement;
- (d) describe what monitoring data and reports will be submitted to the Authority, including details of: frequency, format, medium, and data integrity Standards; and
- (e) provide a description of the Environmental Management System and.]

## **Regulation 50 bis**

### **Reporting on Environmental Monitoring and Management**

1. The Contractor shall report annually in writing, to the Secretary-General on the implementation and results of the Environmental Management and Monitoring Plan in accordance with regulation 38, paragraph 2, subparagraph (g).
2. The Contractor shall submit to the Secretary General [required] environmental data and information at the required intervals to the required data integrity quality, and in the required standardized format as set out in the Environmental Management and Monitoring Plan, in accordance with the applicable Standards, and taking into account the Guidelines.
3. The Secretary General shall publish the environmental data and information publicly in accordance with regulation 92bis. The Secretary-General shall transmit annual reports to the Commission for its consideration pursuant to article 165 of the Convention and publish them pursuant to regulation 38, paragraph 3.

## **Regulation 50 ter**

### **Environmental Management System**

1. A Contractor shall have in place, implement and maintain an Environmental Management System that meets the requirements of the relevant Standard and taking

into account the Guidelines, for the purpose of monitoring, managing, and continuously improving its environmental performance, including through implementing the Environmental Management and Monitoring Plan.

2. The Environmental Management System shall be detailed in the Environmental Management and Monitoring Plan in accordance with regulation 7, paragraph 3.bis, subparagraph (h). An Environmental Management System shall refer to the following iterative process to:

(a) establish environmental objectives and processes necessary to deliver results in accordance with the Authority's environmental objectives in the Contract Area, including those reflected in the Applicant's Environmental Management and Monitoring Plan and the relevant Regional Environmental Management Plan;

(b) implement and monitor the processes as planned and report the results to the Secretary-General; the reporting is reflected in the delivery of the annual reports pursuant to regulation 38, including details of any accidents or incidents and Notifiable Events; and

(c) take actions to continually improve the performance of the Environmental Management and Monitoring Plan and report these actions in the next annual report submitted to the Secretary-General pursuant to regulation 38.

3. The Contractor shall ensure that its Environmental Management System shall be reviewed and undergo periodic audits by an independent recognized and accredited international or national organization, in accordance with applicable Standards.

4. A Contractor shall, in its annual reports include the results of the audits under paragraph 3 and demonstrate the continual and systematic assessment of the Environmental Management System and its improvement.

## **Regulation 51**

### **Compliance with the Environmental Management and Monitoring Plan**

1. The Commission shall review the data submitted by the Contractor [monthly/annually] pursuant to regulation 50 bis, paragraph 2 [upon receipt].

2. The Contractor shall review the implementation of the Environmental Management and Monitoring Plan on a [regular] basis. Such review shall include:

(a) the efficacy, timeliness, relevance and accuracy of flow of information and data derived from monitoring the Exploitation activities and the Environmental Impacts and Environmental, and Impact Area, [including the Mining Area]; and

(b) the accuracy of the findings of the Environmental Impact Assessment as set out in the Environmental Impact Statement.

3. If the Commission considers that [the environmental] monitoring data submitted pursuant to regulation 50 bis, paragraph 2, or its quality, indicates that the Contractor does not meet its obligations, the Commission shall refer the matter to the Compliance Committee without undue delay. The Secretary-General shall notify the Contractor, the Sponsoring State, and the Council that the matter has been referred.

4. Where, as the result of the review by the Commission under regulation 52, paragraph 7, the Commission concludes that a Contractor has failed to comply with its Environmental Management and Monitoring Plan, the Commission shall refer the matter to the Compliance Committee. The Secretary-General will notify the Contractor, Sponsoring State and Council that the matter has been referred.

5. The [Compliance Committee] shall assess any matter referred to it under this regulation paragraph 4 and 5 and take any necessary actions consistent with regulations 102 and 103.]

## **Regulation 52**

### **Performance assessments of the Environmental Management and Monitoring Plan**

1. A Contractor shall [also periodically] conduct [or commission a formal] performance assessments of its Environmental Management and Monitoring Plan, [in accordance with this regulation, [the applicable Standard and taking into account the Guidelines]. In conducting such a performance assessment of the Environmental Management and Monitoring Plan, the Contractor shall [using an Independent Auditor,] assess:

(a) the continued appropriateness and adequacy of the plan, including the management conditions and actions attaching thereto;

(b) the conformity of the plan with [the objectives and] measures included in the applicable Regional Environmental Management Plan [including any revisions or updates to the Regional Environmental Management Plan that may be adopted from time to time,];

(c) the accuracy of the findings of the Environmental Impact Assessment as set out in the Environmental Impact Statement, [upon which the Environmental Management and Monitoring Plan was based];

(d) that any relevant changes in knowledge, technology, mining patterns, monitoring techniques and detection capabilities, [that were not taken into account in developing or previously updating the Environmental Management and Monitoring Plan which are relevant,] are reflected [according to Good Industry Practice, Best Available Techniques and Best Environmental Practices];

(e) the reports of the Environmental Management and Monitoring Plan, as well as the comments and evaluation from the Commission to the reports in accordance with regulation 48 above, and any comments received by the [Commission/Compliance Committee] in accordance with regulation 51; and

(f) the currency and adequacy of its Environmental Management System, including its ability to implement effectively the Environmental Management and Monitoring Plan.

2. The frequency of a performance assessment shall be in accordance with the period specified in the approved Environmental Management and Monitoring Plan and shall occur every 24 months or, if amendments have been made to the Environmental Management and Monitoring Plan following a previous performance assessment, 12 months after such amendments have been accepted by the Council, whichever occurs later.

3. An [additional] *ad hoc* performance assessment [under this regulation] may [also] be requested by the [Compliance Committee] following:

(a) an Incident [or Notifiable Event];

(b) issuance of a Non-Compliance Notice under regulation 103bis; and

(c) when deemed necessary by the [Committee following investigation into third-party information submitted to the [Authority] or following investigation into matters

referred by the Commission under regulation 51[ that results in sufficient evidence to suggest a breach of compliance has occurred].

[3. bis The Contractor shall engage with [potentially directly affected] Stakeholders, and in accordance with [regulation 93 bis], Standards and taking into account the Guidelines during the development of the performance assessment;]

4. A Contractor shall submit the results of a performance assessment in a performance assessment report to the Secretary-General in accordance with, and in the format set out in, the applicable Standards and taking into account the Guidelines, [and shall, as a minimum contain the following information:

- (a) information regarding the period applicable to the performance assessment;
- (b) the scope of the assessment;
- (c) the procedure used for the assessment; and
- (d) the evaluation criteria used during the assessment.]

[5. Before submission of the performance assessment report, the Contractor shall conduct a consultation on a draft performance assessment report in accordance with regulations 93 bis and 93 ter.]

6. The Commission shall review the performance assessment report in accordance with the applicable Standard and taking into account the Guidelines. [within 60 Days of receipt of such report and comments].

7. Where the Commission upon review of the report, considers the performance assessment to be unsatisfactory or the report submitted to be inadequate, the Commission may, after providing the Contractor with a reasonable opportunity to address any inadequacies, require the Contractor to:

(a) submit any relevant supporting documentation or information requested by the Commission including a revised report; or

(b) appoint, at the cost of the Contractor, an independent competent person to conduct the whole or part of the performance assessment and to compile a report for submission to the Secretary-General and review by the Commission.

[8. Where, as a result of paragraph 7 above, a revised assessment and report is produced, a new consultation in accordance with regulation 93 ter shall be conducted on the revised assessment.]

9. Where, as the result of a review by the Commission under paragraph 6 above, the Commission concludes that the Environmental Management and Monitoring Plan is determined to be inadequate in any material respect, the Commission shall require the Contractor to deliver a revised Environmental Management and Monitoring Plan, taking into account the findings and recommendations of the Commission. A revised plan shall be [treated the same way as a modification of a Plan of Work pursuant to regulation 57 *mutatis mutandis*].

10. The Commission shall report annually to the Council on performance assessments [conducted pursuant to this regulation,] and any action taken pursuant to paragraphs 6 to 9. Such report shall include any relevant recommendations for the Council's consideration and shall be published on the Authority's website.

## **Regulation 53**

### **Pollution control**

A Contractor shall take [all] necessary [and appropriate] measures to protect and preserve the Marine Environment, from harmful effects, in accordance with article 145 of the Convention, including by preventing, reducing and controlling pollution and other hazards, [including underwater noise, light, greenhouse gas emissions, and marine litter, directly or indirectly [resulting arising] from its activities in the Area. This is to be done [in accordance with the Standards], [pursuant to] [its Environmental Management and Monitoring Plan, and] all relevant rules, regulations and procedures of the Authority [and Contractors' Environmental Management and Monitoring Plan], [and taking into account] Regional Environmental Management Plans, and [the Guidelines].

## **Regulation 53 bis**

### **Mining Discharges**

1. A Contractor shall not introduce any Mining Discharge into the Marine Environment, except where such Mining Discharge is permitted in accordance with:

- (a) the assessment framework for Mining Discharges as set out in the applicable Standard [and];
- (b) the Plan of Work.

2. Notwithstanding paragraph 1, a Contractor may make such Mining Discharge into the Marine Environment where it is necessary for the safety of the vessel or Installation or the safety of human life, provided that such Mining Discharge is conducted so as to prevent harm to human life and to the Marine Environment. [Such Mining Discharge shall be considered an Incident]

[3. A Contractor shall keep a register of Mining Discharges, to be updated [promptly] after any discharge event, that shall be reported annually to the Authority under regulation 38, as part of the Contractor's annual report.]

[4. The Applicant or Contractor must continuously monitor its Mining Discharges and maintain a register that is reported to the Authority at least weekly in addition to the mandatory annual report pursuant to regulation 38.]

## **Section 4**

### **Environmental Compensation Fund**

## **Regulation 54**

### **Establishment of an Environmental Compensation Fund**

[1. The Authority hereby establishes the Environmental Compensation Fund, referred to as "the ECF" for the purposes of these Regulations.

2. [Prior to the approval of the first Plan of Work for an Exploitation Contract under these Regulations,] the rules and procedures governing the ECF shall be approved by the Assembly upon the recommendation of the Council. Those rules and procedures falling within the scope of its mandate shall be formulated by the Finance Committee

and submitted to the Council for that purpose. These rules and procedures shall include, inter alia:

(a) the requirements and modalities governing contributions to the ECF in accordance with regulation 56, including modalities for replenishment upon disbursement;

(b) the minimum size of the ECF;

(c) a description of how the ECF and any interest generated will be managed and by whom;

(d) the modalities for administering claims against the ECF, including determining entities eligible to access the ECF, which may include, among others, States Parties to the Convention, potentially most affected States and the Authority;

(e) the types of damage and purposes eligible for claims, in accordance with regulation 55;

(f) a prioritization of categories of damage to be applied in assessing claims;

(g) financial safeguards to ensure a long-term viability of the ECF;

(h) the standard of proof required for claims; and

(i) a process for determining disbursements from the ECF.

3. The Secretary-General shall, in consultation with the Finance Committee, prepare an independently audited statement of the income and expenditure of the ECF within 90 days of the end of a Calendar Year for submission to the Assembly and publication on the Authority's website.]

## **Regulation 55**

### **Purpose of the Environmental Compensation Fund**

[1. The purpose of the ECF is to provide adequate compensation for any damage arising from activities conducted under an Exploitation Contract in cases where a Contractor does not meet its liability in full, and where all other options under these Regulations for claiming compensation from the Contractor have been exhausted, while the Sponsoring State is not liable under article 139, paragraph 2, of the Convention. Compensation includes the costs of reasonable measures undertaken to prevent, limit, or remedy damage to the Marine Environment [, as well as those related to restitution, Restoration and Rehabilitation].

2. The operation of the ECF shall be subject to periodic review.]

## **Regulation 56**

### **Funding of the Environmental Compensation Fund**

[1. Consistent with the polluter-pays principle, the ECF shall consist of a one-time contribution paid by Contractors and/or the Enterprise following the approval of a [Plan of Work] and prior to [Commercial Production] [the commencement of activities under an Exploitation Contract], as well as an annual levy paid to the ECF by Contractors and/or the Enterprise, both as determined by the Authority.

2. The Council may further decide, based on the recommendations of the Finance Committee, that additional monies be paid to the ECF [from any appropriate source,

including, where consistent with the Authority's mandate, contributions from entities that benefit from activities in the Area].

3. The ECF may also receive voluntary contributions.]

## **Part V**

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

#### **Regulation 57**

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

1. A Contractor shall not modify the Plan of Work scheduled to an Exploitation Contract except in accordance with this regulation or as otherwise provided for by applicable regulations.

2. A Contractor shall notify the Secretary-General of any proposed modification to a Plan of Work. The Secretary-General shall inform the Council and transmit the notification to the Commission within 7 Days of receipt.

3. The Commission shall determine whether the proposed modification constitutes a Material Change in accordance with any applicable Standards and applying the procedure in regulation 12 *mutatis mutandis*.

4. If the Commission determines in accordance with paragraph 3 of this regulation that the proposed modification constitutes a Material Change:

(a) it shall report its determination to the Council and recommend whether the Contractor should be required to undertake an Environmental Impact Assessment and revise the Environmental Plans, and / or any other part of the Plan of Work;

(b) the Council, based on the recommendations of the Commission, shall decide whether the Contractor is required to undertake an Environmental Impact Assessment and revise the Environmental Plans, and / or any other part of the Plan of Work;

(c) if the Council decides in accordance with paragraph 4, subparagraph (b) that the Contractor is required to undertake an Environmental Impact Assessment and revise the Environmental Plans, and / or any other part of the Plan of Work, the Contractor shall do so applying the processes for their preparation set out in the Regulations *mutatis mutandis* and shall submit revised documents to the Commission. The Commission shall report to the Council on the revised documents and shall recommend either approval or disapproval of the proposed modification. The Council shall consider the proposed modification and the report of the Commission, and shall approve or disapprove the proposed modification applying the Council procedure for consideration and approval of a Plan of Work in regulation 16 *mutatis mutandis*; and

(d) if the Council decides in accordance with paragraph 4, subparagraph (b) that the Contractor is not required to undertake an Environmental Impact Assessment and revise the Environmental Plans, or any other part of the Plan of Work, the Secretary-General and the Contractor shall immediately undertake a consultation on the proposed modification applying the process set out in regulation 93ter, following which the Council shall consider the proposed modification taking into account the results of the consultation and the report of the Commission, and shall approve or disapprove the proposed modification applying the Council procedure for consideration and approval of a Plan of Work in regulation 16 *mutatis mutandis*.

5. If the Commission determines in accordance with paragraph 3 of this regulation that the proposed modification does not constitute a Material Change, it shall recommend approval or disapproval of the proposed modification and shall report its recommendation to the Council, following which:

(a) if the Council does not notify the Secretary-General that it disagrees with the Commission's recommendation within 60 Days of the date the recommendation is

notified to the Council, the recommendation shall take effect as if it were a decision of the Council 60 Days after such notification;

(b) if, within 60 Days of the date a recommendation by the Commission to approve or disapproved the proposed modification is notified to the Council, the Council notifies the Secretary-General the proposed modification should be assessed as a Material Change, the procedure in paragraph 4, subparagraphs (b) – (d) of this regulation shall apply immediately;

(c) if, within 60 Days of the date a recommendation by the Commission to approve or disapprove the proposed modification is notified to the Council, the Council notifies the Secretary-General that it disagrees with the recommendation, the Council shall decide whether to request the Commission to reconsider its recommendation, and if making such a request, shall provide the Commission with the Council's reasons for doing so;

(d) the Commission shall notify the Council of its reconsidered recommendation in response to any request under paragraph 5, subparagraph (c) within 60 Days of the request, following which the Council shall decide within 60 Days whether to approve or disapprove the proposed modification; and

(e) if the Council does not take a decision in accordance with paragraph 5, subparagraph (d), the Commission's reconsidered recommendation shall take effect as if it were a decision of the Council from the end of the period referred to in paragraph 5, subparagraph (d).

6. Notwithstanding paragraph 2, the Secretary-General and the Contractor may agree to changes to the Plan of Work to correct minor omissions, errors or other such defects, including upon the recommendation of the Commission, as follows:

(a) the Secretary-General shall notify any such agreement to the Commission and the Council within 7 Days;

(b) the Commission shall consider the agreement and, no later than 60 Days following notification by the Secretary-General, recommend to the Council whether the agreed changes should be assessed as a proposed modification pursuant to paragraphs 3 to 5 of this regulation;

(c) the Council shall consider the recommendations of the Commission within 60 Days of notification; and

(d) any agreed changes shall take effect from the end of the period referred to in paragraph 6, subparagraph (c), unless the Council decides before the end of that period that they are to be assessed as a proposed modification pursuant to paragraphs 3 to 5 of this regulation.

7. All modifications and changes to a Plan of Work pursuant to this regulation shall be recorded in the Seabed Mining Register by the Secretary-General as soon as reasonably practicable following approval or agreement in accordance with this regulation.

## **Regulation 58**

### **Review of a Plan of Work**

1. A Plan of Work shall be reviewed at intervals not exceeding five years from the date of signature of the Exploitation Contract. That notwithstanding, the Council may decide to review more frequently, based on recommendations of the Commission, in

accordance with the applicable Standards and taking into consideration the Guidelines, including where any of the events described in subparagraphs [(a) to (h)] have occurred:

[(a) bis Alt. information has come to light that was not available when the Plan of Work was approved, including [major] changes in Best Available Techniques, Best Available Scientific Information [or Best Environmental Practices], and shows that more appropriate measures are necessary to deal with the Environmental Effects of the activity;]

[(a) bis Evidence of misrepresentation or material omission in the original application of Plan of Work approval process;]

(a) ter an indication that the cumulative effects of Exploitation activities exceed any environmental thresholds established under the applicable Standards and objectives established under the applicable Regional Environmental Management Plan;

[(a) quat. new significant information [based on scientific evidence] relevant to the effective Protection of the Marine Environment;]

(a) quin. [Alt. 1 unanticipated impacts resulting in adverse effects] [Alt. 2 Unanticipated effects] on the environment [or other activities] have arisen, or are of a scale or intensity that was not anticipated, when the Plan of Work was approved;

[(a) sexies a request by [another competent international body] concerning other activities or measure in the Marine Environment pursuant to regulation 31;]

[(b) significant Incidents;]

[(c) recommendations for improvement in procedures or practices following an inspection report under regulation 100;]

[(g) significant changes in Best Available Scientific Information; and]

[(h) operational management changes, including changes to subcontractors and suppliers listed in the Plan of Work, whereby the Commission, after review with the Contractor of the Contractor's activities under the Plan of Work, shall recommend to the Council whether any modifications to the Plan of Work are necessary.

[1.bis The occurrence of any of the circumstances set out in paragraphs [1(a)ter, 1(a)quin and 1(b)] shall entail suspension of exploitation activities until the amended Plan of Work has been reviewed and approved.]

2. A review of the Plan of Work under paragraph 1 shall be undertaken by the Contractor [and [reviewed and] verified by [Alt. 1 an independent expert] [Alt. 2 a panel of independent experts] in accordance with the applicable regulations], Standards and taking into account the Guidelines. The Secretary-General shall invite the Sponsoring State or States[, and [relevant] [potentially affected] coastal States,] to participate in the review. The results of the review shall be compiled as a report [and be accompanied by an endorsement of the report by the experts involved on the review and submitted to the Secretary-General by completion of the review].

3. The Secretary-General shall forward the report on each review to the Commission and Council, and the Sponsoring State or States. [Alt. 1 Where, as a result of a review a Material Change needs to be made to the Plan of Work, the Commission shall recommend the Council and the Contractor shall implement as established in regulations 57] [Alt. 2 Any proposed modification to a Plan of Work as a result of a review pursuant to this regulation shall be assessed in accordance with regulation 57].

4. For the purpose of the review, the Contractor shall provide [to the independent expert] all information required by the Secretary-General in the manner and at the times as may be necessary for the purposes of this regulation. [The Secretary-General shall

request the Contractor to submit additional data and information as may be required by the independent expert or experts undertaking the review.]

5. The Secretary-General shall make publicly available the findings and recommendations resulting from a review of a Plan of Work under this regulation [in accordance with regulation 92].

## Part VI

### Closure plans

#### Regulation 59

##### Closure Plan

1. A Contractor shall develop a Closure Plan for the Mining Area, in accordance with regulation 7, paragraph 3 and regulation 93 ter, Annex VIII to these Regulations, [applicable Standards] and consistent with other Environmental Plans of the Contractor, [the Environmental goals and objectives of the Authority as contained in regulation 44ter], as well as Standards, and taking into account the Guidelines [and the applicable Regional Environmental Management Plan].

1. bis The objectives of a Closure Plan are to ensure that:

(a) [the Contractor has the obligation to ensure the effective Protection of the Marine Environment and human health and safety from the harmful effects of activities in the Area];

[(b) Alt. Ecosystem Integrity has been maintained, and where necessary restored, in accordance with the environmental goals and objectives in regulation 44ter;]

[(c) any adverse Environmental Effects arising from Closure are Mitigated [and]

[(d) [residual] Environmental Effects continue to be monitored, [managed,] [Mitigated] and reported for the period prescribed in the Closure Plan; and

[(e) all installation and equipment, and equipment, or parts thereof, are removed from the Mining Area.]

2. The Closure Plan shall, in accordance with the requirements of Annex VIII, set out the [obligations] of a Contractor during any Temporary Suspension.

[2. bis In developing the Closure Plan, the Applicant shall, *inter alia*:]

(a) bis undertake a gap analysis of existing environmental data to determine if additional information and/or surveys will be required [to inform closure];

(b) set a date [for] cessation of [Commercial Production;]

[(b) bis] [ensure alignment between the Closure Plan and the Environment Management and Monitoring Plan for the [duration of] [the] Closure Plan, in accordance with the applicable Standards and taking into account the Guidelines; and

(f) [include project-specific objectives, which may include [encompass] Restoration [where possible,] and Rehabilitation commitments in accordance with the [environmental goals and objectives in the regulation 44ter and Closure objectives in paragraph 1. Bis,] applicable Standards and taking into account the Guidelines.

[2. ter [In developing and maintaining the Closure Plan], the [Applicant or] Contractor [shall [must] ensure transparency, and shall]:

(a) consult with all States and Stakeholders in accordance with regulation 93ter; and

(b) engage with [relevant] Stakeholders, and in accordance with regulation 93 bis, Standards, and taking into account the Guidelines, consult Stakeholders on the Closure Plan, design, review, and implementation.

3. A Contractor shall maintain and update its Closure Plan on the basis of [information arising] from implementation of the [Plan of Work] and in accordance with these

Regulations Good Industry Practice, Best Environmental Practices, Best Available Techniques, Best Available Scientific Information and the applicable Standards and taking into account the Guidelines.

4. The Closure Plan shall be reviewed and if necessary, updated:

(a) if required pursuant to regulation 57;

(b) every 5 years from the date of signature of the Exploitation Contract, except where a Closure Plan has been updated in the interim pursuant to regulation 57, in which case 5-years period shall be calculated from the date of Closure was reviewed; or

(c) [6 years] / [4 years] prior to the planned cessation of Commercial.

[5. The updated Closure Plan shall be subject to Stakeholder consultation in accordance with regulation 93ter. Coastal states shall be engaged in accordance with regulation 93bis.]

[6. Any update to a Closure Plan proposed by a Contractor, pursuant to paragraph 4Alt, subparagraph (b) or (c) shall be approved by the Authority in accordance with regulation 57.]

## **Regulation 60**

### **Final Closure Plan: Cessation of [Commercial] Production**

1. A Contractor shall, at least 24 months prior to the planned [cessation]of Commercial Production submit to the Secretary-General, for the consideration of the Commission, a [updated] [Final] Closure Plan.

1. bis. Alt. The Contractor shall consult on the [updated] [Final] Closure Plan with all States and Stakeholders in accordance with regulation 93ter.

[1. bis. Alt 2. The Final Closure Plan shall be subject to Stakeholder consultation in accordance with regulation 93ter. Coastal states shall be engaged in accordance with regulation 93bis.]

2. The Commission shall [consider] the [updated] Closure Plan and any comments received pursuant to paragraph 1bis Alt within the consultation [period under regulation 93ter].

3. If the Commission determines that the [Final] [updated] Closure Plan meets the requirements of regulation 59, it shall recommend approval of the Final Closure Plan to the Council.

4. If the Commission determines that the [Final] [updated] Closure Plan does not meet the requirements of the regulation 59;

(a) the Commission shall [request] the Contractor [in] writing to make and submit amendments to the [Final] [updated] Closure Plan as a condition for recommendation of approval of the Plan in accordance with paragraph 3 of this regulation:

(b) the Contractor shall have the opportunity to make representations and /or to submit a revised [Final] [updated] Closure Plan for the Commission's consideration, within 90 Days of the date of the request in subparagraph (a); and

(c) the Commission shall consider any representations under subparagraph (b) and any revised [Final] [updated] Closure Plan submitted by the Contractor when preparing its report and recommendations to the Council.

[5. The Commission shall give the Contractor written notice of its [recommendation] under paragraph 4 above and provide the Contractor with the opportunity to make

representations or to submit a revised [Final] [updated] Closure Plan for the Commission's consideration, within 90 Days of the date of notification to the Contractor.]

[6. The Commission and Finance Committee shall review the amount of the Environmental Performance Guarantee provided under regulation 26 and include the results of that review and any recommendations in [the Commission's] report to the Council on the [Final] [updated] Closure Plan.]

[7. The Council shall consider and take a decision based on the report and recommendation of the Commission. [The Council's decision shall include such directions to the Contractor as the Council considers appropriate.]

[8. Any reports and recommendations submitted to the Council and decisions made by the Council under this regulation shall be published on the Authority's website [by the Secretary General] within 7 Days of a submission or decision being made.]

## **Regulation 60bis**

### **Unexpected and Temporary Suspensions of production**

[1. As soon as reasonably practicable after any unexpected cessation in Commercial Production, including a Temporary Suspension, the Contractor shall put in place a care and maintenance plan, taking into account the results of monitoring and data and information gathered during the exploitation phase and the relevant Regional Environmental Management Plan.

2. The Contractor shall notify the Secretary-General of any such unexpected cessation or Temporary Suspension in Commercial Production as soon as reasonably practicable and shall provide the Secretary-General with a copy of the care and maintenance plan.]

## **Regulation 61**

### **[Implementation and Monitoring of the Final Closure Plan]**

1. The purpose of Closure monitoring is [to]:

(a) [Obtain] evidence that the contractor fulfilled its obligations under these Regulations;]

(a) bis Verify that there are no further impacts arising from Commercial Production after cessation: and

(b) [Assess] the Restoration and Rehabilitation of the Marine Environment [in line with the Closure objectives];

2. The Contractor shall continue to monitor the Marine Environment [as set out] in the [Final] Closure Plan until the Closure objectives have been achieved.

[3. A Contractor shall implement the Final Closure Plan and shall report to the Secretary-General on the progress of such implementation, including a summary of the results of monitoring, conducted in accordance with [regulations 49 to 52,] the applicable Standard and pursuant to the [Environmental Monitoring and Management Plan], and management actions taken in response to any residual adverse Environmental Effects identified through monitoring, until completion of the Final Closure Plan.]

[4. Such reports [shall] be submitted in accordance with the [approved Environmental Monitoring and Management Plan] [The frequency of reporting] may be adjusted by the Council based on recommendations from the Commission.

[5. Monitoring data, collected by the Contractor pursuant to this regulation and its [Final] Closure Plan, shall be released publicly in accordance [with] [regulation 92 bis].

[6. Upon completion of implementation of the Final Closure Plan, the Contractor shall, in accordance with the procedure described in the applicable Standard, hire an Independent Auditor to conduct a final compliance assessment and submit a final compliance assessment report, [in accordance with ] the applicable Standards and taking into account the Guidelines, to the Secretary-General to ensure that the Closure objectives contained in the Final Closure Plan [have] been met. [The] report shall be reviewed by the Commission at its next meeting, provided that it has been [published on the website of the Authority] at least 30 Days in advance of the meeting.]

[6 bis Any final compliance assessment reports prepared by the Independent Auditor shall be made available for commenting by Stakeholders and independent experts. Any comments received shall be made available for the Commission.]

[7. The Commission shall [submit] a report [of its review under paragraph 6] and recommendations to the Council for consideration, [which] shall decide whether, the objectives of the Final Closure Plan have been achieved. The [Commission's] report [and Council's decision] shall be published at the Authority's website [in accordance with regulation 92].]

[8. If the Council decides that a Contractor has met the objectives of the Final

Closure Plan, the Council shall release the Environmental Performance Guarantee to the Contractor.]

[9. If the Council decides that a Contractor has failed to meet the [objectives of] the Final Closure Plan and reporting hereon, the Council shall] [either:]

(a) direct the Contractor on further action that shall be taken to deliver the Final Closure Plan; or

(b) direct the Authority to use funds from the Environmental Performance Guarantee to facilitate work to meet the objectives of the Final Closure Plan and on completion of that work, to release remaining funds from the Contractor's Environmental Performance Guarantee to the Contractor.

## **Part VII**

### **Financial terms of an Exploitation Contract**

#### **Section 1**

##### **General**

#### **Regulation 62**

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

The Council shall, based on the recommendations of the Commission, apply the provisions of this Part on a transparent, uniform and non-discriminatory basis, and shall ensure equality of financial treatment and comparable financial obligations for Contractors.

[Alt. The Council shall, [based on the recommendation of the Commission], apply the regulations of this Part with the purpose of achieving all objectives of the financial terms of the contract envisaged by the Convention. Particular attention shall be given to the objectives of ensuring the transfer of technology, training and scientific knowledge to developing States; providing incentives for Contractors to undertake joint arrangements with the Enterprise and developing States; and guaranteeing equality of financial treatment and comparable financial obligations for Contractors.]

#### **Regulation 63**

##### **[Incentives]**

[1. The Council may, taking into account the recommendations of the Commission and the Economic Planning Commission in accordance with the applicable Standard, provide for incentives, including Financial Incentives[, on a uniform and non-discriminatory basis,] to Contractors [to undertake joint arrangements with the Enterprise and developing States and their nationals] to further the objectives set out in article 13, paragraph 1, of Annex III to the Convention.]

[1. Alt. The Council may, taking into account the recommendations of the Commission and the Economic Planning Commission in accordance with the applicable Standard to provide for incentives, including Financial Incentives, on a uniform and non-discriminatory basis especially for those from developing States, including small island developing States, to advance the objectives set out in article 13, paragraph 1, of Annex III to the Convention.]

[2. [Those]/[Any] incentives shall be applied on a uniform and non-discriminatory basis, to further the objectives set out in article 13, paragraph 1, of Annex III to the Convention [including, where applicable, the objective of stimulating the transfer of technology to, and training the personnel of, the Authority and of developing States].]

[3. The Council shall ensure that, as a result of the Financial Incentives provided to Contractors, Contractors are not subsidized so as to be given an artificial competitive advantage with respect to other Contractors and/or land-based miners.]

[4. Any incentives shall be fully compatible with the policies and principles under regulation 2[, any applicable Standards and shall take into account the Guidelines.]]

[5. A Financial Incentives Registry shall be established, maintained and published through the Seabed Mining Register, pursuant to regulation 92.]

## **Section 2**

### **[Determination of Royalties and Payments under the Exploitation Contract]**

#### **Regulation 64**

##### **Royalty payment**

A Contractor, from the date of commencement of Commercial Production, shall pay a royalty in respect of the Mineral-bearing ore sold [,during the time of reduction, sold,] or removed without sale from the Contract Area as determined pursuant to paragraph 1 of Section 8 of the Annex to the Agreement in accordance with the applicable Standard. [This regulation is without prejudice to article 11, paragraph 3, of Annex III to the Convention.]

#### **Regulation 64bis**

##### **Equalization measure**

[A Contractor, from the date that its Plan of Work has been approved, shall pay the equalization measure as determined in accordance with the applicable Standard governing the equalization measure [subject to article 10 of Annex IV to the Convention].

#### **Regulation 64ter**

##### **Environmental costs**

The financial terms of a contract shall reflect the environmental externalities of the Exploitation activities permitted under the contract and throughout the value chain. To this end, the Authority shall levy a further royalty reflecting environmental externalities in accordance with regulation 64quat. The further royalty shall complement the royalty provided for in regulation 64.]

#### **[Regulation 64 quat.**

##### **Environmental costs royalties**

1. Environmental externalities to be taken into account under regulation 64bis shall initially encompass at least the following aspects:

(a) future value of genetic material for use in pharmaceutical and biotechnological applications;

(b) existence and bequest values for preservation of remote and largely unknown biodiversity in the Area, and potentially monetary values globally; [and]/[or]

(c) carbon emissions and the impact of mining activities on carbon sequestration by benthic and pelagic ecosystem.

2. Further environmental externalities shall be taken into account in accordance with the applicable Standard.
3. Environmental externalities shall be calculated using the best available science and natural capital economics in accordance with the applicable Standard.
4. The Council shall set an applicable further royalty rate which shall reflect the environmental externalities as calculated in accordance with the applicable Standard.]

## **[Regulation 65**

### **Profit Share on the Transfer of Rights under an Exploitation Contract**

1. The Authority shall levy a Transfer Profit Share on any gain realized from the direct or indirect transfer of rights under an Exploitation Contract.
2. The effective operation of the Transfer Profit Share referenced in the above paragraph shall be subject to and carried out in accordance with the provisions included in the applicable Standard.]

## **Section 3**

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

## **Regulation 66**

### **Form of royalty returns**

A royalty return lodged with the Secretary-General shall be in the form prescribed by the applicable Standard and taking into account the Guidelines and signed by the Contractor's designated official.

## **Regulation 67**

### **Royalty return period**

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

- (a) 1 January to 30 June; and
- (b) 1 July to 31 December.

## **Regulation 68**

### **Lodging of royalty returns**

1. A Contractor shall lodge with the Secretary-General a royalty return for the Contract 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 for the Contract Area by the joint venture or consortium.
3. A royalty return may be lodged electronically.

## **Regulation 69**

### **Error or mistake in royalty return**

A Contractor shall notify the Secretary-General promptly of any error in calculation or mistake of fact in connection with a royalty return or payment of a royalty. [Failure by a Contractor to notify the Secretary-General shall attract a penalty.]

## **Regulation 70**

### **Payment of royalty shown by royalty return**

1. A Contractor shall pay the royalty due for a royalty return period on the Day the royalty return is required to be lodged [in accordance with the applicable Standards].
2. [A Contractor shall [declare]/[propose] the currency to be used in the payment of royalties in the [Exploitation Contract]/[Plan of Work]] / [The currency for royalty payments shall be specified in the Exploitation Contract based on the currency proposed by the Contractor in the application for a Plan of Work and as approved by the Council]. The Contractor may only change the currency to be used in the payment of royalties if approved by the Council or otherwise [prior to the Commercial Production or] on the anniversary of the 5<sup>th</sup> year of Commercial Production and at the end of every subsequent 5<sup>th</sup> year of Commercial Production.
3. All payments made to the Authority shall be made net and shall be free of any deductions, transmission fees, levies or other charges.

## **Regulation 71**

### **Information to be submitted**

1. A royalty return shall include the following information for each royalty return period, in accordance with Standards and taking into account the Guidelines:
  - (a) the quantity in wet metric tons and dry metric tons of [Mineral-bearing] ore recovered from each Mining Area;
  - [(b) the quantity by Mineral in wet metric tons and dry metric tons and value by Mineral in dry metric tons of the Mineral-bearing ore shipped from the Contract Area; The value, grades and the basis of the valuation (by Mineral and Metal) of the Mineral-bearing ore [shipped from] [sold or removed without sale from] the Contract Area, as verified by a Suitably Qualified Person and supported by a representative chemical analysis of the ore by a Certified Laboratory, with the cost of weighing and testing to be borne by the Contractor;]
  - [(b) Alt.1 the quantity of Mineral-bearing ore shipped from the Contract Area disaggregated by Mineral and reported on dry metric tons and wet metric tons;
  - (b) Alt. bis. the value and, where applicable, the grade of Mineral-bearing ore [shipped from]/[removed from] the Contract Area disaggregated by Mineral and Metal and including the basis of the valuation;
  - (b) Alt. ter. evidence of data from subparagraphs (b)Alt and (b)Alt. Bis verified by a Suitably Qualified Person and supported by a representative chemical analysis of the ore by a Certified Laboratory, with the cost of weighing and testing to be borne by the Contractor.]
  - (c) details of all [Exploitation] Contracts and amendments to Exploitation Contracts and sale or exchange agreements relating to the Mineral-bearing ore sold or removed without sale from the Contract Area[, including the identity of all entities to whom the

Mineral-bearing ore was transferred, sold, or otherwise delivered];

[(c)Alt. details of all Exploitation Contracts [and amendments to Exploitation Contracts] and sale or exchange agreements relating to the [Mineral-bearing ore] sold or removed without sale from the Contract Area, including the identity of all entities to whom the Mineral-bearing ore was transferred, sold, or otherwise delivered];

(d) a calculation of the royalty payable, including any adjustment made to the prior royalty return period and a declaration signed by a designated official of the Contractor that the royalty return is accurate and correct; and

[(e) details of all revenues and operating costs associated with activities in handling and processing, to the degree available.]

2. In respect of a final royalty return period ending on the date of termination of the Exploitation Contract, the Contractor shall provide:

(a) a final calculation of the royalty payable;

(b) details of any refund or overpayment of royalty claimed; and

(c) the quantity and value [(by Mineral and Metal)] of all closing stocks of the [Mineral-bearing ore].

3. Within 90 Days from the end of a Calendar Year, the Contractor shall provide the Secretary-General and the Sponsoring State or States with a statement from an Independent Auditor or certified independent accountant that the royalty calculation for that Calendar Year:

(a) is based on proper accounts and records properly kept and is in agreement with those accounts and records; and

(b) complies with these Regulations and is accurate and correct.

## **Regulation 72**

### **[Authority may request additional information] [Request for 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, which shall be no later than 90 Days from the date of the notice, [additional] information to support the matters stated in the royalty return.

## **Regulation 73**

### **Overpayment of royalty**

1. Where a royalty return shows any overpayment of royalties, a Contractor may apply to the Secretary-General to request a refund of any such overpayment. Contractors [must] [shall] properly demonstrate that an overpayment was made, and support their claim with all necessary documentation and justifications.

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 [or within 90 Days of the actual submission if filed late], the Authority shall carry forward any overpayment and credit it against a future royalty amount payable under this Part, or, if the Exploitation Contract has expired, refund the amount within 90 Days.

3. Any request to reduce a royalty-related amount paid by a Contractor [must] [shall]

be made within 1 year of an applicable financial report 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 within 90 Days [provided he or she determines that such refund is properly due] [of the due date of the submission or of the actual date of submission].]/[Within 90 Days of the due date of the submission or within 90 Days of the date of submission] The Secretary-General may request, and the Contractor shall provide, such additional information or confirmation, as he or she considers necessary to determine that such a refund is correct and due to a Contractor.

## **[Regulation 73bis**

### **Underpayment of royalty**

1. Where a royalty return shows any underpayment of royalties, the Contractor shall pay the outstanding sum [verified by the Secretary-General] within [7] / [14] / [30] days of the notification by the Secretary-General.

2. If no payment is received, [the Authority shall add the payment due to the next period of royalty collection] / [the Council shall (a) act in accordance with regulation 79 and shall consider the unpaid debt from the date it became due and payable; and (b) consider taking further action under regulation 103].

[3. [A lack of payment constitutes a breach of contract and] Proper measures shall be taken against Contractors who [do not pay the underpaid royalty in due time] [underpay or do not pay the royalty in due time in accordance with regulation 103].]

[3. Alt. If no payment is received, the Authority shall add the outstanding payments to the next royalty collection period along with applicable penalties. Proper measures shall be taken against Contractors who fail to pay the underpaid royalty within the prescribed period, in accordance with the applicable Standards.]

## **Section 4**

### **Records and audit**

#### **Regulation 74**

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

1. A Contractor shall keep and maintain, [at a place specified in the Exploitation Contract], complete and accurate records relating to the Minerals recovered in order to verify and support all returns or any other accounting or financial reports required by the Authority in relation to Exploitation.

2. The Contractor shall prepare such records in conformity with internationally accepted accounting principles that verify, in connection with each Mining Area [and the Contract Area], inter alia:

(a) details of the quantity and grade of the Minerals, by Metal, recovered from each Mining Area [[and]/[of] the Contract Area;]

(b) details of sales, shipments, transfers, exchanges and other disposals of Minerals, by Metal, from each Mining Area [[and]/[of] the Contract Area], including the time, destination, value and basis of valuation and the quantity and grade of each sale, shipment, transfer, exchange or other disposal;

(c) details of all eligible capital expenditure and liabilities by category of expenditure and liability incurred in each Mining Area [[and]/[of] the Contract Area] or in direct support of activities within\_each Mining Area [[and]/[of] the Contract Area]; [and]

(d) details of all revenues and operating costs associated with activities in each Mining Area [[and]/[of] the Contract Area] [including a breakdown of all general administration and management costs essential to, and directly connected to these activities, and accruing in the Sponsoring State]; and]

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

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 for the duration of the Exploitation Contract, [including during the period of post-mining monitoring] and [at least, during] a period of 10 years following the completion of the Closure Plan, and make such records available for inspections and audit under regulation 75.

## **Regulation 75**

### **Audit by the Authority**

1. The Council, on its own initiative, or upon the request of the Secretary-General or the Commission, may [decide to] request an audit of the Contractor's books and records and all subcontractors' books and records associated with the Exploitation activities in the Area.

2. Any such audit shall be undertaken at the Contractor's sole cost and shall be performed by Independent Auditor approved by the [Council] in accordance with applicable Standard and taking into account the Guidelines.

3. An Independent Auditor may, in connection with a liability for a royalty payment:

(a) audit the mining and on-board processing facilities with a view to verifying the accuracy of all information reported and the accuracy of the equipment measuring the quantity of Minerals [ore] sold or removed without sale from the Contract Area;

(b) audit any relevant documents, papers, records and data available at the Contractor's offices or on-board any mining vessel or Installation;

(c) require any duly authorized representative of the Contractor to answer any relevant questions in connection with the audit and provide any missing documents, papers, records and data; and

(d) make and retain copies or extracts of any documents or records relevant to the subject matter of the audit and provide a Contractor with a list of such copies or extracts.

4. For the purposes of an audit the Contractor shall make available to an [Independent] Auditor such financial records and information contemplated as reasonably required by the relevant organ of the Authority to determine compliance with this Part.

5. Members of the Authority, in particular a Sponsoring State or States, shall cooperate with and assist the relevant organ of the Authority and any Independent Auditor in the carrying out of any audit under this regulation, and shall facilitate access to the records of a Contractor by an auditor and assist in the exchange of information relevant to a Contractor's obligations under this Part.

## Regulation 76

### Assessment by the Authority

1. Where the Secretary-General [so determines] / [suspects], taking into account the relevant guidance provided by the Council [and] / [or] following any audit under this Part, or by otherwise becoming aware that any royalty return is not in accordance with this Part, the Secretary-General [may]/[shall], by written notice to a Contractor [and a Sponsoring State], request such additional information that the Secretary-General considers reasonable in the circumstances, including the report of an auditor[, in order to undertake an assessment in accordance with this regulation].

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 [requests] the Secretary-General to take into consideration.

[3. The Secretary-General may, within 60 Days of the expiry of the period prescribed in paragraph 2 above, and after giving due consideration to any information submitted under paragraph 2, make an assessment of any royalty liability that the Secretary-General considers ought to be levied in accordance with this Part.]

[3. Alt. If concern persists after the information pursuant to paragraph 2 has been provided, the Secretary-General shall notify the Compliance Committee to assess any royalty liability that the Compliance Committee considers ought to be levied in accordance with this Part or to take any other compliance measure it deems appropriate.]

4. The Secretary-General shall provide the Contractor with written notice of any proposed assessment under paragraph 3 above. [The Contractor may make written representations to the [Secretary-General] / [Compliance Committee] within 60 Days of the date of such written notice. The Secretary-General shall consider such representations and shall confirm or revise the assessment made under paragraph 3 above.]

[4. bis If the Contractor is not satisfied with the [Secretary-General's][Finance Committee][Compliance Committee][Council] confirmation or revision of the [initial] assessment, the Contractor may request a review of that decision in writing and provide any further information the Contractor [wishes] / [requests] the Secretary-General to consider within 30 Days of [a decision being made] / [the written notice provided by the Secretary-General under paragraph 4 above]. The Secretary-General shall then [reconsider and either] affirm, revise, or revoke the assessment, taking into account the further information provided by the Contractor, within 60 Days.]

[4. ter The Secretary-General shall [provide][inform] the Council [of decisions under] paragraphs 4 and 4bis above.]

[4 ter. Alt. The Secretary-General shall provide the Commission and the Finance Committee for their consideration the assessment and information under paragraphs 4 or 4bis above. The Commission [and Finance Committee] shall consider them at their respective next available meetings provided that the assessment and information have been circulated at least 30 Days in advance of the respective meetings. The Commission shall then prepare its report and recommendations to the Council based on consultation with the Finance Committee. The Council shall then re-consider and either affirm, revise, or revoke the assessment made by the Secretary-General. The Secretary-General shall provide the Contractor the written notice of the decision of the Council.]

[5. The Contractor shall pay any such royalty liability within 30 Days of the date of the determination made by the Secretary-General under paragraph 4[ or, where applicable, paragraph 4bis].]

[5. Alt. In case of appropriate decision of the Council, the Contractor shall pay any such royalty liability within 30 Days of the date of the written notice provided by the

Secretary-General under paragraph 4ter above.]

## **Section 5**

### **Anti-avoidance measures**

#### **Regulation 77**

##### **General anti-avoidance rule**

1. [The Secretary-General shall determine the liability for a royalty payment] Where the Secretary-General reasonably considers that a Contractor has entered into any scheme, arrangement or understanding or has undertaken any steps which, directly or indirectly:

(a) result in the avoidance, postponement or reduction of a liability for [any] payment under this Part;

(b) have not been carried out for bona fide commercial purposes; [and]

(c) have been carried out solely or mainly for the purposes of avoiding, postponing or reducing a liability for [any] payment.

[1. bis The Secretary- General shall determine the liability for a [payment under this part] as if the avoidance, postponement or reduction of such liability had not been carried out by the Contractor and in accordance with this Part.]

2. The Secretary-General shall provide the Contractor with written notice of any proposed determination under paragraph 1 above. The Contractor may make written representations to the Secretary-General within 60 Days of the date of such written notice. The [Secretary-General] shall consider such representations and shall determine the liability for a royalty for the original or revised amount.

[2. bis [If the Contractor is not satisfied with the Secretary-General's determination, the Contractor may request a review of that decision in writing and provide any further information the Contractor wishes the [Secretary-General] / [the Council] / [Economic and Planning Commission] to consider. The [Commission and Finance Committee] / [Economic and Planning Commission] shall consider any such representations made by the Contractor at their respective next available meetings provided that the representations have been circulated at least 30 Days in advance of the respective meetings. The [Commission] / [Economic and Planning Commission] shall then prepare its report and recommendations to the Council [based on consultation with the Finance Committee]. The Council shall then re-consider and either affirm, revise, or revoke the decision made by the [Secretary-General].]

[2 ter The Sponsoring State shall be informed at the beginning of any procedure potentially leading to a determination according to this regulation, and may provide written representations to the Secretary-General, the Council or the Finance Committee.]

3. The Contractor shall pay any such liability [under this Part] within 30 Days of the date of the determination made by the Secretary-General under paragraph 2.

[4. If the Contractor is in [serious, persistent and wilful violation] of any payment obligations in accordance with this Part, the Council [may] suspend or [terminate] the Exploitation Contract pursuant to regulation 103 of these Regulations and the Contactor's company principals shall be barred from direct or indirect involvement with any Contractor or subcontractor operating in the Area for a period [determined by the

Authority commensurate to the violation] of [10] years].

## **Regulation 78**

### **Arm's-length adjustments**

1. For the purposes of this regulation:

(a) "Arm's length", in relation to Exploitation Contracts and transactions, means contracts and transactions that are entered into freely and independently by parties that are not Related Parties and without one party influencing another; and

(b) "Arm's-length value", in relation to costs, prices and revenues, means the value that a willing buyer and willing seller, who are not Related Parties, would agree to in a competitive environment.

[1. bis All transactions involving Contractors that are State-owned enterprises shall be considered non-Arm's length under this regulation unless the Council determines otherwise on the basis of substantiated and verifiable documentation.]

2. Where, for the purposes of calculating any amounts due under this Part VII, any costs, prices and revenues have not been charged or determined on an arm's-length basis, pursuant to a contract or transaction between a Contractor and a Related Party, the Council may adjust the value of such costs, prices and revenues to reflect an arm's-length value, taking into account the recommendations of the Commission, in accordance with internationally accepted principles.

3. The Secretary-General shall provide the Contractor with written notice of any proposed adjustment under paragraph 2 above. The Contractor may make written representations to the [Secretary-General]/[Council] within 60 Days of the date of such written notice. If the Contractor submits written representations, the [Secretary-General]/[Council] shall affirm, amend or revoke the adjustment, taking into account the further information provided by the Contractor, within 60 Days of being provided with that further information.

[4. The Commission and Finance Committee shall consider any such representations made by the Contractor at their respective next available meetings provided that the representations have been circulated at least 30 Days in advance of the respective meetings. The Commission shall then prepare its report and recommendations to the Council based on consultation with the Finance Committee. The Council shall decide the value of relevant costs, prices and revenues based on the recommendation.]

## **Section 6**

### **Interest and penalties**

## **Regulation 79**

### **Interest on unpaid royalty**

1. Where any royalty or other amount levied under this Part remains wholly or partly 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, in accordance with the applicable Standard, at an annual rate calculated by:

(a) adding 5 per cent to the special drawing rights interest rate prevailing on the date

the amount became due and payable for the first 30-day period of non-payment;

(b) adding 10 per cent to the special drawing rights interest rate prevailing on the date the amount became due and payable for the second and third 30-day period of non-payment; and

(c) adding 15 per cent to the special drawing rights interest rate prevailing on the date the amount became due and payable for any further period of non-payment.

2. Interest shall accrue on a daily pro rata basis, calculated using a 365-day year (or 366 in leap years), based on the number of Days the amount remains unpaid pursuant to paragraph 1(a)-(c).

## **Regulation 80**

### **Monetary penalties**

[inserted under regulation 103]

## **Section 7**

### **Review of payment mechanism**

## **Regulation 81**

### **Review of System of Payments**

1. The System of Payments refers to the set procedures adopted by the Authority under Part VII of these Regulations for the purpose of determining payments owed by a Contractor. Such payments shall include royalties, profit sharing arrangements, and/or any other payment mechanism as may be adopted by the Council under this Part,

[1. Alt. The System of Payments means the financial mechanisms the Authority applies pursuant to Part VII of these Regulations to determine the payments due from a Contractor to the Authority, including the required forms of payment (such as a royalty payment and profit sharing).]

2. The System of Payments shall be reviewed by the Council five years from the first date of commencement of Commercial Production in the Area and at intervals thereafter in accordance with the applicable Standards [as well as all observed Environmental Impacts]. [This shall include a review of the methodologies used to calculate environmental externalities pursuant to regulations 64ter and 64quat.]

3. A review of the System of Payments shall be carried out in accordance with the applicable Standard.

4. The Council, based on the recommendations of the Commission, may decide to adjust the existing System of Payments or introduce a new System of Payments. Any adjustment or introduction of a new System of Payments shall be in accordance with the results of the most recent review referred to under this regulation.

5. A review of the System of Payments shall consider all Resource categories unless otherwise decided by the Council.

[6. A change to the System of Payment shall only apply by agreement between the Authority and the Contractor [for Contract Areas that have already commenced Commercial Production] [to existing Contracts].]

[7. This regulation shall not apply to the Enterprise for a period not exceeding 10 years, in accordance with the decision adopted by the Assembly pursuant to article 10, paragraph 3, of Annex IV to the Convention.]

## **Regulation 82**

### **Review of rates of payments**

1. The rates of payments under an existing System of Payments shall be reviewed by the Council five years from the first date of commencement of Commercial Production in the Area and at intervals thereafter in accordance with the applicable Standards.
2. A review of the rates of payments under an existing System of Payments shall be carried out in accordance with the applicable Standards and in conjunction with a review pursuant to regulation 81.
3. The Council, based on the recommendations of the Commission, may decide to adjust the rates of payments. Any adjustment to the rates of payment shall be in accordance with the results of the most recent review referred to under this regulation.
4. A review of the rates of payments shall consider all Resource Categories unless otherwise decided by the Council.
5. An adjustment to the rates of payments shall apply to all Contract Areas [provided that the application is deferred until the end of the first five years of the Exploitation Contract].
6. Without limiting the scope of any review by the Council, a review under this regulation may include an adjustment to the [rate associated with any payment mechanism adopted under [this Part] [the rules, regulations, and procedures of the Authority, in accordance with any applicable Standards and taking into account the Guidelines], including the manner and basis of their calculation, as well as the establishment of rates of payments for new relevant Minerals or Metals that are likely to be commercially exploited.]

## **Section 8**

### **Payments to the Authority**

## **Regulation 83**

### **Recording in Seabed Mining Register**

[All payments received by the Authority from Contractors shall be recorded in the Seabed Mining Register and shall be publicly available.]

## **Regulation 83 bis**

### **Beneficial Ownership Registry**

1. Contractors shall submit detailed beneficial ownership information as part of their annual report, in compliance with regulation 38, to the Secretary General. This information [must] / [shall] be [compiled] / [included] in the Beneficial Ownership

Registry, in accordance with all applicable Standards and taking into account the Guidelines.

[2. The structure and operation of the Beneficial Ownership Registry shall be included in a Standard. At a minimum, the Standard shall include the reporting threshold for beneficial ownership for the purposes of an Exploitation Contract, the information which is to be included in the Beneficial Ownership Registry referenced in paragraph 1 above, and a clear process and timeline for submitting this information and ensuring it is up to date and accurate.]

[3. The Standard referenced under paragraph 2 above shall promote consistency with internationally recognized standards.]

4. The [Beneficial Ownership Registry] shall be published through the Seabed Mining Register.

## **Part VIII**

### **Annual, administrative and other applicable fees**

#### **Section 1**

##### **Annual fees**

#### **Regulation 84**

##### **Annual reporting fee**

1. A Contractor shall pay to the Authority, from the date of the signature of an Exploitation Contract [by all parties] and for the term of the Exploitation Contract and any extension thereof, an annual reporting fee as determined by a decision of the Council from time to time, based on the recommendation of the Finance Committee [with the aim of covering the costs associated with the Authority's management and review of the Contractor's annual reports].

2. The annual reporting fee is due and payable to the Authority at the [same] time [as the deadline for] submission of the Contractor's annual report under regulation 38.

[3. Where the effective date is part way through a Calendar Year, the first payment shall be pro-rated and made within 30 Days after the effective date of an Exploitation Contract.]

4. Where an annual reporting fee remains unpaid after the date it becomes due and payable:

[(a) Alt. the process set out in regulation 103 should be followed to determine whether this constitutes a violation of the fundamental terms of the Exploitation Contract; and]

(b) a Contractor shall, in addition to the amount due and payable, pay interest on the amount outstanding, beginning on the date the amount became due and payable, at an annual rate calculated by adding 5 per cent to the special drawing rights interest rate prevailing on the date the amount became due and payable. [Interest shall cease to run upon payment of the outstanding amount.]

#### **Regulation 85**

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

1. A Contractor shall pay to the Authority, [from the date of the signature of an Exploitation Contract and for the term of the Exploitation Contract and any extension thereof] an annual fixed fee. The amount of the fee shall be established by the Council as required under paragraph 1, subparagraph (d) of Section 8 of the Annex to the Agreement on the advice of the Finance Committee, and with the aim to cover the likely costs associated with the Authority's management of the Exploitation Contract, including staffing the Secretariat and conducting inspection and enforcement activities.

[2. The annual fixed fee is due and payable to the Authority within 30 Days of the commencement of each Calendar Year.]

[2. Alt. The annual fixed fee shall be payable to the Authority within 30 Days of the effective date of the Exploitation Contract, and thereafter within 30 Days of the

commencement of each subsequent Calendar Year for the duration of the Exploitation Contract.]

3. Where the date of [the signature of the Exploitation Contract] occurs part way through a Calendar Year, a prorated annual fixed fee shall become due and payable to the Authority within 30 Days of such commencement date.

3. bis Where an annual fixed fee remains unpaid after the date it becomes due and payable:

(a) a Contractor shall, in addition to the amount due and payable, pay interest on the amount outstanding, beginning on the date the amount became due and payable, at an annual rate calculated by adding 5 per cent to the special drawing rights interest rate prevailing on the date the amount became due and payable; and

[(b). interest shall cease to run upon payment of the outstanding amount.]

[4. In any Calendar Year, the annual fixed fee may be credited against any royalty or other amount payable under Part VII of these Regulations.]

## **Section 2**

### **Fees other than annual fees**

#### **Regulation 86**

##### **Application fee for approval of a Plan of Work**

1. [An Applicant for the approval of a Plan of Work, [when submitting the application for the approval of a Plan of Work], shall pay an application fee] / [An Applicant shall pay an application fee at the time of submitting a Plan of Work for approval] as determined by a decision of the Council from time to time, based on the recommendation of the Finance Committee.

2. Taking into account any criteria established for this purpose by the Finance Committee, the [Secretary-General]/[Finance Committee] shall determine whether there is a difference between the amount of the application fee and the administrative costs incurred by the Authority in processing an application, and [the Secretary-General shall] notify the Applicant or Contractor of the amount of any such difference. The notification shall include a statement of the expenditure incurred by the Authority. In the event the amount of the application fee falls short of the administrative costs of the Authority, the difference must be paid by the Applicant within 90 Days of the signature of the Exploitation Contract. In the event the amount of the application fee exceeds the administrative costs of the Authority, the difference must be reimbursed to the Applicant within 90 Days of the signature of the Exploitation Contract.

3. The Secretary-General shall not process any application until the applicable fee under this Part has been paid [in full].

#### **Regulation 87**

##### **Other applicable fees**

A Contractor shall pay other prescribed fees in respect of any matter specified by the Council, based on the recommendations of the Finance Committee, in accordance with the applicable rules, regulations and procedures of the Authority.

## **Section 3**

### **Miscellaneous**

#### **Regulation 88**

##### **Review and payment**

1. The [Council [based on the recommendation of the Finance Committee]] / [Finance Committee] shall review and determine [on a regular basis] / [at least once every 2 [or 3] years on] the amount of each of the annual, processing and other applicable administrative fees in order to ensure that they cover the Authority's expected administrative costs for the service provided.

[2. Except as provided for in this Part, fees will be a fixed amount expressed in [United States dollars] or its equivalent in a freely convertible currency.]

3. Fees paid under this Part are not refundable upon the withdrawal, rejection or refusal of an application.

## **Part IX**

### **Information-gathering and handling**

#### **Regulation 89**

##### **Confidentiality of information**

1. Data and information regarding the Plan of Work, Exploitation Contract, its schedules and annexes or the activities taken under the Exploitation Contract shall be publicly available, except where such information is qualified as confidential.

2. “Confidential Information” means:

(b) data and information relating to personnel matters, the health records of individual employees or other documents in which employees have a reasonable expectation of privacy, and other matters that involve the privacy of individuals;

(c) data and information which have been categorized as Confidential Information by the Council; and

(d) data and information designated by the Contractor as Confidential Information at the time it was disclosed to the Authority, provided that, subject to paragraph 5 below, such designation is deemed to be well founded by the Commission in accordance with the applicable Standard on the basis that there would be substantial and demonstrable risk of serious or unfair economic prejudice if the data and information were to be released.

3. “Confidential Information” does not mean or include data and information that:

(a) are generally known or publicly available from other sources;

(b) have been previously made available by the owner to others without an obligation concerning its confidentiality;

(c) are already in the possession of the Authority with no obligation concerning its confidentiality;

(e) are necessary for the formulation by the Authority of rules, regulations and procedures of the Authority concerning the Protection and Preservation of the Marine Environment[, human health] and safety, other than equipment design data;

[(f) relate to the Protection and Preservation of the Marine Environment, provided that the Secretary-General may designate such information as Confidential Information for a reasonable period, subject to such conditions as may be appropriate, where the Commission agrees that there are bona fide academic reasons for delaying its release on the terms proposed by the Secretary-General and the decision including the reasons are reported to Council;]

[(f) Alt. are environmental data, including all baseline and monitoring information;]

[(f)Alt. 2 environmental data, including all baseline and monitoring information, except in such temporary circumstances where some environmental data may be deemed confidential as agreed with the Secretary General for a reasonable period only, where the Commission agrees that there are bona fide academic reasons for delaying its release. The reasons, terms and decisions are to be reported by the Secretary-General to the Council. The data shall be deemed non confidential on the expiry of the time frame agreed with the Secretary-General.]

(g) are an arbitral award or judgment in connection with activities in the Area;

(h) relate to Contractor payments to the Authority;

[i) All the names and personal information of natural persons which hold, directly or indirectly, equity of the Applicant or Contractor;]

(k) the Contractor to which the data and information relates has given prior written consent to its disclosure; or

(l) relates to an area that is no longer covered by an Exploitation Contract; provided that following the expiration of a period of 10 years after it was passed to the Secretary-General, Confidential Information shall no longer be deemed to be such unless otherwise agreed between the Contractor and the Secretary-General/[Authority] in accordance with the applicable Standard and taking into account the Guidelines and save any data and information relating to personnel matters under paragraph 2, subparagraph (b) above.

4. Confidential Information will be retained by the Authority and the Contractor in strictest confidence in accordance with regulation 90 and shall not be disclosed to any third party without the express prior written consent of the Contractor, which consent shall not be unreasonably withheld, conditioned or delayed, save that Confidential Information may be used by the Secretary-General and staff of the Authority's Secretariat, as authorized by the Secretary-General, and by members of the Commission [Alt. 1 and the Compliance Committee] [Alt. 2 and of other relevant subsidiary organs] as necessary for and relevant to the effective exercise of their powers and functions.

5. In connection with paragraph 2, subparagraph (d) above, a Contractor shall, upon transferring data and information to the Authority, designate by notice in writing to the Secretary-General the Information or any part of it as Confidential Information describing, in general terms, any information redacted or required to be withheld from publication on the basis of confidentiality with an explanation of the reasons. The Secretary-General shall publish a copy of any such notice received upon receipt.

5. bis If the Commission [or], a Member State[, or another Stakeholder] objects to such designation within a period of 30 Days from the publication of the notice, the parties shall consult upon the nature of the data and information and whether it constitutes Confidential Information under this regulation. During the consultations, the Secretary-General shall comply with the applicable Standards and take into account the Guidelines. The Secretary-General shall report to the Council regarding the types and quantities of data that are designated confidential in accordance with this paragraph. Any dispute arising as to the nature of the data and information shall be dealt with in accordance with Part XII of these Regulations.

## **Regulation 90**

### **Procedures to ensure confidentiality**

1. The Secretary-General shall be responsible for maintaining the confidentiality of all Confidential Information held by the Authority and shall not, except where legally obliged to do so or with the prior written consent of a Contractor concerned), release such information to any person [who is not an official of the Authority, a Member of its constituent organs or is otherwise authorised under these Regulations]. To ensure the confidentiality of such information, the Council shall establish procedures, consistent with the provisions of the Convention, governing the handling of Confidential Information by organs of the Authority, and any other person participating in any activity or programme of the Authority. Such procedures shall include:

(a) the maintenance of Confidential Information in secure facilities and the development of security procedures to prevent unauthorized access to or removal of such information; and

(b) the development and maintenance of a classification, log and inventory system of all written information received, including its type and source and the routing from

the time of receipt until final disposition.

[2. A person who is authorized pursuant to these Regulations to access Confidential Information shall not disclose such information except as permitted under the Convention and these Regulations. The Secretary-General shall require such persons to make a written declaration witnessed by the Secretary-General or duly authorized representative to the effect that the person so authorized:

(a) acknowledges his or her legal obligation under the Convention and these Regulations with respect to the non-disclosure of Confidential Information; and

(b) agrees to comply with the applicable regulations and procedures established to ensure the confidentiality of such information.]

[3. All subsidiary organs of the Authority shall protect the confidentiality of Confidential Information submitted to them pursuant to these Regulations or an Exploitation Contract issued under these Regulations. [M]embers of the subsidiary organs shall not disclose or use, even after the termination of their functions, any industrial secret, proprietary data which are transferred to the Authority in accordance with article 14 of Annex III to the Convention or any other Confidential Information coming to their knowledge by reason of their duties for the Authority.]

[3. bis The Secretary-General shall establish and maintain a Confidential Information Register to record all instances in which data or information has been designated as Confidential Information. The Register shall, at a minimum, indicate the identity of the designating party, the legal basis and justification for the designation, the applicable category of the confidentiality as set out in regulation 89, paragraph 2, and the date of designation and the applicable expiration date of the review period. The Secretary-General shall use the Confidential Information Register to inform periodic reviews of confidentiality status in accordance with the applicable Standards and to support reporting to the Council.]

[4. The Secretary-General and staff of the Authority shall not disclose or use, even after the termination of their functions with the Authority, any industrial secret, proprietary data which are transferred to the Authority in accordance with article 14 of Annex III to the Convention or any other Confidential Information coming to their knowledge by reason of their employment with the Authority.]

[Alt. to 3 and 4. Organs of the Authority shall protect the confidentiality of Confidential Information submitted to them pursuant to these Regulations or an Exploitation Contract issued under these Regulations. Members of organs of the Authority and staff of the Authority shall not disclose or use, even after the termination of their functions with the Authority, any industrial secret, proprietary data which are transferred to the Authority in accordance with article 14 of Annex III to the Convention or any other Confidential Information coming to their knowledge by reason of their employment with [or duties with] the Authority.]

5. Taking into account the responsibility and liability of the Authority pursuant to article 22 of Annex III to the Convention, the Authority may take such action as may be appropriate against [any person] who, by reason of his or her duties for the Authority, has access to any Confidential Information and who breaches any of the obligations relating to confidentiality contained in the rules, regulations and procedures of the Authority.

6. In the case of any breach of obligations relating to Confidential Information held by the Authority, the Authority, upon becoming aware of the breach, shall notify the relevant Contractor and Sponsoring State or States. [Any cases of breach of obligations relating to Confidential Information held by the Authority, shall be referred to the Compliance Committee.]

## **Regulation 91**

### **Data and Information to be submitted upon expiration or termination of an Exploitation Contract**

1. [Upon expiration of an Exploitation Contract, or upon termination of an Exploitation Contract as per regulation 18ter,] the Contractor shall transfer to the Authority within 180 Days from the date of the expiration of the Exploitation Contract, the date of the refusal of an application for extension, or date the termination of the contract, 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 this regulation and the applicable Standard, and taking into account Guidelines. [This includes, but is not limited to, the provision of geological data, environmental data, [the transmission of the samples kept in accordance with regulation 39, paragraph 3 to storage in accordance with the applicable Standard], and records of any Incidents or breaches of the Contractor's obligations that occurred during the Contract Period.]

[1. Alt. Upon the expiration, termination or refusal to renew an Exploitation Contract, the Contractor shall, within 180 Days of such event, transfer to the Authority all data and information necessary for the Authority to carry out its powers and functions with respect to the Contract Area in accordance with these Regulations and applicable Standards and taking into account the Guidelines. This shall include at a minimum geological data, [environmental data], [samples collected and retained pursuant to regulation 89, paragraph 3] and records of any incidents and breaches of the Contractor's obligations during the Contract period.]

1. bis Any Confidential Data transmitted pursuant to paragraph 1 shall continue to be dealt with in accordance with regulations 89 and 90.

[1. ter The information and data submitted by the Contractor in accordance with paragraph 1 shall be accompanied by a report providing a summary of the exploitation activities].

[2. Upon termination or expiration of an Exploitation Contract, the Contractor and the Secretary-General [shall] / [may] consult together [and,] in accordance with the provisions of this regulation and the applicable Standards and taking into account the Guidelines, [the Secretary-General shall] / [to] specify the data and information to be submitted to the Authority.]

[2. Alt. Upon termination or expiration of an Exploitation Contract, the Secretary-General, [Alt. 1 in consultation with] [Alt.2 [shall] / [may] consult] the Commission [and the Contractor], in accordance with this regulation and the applicable Standards and taking into account the Guidelines, [and] shall specify the data and information to be submitted to the Authority.]

## **Regulation 92**

### **Seabed Mining Register**

1. The Secretary-General shall establish, maintain and publish a Seabed Mining Register in accordance with the applicable Standards and taking into account the Guidelines.

1. bis The Seabed Mining Register shall contain the following information except to the extent it is Confidential Information in accordance with regulations 89(4) and 90(1) which shall be redacted:

(a) the names of the Contractors and the names and addresses including contact number and email of their Designated Representatives;

(b) copy of original application for approval of Plan of Work and the accompanying documents submitted by each Contractor in accordance with Regulation 7, including any modifications to any documents of the original application, comments and responses of stake holder's consultation, report and recommendation of the Commission, and decision of the Council on the approval of Plan of Work;

(c) copy of the Exploitation Contract signed by the Authority and each contractors containing its schedules in accordance with Regulation 17 including approved Plan of Work, the geographical extent of Contract Areas and Mining Areas and the category of Resources;

(d) any encumbrances regarding the Exploitation Contract made in accordance with Regulation 22 and Instruments of Transfer or Assignment in accordance with regulation 23;

(e) Feasibility Study, consultation report on Feasibility Study and revision of Plan of Work, if any prior to commercial production in accordance with Regulation 25, and details of Environmental Performance Guarantee lodged pursuant to regulation 26, and date of commencement of Commercial Production;

(f) copy of each annual reports submitted by each contractor in accordance with regulation 38 including details of any Incidents and Notifiable Events, summary of discharges, and action taken in inspection and compliance matters;

(g) copies of each Contractor's documents validating, declaring, and confirming the Environmental Performance Guarantee;

(h) all payments made by Contractors to the Authority under these Regulations and copies of royalty returns submitted in accordance with Regulation 71;

(i) Beneficial Ownership Registry and Financial Incentives Registry;

(j) any modifications to the approved Plan of Work and its periodic review report including recommendations of the commission and decision of the council for each contract pursuant to regulations 57 and 58;

(k) copy of each recommendation by the commission and Council decision to extend, suspend or terminate of an Exploitation Contract including the rationale;

(l) a copy of inspection reports in accordance with Regulation 100;

(m) a copy of the compliance record for every Contractor, prepared under Regulation 100bis;

(n) a copy of every Non-Compliance Notice issued to each Contractor under Regulation 103 and, where applicable, the corresponding improvement plan;

(o) copy of Closure Plan and its updates including the Final Closure Plan, and implementation report of Final Closure Plan for each Contract Area;

(p) copies of all reports and recommendations of the commission and decisions of the council and notices issued by the Secretary General relating to each Contract Area, before, during or after application for a Plan of Work and throughout the term of the Exploitation Contract; and

(q) any other document, information and other details as may be directed by the Council from time to time.

2. The Seabed Mining Register shall be publicly available on the Authority's website.

3. The Secretary-General shall publish any information of a type listed in paragraph (1) in the Seabed Mining Register within seven days of receipt, unless prevented from

doing so for good cause, in which case publication shall occur as soon as reasonably practicable.

## **Regulation 92 bis**

### **Publication of environmental data and information**

The Secretary General shall annually publish all environmental data and information relating to a Contract Area [including]/[as well as] environmental data and information obtained [adjacent to] the Contract Area], but in connection with the activities in the Contract Area [and]/[or] as part of the Regional Environmental Management Plan] whether received before, during or after application for a Plan of Work, or during the term of the Exploitation Contract. The data and information, including any revisions to that data or information, on a central data repository that is publicly available via the Authority's website [as soon as practicable]/[according to the timeline proposed in the applicable standard], and in accordance with the Rules, regulations and Procedures of the Authority, applicable Standards and taking into account the Guidelines. Any new environmental data and information shall be published on the central data repository at regular intervals defined in the applicable Standard.

Alt. The Secretary General shall ensure that all environmental data and information outside the Contract Area, but in connection with the activities within the Contract Area, are published on a central data repository that is publicly accessible via the Authority's website. This shall include environmental data and information collected before, during, and after the submission of a Plan of Work during the term of the Exploitation Contract and throughout the post closure monitoring period. New or revised environmental data or information shall be published within 30 Days of their receipt by the Authority or in accordance with defined intervals set out in the applicable standard and taking account into the Guidelines. Publications shall be carried out in accordance with the rules, regulations and procedures of the Authority and relevant data transparency requirements.

## **Part X**

### **General procedures, Standards and Guidelines**

#### **Regulation 93**

##### **Notice and general procedures**

1. [This regulation shall apply to all Communications by and with the Authority].
2. All Communication must be made in writing and transmitted by hand, fax, registered mail or email containing an authorized electronic signature.
2. bis All Communication to the Secretary-General shall be transmitted to them at the headquarters of the Authority.
2. ter All Communication to the Designated Representative shall be transmitted to the address stated on the Seabed Mining Register.
3. 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.
4. Delivery by hand is deemed to be effective when made, if a receipt is provided. 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 mail is deemed to be effective 21 Days after posting. Delivery by email is deemed to be effective when the email enters an information system designated or used by the addressee for the purpose of receiving documents of the type sent and is capable of being retrieved and processed by the addressee.
5. 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.
6. Notice to the Secretary-General constitutes effective notice to the Authority for all purposes under these Regulations, and the Secretary-General is the Authority’s agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

#### **Regulation 93bis**

##### **Consultation with Coastal States**

1. Prior to preparing [the documents referred to in regulation 7] [the Plan of Work], the Applicant shall request the Secretary-General to, within 7 days:
  - (a) notify the coastal States across whose jurisdiction resource deposits related to the proposed activity may lie of the Applicant’s intention to apply for a Plan of Work; and
  - (b) inform all other [coastal][Member] States [for the purpose of the procedure in paragraph 4, subparagraph (b) of regulation 4] [of the Applicant’s intention to apply for a Plan of Work].

2. [Upon receipt of] [Within 60 days of receiving] the Secretary-General's notification in paragraph 1, any coastal State falling within paragraph 4, subparagraph (b) of regulation 4 may inform the Applicant in writing that it wishes to participate in the Applicant's consultations with coastal States. [A Coastal State writing to the Applicant pursuant to this paragraph shall also include supporting reasons, as well as scientific data and assessments or other relevant data and information, where available, in support of its view that the activities of the Applicant or contractor as well as the Enterprise are likely to cause adverse potential effects to the rights and interests under paragraph 4, subparagraph (b) of regulation 4.]

3. Applicants, [Contractors, as well as the Enterprise], shall invite the coastal States referred to in paragraph 1, subparagraph (a) above, as well as any other coastal States which have written to the Applicant pursuant to paragraph 2 above, to submit written comments [including] on the following draft documents:

- (a) [Plan of Work];
- (b) Scoping Report;
- (c) Environmental Impact Assessment;
- (d) Environmental Impact Statement;
- (d) Environmental Management and Monitoring Plans;
- (e) Performance of Assessment of the Environmental Management and Monitoring Plans; and
- (f) Closure Plans.

4. [Where appropriate, the Secretariat, [Contractor, Sponsoring State and/or other States or relevant bodies] should provide [technical, financial and advisory] support to developing States, including small island developing States, upon request, to identify potential effects of the planned activity on Marine areas and their Resources under their jurisdiction.]

5. [Potentially affected coastal States may, during the consultation process pursuant to DR 93ter, submit to the Authority scientific data and assessments or other relevant data and information on potential effects likely to be caused by the activities of the Applicant or contractor as well as the Enterprise and may request modifications to mining plans if risks are identified.]

6. The Applicant, [the Contractor, as well as the Enterprise] shall consider the contributions received from coastal States during this consultation period and, as appropriate, revise the proposal accordingly or respond to substantive contributions not reflected in the revised proposal.

7. Where the planned activity may result in the exploitation of Resources lying within the national jurisdiction of a coastal State, the prior consent of the coastal State must be obtained in writing before the Applicant [or the Enterprise] submits its application for a Plan of Work.

## **Regulation 93 ter**

### **State and Stakeholder Consultation [by an Applicant or Contractor]**

1. Consultation with States and Stakeholders shall be inclusive and transparent and, be conducted in a timely manner.

1 bis Where these Regulations require consultation with States and Stakeholders by an Applicant, or a Contractor, consultation shall be conducted in accordance with this regulation, applicable Standards, and taking into account the Guidelines.

[2. The Applicant or Contractor shall provide the Secretary General with a list of [relevant] Stakeholders.]

[2. Alt. The Applicant or Contractor shall identify a list of [relevant] Stakeholders and States,]

3. The [Applicant or Contractor] shall determine the consultation period for each consultation, which shall begin on the date of the publication of a notice of consultation and /[shall] not be less than 90 Days.

4. The Secretary General shall prepare a notice of consultation. The notice of consultation shall invite [Member States and Observers] to make submissions to the consultation, describe the matters on which submissions are sought, include the documentation that is the subject of consultation and other relevant information, and specify the final date for submissions.

5. The Secretary General shall publish the notice of consultation on the Authority's website.

6. During the consultation period, the Applicant or Contractor shall conduct engagement with States and Stakeholders and in accordance with applicable Standards, and taking into account the Guidelines. The Secretary General may direct the Applicant or Contractor to conduct such [engagement, including through] meetings, workshops and engagement.

[7. The Applicant or Contractor shall organize at least one public meeting during the consultation period [Alt. 1 to allow Stakeholders to ask questions and express their concerns [or support] directly] [Alt. 2 to address the concerns raised by the Stakeholders and prepare a detailed report of public meeting highlighting the concerns raised and responses submitted for consultation within 1 month].]

8. The Applicant or Contractor shall consider the submissions received and may revise the documentation that was the subject of consultation. The Applicant or Contractor shall prepare a written response to consultation that collates and responds to the substantive comments expressed in submissions and includes an explanation of any revisions to the document and how those revisions respond to substantive comments expressed in the submissions.

[9 Activities in the Area shall be carried out with reasonable regard for other activities in the Marine Environment. To this end, meaningful consultations in good faith shall be maintained with States undertaking activities within the area covered by the Plan of Work, with a view to reaching an agreement on practical measures to reasonably accommodate such activities.]

10. The Secretary-General shall maintain a permanent public record of the notice of each consultation conducted under this regulation, all submissions, and the written response to consultation, by publishing the notice, submissions and response on the Authority's website (except for Confidential Information which shall be redacted from documents before publication). The Secretary-General shall ensure that such consultation records relating to a specific Exploitation Contract are included in, or are accessible from, the relevant entry in the Seabed Mining Register, in accordance with regulation 92.

10. bis The results of each consultation shall be summarized in a public report, including an analysis of the key points raised by Stakeholders and how these key points were addressed.

## **Regulation 94**

### **Adoption of Standards**

1. The Commission shall, taking into account [the expertise of competent independent experts, Stakeholders as well as] existing internationally accepted standards, make recommendations to the Council on the adoption and revision of Standards relating to Exploitation activities in the Area, including Standards relating to, inter alia:

(a) operational safety;

(a) bis effective protection of human health and safety, and labour matters;

(b) the conservation and Exploitation of the Resources;

[(c) the Protection of the Marine Environment, including [] the Environmental Impacts and Environmental Effects of Exploitation activities;] [, as referred to in article 145 of the Convention, inter alia on the following subject matter:

(d) baseline environmental studies;

(e) environmental quality objectives;

(f) resource and region specific [if applicable] geological, physical, chemical and biological indicators and associated quantitative threshold values, including but not limited to;

(i) Toxicity

(ii) Turbidity and settling of resuspended sediments

(iii) Underwater noise

(iv) Light pollution

(v) Habitat loss

(vi) Greenhouse gas emissions

(vii) biodiversity status and ecosystem structures, functions and services

(g) monitoring procedures;

(h) Mitigation Measures [including Restoration measures] [if possible.]

(i) minimum technical requirements for environmental protection with regard to all the equipment, operational procedures and processes taking place onboard the vessel used for the Exploitation activities, including criteria for the assessment methodology to be used.

(j) procedure for the management and assessment of accidents and natural hazards leading to environmental emergencies as well as environmentally hazardous discharges and residual effects of such emergencies, including preparation and implementation of Emergency Response and Contingency Plans and

(k) procedural and substantive requirements relating to submissions or reports required by these Regulations, including but not limited to: Plans of Work, Environmental Management Systems, Environmental Impact Assessments, Environmental Impact Statements, Environmental Management and Monitoring Plans and Closure Plans.

1. bis Standards shall describe [and determine] how the Authority and Contractors shall implement these Regulations, and shall aim for:

(a) a uniform and non-discriminatory operating environment for all Contractors;

(b) a consistent approach by all parties to reduce, [Alt. 1 All impacts and effects] [Alt. 2 impacts and environmental, cultural, and socioeconomic effects] and human health and safety risks to as low as reasonably practicable; and

(c) an outcomes-based approach to regulation, which prescribes rigorous environmental outcomes while affording flexibility for the processes by which these outcomes are achieved to enable continuous improvement, particularly as technology advances.

2. The Council shall consider and provisionally adopt, upon the recommendation of the Commission and taking into account comments submitted by Stakeholders during a public consultation, the Standards, including whether ensuring that such Standards are consistent with the intent and purpose of the rules, regulations and procedures of the Authority, including the decisions of the Council and the Assembly and, to the extent relevant, developed on the basis of Best Available Scientific Evidence, Best Environmental Practices, Best Available Techniques, and Good Industry Practice. If the Council does not provisionally adopt such Standards, the Council shall return the Standards to the Commission for reconsideration in the light of the views expressed by the Council. The Standards provisionally adopted by the Council shall remain effective on a provisional basis until approved by the Assembly or until amended by the Council in the light of any views expressed by the Assembly.

2. Alt. The Council shall, upon the recommendation of the Commission and taking into account comments submitted by Stakeholders through a public consultation process, consider and provisionally adopt the proposed Standards. In doing so, the Council shall address whether the proposed Standards are consistent with the purpose and Authority's rules, regulations and procedures, including decisions of the Council and Assembly. The Council shall also ensure that to the extent relevant, developed on the basis of Best Available Scientific Evidence, Best Environmental Practices, Best Available Techniques, and Good Industry Practice. If the Council does not provisionally adopt the proposed Standards, it shall return to the Commission for reconsideration along with the statement of the reasons for non-adoption taking into account any views expressed during deliberations. The Standards provisionally adopted by the Council shall remain in effect unless and until they are approved, amended, or rejected by the Assembly. Any views expressed by the Assembly shall be considered by the Council which may amend the Standards accordingly.

2. bis The Assembly shall consider the provisionally adopted Standards at its next Session and may approve, amend, or reject them by Decision. [3. The Standards contemplated in paragraph 1 above [shall] include both qualitative and quantitative Standards, if applicable, and must include [relevant] methods, processes and technology required to implement the Standards.]

3. Standards or amendments thereto provisionally adopted by the Council shall be legally binding on Contractors, Sponsoring States and the Authority from the date of their adoption and the Commission shall review these Standards at least every [five] years from the date of their adoption or revision [or when needed] and advise the Council.

4. Standards adopted or revised may incorporate an appropriate transition period for implementation by existing Contractors.

[5. For the avoidance of doubt, compliance with Standards is a fundamental term of the Exploitation Contract, for the purposes of regulation 103.]

5. Alt. Where there are instances of Contractor non-compliance with the Standards, regulation 103 shall apply.

6. In the event of any conflict between the provisions of these Regulations and the provisions of a Standard, these Regulations shall prevail. The [Council] should be notified of the conflict [and shall provide additional guidance as necessary].

## **Regulation 95**

### **Issuance of Guidelines**

1. The Commission or other subsidiary organs of the Authority, shall, from time to time, where appropriate or upon request by the Council, develop Guidelines of a technical nature, in order to assist in the implementation of these Regulations, taking into account the views of Stakeholders.

[1. bis The Secretary-General shall, from time to time, develop Guidelines of an administrative nature, in order to assist in the implementation of these Regulations, taking into account instructions from the Council and the views of the Commission or other subsidiary organs of the Authority as well as other Stakeholders.]

2. The full text of Guidelines or any revisions thereto shall be reported to the Council for its consideration and approval. Should the Council find that a Guideline is inconsistent with the intent and purpose of the rules, regulations and procedures of the Authority, it may direct that the Guideline be modified. The Council shall consider the draft Guidelines at its next session and may approve, amend, request modification, or reject them by Decision.

3. The Commission or other subsidiary organ of the Authority, in the case of technical Guidelines, and the Secretary-General, in the case of administrative Guidelines shall keep under review such Guidelines. [At least every five years from the date of their adoption or revision, the Council shall consider each Guideline, including any recommendations for amendment, in the light of improved knowledge or information, and may approve, amend, request modifications, or reject them by Decision.]

[4. Notwithstanding the non-binding and recommendatory nature of Guidelines, Contractors are expected to observe all Guidelines issued by the Authority to the furthest extent possible. [The Commission/Compliance Committee may request Contractors to explain any divergence from the Guidelines].

## **Part XI**

### **Inspection, compliance, and enforcement**

#### **Section 1**

##### **General**

##### **Regulation 95 bis**

##### **Compliance Committee**

1. The Compliance Committee of the Authority shall assist the Council in carrying out its functions and responsibility to exercise control over activities in the Area as provided for under Part XI of the Convention.
2. Without limiting the powers and functions conferred upon another organ of the Authority, the Compliance Committee shall, *inter alia*:
  - (a) investigate allegations on possible instances of Contractor non-compliance;
  - (b) secure compliance by Contractors with their Exploitation Contracts;
  - (c) examine complaints under regulation 101 and making any recommendations to the Council;
  - (d) make recommendations to the Council, without prejudicing the Commissions mandate subject to article 165, paragraph 2 (k), of the Convention, for the issue of emergency orders and appropriate penalties in accordance with Section 3 of this Part;] and
  - [(e) undertake in collaboration with the Secretary-General compliance promotion activities to promote understanding of and compliance with the rules, regulations and procedures of the Authority and Exploitation Contracts, including dissemination of best practice arising from inspection activities.]
3. Within 3 months of the end of the Calendar Year the Committee shall complete an annual inspection, compliance and enforcement report, together with a non-technical summary, and submit the report and summary to the Council for its consideration.
4. The report shall include details of any regulatory action taken by a Sponsoring State or States as advised in writing to the Chief Inspector or Secretary-General [Council/Committee], any corrective action undertaken by a Contractor, and any recommendations as to any enforcement action to be taken by the Council to which regulation 100, paragraph 2 refers. The report shall also include any findings and recommendations arising from inspections that may contribute to the development of Good Industry Practice, Best Environmental Practices, and Best Available Techniques, as those terms are defined in the Exploitation Regulations.
5. The Secretary-General shall make publicly available a copy of the Committee's report and summary on the Authority's website, with any Confidential Information redacted.

##### **Regulation 95 ter**

##### **Public Complaint**

The [Council]/[Compliance Committee] shall develop and implement public complaints procedure to facilitate reporting to the Authority by any person or entity of any concerns about the activities in the Area.

## Section 2

### Inspections

#### Regulation 96

##### The [inspection] / [compliance] mechanism

1. The [Secretary-General]/[Compliance Committee]/[Council] shall appoint an officer with suitable qualifications to be Chief Inspector [on the basis of the recommendation of the Compliance Committee]. The Chief Inspector shall report to the Compliance Committee and shall undertake the day-to-day management and administration of a Roster of Inspectors and inspection programme [in accordance with the Authority's Compliance Strategy].

2. The Council shall, on the basis of the recommendations of the [Commission] / [Compliance Committee], approve and maintain a code of conduct for Inspectors based on[, among others] [the principles of independence, transparency, accountability, [integrity, impartiality,] [gender equality,] [proportionality, expertise, probity] and non-discrimination.]]

#### Regulation 96 bis

### Inspections

1. The Inspector decides upon the manner of execution of the inspections [in accordance with any applicable Standard and taking into account the Guidelines]. Inspections may be carried out [announced, unannounced,] remotely, virtually or onsite [at a Contractor's ship, installation, or office premises], or a combination of these.

[1. Alt. The Inspector shall determine the manner of execution of inspection which shall be carried out without notice either physically or virtually.]

1. bis [For an announced inspection,] The Chief Inspector shall give [adequate]/[reasonable] [written] notice, [which may vary] depending upon the chosen manner of [execution]/[inspection] pursuant to paragraph 1.,] to a Contractor of the inspection. This notice shall contain:

(a) information about the manner of execution of the planned inspection;

(b) the projected time and duration of inspections;

(c) the number of the Inspector(s); and

(d) any activities that the Inspector(s) are to perform that are likely to require the availability of special equipment or special assistance from the personnel of the Contractor.

[2. [Where the Compliance Committee or the Chief Inspector [have reasonable grounds to consider the matter to be so urgent that reasonable [written] notice cannot be given,] the Compliance Committee or the Chief Inspector shall instruct an Inspector to conduct an [unannounced] / [impromptu] inspection, [notwithstanding paragraph 1. bis.,] / [and provide written notice to the Contractors as soon as practicable,] without prior notification to a Contractor [without prior notification,] and shall cooperate with a Contractor to conduct the inspection as soon as practically possible.] [In such cases, the

Contractor shall be immediately informed of the inspection urgency and the scope to facilitate compliance and minimize disruption.]]

[2. Alt. Where the Chief Inspector has reasonable grounds to conduct an inspection, without given an adequate notice, the Chief Inspector shall direct an Inspector to conduct an [unscheduled]/[unannounced] inspection despite any contrary provisions on any of these Regulations and shall cooperate with a Contractor to conduct the inspection within a specified timeframe.]

[2. bis [The Inspector shall, upon request by any State Party or other party concerned, be accompanied by a representative of such [Sponsoring] State or other party concerned when carrying out the inspection.]]

[3. Inspectors [may]/[shall], [in accordance with these Regulations,] inspect any relevant [areas], documents, items, or digital information [and [interview]/[question] any personnel] necessary to monitor a Contractor's compliance under its Exploitation Contract and the rules, regulations and procedures of the Authority which include inter alia, all recorded data and samples and any ships or Installations used by the Contractor to carry out Exploitation activities and activities related to such Exploitation activities in the Area, including its log, equipment, records and facilities, as well as interview relevant personnel. [The Inspector shall have the authority to [reasonably] take copies or samples as needed for further analysis] [and shall not make public any information, categorised as confidential as recognised under regulation 89].]

4. The Contractor shall cooperate with Inspectors and give full assistance to Inspectors in the performance of their duties, and shall:

(a) accept and facilitate the prompt and [safe boarding]/[embarkation] and disembarkation of ships and Installations used to carry out Exploitation activities and activities related to such activities in the Area by Inspectors;

(a) bis [to facilitate the conveyance of Inspectors and any individuals who have requested to participate in the inspection in accordance with regulation 96bis, paragraph 2bis, ]Keep the Chief Inspector and Sponsoring State or States notified of proposed ship [and aircraft] schedules including support and supply vessels, and when feasible, inform the Chief Inspector before any ship commences its voyage to a Contractor's Contract Area to facilitate the conveyance of Inspectors and representatives of Sponsoring States, where appropriate and to keep the Chief Inspector informed if there is a change to proposed ship schedules due to operational, logistical or unforeseen circumstances;

(a) ter within 7 Days of the Chief Inspector informing the Contractor that the Inspector(s) would like to conduct an [announced]/[scheduled] inspection of a Contractor's ship or Installation, the Contractor shall inform the Chief Inspector of the next date a ship will commence its voyage to the Contractor's Contract Area;

(b) cooperate with and assist in the inspection of any ships or Installations or equipment used to carry out Exploitation activities and activities related to such activities in the Area conducted pursuant to this regulation and comply with the requests of an Inspector;

(b) bis provide reasonable facilities, financed by the Contractor, including, [logistics for Inspectors necessary for their duties,] [where appropriate, ship voyage,] food and [suitable and secure] accommodation, to Inspectors [in compliance with the rules defined by the Code of Conduct defined by regulation 96, paragraph 3];

[(c) provide access [at all reasonable times] to all relevant areas, items, and personnel [engaged in activities relating to Exploitation activities in the Area, and to relevant areas, items and personnel on ships and Installations engaged in Exploitation activities in the Area; [or on ships and Installations engaged in carry out Exploitation activities related to such Exploitation activities in the Area at all reasonable times;]]

[(c)Alt. provide access [at all reasonable times] to all relevant areas, documents, items, and personnel, or digital information, as referred to in paragraph 3.]

[(d) provide access to relevant monitoring and surveillance systems and equipment, books, documents, papers and records [regardless of where they may be located] to determine compliance with terms and conditions of an Exploitation Contract and these Regulations;]

(e) answer fully and truthfully any questions put to them;

(f) accept the deployment of remote real-time monitoring and surveillance equipment and as required by the Council, the Compliance Committee, or the Chief Inspector;

(f) bis facilitate the activities of Inspectors to observe the Contractor's monitoring operations; and

(g) [facilitate the conveyance of Inspectors and any individuals who have requested to participate in the inspection in accordance with regulation 96bis, paragraph 2bis, ] Not obstruct, intimidate or interfere with Inspectors in the performance of their duties, or representatives of Sponsoring States, State, or other party concerned who accompany these Inspectors.] [Contractors shall also establish and communicate internal procedures to ensure that all personnel are aware of and comply with inspection requirements.]

## **Regulation 96 ter**

### **Request for inspection [in the event of [harmful effects]] to the Marine Environment]**

[1. In the event of harmful effects or risk of harmful effects to the Marine Environment, [any State or States] , which have [reasonable] grounds for believing [that] such harmful effects are caused by activities in the Area, shall notify the [Chief Inspector] / [Compliance Committee] [and the relevant Contractor] through the] Secretary-General in writing of the grounds upon which such belief is based and request an inspection. [The notification shall include all relevant evidence, and all documentation supporting the belief that the harmful effects are caused by activities in the Area.]

[1. Alt. Where there are grounds for believing a Contractor does not comply with, or is at risk of non-compliance with, the rules, regulations and procedures of the Authority, and the terms of the Exploitation Contract as referred to in regulations 18bis and 98, any State may notify the Chief Inspector through the Secretary-General in writing of the grounds upon which such belief is based and request an inspection. The notification shall include all relevant evidence, and all documentation supporting the non-compliance.]

[1. bis In reviewing a Contractor's annual report, the Commission may inform the Compliance Committee of a possible non-compliance situation on the Contractor's activities. The Compliance Committee shall consider such situation and may recommend, if necessary, to the Council for initiating an inspection.]

[1. ter Anyone who has reasonable grounds for suspecting that a Contractor has violated the Convention, these Regulations, Exploitation Contracts, or caused harmful effects to the Marine Environment, may request the Compliance Committee through the Secretary-General for inspection in writing.]

2. The [Chief Inspector] / [Compliance Committee] shall [notify the relevant Contractor and Sponsoring State or States, shall] examine immediately the grounds for an inspection request and shall [promptly]/[make recommendations to the Council to]

initiate inspection where such grounds appear reasonable[, and invite representatives of the State or States to [accompany the Inspector], no later than 24 hours after such notification was made by the State or States[to facilitate assessment by the Council of whether any [pollution or] the harm is attributable to activities in the Area.]] .

[2. Alt. The Chief Inspector shall respond to the notification within 24 hours, indicating whether the grounds for inspection are deemed reasonable and outlining the next steps for initiating the inspection, including inviting the State or States to accompany the Inspector during the inspection.]

## **Regulation 97**

### **Inspectors: Appointment and supervision**

1. The Council shall, on the basis of the recommendations of the [Commission][Compliance Committee] [and the Finance Committee], determine the relevant qualifications and experience for Inspectors to be included in the Roster of Inspectors appropriate to the areas of duty of an Inspector under this Part.

1 bis [Without prejudice to the possibility of self-nomination,] States Parties may, subject to the requirements of this regulation, nominate [individuals for] [Inspectors for consideration, and] inclusion in the Roster of Inspectors. Nominees [and Applicants] will be considered against the qualification and experience requirements. Equitable geographical representation and gender balance will also be considered, [both] in line with the Convention principles. [Subject to considerations of protection of personal data, the Roster of Inspectors shall be made publicly available on the Authority's website.]

[1.bis. Alt. Recruitment to the Roster of Inspectors will be through an open and transparent process conducted by the Compliance Committee. Applicants will be considered against the qualification and experience requirements. Equitable geographical representation and gender balance will also be considered, [both] in line with the Convention principles. [Subject to considerations of protection of personal data, the Roster of Inspectors shall be made publicly available on the Authority's website].]

[2. The Compliance Committee shall make recommendations, to the Council on an [inspection programme] and schedule for the Authority in accordance with any applicable Standards and taking into account the Guidelines.]

[3. The [inspection programme] shall be [adopted] by the Council, [and implemented by the Chief Inspector [and the Inspectors]].]

[4. The Inspectors shall be independent [and competent] in the fulfilment of their tasks and shall comply with the Inspector Code of Conduct.]

5. [The Authority will [engage] with the Sponsoring State or States to ensure that inspections performed by Inspectors are aligned with enforcement at the national level.] Inspectors shall report to the Compliance Committee in writing regarding any difficulties relating to the enforcement of the measures.

6. Inspectors may be required to undertake relevant training programmes, [including but not limited to project and ship instructions, health and safety [at sea], as well as undergo fit for work medical evaluations], [at the request of the Council,] based on the recommendations of the Compliance Committee. The Secretariat shall facilitate [the requisite]/[relevant] trainings and evaluations.

7. The Compliance Committee shall keep the Roster of Inspectors under review and updated. The Council may, [inter alia,] [following non-compliance with the Inspector Code of Conduct], remove an Inspector from the Roster of Inspectors, on the basis of the [reasonable] recommendations of the Compliance Committee.

## **Regulation 97 bis**

### **[Inspectors' Functions and Responsibilities]**

1. Inspectors shall:

(a) carry out inspections in accordance with internationally accepted principles of good seamanship so as to avoid [so far as possible] risks to the safety of life at sea, and follow [relevant] instructions and directions given to them [by the Contractor] and the master of the ship;

(b) avoid interference with the [safety] operations of the Contractor and [safety operations] of ships and Installations.

(b) bis comply with the Inspectors Code of Conduct.

[(d) indicate in their reports all ships, Installations, equipment, facilities, data and samples monitored or otherwise examined, all documents reviewed or copied, all questions posed to the Contractor or any personnel.]

2. An Inspector must have no conflicts of interest in respect of all duties undertaken. Inspectors shall have no financial interest in any activity relating to Exploration and Exploitation in the Area. [They shall not disclose, even after the termination of their functions, any industrial secret, proprietary data or other Confidential Information coming to their knowledge by reason of their functions under these Regulations.] ]

## **Regulation 98**

### **Inspectors' powers**

1. Inspectors may, for the purposes of monitoring or enforcing compliance with the rules, regulations and procedures of the Authority and the terms of the Exploitation Contract [in accordance with applicable Standard and taking into account the relevant Guidelines]:

(a) [reasonably] question any person who is deemed relevant by the Inspector and is engaged by the Contractor in the conduct of [Exploitation activities] / [activities under the Exploitation Contract] on any matter [regulated by] the rules, regulations and procedures of the Authority relate;

(a) bis conduct an announced or unannounced, remote, virtual or onsite visit to the ship and Installations [or office premises] used by the Contractor [in accordance with regulation 96bis];

(i) require any person who has control over, or custody of, any document, whether in electronic form or in hard copy, including a plan, book or record, to [preserve and] produce a copy of that document to the Inspector or at any other reasonable time and place required by the Inspector in writing;

(ii) bis inspect any relevant documents or items which are necessary to monitor the Contractor's compliance, all other recorded data and samples and any ship or Installation engaged [in Exploitation activities and activities related to such

Exploitation activities in the Area] including its log, equipment, records and facilities and question personnel.

(iii) [[seize] [acquire copies of] documents, articles, substances or any part or sample of such for [further] examination or analysis that the Inspector may reasonably require;]

[(iv) take pictures, audio or video footage, or obtain contractor recordings necessary to document and substantiate Contractor's compliance or failure to comply with agreements, terms and conditions. Inspectors shall have access to any area needed to obtain documentation needed in the course of an inspection or investigation.]

(c) request from any person referred to in subparagraphs above the reason for any entry or non-entry in any document over which that person has custody or control;

(d) examine any document produced under subparagraphs [above] and make a copy of it or take an extract from it;

(e) inspect [or require testing of] [, and preserving,] any machinery or equipment under the supervision of the Contractor or its agents or employees that, in the Inspector's opinion, is being or is intended to be used for the purposes of the Exploitation activities [without interfering with the production and operation of the Contractor];

[(g) label representative samples or [acquire] copies of assays of such samples from any ship or equipment used for or in connection with the Exploitation activities that the Inspector may reasonably require;]

(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,

[(h) bis issue a ["do not disturb notice"/[stop work order, component shut-in, or Facility shut-in], in writing, in order to allow the further inspection, examination or measurement of, or the conducting of tests concerning, any ship, Installations, equipment or facilities engaged [or used] in Exploitation activities and activities related to such Exploitation activities in the Area.]

[(h)ter. make recommendations to the Compliance Committee for increased oversight of facilities and operators that require special onsite inspections or attention based on their history of serious injuries or fatalities, pollution events, and inspection findings, or other appropriate actions related to systematic violations.]

(i) perform any other prescribed function of the Authority as its representative [in accordance with written authorization of the Council.]

[2. Before an Inspector may seize any document under [regulation 96bis, paragraph 3] above, the Contractor may copy it.]

[3. When an Inspector seizes or removes any item under these Regulations, the Inspector shall issue a receipt for that item to the Contractor.]

[4. An Inspector shall document any site visit or inspection activity and shall use any means to do so, including video, audio, photograph or other form of recording.]

## **Regulation 99**

### **Inspectors' power to issue instructions**

[1. If, as a result of an inspection, an Inspector has reasonable grounds to determine that any occurrence, practice or condition endangers or may endanger the health or

safety of any person or poses a [threat]/[risk] of harmful effects to the Marine Environment or to human remains and [objects and sites of an archaeological or historical nature] [Underwater Cultural Heritage] [or any venerated sites], the Inspector shall give a written instruction, which shall have immediate effect, of a temporary nature considered reasonably necessary to remedy the situation, in accordance with Regulation 35 and any applicable Standards, including:

(a) an instruction requiring a Contractor to undertake specific tests or monitoring and to furnish the Chief Inspector with the results or report of such tests or monitoring within a set period;

(b) an instruction placing a requirement to [suspend or to] undertake a specified activity in a specified way, and within a specified period or at specified times or in specified circumstances; and

(c) an 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 above must be given to the person designated by the Contractor or, in his or her absence, the most senior employee available aboard the ship or Installation to whom the instruction can be issued. An Inspector may issue an instruction orally [in urgent situations where the issue of a written instruction] under paragraph 1 is impracticable. Where an instruction is issued orally, the Inspector must confirm it in writing and give it to the designated person at the earliest opportunity.

2. bis The Inspector shall report immediately and provide a copy of the instruction to the [Chief Inspector,] Compliance Committee, the Secretary-General and through the Secretary-General to the Contractor's Sponsoring State or States and, if applicable to the relevant coastal State or States and flag State, that an instruction has been issued under paragraph 1 above.

[2. ter Unless otherwise stated, an instruction issued pursuant to this regulation shall have immediate effect and shall specify the information to be provided to the Inspector by the Contractor to demonstrate the steps being taken to implement the instruction within the specified period.]

3. An instruction issued shall be for a specified period not exceeding 7 Days [, and up to 30 Days for structural modifications or repairs]. Where still necessary to remedy the situation identified in paragraph 1, the Chief Inspector may extend such period and shall report any such extension to the Compliance Committee.

3. bis Within 3 Days of the expiry of the specified period or any extension thereto under paragraph 3, the Chief Inspector shall assess whether the issue given rise to the instruction has been satisfactorily resolved and shall report immediately to the Compliance Committee.

[3. ter The Compliance Committee may:

(a) request the Chief Inspector to provide further information as to the facts and circumstances giving rise to the issue of an instruction under paragraph 1 for its consideration;

(b) [confirm,] revise or set aside an instruction issued under paragraph 1 above as soon as practicable, [stating the reasons];

(b) bis exercise the powers conferred upon it under regulation 103, including where a Contractor has failed to comply with a written instruction; [or]

(c) invite the Council's attention to any cases of non-compliance with the terms of an Exploitation Contract;] [or]

[(c)bis. Fully report to the Council about the inspection.]]

[3. quat. In the case of a written instruction, where the circumstances giving rise to a suspension are not resolved or are unlikely to be resolved, [the Compliance Committee shall following consultation with the Contractor, notify the Council immediately together with any recommendation as to whether such suspension should continue]. The Council [in accordance with regulations 29 and 29bis,] shall decide if the suspension should continue, including the placing of conditions on any recommencement of Exploitation activities.]

4. Nothing in this regulation shall preclude the Council from issuing emergency orders pursuant to article 162, paragraph 2(w) of the Convention.]

## **Regulation 100**

### **Inspection Reports**

1. No later than 30 Days after the end of a [routine] inspection [and 7 Days after the end of an urgent inspection], the Inspector shall [submit] a report in accordance with the template and other requirements set out in the applicable Standards setting out, findings and [seeking clarification[, where relevant,] and providing] recommendations for improvements in performance, procedures or practices by a Contractor. [The [Chief] Inspector shall send the report to the Compliance Committee and the Secretary General, [[who]/[the Secretary-General] shall send a copy of the report to the Contractor and its Sponsoring State or States, as well as the relevant adjacent coastal State or States or flag State referred to in paragraph 2bis of regulation 99].]/[All inspection reports shall be submitted to the Chief Inspector and the Secretary-General. Such reports shall be promptly made public and placed on the website of the Authority.]

1. bis The Contractor and the Sponsoring State or States, [as well as the relevant adjacent coastal State or States or flag State referred to in paragraph 2 bis of regulation 99] [,member States and all Stakeholders,] [shall] within 30 Days of the date of receipt of the Inspector's report, provide to the Secretary-General [any] comments on the findings[, requests for clarification or recommendation,] including details of any action taken or to be taken in accordance with the findings and recommendations of the Inspector's report. The Secretary-General shall transmit [such] comments to the Compliance Committee.

2. The Compliance Committee shall, pursuant to regulation [95 bis], report to the Council [and] include details on the findings and recommendations following the inspections conducted in the prior Calendar Year and shall make any recommendations to the Council on any enforcement action to be taken by the Council under these Regulations and an Exploitation Contract and taking account of any regulatory action taken by the Sponsoring State or States or corrective actions taken by a Contractor to address the findings or recommendations.

3. The [Chief Inspector] shall report to the Compliance Committee and the Secretary-General on any acts of violence, [bribery, intent to bribe] intimidation, or abuse against or the wilful obstruction or harassment by any person of an Inspector, or a representative of a Sponsoring State, State, or other party concerned who accompanies the Inspector in the course of their duty, or the failure by a Contractor to comply with paragraph 4 of regulation 96 bis.

3. bis The Secretary-General shall report any such acts or failure to comply with regulation 96 bis immediately to the Sponsoring State or States and the flag State of any ship or Installation concerned, and to the [national State]/[State of nationality] of the Inspector for consideration of the institution of proceedings under national law. Appropriate measures may also be taken by the Compliance Committee in accordance with regulation 103.

## **Regulation 101**

### **Complaints relating to Inspections**

[1. A Contractor who considers that an Inspector has acted unreasonably or outside of the scope of their powers under this Part may complain in writing to the Secretary-General, who will transmit the complaint promptly to the Compliance Committee who shall consider the complaint as soon as practicable.]

[1. bis A person aggrieved by an action of an Inspector [or a Contractor][or any organ or official of the Authority] under this Part may complain in writing, [providing evidence] to the Secretary General, [who shall report to the Compliance Committee [and] Chief Inspector [or where the Compliance Committee is implicated in the complaint to the Ombudsperson] to consider the complaint as soon as practicable.]

[1. Alt. A Contractor or any person directly affected by the conduct of an Inspector or a Contractor in connection with inspection or compliance activities under this Part may submit a written complaint, supported by relevant evidence, to the Secretary-General. The Secretary-General shall promptly transmit the complaint to the Compliance Committee for consideration. Where the complaint involves a member of the Compliance Committee or raises concerns about the Compliance Committee impartiality, the Secretary-General shall refer the matter to the [designated Ombudsperson or another] independent mechanism established by the Council. Complaints must relate specifically to the exercise or non-exercise of powers and duties under this Part and fall within the Compliance Committee's mandate.]

[1. ter The Secretary-General shall acknowledge [receipt of a complaint made under this regulation,] in writing, [and] within 7 Days, specifying the date of receipt.]

2. The Compliance Committee [,having taken account of the views of] the Chief Inspector [as appropriate,] shall take such reasonable action.

3. The Compliance Committee shall submit a report to the Council describing the complaint and the action taken in response to [the] complaint. The Council [shall]/[can] review the report and decide [on what additional actions to be taken]/[whether any additional action is required].

[4. The Secretary-General shall provide, as soon as possible, information to the complainant on the follow-up given to the complaint.]

[5. Disputes concerning the handling of complaints [made in accordance with this regulation] shall be settled in accordance with regulation 106].

## **Regulation 101bis**

### **Whistle-blowing procedures**

Any complaints received from whistleblowers shall be dealt with under [a whistleblowing mechanism] established by the Authority for this purpose.

## **Section 3**

### **Enforcement and penalties**

## **Regulation 103**

## **Compliance and enforcement measures by the Compliance Committee**

1. If the Compliance Committee determines, based on evidence, that a Contractor is not complying with its Exploitation Contract, or is at risk of not doing so, it may:

(a) take measures directly; and

(b) make recommendations to the Council to take measures, in order to secure compliance with the Exploitation Contract by the Contractor, in accordance with regulations [103] through [104].

2. The Compliance Committee may, *inter alia*:

(a) inform a Contractor what action is needed to become or remain compliant with its Exploitation Contract;

(b) warn a Contractor that it is not compliant or at risk of being non-compliant with its Exploitation Contract;

(c) convene a meeting with the Compliance Committee for the Contractor to attend;

(d) instruct the Contractor to compile and implement an improvement plan setting out:

(i) actions to be taken to return to compliance with its Exploitation Contract;

(ii) how the actions' effectiveness will be monitored and reported;

(iii) the period of time within which such actions would ensure a return to compliance with its Exploitation Contract; and

(iv) subsequent steps which the Contractor proposes to alternatively take, should the actions under (i) be unsuccessful, or should non-compliance continue;

(e) issue written instructions to the Contractor to take particular actions, in order to return to compliance with its Exploitation Contract, including subsequent steps should non-compliance continue; or

(f) recommend that the [Roster of Inspectors/Chief Inspector] conducts more frequent inspections of the activities in the Area carried out by the Contractor.

3. The Compliance Committee may recommend to the Council, *inter alia*, that the Council:

(a) requires a Contractor to pay monetary penalties, such as penalty payments or fines;

(b) [issues emergency orders;] or

(c) suspends or terminates a Contractor's rights under an Exploitation Contract, if:

(i) in spite of warnings by the Authority, the Contractor has conducted its activities in such a way as to result in serious, persistent and wilful violations of the fundamental terms of the Exploitation Contract, Part XI and the rules, regulations and procedures of the Authority; or

(ii) the Contractor has failed to comply with a final binding decision of the dispute settlement body applicable to it.

4. When taking or recommending measures under this regulation, the Compliance Committee may:

(a) provide that the Contractor is obliged to ensure it complies with the Exploitation Contract within a specified time limit;

(b) prescribe that the measures are conditional;

(c) prescribe anticipatory measures which are to become effective if the Compliance Committee finds that the Contractor has breached the Exploitation Contract a second time and has communicated such finding to the Contractor; and

(d) adopt a combination of measures.

5. Where a Contractor does not comply with one or more terms or conditions of the Exploitation Contract, measures may be imposed for each respective breach of the relevant term or condition.

6. The procedures through which the measures in paragraphs 2, 3 and 4 are to be taken or recommended, are further set out in a Standard, which shall be applied by the Compliance Committee.

7. The Compliance Committee may, for the purposes of any finding under paragraph 1 that the Contractor is not complying with its Exploitation Contract or is at risk of not doing so, request the Contractor through the Secretary-General to provide any relevant documents or other information and invite the Contractor to make any representations for consideration by the Compliance Committee.

8. The Compliance Committee may take measures by issuing a Non-Compliance Notice or otherwise. When making a recommendation to the Council, the Compliance Committee shall also issue a Non-Compliance Notice.

## **Regulation 103bis**

### **Non-Compliance Notices**

1. A Non-Compliance Notice shall:

(a) describe the non-compliance, or risk of such, and the factual basis for it;

(b) describe the place and time that the non-compliance, or risk of such, was observed;

(c) mention the relevant obligation or obligations, including the legal basis;

(d) describe the measure or measures imposed by the Compliance Committee;

(e) contain the reasons why the imposed measure or measures are deemed necessary and appropriate; and

(f) in the event a timeframe is imposed within which the Contractor must implement the measure or measures, specify such timeframe.

2. For the purposes of article 18 of Annex III to the Convention, a Non-Compliance Notice issued under this regulation constitutes a warning by the Authority.

3. A Non-Compliance Notice shall immediately be communicated by the Secretary-General to the Contractor in writing upon the instruction of the Compliance Committee. A Non-Compliance Notice shall, through the Secretary-General, be provided to the Sponsoring State or States immediately after it is communicated to the Contractor.

4. The Contractor shall be given a reasonable opportunity not exceeding 30 Days to make representations in writing to the Secretary General concerning any aspect of the Non-Compliance Notice, who shall transmit the received information to the Compliance Committee without undue delay. Having considered any such representations and taking account of any enforcement action taken or to be taken by the Sponsoring State or States, the Compliance Committee may make recommendations to the Council to confirm, modify or withdraw the Non-Compliance Notice.

## **Regulation 103ter**

### **Proportionate measures commensurate to non-compliance**

1. The Compliance Committee shall determine the extent and nature of the non-compliance with an Exploitation Contract, or risk thereof, by a Contractor, by assessing the consequences or possible consequences of the non-compliance and the conduct of the Contractor in relation to the non-compliance, in accordance with the applicable Standard.

2. The Compliance Committee shall take proportionate measures that are commensurate to the extent and nature of the non-compliance of the Exploitation Contract or risk thereof, as well as the circumstances of the non-compliance or risk thereof. Relevant to determining the proportionality of a measure are (a) the severity and frequency of the non-compliance or risk thereof and (b) the Contractor's conduct in relation to the non-compliance or risk thereof.

3. In determining the severity of the non-compliance or risk thereof, the Compliance Committee shall take, *inter alia*, the following circumstances into account, whether:

- (a) the Contractor gained a financial advantage by the breach;
- (b) the Contractor concealed relevant facts, provided information that is false or misleading, committed forgery of documents, engaging in corruption;
- (c) Inspectors have been hindered in the exercise of their duties;
- (d) human life has been endangered;
- (e) the Contractor could foresee that its non-compliance could result in Serious Harm to the Marine Environment;
- (f) imposing a financial penalty on the Contractor will likely not cause the Contractor to comply with the Exploitation Contract;
- (g) the Compliance Committee considers there is a need to deter further non-compliance by the Contractor in the specific circumstances;
- (h) the Contractor notified the Inspectors or the Compliance Committee directly about the circumstances leading to the non-compliance or the non-compliance itself, as well as the risk thereof;
- (i) the Contractor's failure to comply with the Exploitation Contract was caused by a Force Majeure;
- (j) the breach occurred in the context of a change to the Authority's rules, regulations or procedures, and the Contractor is demonstrably taking reasonable steps, within a reasonable period, to bring its operations into conformity with the new requirements;
- (k) the Contractor took immediate steps to remedy the breach and prevent recurrence;  
or
- (l) the Contractor fully cooperated with and facilitated the Authority's inspections.

4. In its determination of which measures to prescribe, the Compliance Committee will apply the applicable Standard.

## **Regulation 103quat.**

### **Specific procedures through the Council in relation to enforcement**

1. The Compliance Committee shall submit cases of non-compliance with the Exploitation Contract to the Council [through an annual report]. The Council shall

invite the attention of the Assembly to such cases of non-compliance, in accordance with article 162, paragraph 2, subparagraph (a), of the Convention.

2. Except for emergency orders under article 162, paragraph 2, subparagraph (w), of the Convention, the Council may not execute a decision involving monetary penalties, suspension or termination until the Contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to section 5 of Part XI to the Convention.

[3. Upon exhaustion of the judicial remedies pursuant to paragraph 2 above, where the Authority requires a suspension of Exploitation activities in accordance with these Regulations, the Council upon a recommendation of the Commission will provide the Contractor with a suspension notice to specify the reasons for the suspension, what operations under the Plan of Work must cease, and which, if any, may continue, and any other relevant terms and conditions for the suspension.]

[4. The Council may institute proceedings against a non-compliant Contractor before the Seabed Disputes Chamber on behalf of the Authority. The Commission may recommend to the Council that such proceedings be instituted on behalf of the Authority before the Seabed Disputes Chamber. The Compliance Committee may provide any and all assistance to the Commission and Council with respect to such proceedings before the Seabed Disputes Chamber.]

## **Regulation 104**

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

1. Where a Contractor fails to take [the necessary measures] required under regulation 103, the Authority:

(a) shall notify the Sponsoring State [or States] and coordinate with relevant officials of that State on further action that may be taken to enforce compliance by the Contractor; and]

(b) may carry out any remedial [actions] or take such measures as it considers reasonably necessary to prevent or Mitigate the effects or potential effects of a Contractor's failure to comply with the terms and conditions of an Exploitation Contract. The Council shall, based on the recommendations of the Commission, determine the nature of such [works]/[actions] or measures and the manner in which they are to be carried out.

2. If the Authority takes remedial action or measures under paragraph 1, subparagraph (b) above, the costs and expenses incurred by the Authority in taking that action are a debt due to the Authority from the Contractor [and, to the extent it is liable, the Sponsoring State [or States]].

[3. Notwithstanding the above, the Authority shall promptly notify the Sponsoring State concerned and attempt to coordinate any further action that may be taken to enforce compliance by the Contractor.]

## **Regulation 105**

### **Sponsoring States**

Without prejudice to regulations 5, 6 and 21, and to the generality of their obligations under article 139, paragraph 2, and article 153, paragraph 4, of the Convention and article 4, paragraph 4, of Annex III to the Convention, Sponsoring

States shall, in particular, take all necessary and appropriate measures to secure effective compliance by Contractors they have sponsored in accordance with Part XI of the Convention, the Agreement, rules, regulations and procedures of the Authority and the terms and conditions of the Exploitation Contract.

## **Section 4**

### **Periodic review of inspection, compliance and enforcement mechanism**

#### **Regulation 105 bis**

#### **Periodic Review of Inspection, Compliance and Enforcement Mechanism**

1. [Every 5 years from the date of establishing the Compliance Committee,] the Council shall review the Authority's inspection, compliance and enforcement mechanism to ensure that the manner of its operation and activities accords [with] international standard of best regulatory practice and for the purpose, request information from the Compliance Committee and the Secretary-General. [During the first 10 years since the date of commencement of Commercial Production in the Area, the inspection, compliance and enforcement mechanism shall be reviewed every 3 years. After that period the mechanism shall be reviewed every 5 years.]

1. bis The report of the periodic review shall be published on the Authority's website.

2. In the light of the review, the Council may, taking into account any recommendations of the Commission, the Compliance Committee, adopt amendments to the mechanism.

## **Part XII**

### **Settlement of disputes**

#### **Regulation 106**

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

1. Disputes concerning the interpretation or application of these Regulations and an Exploitation Contract shall be settled in accordance with section 5 of Part XI of the Convention.

[1. Alt. Where a dispute arises concerning the interpretation or application of these Regulations and an Exploitation Contract:

(a) the disputing parties [may / shall] enter into good faith negotiations with a view to resolving the dispute including through any alternative dispute mechanisms mutually agreeable to the parties; and

(b) should the dispute remain unresolved despite best efforts undertaken in accordance with paragraph 1, subparagraph (a), the matter shall be settled in accordance with section 5 of Part XI[ Part XV and Annex 6 of the Convention.]

2. 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 each State party to the Convention.

## **Part XIII**

### **Review of these Regulations**

#### **Regulation 107**

##### **Review of these Regulations**

[1. Five years following [Alt. 1 the approval of these Regulations by the Assembly] [Alt. 2 the signature of the first Exploitation Contract] [Alt. 3 the first date of commencement of Commercial Production], the Council shall undertake a comprehensive review of the manner in which these Regulations have operated in practice and may also reasonably undertake such a review at any time thereafter.]

[1. Alt. The Council shall take a full review of these Regulations. This review shall, at least, include:

(a) the manner in which these Regulations have operated in practice;

(b) the effectiveness and enforceability of these Regulations; and

(c) the manner in which these Regulations have ensured compliance with the principles, approaches, and policies pursuant to regulation 2, and the general obligations relating to the Marine Environment pursuant to regulation 44, paragraph 1 [and regulation 44ter].

1. Alt. bis The first review shall take place five years following the approval of these Regulations by the Assembly, and no later than ten years after the adoption of these Regulations by the Council.

1. Alt. ter After the review pursuant to paragraph 1bis, the Council may also undertake such a review at any time thereafter, but shall do so at least every ten years.]

[1.[quat.]/[bis] Each subsequent periodic review of these Regulations shall progressively evaluate the manner in which the implementation of these Regulations contributes to the broader objectives set out in Part XI of the Convention, including the equitable sharing of financial and other economic benefits derived from activities in the Area, the effective and balanced development of activities in reserved and non-reserved areas, the prevention of monopolization of activities in the Area and the interests and needs of developing and small island States.]

2. [When in the light of improved knowledge, technological advancements, implementation experience or identification of regulatory gaps, it becomes evident that these Regulations are not adequate], any State party, the Commission, the Enterprise, any Contractor (through its Sponsoring State), or Stakeholder (through a State party) may [following the completion of the first review] [request]/[suggest] the Council to consider, at its next ordinary session, revisions to these Regulations and the matter shall be included in the provisional agenda of the Council for that session.

3. In the light of that review, the Council may in accordance with the Convention and the Agreement adopt and apply provisionally, pending approval by the Assembly, amendments to these Regulations, taking into account the recommendations of the Commission or other subordinate organs. [Such provisional application shall not exceed [X] years from the date of adoption of the amendments by the Council.]

4. Amendments to these Regulations shall be implemented by existing Contractors. Any amendments may provide for a transition period for implementation by existing Contractors of amendments to these Regulations.

## **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 of applicant's Designated Representative.
5. [omitted]
6. Email address of applicant's Designated Representative.
7. Name of applicant's Designated Representative.
8. Street address of applicant's Designated Representative (if different from above).
9. Postal address (if different from above).
10. Telephone number.
11. Fax number.
12. Email address.
13. If the applicant is a juridical person:
  - (a) identify applicant's place of registration [and laws of incorporation];
  - (b) identify applicant's principal place of business/domicile;
  - (c) attach a copy of applicant's certificate of registration;
  - (d) identify the identities and locations of the applicant's;
    - (i) management including any members of its board of directors;
    - (ii) ownership, including any persons or entities holding [5 percent] or more of the applicant's equity, if different from the place of registration/domicile, for example in the case the applicant is a subsidiary of a parent company located in a different jurisdiction and
    - (iii) an organisational chart of the group structure.
  - (vi) holding, subsidiaries, affiliated and Ultimate Parent companies, agencies and partnerships at the time of application].
- 13.ter. Provide any additional information to assist [determine the nationality of the applicant,] / [in determining the identity of the State Party by which,] or by whose nationals the applicant is effectively controlled.
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.

[15.bis. Provide information about relevant national laws, regulations and administrative measures that would apply to the applicant in its conduct of Activities in the Area, including on compensation mechanisms in respect of harmful impact from such activities to the Marine Environment.]

16. Attach a certificate of sponsorship issued by the Sponsoring State or States.

16. bis. Attach information on all the flag States and port States that are proposed to be involved in activities under the Exploitation Contract, in accordance with regulation 5, paragraph 2, subparagraph (e).

## **Section II**

### **Information relating to the area under application**

17. Define the boundaries of the area under application by attaching a list of geographical coordinates (in accordance with the [World Geodetic System 84] [and a georeferenced file and a map with the limits of the requested area].

## **Section III**

### **Technical information**

18. Provide detailed documentary proof of the applicant's technical capability, or access thereto, to conduct the Exploitation and to Mitigate Environmental Effects.

19. Provide documentary proof that the applicant has the ability to comply with relevant safety, labour and health Standards and is able to apply its policies in a non-discriminatory and gender-sensitive way.

20. Provide a description of how the applicant's technical capability will be provided through the use of in-house expertise, subcontractors and consultants on the proposed Exploitation activities.

20. bis. [Identify the in-service and planned submarine cables and pipelines in, or adjacent to, the area under application; and provide documentary proof of the measures discussed or agreed between the applicant and the operators of the cables and pipelines to reduce the risk of damage to the in-service and planned submarine cables and pipelines].

[20.ter. Provide evidence that the applicant has demonstrated a satisfactory record of past operational performance and compliance, both within the Area and in other States' jurisdiction].

## **Section IV**

### **Financial information**

21. Attach such information, in accordance with the applicable Standards and taking into account the Guidelines, [to enable the Council to determine] [to assist the Authority in determining] whether the applicant has [or will have] access to the financial resources to carry out the proposed Plan of Work and fulfil its financial obligations to the Authority, as follows:

(a) If the application is made by the Enterprise, attach certification by its [competent authority] [Director-General] that the Enterprise has the necessary financial resources to meet the estimated costs of the proposed Plan of Work;

(b) If the application is made by a State or a State enterprise, attach a statement by the State or the Sponsoring State certifying that the applicant has the necessary financial resources to meet the estimated costs of the proposed Plan of Work; and

(c) If the application is made by an entity, attach copies of the applicant's audited financial statements, including balance sheets and income statements and cash flow statements for the most recent 3 years, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, noting that:

(i) If the applicant is a newly organized entity and a certified balance sheet is not available, attach a pro forma balance sheet certified by an appropriate official of the applicant;

(ii) If the applicant is a subsidiary of another entity, attach copies of such financial statements of that entity and a statement from that entity, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, that the applicant will have the financial resources to carry out the Plan of Work; and

(iii) If the applicant is controlled by a State or a State enterprise, attach a statement from the State or State enterprise certifying that the applicant will have the financial resources to carry out the Plan of Work.

22. If, subject to regulation 22, an applicant seeking approval of a Plan of Work intends to finance the proposed Plan of Work by borrowing, attach details of the amount of such borrowing, the repayment period and the interest rate, together with the terms and conditions of any security, charge, mortgage or pledge made or provided or intended to be made or provided or imposed by any financial institution in respect of such borrowing and the predicted debt-to-equity ratio.

23. Provide details of any Environmental Performance Guarantee proposed or to be provided by the applicant in accordance with regulation 26.

## **Section V**

### **Undertakings**

24. Attach a written undertaking that the applicant will:

(a) Accept as enforceable and comply with the applicable obligations created by the provisions of the Convention and the rules, regulations and procedures of the Authority, the decisions of the relevant organs of the Authority and the terms of its contracts with the Authority;

(b) Accept control by the Authority of activities in the Area as authorized by the Convention; and

(c) Provide the Authority with a written assurance that its obligations under the Exploitation Contract will be fulfilled in good faith.

## **Section VI**

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

25. Where the applicant or, in the case of an application by a partnership or consortium of entities in a joint arrangement, any member of the partnership or consortium has previously been awarded any contract with the Authority, attach:

(a) The date of the previous contract or contracts;

(b) The dates, reference numbers and titles of each report submitted to the Authority in connection with the contract or Contractors;

(c) The date of termination of the contract or contracts, if applicable;

(d) [The final report on the results of Exploration and baseline investigations, including results of testing equipment and operations in the Exploration area.]

## **Section VII**

### **Attachments**

26. Attach the following attachments and Annexes:

## **Annex II**

### **Mining Workplan**

A Mining Workplan, based on the results of Exploration (at least equivalent to the data and information to be provided pursuant to section 11.2 of the standard clauses for Exploration Contracts), should cover the following subject matters:

(a) A comprehensive statement of the Resources delineated in the relevant Mining Area(s), including details, or estimates thereof, of all known Mineral reserves reported in accordance with the applicable Standard, together with a comprehensive report of a Suitably Qualified Person that includes details of and validation of the grade and quality of the possible, proven and probable ore reserves, as supported by a pre-feasibility study or a Feasibility Study, as the case may be;

(a). bis. A description and schedule of any Exploration activities planned to be conducted following approval of the Exploitation Plan of Work, including a description of the equipment and methods expected to be used;

(b) A chart of the boundaries of the proposed Mining Area(s) (on a scale and projection specified by the Authority) and a list of geographical coordinates (in accordance with the [most recent applicable international standards used by the Authority];

(c) A proposed programme of Exploitation activities and sequential mining plans, including applicable time frames, schedules of the various implementation phases of the Exploitation activities and expected recovery rates;

(d) Details of the equipment, methods and technology expected to be used in carrying out the proposed Plan of Work, including the results of Test Mining conducted [or relevant data from any demonstrated Test Mining activities] and the details of any tests [and Pilot Mining] to be conducted in the future, as well as any other relevant information about the characteristics of such technology, including processing and environmental safeguarding and monitoring systems, [and electricity or other energy supply] together with details of any certification from a conformity assessment body;

(e) A technically and economically justified estimate of the period required for the Exploitation of the Resource category to which the application relates;

(f) A detailed production plan, showing, in respect of each Mining Area, an anticipated production schedule that includes the estimated maximum amounts of Minerals that would be produced each year under the Plan of Work;

(g) An economic evaluation and financial analysis of the project;

(h) The estimated date of commencement of Commercial Production;

(i) Details of principal subcontractors to be directly engaged for Exploitation activities and which States those vessels are flagged to, together with information about their compliance records;

(j) Details on how many vessels are proposed to be involved in the Exploitation activities, including how and to where the collected ores will be transported from the mining site to shore for processing; and

(k) Details relating to onshore processing, if applicable.

## **Annex III**

### **Financing Plan**

A Financing Plan should include [supported by written [evidence]:

(a) Details and costing of the mining technique, technology and production rates applicable to the proposed [Exploitation] activities;

(b) Details and costing of the technological process applicable to the extraction and on-board processing of Mineral ore;

(c) Details and costing of the technical skills and expertise and associated labour requirements necessary to conduct the proposed [Exploitation] activities;

(d) Details and costing of regulatory requirements relevant to the proposed mining activities, including the cost of the preparation and implementation of the Environmental Management and Monitoring Plan and Closure Plan;

(e) Details regarding other relevant costing, including capital expenditure requirements;

(f) Details of advance agreed sales, and all expected revenue applicable to the proposed [Exploitation] activities;

(g) A detailed cash-flow forecast and valuation, excluding financing of the proposed [Exploitation] activities, clearly indicating applicable regulatory costs;

(h) Details of the applicant's resources or proposed mechanisms to finance the proposed [Exploitation] activities, and details regarding the impact of such financing mechanisms on the cash-flow forecast and debt-to-equity ratio;

(i) Details of any loans or planned loans, and the institutions making the loans, with an indication whether those institutions apply [the Equator Principles or the International Finance Corporation performance standards, or equivalent]; and

[(j) Details of any insolvency proceedings, current disqualification from acting as a company director or trustee of any fund organisation, unspent convictions for any financial crime or offence involving dishonesty, in any jurisdiction, involving key personnel from the Contractor's management, senior staff, ownership, parent company, subsidiaries or sub-contractors.]

[(k) An evaluation and details of opportunity costs, impact on benthic communities, and lost economic potential for fisheries, such as impacts from loss of food chain due to operations.]

[(l) The Financial Plan should also ensure that the Decommissioning Bond is of sufficient scale to adequately cover:

(i) Potential liabilities of failed operations, or bankruptcy's impact on operations.

(ii) Ensure coverage of future decommissioning operations for any related infrastructure required for extraction.]

## **Annex III bis**

### **Scoping Report**

A Scoping Report shall include the following:

- (a) a brief description of the proposed Exploitation activities;
- (b) a description and overview of tentative timelines and deadlines for the proposed environmental baseline studies and Environmental Impact Assessment conducted under the Exploration Contract and any associated activities;
- (c) a description of what is known about the environmental setting, including any human remains and [objects and sites of an archaeological or historical nature] [Underwater Cultural Heritage sites] for the project (Contract Area and regional setting);
- (d) a description of data gaps, potential data gaps or data with a large uncertainty associated with it for the project, including environmental baseline data, and a plan describing the methodology for collecting and analysing that information prior to commencement of Exploitation activities and to inform the Environmental Impact Assessment;
- (e) a summary of existing environmental baseline studies, and, where available, relevant traditional knowledge of indigenous peoples and local communities;
- (f) a description of the technical, spatial and temporal boundaries for the Environmental Impact Assessment;
- (g) a description of the socioeconomic and sociocultural aspects of the project [including sociocultural uses of the Mining Area (e.g., traditional navigation routes, migratory paths of culturally significant marine species, artisanal fishing techniques, and [venerated][sacred] sites and waters associated with ritual or ceremonial activities of Indigenous Peoples and local communities);]
- [(g bis) a brief description of any human health impacts associated with the project;]
- (h) any assumptions on how they are being addressed, and assessment of their implications to the Environmental Risk Assessment findings;
- (i) a preliminary impact analysis which categorizes the important issues into high-risk, medium-risk and low-risk for the Environmental Impact Assessment to address and evaluates the need for further information, taking into account the Environmental Risk Assessment, which includes:
  - (i) the identification of potential hazards;
  - (ii) the environmental consequence for each identified potential impact(s) (the magnitude of the impact(s), the duration of the impacts, and the receptor characteristics), and the likelihood of the consequence occurring;
  - (iii) a description of the cumulative effects of the project, combined with other authorized, [] activities and actions, or natural phenomena;
  - (iv) the confidence levels of experts, in order to account for uncertainty and a precautionary approach; and
  - (v) a description of the methodology employed in the Environmental Risk Assessment.
- (j) a preliminary Environmental Risk Assessment;
- (k) a description of the results of the Environmental Risk Assessment, including identification of high priority risks for local and regional ecosystem functioning over

short and long term, requiring particular focus in the subsequent impact assessment phase of the Environmental Impact Assessment;

(l) a list [of relevant] Stakeholders, and States within the scope of regulation 93 bis and schedule and methodology for engagement with Stakeholder[s] States during the Environmental Impact Assessment [process] and development of the Environmental Impact Statement, taking into account privacy concerns related to the publication of personal information of identified Stakeholders;]

(m) a report of any written consultations undertaken during scoping;

(n) a consideration of reasonable alternative means of carrying out the project that will be examined in detail as the Environmental Impact Assessment proceeds, including a no-action alternative, and any others that have not been carried forward for further analysis at this stage, and the reasons for that selection;

(n) bis explanation for how the activities and studies planned for the Environmental Impact Assessment will be sufficient to determine likely environmental impacts, and sufficient to propose Mitigation and management strategies and monitoring methodology;

(o) terms of reference for the Environmental Impact Assessment, which identifies the activities and studies planned for the subsequent impact assessment stage of the Environmental Impact Assessment; and

(p) applicable Standards [of the Authority].

## **Annex IV**

### **Environmental Impact Statement**

#### **1. Preparation of an Environmental Impact Statement**

The Environmental Impact Statement prepared under these Regulations and the present Annex shall, but not limited to, entail the following elements:

(a) Be prepared in clear language and in an official language of the Authority together with an English-language version, where applicable;

(b) Provide information [based on data from, as a general rule, a minimum of 15 years of monitoring,] in accordance with these Regulations and [] the applicable Regional Environmental Management Plan, Standards and Guidelines, corresponding to the scale and potential magnitude of the activities, to assess the likely Environmental Effects of the proposed activities. Such effects shall be discussed in proportion to their significance. Where an applicant or Contractor considers an Environmental Effect to be of no significance, there should be sufficient information to substantiate such conclusion, or a brief discussion as to why further research is not warranted; and

(c) Include a non-technical summary of the main conclusions and information provided to facilitate understanding of the nature of the activity by Stakeholders.

#### **2. Template for Environmental Impact Statement**

The required contents and recommended format for an Environmental Impact Statement is outlined below. It is intended to provide the Authority, its member States and other Stakeholders with clear documentation of the potential Environmental Effects based on the Best Available Scientific Evidence, Best Environmental Practices, and Best Available Techniques, and Good Industry Practice on which the Authority can base its decision, and any subsequent approval that may be granted. Further detail for each section is provided following the overview.

This document is a template and does not provide details of methodology or thresholds that may be resource- and site-specific. These methodologies and thresholds may also change over time in according to, for example, development of new technologies, new scientific data or new knowledge, and will be developed as Standards and Guidelines to support these Regulations.

[Table of content to be inserted]

## **Executive summary**

One of the main objectives of the executive summary is to provide an overview of the project and a summary of the content of the Environmental Impact Statement for non-technical readers.

### **1. Introduction**

The purpose of the Introduction section is to set the scene for the Environmental Impact Assessment. This section should contain enough detail for a reader to form an overall impression of the proposed project and how it has developed and understand how the Environmental Impact Assessment is structured. As this section mainly provides a ‘roadmap’ to more detailed material in the Environmental Impact Assessment, it may be relatively short.

### **2. Policy, legal and administrative context**

Provide information on the relevant policies, legislation, agreements, Standards and Guidelines that are applicable to the proposed Exploitation activities.

### **3. Description of the proposed project**

Provide details of the proposed project and the area of influence of the project or Impact Area, including relevant diagrams and drawings. It is understood that most projects will likely involve the recovery of Minerals from the Area, with the concentrating process(es) occurring on land within a national jurisdiction (outside the jurisdiction of the Authority). While this section should provide a description of the entire project, including offshore and land-based components, the Environmental Impact Statement should focus on those activities occurring within the Authority’s jurisdiction (e.g., activities related to the recovery of the Minerals from the Area up to the point of transshipment).

#### **3.10. Summary of Scoping results, including of the risk assessment process**

Provide a brief overview of the results of the scoping exercise including with regard to the sufficiency of the scientific baseline data collected during Exploration or through other means to support a robust Environmental Impact Assessment.

#### **3.11. Methodology for Description of the Marine Environment and Assessment of Environmental Impacts and Environmental Effects**

Provide a description of Methodologies, for collecting and analysing baseline and “Test Mining” data and assessing the potential Environmental Impact and Environmental Effects from the proposed operations and alternatives considered.

Methodological approaches should be consistent with [Best Available Techniques]. In the case that novel sampling techniques, new technology, or sampling designs are employed, particularly detailed methodology and justification should be provided in this section.

#### **4. Description of the existing [oceanographic,] physiochemical and geological environment**

Give a detailed account of the oceanographic (physical, chemical and geological) and meteorological (including air quantity) environmental conditions and implications of climate change on such conditions as a regional overview at each mining site, the expected total and Impact Area as well as the Impact and Preservation Reference Zones, which should include information from a thorough literature review as well as from on-site studies in accordance with the Regulations and applicable Standard and taking into account Guidelines to be specified. The Guidelines on baseline data collection as updated from time to time by the Commission, shall guide the drafting of this section by providing information on the minimum amount of detail required for an acceptable baseline description. The account will provide the baseline description of the oceanographic conditions, including physical, chemical and geological oceanographic setting, including its spatial and temporal variability and temporal trends, against which impacts will be measured and assessed. The detail in this section is based on the prior Environmental Risk Assessment carried out in accordance with the respective Standard and taking into account the Guidelines, that will have identified the main impacts, and thus the priority elements that need to be considered and assessed in the Environmental Impact Assessment.

#### **5. Description of the existing biological environment**

Give a detailed account of knowledge of the existing biological environment, including biological properties, biological communities' composition and structure and ecosystems including their functions that could be impacted by proposed activities as a regional overview, in the proposed mining sites and Impact Area, and the designated Impact and Preservation Reference Zones, including information from a thorough literature review and baseline data collected from on-site campaigns, in accordance with the Regulations and applicable Standards and taking into consideration Guidelines.

#### **6. Description of the existing human activities, socioeconomic and sociocultural environment**

This section should describe the socioeconomic and sociocultural environment aspects and potential impacts of the project on existing human activities and planned uses of the area for which information is publicly available. This may include consideration of the scale of effects (such as the creation of jobs and estimates of the risk of Environmental Impacts), extent of duration of impacts in time and space, intensity or severity of social impacts and an assessment of whether impacts are likely to be cumulative. It is important to consider the social equity or distribution of impacts across different populations: in other words, which groups are likely to be affected in which ways.

#### **7. Assessment of impacts on the physical, chemical and geological environment and proposed Mitigation**

Provide a detailed description and evaluation of potential Environmental Impacts and Environmental Effects including Cumulative Environmental Effects of the operation which could degrade the current status and functioning of components of the physical, chemical and geological environment identified in section 4 including the proposed environmental management measures to Mitigate impacts and a summary of residual effects, [and the extent to which any potential Environmental Impacts and

Environmental Effects may occur in areas under a State's national jurisdiction. This should consider the entire lifespan of the project, i.e. construction/development (pre-commissioning) of the mine site, operational and Decommissioning phases, and following Closure of the site. The potential for accidental events and natural hazards. The detail in this section is expected to be based on a prior Environmental Impact Assessment prepared, reviewed, and revised in accordance with regulation 47 and respective Standard and Guideline for Environmental Impact Assessment (chapter III Scoping, D).

## **8. Assessment of effects and impacts on the biological environment and proposed Mitigation**

Provide a detailed description and evaluation of the sufficiency of available information on potential Environmental Impacts and Environmental Effects including Cumulative Environmental Effects of the proposed operation and a summary of the environmental management measures to Mitigate Environmental Impacts and residual effects, [Alt.1 [[Mitigation hierarchy measures to avoid, reduce and Mitigate the effects caused by the project],] [Alt.2 [Measures taken to avoid, reduce and Mitigate effects, including alternatives] [and the extent to which any potential Environmental Impacts and effects may occur in areas under a State's national jurisdiction]] and alternatives considered in section 3.7 to the biological environment components identified in section 5 in the Contract Area, the mine site and the Impact Area, with special regard to the Impact and Preservation Reference Zones. Consider Environmental Impacts and Environmental Effects that could happen during the entire lifespan of the project i.e. construction/development (pre-commissioning), operational and Decommissioning phases and following Closure of the site. The potential for accidental events and natural hazards should be considered.

The detail in this section is expected to be based on a prior Environmental Impact Risk Assessment prepared, reviewed, and revised in accordance with regulation 47 ter, and respective Standards and taking into account the Guidelines for Environmental Impact Assessment Process.

## **9. Assessment of impacts on the socioeconomic and sociocultural environment and proposed Mitigation**

Provide a detailed description and evaluation of potential Environmental Impacts and Environmental Effects of the operation to the socioeconomic and sociocultural components identified in section 6 and a summary of the environmental management measures to Mitigate impacts and residual effects. This should include projections on the potential impacts in national waters outside the Mining Area and should also consider the entire lifespan of the project i.e. construction/development (pre-commissioning), operational (including maintenance) and Decommissioning phases. A description of the benefits to humankind may be included. Attitudes towards, and perceptions of, the proposed project are among the variables that should be considered in determining the significance of impacts. The potential for accidental events and natural hazards should also be considered.

### **[9. bis Waste management [/A description outline of waste management.]**

A description outline of waste management.

Provide a description of proposed vessel waste management, with reference to compliance with relevant conventions, legislation and principles, and methods of cleaner production and energy balance.]

## **10. Hazards arising from natural, accidental and discharge events**

This section should outline the possibility/probability of accidental events and natural hazards occurring, an assessment of the impact they may have to the mine site and Impact Area, the measures taken to prevent or respond to such an event and an assessment of the residual impact should an event occur. This should include an overview of potential environmentally hazardous discharges resulting from accidental and extreme natural events as these are fundamentally different from normal operational discharges of wastes and wastewaters. Reference should be made to the ERCP.

### **[10 bis.1 Uncertainty Assessment**

Provide a detailed description and evaluation of any uncertainties in the assessments described in section 7, 8, and 9. This uncertainty assessment shall describe the measures taken in the Environmental Impact Assessment to reduce uncertainty in its findings to as low as reasonably practicable.]

### **[10 bis.2 Addressing Significant Uncertainty**

Where significant uncertainty exists despite the efforts described in 9bis.1(b), provide a detailed description of environmental monitoring and management measures for managing and reducing uncertainty during the proposed operations, to be incorporated into the Environmental Monitoring and Management Plan and describe how these will enable the applicant to ensure compliance with rules, regulations and procedures of the Authority.]

### **[10 quin Analysis of residual effects against the RRP, Standards and Guidelines of the Authority**

Provide a description of any residual impacts that may remain following the application of Mitigation measures, including the expected longevity of those impacts, and outline the measures that will be taken to ensure long-term site compliance with the environmental quality objectives, quantitative thresholds, and indicators in accordance with these Regulations and the applicable Standard, and taking into consideration the Guidelines.]

## **11. Environmental management, monitoring and reporting**

### **[Alt. Environmental management measures to avoid, reduce and Mitigate impacts]**

Provide sufficient information to enable the Authority to anticipate possible environmental management, monitoring and reporting requirements for an environmental approval. Information listed includes a description of the applicant's Environmental Management System and should reflect the proponent's environmental policy and the translation of that policy to meet the requirements of this section and previous sections during different stages of the project life (i.e., from construction to Decommissioning and closure and the post-closure period).

The Environmental Management and Monitoring Plan is a separate report from the Environmental Impact Statement, but this could be a useful opportunity to highlight some of the key issues including residual effects from the Statement that will be addressed in the full Environmental Management and Monitoring Plan.

## **12. Responsible product stewardship**

An overview of the downstream supply chain. A description of responsible product stewardship related to the intended use of the Mineral-bearing ore once it leaves the Contract Area. The description should also address how the Contractor will minimize health, safety, environmental, socioeconomic and sociocultural effects and impacts of the intended product or products to meet Standards for environmental management, and should address the following potential impacts:

- (a) Energy and materials consumption;
- (b) Waste generation;
- (c) Toxic substances;
- (d) Air and water emissions.

The intention is not to provide a full and highly detailed account, but, where information is known about Environmental Impacts, these impacts should be described briefly here.

## **13. Consultation and stakeholder engagement and methods**

The Environmental Impact Statement should include a description summary of the nature, extent, participation and outcomes of consultations and stakeholder engagement that have taken place with the Stakeholders, including commission consultation, and how their comments have been addressed in the environmental impact statement. A description of consultation methods shall also be provided.

Consultations and engagement shall be inclusive, transparent and open to all Stakeholders, including States, global, regional, subregional and sectoral bodies, as well as civil society, the scientific community, indigenous peoples and local communities and in accordance with this Regulation and the applicable Standards and taking into account the Guidelines.

## **14. Glossary and abbreviations**

Include a glossary of terms, acronyms and abbreviations used throughout the document. The glossary should include definitions for, and key terms defined in the Regulations so as to ensure that users of the Environmental Impact Statement [have a clear understanding of the intention behind the use of certain terms in it].

## **15. Study team**

Outline the people involved in carrying out the Environmental Impact Assessment studies and in writing the Environmental Impact Statement.

## **16. References**

Evidence obtained from outside sources should be documented throughout the Environmental Impact Statement, with the use of footnotes or other suitable reference mechanism. In addition, all sources used in preparation of the Environmental Impact Statement (including those specifically referenced in the body of the document) should be listed in bibliography format, with full details of the source (including website addresses, if applicable).

## **17. Appendices**

The appendices section should include a list of all the technical reports carried out for parts of the Environmental Impact Assessment or that are used in support of any aspect of the Environmental Impact Assessment (such as prior risk assessments or monitoring activities conducted as part of Exploration Contracts). Copies of these reports should be provided as appendices to the Environmental Impact Statement, with clear indications as to which section(s) the document is being provided to support.

## **Annex V**

### **Emergency Response and Contingency Plan**

An Emergency Response and Contingency Plan must:

(a) Be prepared in accordance with Good Industry Practice and the applicable Regulations, Standards and taking into account the Guidelines;

(b) Provide an effective plan of action for the applicant's efficient response to Incidents and events, including processes by which the applicant will work in close cooperation with the Authority, [coastal States,] other competent international organizations and, where applicable, emergency response organizations; and

(c) Include:

(i) The overall aims and objectives and arrangements for controlling the risk of Incidents;

(ii) Organisational structure and personnel roles and responsibilities;

(iii) Details of individuals authorised to initiate response mechanism(s);

(iv) Details of the emergency response equipment;

(v) Details of the safety management system relevant to emergency response;

(vi) Details of the Environmental Management System relevant to emergency response;

(vii) A description of all foreseeable Incidents, an assessment of their likelihood and consequences and associated control measures;

(viii) A description of the arrangements to protect persons on the mining vessel(s), and to ensure their safe escape, evacuation and rescue in the event of an Incident that presents risks to their safety;

(ix) Details of arrangements for the maintenance of control systems to monitor the Marine Environment in the event of an Incident;

(x) Information and measures relating to the prevention of Incidents which could result in Serious Harm to the Marine Environment;

(xi) An assessment of [potential] pollution hazards and the measures to prevent or reduce such hazards;

(xii) Details of the warning mechanisms intended to alert the Authority, together with the type of information to be contained in such warning;

(xiii) Details of arrangements for coordinating any emergency response, including coordination with the Authority, other service providers, maritime search and rescue authorities, and nearby vessels, citing the source for such arrangements, where relevant;

(xiv) Details of training programmes for personnel relating to emergency prevention of response;

(xv) Details of audit and review processes relating to matters covered by this Plan, including regular testing of the Plan, significant changes to the Plan or the nature of operational activities, and the process of Incident investigation, recording and Communication to the Authority and the Sponsoring State;

[(xvi) Details of the presence of other hazards/harmful substances;]

[(xvii) A description of accountability and liability for environmental damage resulting from an Incident; and

(xix) details of how the Plan is [gender-responsive and responsive to persons from vulnerable groups].

## **Annex VI**

### **Health and Safety Plan and Maritime Security Plan**

*Note: several important provisions of this Annex have currently been placed in the Suspense document and will be incorporated into Standards and Guidelines at a later stage.*

#### **A**

##### **Health and Safety Plan**

1. The Health and Safety Plan prepared under these Regulations and this Annex must:

(a) Be prepared in accordance with Good Industry Practice, and applicable Standards and taking into account the Guidelines;

(b) Comply with applicable national laws and regulations related to safety and health, including occupational safety and health, of personnel on vessels or Installations engaged in activities in the Area, as well as applicable international rules and standards of the International Labour Organization and the International Maritime Organization related to safety and health, including occupational safety and health;

(c) Be designed with the aim to ensure that all personnel on a vessel or Installation engaged in activities in the Area are provided with appropriate safety and health protection, including occupational safety and health protection, and live, work and train in a safe and hygienic environment with roles and responsibilities allocated to relevant named personnel appropriately;

[(c) bis Take into account that no worker or trainee on board a vessel or Installation engaged in the activities in the Area should be under the legal age of its nationality;]

(d) Identify hazards and risks and include a comprehensive and integrated system for the management of the hazards and risks;

(e) Ensure that the risks to the health and safety of personnel on a vessel or Installation engaged in activities in the Area are reduced to a level that is as low as reasonably practicable;

(f) Address all matters of safety of life and the prevention of occupational accidents, injuries and diseases that may be identified as hazards and risks for personnel on vessels or Installations engaged in activities in the Area;

(g) Include and refer to the requirements of the Emergency Response and Contingency Plan under Annex V of these Regulations that relate to protecting and securing the safety and health of all persons on vessels or Installations during an Incident or emergency; and

(h) [Be gender-sensitive, and specifically address women's safety, and freedom from harassment in the workplace, and consider other issues relevant to ensuring an equitable and inclusive working environment for a diverse workforce].

2. The minimum requirements to the content of the health and safety plan are contained in the Standard and Guidelines on health and safety plans.

## **B**

### **Maritime Security Plan**

1. The Maritime Security Plan prepared under these Regulations and this Annex must:

(a) Be prepared in accordance with Good Industry Practice and applicable Standards and taking into account Guidelines;

(b) Comply with applicable national laws and regulations related to maritime security, as well as applicable international rules and standards of the International Maritime Organization related to maritime security;

(c) Be developed based on a security assessment and risk analysis relating to all aspects of the vessels or Installation's operations in order to determine which of its parts are more vulnerable to maritime security Incidents;

(d) Provide an effective plan to ensure the application of measures on board the vessel that are designed to protect the persons on board, the ancillary equipment, the cargo, the cargo transport units, the ship's stores, the vessel and the operation itself from the risks of a security Incident;

(e) Be protected from unauthorized access or disclosure;

(f) be subject to inspection by officers duly appointed by Inspectors appointed by the Authority under Part XI of these Regulations;

[(h) be gender-sensitive, and specifically address women's security, and any other issues relevant to ensuring maritime safety measures are applied equitably and inclusively for a diverse workforce.]

2. The minimum requirements to the content of the maritime security plan are contained in the Standard and Guidelines on maritime security plans.

## **Annex VII**

### **Environmental Management and Monitoring Plan**

1. The Environmental Management and Monitoring Plan prepared under these Regulations and this Annex VII shall be:

(a) prepared in clear language and in an official language of the Authority, together with, where applicable, an official English-language version;

(a) bis. prepared in accordance with the relevant regulations and Standard and Regional Environmental Management Plan, taking into consideration Guidelines, on the basis of Best Environmental Practice, Best Available Scientific Information; and

[(b) Verified by the report of independent [experts] [persons] appointed by the Authority.]

2. An Environmental Management and Monitoring Plan shall contain:

(a) a non-technical summary of the main conclusions and information provided to facilitate understanding by members of the Authority and Stakeholders;

(a) bis outline the guiding principles which apply to the monitoring approaches;

(b) a description of the project and the area likely to be affected by the proposed activities and by any suspension plumes they generate. Include detailed location maps showing proposed Impact Reference Zones and Preservation Reference Zones as well as locations of other nearby Contract Areas or known seabed infrastructure, the Preservation Reference Zones, the Impact Reference Zones and the surrounding area with reference to the Regional Environmental Management Plan including any buffer zones to prevent damage to these areas;

(b) ter a description as to how the Environmental Management and Monitoring Plan has been prepared;

(c) the project-specific environmental objectives, indicators and thresholds based on baseline environmental data and applicable Standards;

(c) bis a description of the environmental baseline data, measured baseline values for parameters at the site, a characterization of the area proposed to be mined, adjacent areas that could be affected by mining, and areas that will be avoided due to their environmental value;

(d) a description, prepared in accordance with the applicable Standard and taking into consideration the Guidelines of how the monitoring data will be transmitted during operations, how the data will be labelled and monitored by qualified personnel, and how the data will be stored;

(e) the qualifications and proposed location of the personnel monitoring the [environment];

(f) a description of the procedures for providing the Authority and the Sponsoring State or States access to or receipt of the monitoring data for the purposes of monitoring compliance with the terms of an Exploitation Contract and collection of data.

(g) details of or cross-references to the Contractor's Environmental Management System documentation;

(i) implementing the measures reflected in the Environmental Management and Monitoring Plan,

(ii) monitoring, recording and reporting fulfilment of the Environmental Management and Monitoring Plan, and

(iii) regularly reviewing and updating the Environmental Management and Monitoring Plan to ensure that it complies with rules, regulations, and procedures of the Authority;

(h) an assessment of the predicted Environmental Effects of the proposed activities on the Marine Environment, and any significant changes likely to result, consistent with the Environmental Impact Assessment and the Environmental Impact Statement;

(h) bis. a description of uncertainties identified from the Environmental Impact Assessment and the plan to reduce or manage these;

(i) an assessment of the significance of the potential Environmental Effects to receptors identified in the Environmental Impact Statement, their key uncertainties, proposed monitoring approach and objectives, and proposed Mitigation measures and management control procedures and responses to minimize, prevent, reduce and control the harm from Environmental Effects, consistent with the Environmental Impact Assessment and the Environmental Impact Statement;

(j) a description of the planned monitoring programme, with reference to the applicable Standard on Monitoring, and the overall approach, standards, protocols, methodologies, procedures and performance assessment of the Environmental Management and Monitoring Plan, including the necessary risk assessment and techniques for managing these risks, including the use of monitoring data to validate predictive models and reduce uncertainties, and adaptive management techniques, if appropriate, needed to achieve the desired outcomes. Each component should be described separately in a manner consistent with sections 7-10 of Annex IV. Monitoring methodology/results should provide a sufficient degree of confidence that conclusions in the Environmental Impact Statement can be validated and that agreed performance standards are being met (monitoring should have the statistical power to detect changes in environmental state). The components of the monitoring programme should, at a minimum, include those applicable to the Contractor during its Exploration phase to allow for comparison of monitoring data.

(k) details of the proposed monitoring stations across the Contract Area, including the frequency of monitoring and data collection, the spatial and temporal arrangements for such monitoring and the justification for such arrangements, including how *in situ* validation of modelled results will be carried out. Proposed monitoring stations should, at a minimum, include the monitoring stations used during Test Mining [where if any demonstrated Test Mining data is used, the proposed monitoring [stations] [arrays] should correspond to those used at the time of that data collection];

(l) the location and planned monitoring and management of Preservation Reference Zones and Impact Reference Zones designed in accordance with the criteria contained in Annex X bis, as well as other spatial management planning tools if any;

(l) bis the location and boundaries of planned or established long-term protected areas within the Contract Area as determined in the applicable Regional Environment Management Plan as well as of declared Preservation Reference Zones of neighbouring Contract Areas, if known;

(l) ter details of any plans outside of the Contract Area to increase scientific knowledge and other knowledge/information in the relevant region, including in collaboration with other Contractors or via international cooperation efforts, as well as in collaboration with Indigenous Peoples and local communities;

(m) a description, with threshold levels, of the applicable environmental performance Standards and indicators (trigger and threshold points) to be monitored, including decision rules based on the results of the monitoring of these indicators;

(n) a description of a system for ensuring that the plan shall adhere to Best Environmental Practices and Best Available Scientific Information, and a description of how such practices are reflected in the proposed Exploitation activities;

(o) details of the quality control and management Standards, and how the effectiveness of management measures will be monitored, assessed and reviewed, including list of reporting deliverables to the Authority and time schedule, plans for real-time reporting of environmental data to the Authority, internal and external auditing and reporting of environmental performance, and including the frequency of the review of the performance of the Environmental Management and Monitoring Plan for the purposes of regulation 51;

(o) bis: a description of a statistically sound comparison of the monitoring results collected within the Contractor's Impact Reference Zones

and Preservation Reference Zones which compare the monitoring results with the baseline as well as between Impact Reference Zones and Preservation Reference Zones to determine and quantify impacts and recovery of Impact Areas.

(p) a description of the monitoring technology and system to be implemented, including the types of data to be collected and monitored, and frequency of monitoring, in accordance with Good Industry Practice and Best Available Techniques, reflecting the types of data and formats to be collected and monitored, the use of remote monitoring technology and the types of data available in real time together with a description of the procedures for providing the Authority and the Sponsoring State or States access to the monitoring system and data for the purposes of monitoring compliance with the Environmental Management and Monitoring Plan and collection of data;

(q) details of [all] training programme for all persons engaged or to be engaged in activities in the project or its area;

(r) details of Mining Discharges, including those defined and regulated by relevant rules and regulations issued by the International Maritime Organization, within the Mining Area;

(s) details of ongoing consultation with other users of the Marine Environment;

(s) bis. details of arrangements made or planned with other marine users, with the aim to ensure due regard to each other's rights and activities.

(t) details of any practicable Restoration and Rehabilitation of the Mining Area and the monitoring of their success;

(u) a plan for further research and studies;

(u) bis detail of the process and measures to be taken in case of non – compliance with the Environmental Monitoring and Management Plan.

(u) ter a description of the measures that will be taken to address non-compliance with the Environmental Monitoring and Management Plan, including reporting, recording and response action protocols;

(u) quat a description of the document control system that will be used for environmental management documentation;

(v) details of reporting requirements and timing (<2 years) including details of the methodology to be applied to ensure that monitoring data submitted are provided in an accessible and interpretable format consistent with best scientific practices; and

(x) an overview program (list) of all proposed activities

## **Annex VIII**

### **Closure Plan**

1. The Closure Plan or Final Closure Plan shall be prepared and implemented in accordance with regulation 7 [and regulations 59-61], the Environmental Management System, Standards and taking into account the Guidelines and the relevant Regional Environmental Management Plan and shall include the following information:

(a) a description of the Closure objectives to ensure that the Closure of Exploitation activities is a process that is incorporated into the mining life cycle, any measures agreed or proposed to implement these, and how these relate to the mining activity and its environmental, socioeconomic and sociocultural setting;

(b) the period during which the plan will be required, which shall be determined by reference to a specified duration, achievement of a specified event or target indicator or compliance with specified terms agreed with the Authority and shall relate to the objectives of the Environmental Impact Assessment, such as recovery of impacted environment;

(c) coordinates showing the area(s) subject to the Closure objectives accompanied by a map;

(d) a summary of the relevant regulatory requirements, including conditions previously documented, e.g. baselines;

(e) details of the Closure implementation and timetable, including descriptions of the arrangements for the Temporary Suspension of Exploitation activities or for permanent Closure as well as Decommissioning arrangements for vessels, Installations, plant and removal of equipment (where applicable);

(f) summary of data and information relating to environmental baseline for monitoring measures;

(g) a summary of the Environmental Impact Statement entailing an updated Environmental Impact Assessment for the activities that will be undertaken during Closure, if any, together with details of the identifiable remaining Environmental Effects, including any relevant technical documents or reports as well as the expected period until recovery of the environment towards natural state conditions;

[(h) the temporal and spatial intensity of monitoring to be undertaken during and after Closure needs to mirror monitoring efforts prior and during Exploitation using equivalent methodology to allow for full quantification of the impact as well as of any recovery from impacts. Details of monitoring to be undertaken during and after closure (comparable to monitoring efforts prior and during exploitation) that specify the sampling design (spatial and temporal sampling), the methods to be used and the duration of the [post-closure activities] [post Commercial Production];]

(i) details of the management measures to minimize, control, Mitigate the remaining Environmental Effects;

(j) details of the remediation, Restoration and Rehabilitation (where possible) objectives and activities building on those detailed in the Environmental Impact Statement and the Environmental Management and Monitoring Plan;

(k) documentation of environmental recovery and Details of any anticipated residual impacts that may remain even after Mitigation measures;

(l) information on reporting and management of data and information [post closure] [post Commercial Production] including information on how data will be archived and made publicly available [post-closure] [post Commercial Production], and how the formatting of submitted datasets and reports will be consistent with best scientific practices;

(m) details of the persons or entity (subcontractor, consultant(s)) that will carry out the monitoring and management measures under the Closure Plan or Final Closure Plan, including their qualification(s) and experience, together with details of the budget, (incl. inflation adjustment for long-term monitoring), project management plan and the protocols for reporting to the Authority under the Closure Plan or Final Closure Plan;

(n) details of the amount of the Environmental Performance Guarantee provided under these Regulations; and

(o) details of consultations with Stakeholders in respect of the plan.

2. The level of detail in the Closure Plan or Final Closure Plan is expected to differ between cases involving a Temporary Suspension of Exploitation activities, cases involving unplanned abandonment of work, and cases involving final mine closure. The content of the Closure Plan or Final Closure Plan is to be commensurate with the nature, extent and duration of activities associated with the level of closure and maturity of the project.

## **Annex IX**

### **Exploitation Contract and schedules**

THIS CONTRACT made the ... day of ... between the INTERNATIONAL SEABED AUTHORITY represented by its SECRETARY-GENERAL (hereinafter referred to as “the Authority”) and ... represented by ... (hereinafter referred to as “the Contractor”) WITNESSETH as follows:

#### **A. Incorporation of clauses**

The standard clauses set out in Annex X to the Regulations on exploitation of Resources in the Area shall be incorporated herein and shall have effect as if herein set out at length.

#### **B. Contract Area**

For the purposes of this Contract, the “Contract Area” means that part of the Area allocated to the Contractor for Exploitation, defined by the coordinates listed in schedule 1 hereto.

#### **C. Grant of rights**

In consideration of (a) their mutual interest in the conduct of Exploitation in the Contract Area pursuant to the United Nations Convention on the Law of the Sea of 10 December 1982 and the Agreement relating to the Implementation of Part XI of the Convention, (b) the rights and responsibility of the Authority to organize and control activities in the Area, particularly with a view to administering the Resources of the Area, in accordance with the legal regime established in Part XI of the Convention and the Agreement and Part XII of the Convention, respectively, and (c) the interest and financial commitment of the Contractor in conducting activities in the Contract Area and the mutual covenants made herein, the Authority hereby grants to the Contractor the exclusive right to Explore for and Exploit [specified Resource category] in the Contract Area in accordance with the terms and conditions of this Contract.

#### **D. Entry into force and Contract term**

This Contract shall enter into force on signature by both parties and, subject to the standard clauses, shall remain in force for an initial period of [x] years thereafter unless the Contract is sooner terminated, provided that this Contract may be renewed in accordance with the Regulations.

#### **E. Entire agreement**

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

## **F. Languages**

This Contract will be provided and executed in the [ ... and] English language[s] [and both texts are valid].

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by the respective parties, have signed this Contract at ..., this ... day of ....

## **The Schedules to the Exploitation Contract**

### **Schedule 1**

Coordinates and illustrative chart of the Contract Area and proposed Mining Area(s).

### **Schedule 1 bis**

[Certificate of sponsorship]

### **Schedule 2**

The Mining Workplan.

### **Schedule 3**

The Financing Plan.

### **Schedule 4**

The Emergency Response and Contingency Plan.

### **Schedule 5**

The Health and Safety Plan and the Maritime Security Plan.

### **Schedule 6**

The Environmental Management and Monitoring Plan.

### **Schedule 7**

The Closure Plan.

### **Schedule 8**

The Training Plan.

### **Schedule 9**

Conditions, amendments and modifications agreed between the Commission and the Contractor, and approved by the Council, during the application approval process.

**Section 1.** Amendments relation to the Regional Environmental Management Plan

### **Schedule 10**

Where applicable under regulation 26, the form of any Environmental Performance Guarantee, and its related terms and conditions.

### **Schedule 11**

Details of insurance policies taken out or to be taken out under regulation 36.

### **Schedule 12**

Agreed review dates for individual plans, together with any specific terms attaching to a review, where applicable.

**Schedule 13**

To the extent that any documentation is not available at the point of signing the Contract, and a time frame for submission has been agreed with the Commission, this should be reflected here, together with, where applicable, deadline dates.

**Schedule 14**

The Parent Company Liability Statement.

## **Annex X**

### **Standard clauses for Exploitation Contract**

#### **Section 2 Interpretation**

2.1 Terms and phrases defined in the Regulations have the same meaning in these standard clauses.

2.2 In accordance with the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982, its provisions and Part XI of the Convention are to be interpreted and applied together as a single instrument; this Contract and references in this Contract to the Convention are to be interpreted and applied accordingly.

#### **Section 3 Undertakings**

3.1 The Authority undertakes to fulfil in good faith its powers and functions under the Convention and the Agreement in accordance with article 157 of the Convention.

3.2 The Contractor shall implement this Contract in good faith and shall in particular implement the Plan of Work in accordance with regulation 18bis. For the avoidance of doubt, the Plan of Work includes:

- (a) The Mining Workplan;
- (b) The Financing Plan;
- (c) The Emergency Response and Contingency Plan;
- (d) The Training Plan;
- (e) The Environmental Management and Monitoring Plan;
- (f) The Closure Plan; and
- (g) The Health and Safety Plan and Maritime Security Plan,

that are appended as schedules to this Contract, as the same may be amended from time to time in accordance with the Regulations.

3.3 The Contractor shall, in addition:

(a) Comply with the Regulations, as well as other rules, regulations and procedures of the Authority, as amended from time to time, and the decisions of the relevant organs of the Authority;

(b) Accept control by the Authority of activities in the Area for the purpose of securing compliance under this Contract as authorized by the Convention;

(c) Pay all fees and royalties required or amounts falling due to the Authority under the Regulations, including all payments due to the Authority in accordance with Part VII of the Regulations; and

(d) Carry out its obligations under this Contract with due diligence, including compliance with the rules, regulations and procedures of the Authority to ensure effective Protection for the Marine Environment, and exercise reasonable regard for other activities in the Marine Environment.

## **Section 4**

### **Security of tenure and exclusivity**

4.1 The Contractor is hereby granted the exclusive right under this Contract to Explore for and Exploit the resource category specified in this Contract and to conduct Exploration and Exploitation activities within the Contract Area in accordance with the terms of this Contract. The Contractor shall have security of tenure, and this Contract shall not be suspended, terminated or revised except in accordance with the terms set out herein and the Regulations. Any impacts from activities in the Area carried out under an Exploitation Contract must be strictly limited to the Contractor area.

4.2 The Authority undertakes not to grant any rights to another person to Explore for or Exploit the same resource category in the Contract Area for the duration of this Contract.

4.3 The Authority reserves the right to enter into contracts with third parties with respect to Resources other than the resource category specified in this Contract but shall ensure that no other entity operates in the Contract Area for a different category of Resources in a manner that might interfere with the Exploitation activities of the Contractor.

4.4 If the Authority receives an application for an Exploitation Contract in an area that overlaps with the Contract Area, the Authority shall notify the Contractor of the existence of that application within 30 Days of receiving that application.

## **Section 5**

### **Legal title to Minerals**

5.1 The Contractor will obtain title to and property over the Minerals upon recovery of the Minerals from the seabed and ocean floor and subsoil thereof [onto the Contractor's mining vessel or Installation], in compliance with this Contract.

5.2 This Contract shall not create, nor be deemed to confer, any interest or right on the Contractor in or over any other part of the Area and its Resources other than those rights expressly granted in this Contract.

## **Section 6**

### **Use of subcontractors and third parties**

6.1 No Contractor may subcontract any part of its obligations under this Contract unless the subcontract contains appropriate terms and conditions to ensure that the performance of the subcontract will reflect and uphold the same standards and requirements of this Contract between the Contractor and the Authority.

6.2 The Contractor shall ensure the adequacy of its systems and procedures for the supervision and management of its subcontractors and any work that is further subcontracted, in accordance with Good Industry Practice.

6.2.bis. The Contractor shall apply due diligence in selecting its suppliers, and shall be responsible to ensure the adequacy of goods and services it procures, in accordance with Good Industry Practice].6.3 Nothing in this section shall relieve the Contractor of any obligation or liability under this Contract, and the Contractor shall remain responsible and liable to the Authority for the performance of its obligations under this Contract in the event that it subcontracts any aspect of the performance of those obligations.

## **Section 7**

### **Responsibility and liability**

7.1 [In accordance with the ‘polluter pays’ principle,] the Contractor shall be liable to the Authority for the actual amount of [all environmental damage caused by Contractor activities that were not foreseen in the Plan of Work or that arise from a breach of any conditions of approval, including arising out of activities of the Contractor] / [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 [arising out of its wrongful acts [or omissions]]] [], 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 [] [arising out of the Contractor’s wrongful acts [or omissions]] regardless of whether it is caused or arises before, during or after the completion of the Exploitation activities or Contract term. [For the purpose of clauses 7.1 and 7.2, ‘wrongful acts or omissions’, means any unlawful act or omission attributable to the Contractor that results in damage not anticipated and approved in the Plan of Work, irrespective of bad intention or negligence.] [[Recoverable damages under this clause include: costs of reasonable measures to prevent and limit damage to the Marine Environment, lost revenue, reinstatement, pay-out in lieu of actual reinstatement, and/or measures to compensate for third-party economic loss, as well as pure ecological loss and harm to the living resources of the Area.] For the avoidance of doubt, strict liability in this context applies the polluter pays principle, and means, it is not necessary to prove that a Contractor intended to commit or was reckless as to committing a wrongful act or omission, it is necessary only to demonstrate unpermitted damage or harm arose as a result of a Contractor’s wrongful act for the Contractor to be held liable for that damage or harm.]

7.2 The Contractor shall indemnify the Authority, its employees, subcontractors and agents against all claims and liabilities of any third party arising out of any [wrongful] environmental damage caused by Contractor activities that were not foreseen in the Plan of Work or that arise from a breach of any conditions of approval, including arising from activities of the Contractor.

7.3 The Authority shall be liable to the Contractor for the actual amount of any damage caused to the Contractor arising out of its wrongful acts in the exercise of its powers and functions, including violations under article 168, paragraph 2 of the Convention, account being taken of contributory acts or omissions by the Contractor [its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this Contract] or third parties.

7.4 The Authority shall indemnify the Contractor [its employees, agents and subcontractors, 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, paragraph 2 of the Convention.

## **Section 8**

### **Force Majeure**

8.1 The Contractor shall not be liable for an unavoidable delay or failure to perform any of its obligations under this Contract due to Force Majeure, provided the Contractor has taken all reasonable steps to overcome the delay or obstacle to performance. For the purposes of this Contract, Force Majeure shall mean an event or condition that the Contractor could not reasonably be expected to prevent or control; provided that the

event or condition was not caused by Contractor action, negligence or by a failure to observe Good Industry Practice.

8.2 The Contractor shall give written notice to the Authority of the occurrence of an event of Force Majeure as soon as reasonably possible after its occurrence (specifying the nature of the event or circumstance, what is required to remedy the event or circumstance and if a remedy is possible, the estimated time to cure or overcome the event or circumstance and the obligations that cannot be properly or timely performed on account of the event or circumstance) and similarly give written notice to the Authority of the Restoration of normal conditions.

8.3 The Contractor shall, upon request to the Secretary-General, be granted a time extension equal to the period by which performance was delayed hereunder by Force Majeure and the term of this Contract shall be extended accordingly.

## **Section 9 Extension**

9.1 [Alt. 1 The Contractor may extent this Contract in accordance with regulation 20.]

[Alt. 2 The Contractor may extent 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 terms of this Contract and the Rules of the Authority, including rules, regulations and procedures adopted by the Authority to ensure effective protection for the Marine Environment from harmful effects which may arise from activities in the Area;

(c) This Contract has not been terminated earlier; and

(d) The Contractor has paid the applicable fee.

9.2 To renew this Contract, the Contractor shall notify the Secretary-General no later than one year before the expiration of the initial period or extension period, as the case may be, of this Contract.

9.3 The Council shall review the notification, and if the Council determines that the Contractor is in compliance with the conditions set out above, this Contract shall be renewed on the terms and conditions of the standard exploitation contract that are in effect on the date that the Council approves the extension application.]

## **Section 10 Renunciation of rights**

10.1 The Contractor, by prior written notice to the Authority, may renounce without penalty the whole or part of its rights in the Contract Area, provided that the Contractor shall remain liable for all obligations and liabilities accrued prior to the date of such renunciation in respect of the whole or part of the Contract Area renounced. Such obligations shall include, inter alia, the payment of any sums outstanding to the Authority, and obligations under the Environmental Management and Monitoring Plan and Closure Plan.

**Section 11**  
**Termination of sponsorship**  
[Omitted]

**Section 12**  
**Suspension and termination of Contract and penalties**

12.1 The Council may suspend or terminate this Contract, without prejudice to any other rights that the Authority may have, if any of the following events should occur:

(a) If, in spite of written warnings by the Authority, the Contractor has conducted its activities in such a way as to result in serious persistent and wilful violations of the fundamental terms of this Contract, Part XI of the Convention, the Agreement and the rules, regulations and procedures of the Authority;

(b) If the Contractor has failed, within a reasonable period, to comply with a final binding decision of the dispute settlement body applicable to it;

(c) If the Contractor knowingly, recklessly or negligently provides the Authority with information that is false or misleading;

(d) If the Contractor [] 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 for itself or commences any proceedings relating to itself under any bankruptcy, insolvency or readjustment of debt law, whether now or hereafter in effect, other than for the purpose of reconstruction; or

(d bis) If any person standing as surety or financial guarantor to the Contractor pursuant to regulation 26 of the Regulations becomes insolvent or commits an act of bankruptcy or enters into any agreement for composition with its creditors or goes into liquidation or receivership, whether compulsory or voluntary, or petitions or applies to any tribunal for the appointment of a receiver or a trustee or receiver for itself or commences any proceedings relating to itself under any bankruptcy, insolvency or readjustment of debt law, whether now or hereafter in effect, other than for the purpose of reconstruction, and the Contractor is unable to find a suitable replacement for that person within a reasonable period of time; or

(e) If the Contractor has not made bona fide efforts to achieve or sustain Commercial Production and is not recovering Minerals in commercial quantities at the end of five years from the expected date of Commercial Production, save where the Contractor is able to demonstrate to the Council's satisfaction good cause, which may include Force Majeure, [good faith efforts to comply with the environmental obligations imposed by the Authority,] or other circumstances beyond the reasonable control of the Contractor that prevented the Contractor from achieving Commercial Production.

12.2 The Council may, without prejudice to Section 8, after consultation with the Contractor, suspend or terminate this Contract, without prejudice to any other rights that the Authority may have, if the Contractor is prevented from performing its obligations under this Contract by reason of an event or condition of Force Majeure, as described in Section 8, which has persisted for a continuous period exceeding 2 years, despite the Contractor having taken all reasonable measures to overcome its inability to perform and comply with the terms and conditions of this Contract with minimum delay.

12.3 Any suspension or termination shall be by written notice to the Contractor, through the Secretary-General, which shall include a statement of the reasons for taking such action. The suspension or termination shall be effective 60 Days after such written notice, unless the Contractor within such period disputes the Authority's right to suspend or terminate this Contract in accordance with Part XI, Section 5, of the

Convention. In such a case, this Contract shall only be suspended or terminated in accordance with a final binding decision in accordance with Part XI, Section 5, of the Convention.

[12.4 If the Contractor takes such action, this Contract shall only be suspended or terminated in accordance with a final binding decision in accordance with Part XI, Section 5, of the Convention.]

12.5 If the Council has suspended this Contract, the Council may by written notice require the Contractor to resume its operations and comply with the terms and conditions of this Contract, not later than 60 Days after such written notice.

12.6 In the case of any violation of this Contract not covered under Section 12.1 (a), or in lieu of suspension or termination under Section 12, the Council may impose upon the Contractor monetary penalties proportionate to the seriousness of the violation.

12.7 Subject to Section 13, the Contractor shall cease operations upon the termination of this Contract.

12.8 Termination of this Contract for any reason (including the passage of time), in whole or in part, shall be without prejudice to rights and obligations expressed in this Contract to survive termination, or to rights and obligations accrued thereunder prior to termination, including performance under a Closure Plan, and all provisions of this Contract reasonably necessary for the full enjoyment and enforcement of those rights and obligations shall survive termination for the period so necessary.

### **Section 13 Obligations on Termination of a Contract**

13.1 In the event of termination of this Contract, the Contractor shall:

(a) comply with the Final Closure Plan, and the Environmental Management and Monitoring Plan and continue to perform the required environmental management of the Contract Area as set forth in the Final Closure Plan and for the period established in the Final Closure Plan;

(b) continue to comply with relevant provisions of the Regulations, including:

(i) maintaining and keeping in place all insurance required under the Regulations;

(ii) paying any fee, royalty, penalty or other money on any other account owing to the Authority on or before the date of 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 result in adverse impacts, or a reasonable likelihood of such impacts, to] the Marine Environment.

13.2 Where the Contractor fails to undertake the obligations listed in Section 13.1 within a reasonable period, the Authority may take necessary steps to effect such removal and make safe the area at the expense of the Contractor. Such expense, if any, shall be deducted from the Environmental Performance Guarantee held by the Authority.

13.3 Upon termination of this Contract, any rights of the Contractor under the Plan of Work and in respect of the Contract Area also terminate.

### **Section 14**

## **Transfer of rights and obligations**

[Omitted]

### **Section 15**

#### **No waiver**

No waiver by either party of any rights pursuant to a breach of the terms and conditions of this Contract to be performed by the other party shall be construed as a waiver by the party of any succeeding breach of the same or any other term or condition to be performed by the other party.

### **Section 16**

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

16.1 When circumstances have arisen or are likely to arise after this Contract has commenced which, in the opinion of the Authority or the Contractor would render this Contract inequitable or make it impracticable or impossible to achieve the objectives set out in this Contract or in Part XI of the Convention, the parties shall enter into negotiations to revise it accordingly.

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

16.3 This Contract may be revised only:

- (a) with the consent of the Contractor and the Authority; and
- (b) by an appropriate instrument signed by the duly authorized representatives of the parties.

16.4 Subject to the confidentiality requirements of the Regulations, the Authority shall publish information about any revision to the terms and conditions of this Contract.

### **Section 17**

#### **Applicable law**

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

17.2 The Contractor, shall observe the applicable law referred to in Section 17.1 hereof and shall not engage in any transaction, directly or indirectly, prohibited by the applicable law.

17.3 Nothing contained in this Contract shall be deemed an exemption from the necessity of applying for and obtaining any permit or authority that may be required for any activities under this Contract.

17.4 The division of this Contract into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

### **Section 18**

#### **Disputes**

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

### **Section 19**

**Notice**

Any notice provided to or from one party to another pursuant to this Contract shall be provided in accordance with the notice provision set out at regulation 91 of the Regulations.

**Section 20  
Schedules**

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

## **Annex X bis**

### **Design Criteria for Impact Reference Zones and Preservation Reference Zones**

Applicants must establish suitable and effective Impact Reference Zones and Preservation Reference Zones in order to monitor the Environmental Impacts of their activities. The following parameters shall apply in the designation of Impact Reference Zones and Preservation Reference Zones.

1. Impact Reference Zones and Preservation Reference Zones must be situated within the Contract Area (and the Contract Area may need to be selected around the need for appropriate Impact Reference Zones and Preservation Reference Zones, especially where multiple or large reference zones are required)
2. The applicant needs to demonstrate that the Impact Reference Zones and Preservation Reference Zones are [ecologically] similar before the commencement of mining. Additional Impact Reference Zones and Preservation Reference Zones have to be introduced subsequently, once areas ecologically dissimilar from the primary Preservation Reference Zones are impacted, to warrant future comparability.
3. Impact Reference Zones must be zones where direct impacts from mining are predicted to occur once mining commences.
4. The area(s) of the Impact Reference Zones needs to be sufficiently large and representative to allow adequate assessment of recovery of populations and environmental conditions after the Exploitation activities, in accordance with the applicable Standards and taking into consideration Guidelines.
5. Preservation Reference Zones will be important in identifying natural variations in environmental conditions against which impacts shall be assessed and must be comparable to that of the Impact Areas, in accordance with the applicable Standards and, taking into consideration Guidelines.
6. Preservation Reference Zones must be areas that will not be impacted by Exploitation activities from any Contractor, including impacts from operational and discharge plumes and including during the post-closure period. Preservation Reference Zones should also be free from impacts of other industrial activities. Preservation Reference Zones should have to remain unimpacted throughout the post-mining monitoring period.
7. Where a Contract Area consists of several disjunct sub-areas that are isolated from each other, then each of those areas would require a corresponding Preservation Reference Zone and Impact Reference Zone.
8. Use of multiple Preservation Reference Zones and Impact Reference Zones should be considered for increase in statistical rigour, and chance of detecting effects and adding redundancy in case of unexpected variation/plan changes.
9. The area of the Preservation Reference Zone needs to be sufficiently large to contain sufficiently large populations to guarantee long-term survival. The Preservation Reference Zone will also require a buffer zone around it to protect the populations and ensure maintenance of natural environmental conditions in the Preservation Reference Zone.
10. [monitoring shows a trajectory towards recovery of] Isolation of Preservation Reference Zone is important. Any Preservation Reference Zone will by definition have to remain unimpacted throughout the post-mining monitoring period.

## **Annex XI**

### **Parent Company Liability Statement**

THIS “STATEMENT” made the ... day of ... by

- A. [insert name of Managing Company], with its statutory seat at [insert address and home State] and registered at [insert Chamber of Commerce or Trade Register details], represented by ..., with the authority to provide this Statement on behalf of [Managing Company]; and
  
- B. [insert name of Contractor], with its statutory seat at [insert address and home State] and registered at [insert Chamber of Commerce or Trade Register details], represented by ..., with the authority to provide this Statement on behalf of [Contractor]; and

irrevocably and unconditionally DECLARE and REPRESENT that:

#### **Obligations of [Managing Company]**

- 1. [Managing Company] is jointly and severally liable for any debts and liabilities of [Contractor] arising in relation to:
  - (i) the obligations of [Contractor] that follow from the agreement that is to be concluded between [Contractor] and the International Seabed Authority for the exploitation of Resources in the Area (hereinafter referred to as “the Exploitation Contract”);
  - (ii) the acts performed by [Contractor] in the performance of the Exploitation Contract; and
  - (iii) the omissions that [Contractor] makes in the performance of the Exploitation Contract (hereinafter referred to as “the Joint and Several Liability Obligation”);
  
- 2. [Managing Company] has the financial capability to comply with the Joint and Several Liability Obligation, or can draw on a parent company or its shareholders in order to do so (hereinafter referred to as “Certainty of Funds”);

3. [Managing Company] confirms that the Contractor is adequately insured to perform the Exploitation Contract in accordance with the applicable regulations and that such insurance will remain in place until such time as the Contractor's insurance should be in place, in accordance with the Regulations on Exploitation of Resources in the Area (hereinafter referred to as "the Regulations") and the Exploitation Contract (hereinafter referred to as "Certainty of Insurance");

4. [Managing Company] will procure that [Contractor] complies with the terms and conditions of their Exploitation Contract and the rules, regulations and procedures of the International Seabed Authority, in a manner consistent with the Convention and the Agreement, by among others, but not limited to, exercising its voting rights in the shareholder's meeting of [Contractor] and issuing instructions to the directors of [Contractor], when it is competent to do so;

### **Enforcement of Obligations of [Managing Company]**

5. At any given point in time, the International Seabed Authority is authorized to request documentation to support the [Managing Company's] compliance with its obligations of Certainty of Funds and Certainty of Insurance, and that failure to do so within 15 working days or inability to substantiate such Certainty of Funds or Certainty of Insurance has to be remedied by [Managing Company] within a period of 90 days;

6. Should [Managing Company] fail to comply with the obligations in provision 5 above, the International Seabed Authority shall suspend the Exploitation Contract by issuing a written notice to the Managing Company and the Contractor in accordance with the applicable regulations, as a consequence of which the Contractor shall cease its operations in the exercise of the Exploitation Agreement until the International Seabed Authority is satisfied that [Managing Company] has remedied its failure to comply with the obligations in provision 5 above;

7. Notices to [Managing Company] and [Contractor] are to be sent to the following address: [insert contact details of Managing Company and Contractor].

### **Miscellaneous Provisions**

8. If [Contractor] transfers its rights and obligations under an Exploitation Contract in whole, [Contractor] and [Managing Company] shall procure that the party that qualifies as the "Managing Company" under Regulations of the Transferee provides a statement substantially in the same form as Schedule 14 to the Exploitation Contract (Parent Company Liability Statement);

9. If [Contractor] transfers its rights and obligations under an Exploitation Contract in part, this STATEMENT shall remain in full force and effect, unless [Contractor] and [Managing Company] procure that the party that qualifies as the “Managing Company” under Regulations of the Transferee provides a statement substantially in the same form as Schedule 14 to the Exploitation Contract (Parent Company Liability Statement);

10.If [Managing Company] no longer directly or indirectly owns or controls [Contractor], the party that comes to qualify as the “Managing Company” under the Schedule to the Regulations shall issue a statement substantially in the same form as Schedule 14 to the Exploitation Contract (Parent Company Liability Statement);

11. This STATEMENT or the obligations provided for in this STATEMENT cannot be assigned, transferred or novated;

12. A change in the corporate seat of [Managing Company] does not affect the validity of this STATEMENT;

13. [Managing Company] undertakes not to engage in any contracting or other corporate practice that serves to avoid its liability and responsibility as provided for under this STATEMENT;

14. This STATEMENT shall remain in effect after the termination of the Exploitation Contract and can be invoked for any conduct that is reasonably attributable to the Contractor; and

15. Any disputes arising in relation to this STATEMENT shall be settled in accordance with Part XII of the Regulations. [Managing Party] herewith provides its explicit written consent to being a party to such dispute settlement procedures.

**Schedule**  
**Use of terms and scope**

<p><b>“Agreement”</b></p>	<p>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.</p>
<p><b>“Application” and “Applicant”</b></p>	<p>means an application and an applicant, respectively, for a Plan of Work for exploitation in the form of a contract with the Authority.]</p>
<p><b>“Authority”</b></p>	<p>means the International Seabed Authority as established by part XI of the Convention and for the purposes of these Regulations shall include all organs of the Authority save for the Enterprise, except where the Enterprise is expressly stated as being included.</p>
<p><b>“Beneficial Ownership Registry”</b></p>	<p>means [to be inserted].</p>
<p><b>“Best Available Scientific [Information]/[Knowledge]”</b></p>	<p>means the scientific information and data accessible and attainable that, in the particular circumstances, is accurate, reliable, and relevant of good quality and is objective, within reasonable technical and economic constraints, and is based on internationally recognized scientific practices, standards, technologies and methodologies, including peer review.</p>
<p><b>“Best Available Techniques”</b></p>	<p>means the latest stage of development, and state-of-the-art processes, facilities or methods of operation that indicate the practical suitability of a particular measure for the prevention, reduction and control of pollution and the Protection of the Marine Environment from the harmful effects of activities in the Area, taking into account the guidance set out in the applicable Standards and Guidelines.</p>
<p><b>“Best Environmental Practices”</b></p>	<p>means the application of the most appropriate combination of environmental control measures and strategies, for purposes of ensuring the effective Protection of the Marine Environment, and based on the Best Available Scientific Information and Best Available Techniques that will change with time in the light of improved knowledge, understanding or technology, as well as the incorporation of the relevant traditional knowledge of Indigenous Peoples and local communities</p>

	and in accordance with applicable Standards taking into account the relevant Guidelines.
<b>“Calendar Year”</b>	means a period of 12 months, ending with 31 December.
<b>“Certified Laboratory”</b>	means a testing or calibration facility that has been formally accredited by a recognised accreditation body to demonstrate compliance with the relevant international standard.
<b>“Change of Control”</b>	<p>means where there is a change resulting in ownership of 50 percent or more of the Contractor, or of the membership of the joint venture, consortium or partnership, as the case may be, or a change resulting in ownership of 50 percent or more of the entity providing an Environmental Performance Guarantee</p> <p><b>Alt.1</b> means the occurrence of any of the following events: (a) a transaction by which any person or group obtains beneficial ownership of more than 50% of the outstanding voting stock of the Company or newly represents more than 50% of the combined voting power with respect to the election of directors; (b) a merger or consolidation of the Company with any other entity where the resulting entity is not controlled by the Company's preexisting shareholders; (c) the sale or transfer of substantially all of the Company's assets; (d) a change in the majority of the Company's Board of Directors as the result of a transaction</p> <p><b>Alt.2</b> means a Change of Control of an applicant, a Change of Control of a Contractor, or a Change of Control of an entity providing an Environmental Performance Guarantee on behalf of a Contractor, as applicable.</p>
<b>“Change of Control of a Contractor”</b>	means a change in the Effective Control of a Contractor.
<b>“Change of Control of an entity providing an Environmental Performance Guarantee on behalf of a Contractor”</b>	means a change of the natural or judicial person who has the power to secure that the affairs of the entity providing an Environmental Performance Guarantee are conducted in accordance with its wishes.
<b>“Change of Nationality”</b>	means a change in the nationality of a natural person or a change of State in which a judicial person is incorporated.
<b>“Closure”</b>	means activities undertaken within a Contract Area once Commercial Production has ceased, and includes: Decommissioning, post-mining monitoring and

	reporting, and any Rehabilitation and Restoration or compensatory measures that may be agreed.
<b>“Closure Plan”</b>	<p>means a document that contains an integrated environmental, social and economic base case for Decommissioning, closure and postclosure activities and conditions against which future monitoring can be compared. It will be revised through the lifetime of the Exploitation Contract and must be considered as an integral part of operational planning.</p> <p><b>Alt.</b> means the document referred to in annex VIII.</p>
<b>“Collision”</b>	means the act of a moving vessel (including an aircraft) striking another vessel, or striking a stationary vessel or object (e.g., a boat striking a drilling rig or platform).
<b>“Commercial Production”</b>	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.
<b>“Commission”</b>	means the Legal and Technical Commission of the Authority.
<b>“Communication”</b>	means any application, request, notice, report, consent, approval, waiver, direction or instruction required or made under these Regulations;
<b>“Confidential Information”</b>	shall have the meaning assigned to that term by regulation 89.
<b>“Contract Area”</b>	means the part or parts of the Area allocated to a Contractor under an Exploitation Contract and defined by the coordinates listed in schedule 1 to such Exploitation Contract.
<b>“Contractor”</b>	means any party to an Exploitation Contract (other than the Authority) in accordance with Part III of these Regulations and, where the context applies, shall include its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under the Exploitation Contract. [Alt.1 Except where expressly excluded in these Regulations, the term “Contractor” shall also include the Enterprise.] [Alt.2 The term “Contractor” shall also include the Enterprise, except where excluded in light of the context

	and in accordance with the provisions and the spirit of the Convention and the Agreement.]
<b>“Controlling National”</b>	has the meaning ascribed to that term in the definition of Effective Control.
<b>“Convention”</b>	means the United Nations Convention on the Law of the Sea.
<b>“Council”</b>	means the executive organ of the Authority established under article 158 of the Convention.
<b>“Cumulative Environmental Effect”</b>	means any consequences in the Marine Environment arising over time from the conduct of Exploitation activities or in combination with other stressors and activities in the same area, including those not regulated by the Authority. In case of cumulative effects, the combination of all effects in the same area may be more severe than the sum of its parts.
<b>“Day”</b>	means calendar Day.
<b>“Decommissioning”</b>	means measures taken, whether onshore or offshore, to permanently cease the operations, remove, or dispose of structures, facilities, Installations, and other equipment erected or used for the purposes of activities undertaken pursuant to an Exploitation Contract, in connection with the abandonment or cessation or partial cessation of those activities in a Contract Area or part of a Contract Area.
<b>“Designated Representative”</b>	means the person so named on behalf of a Contractor on the Seabed Mining Register or prior to award of the Exploitation Contract, in the application.
<b>“Ecosystem Approach”</b>	means a comprehensive, integrated and interdisciplinary approach to the management of human activities based on the Best Available Scientific Knowledge to balance ecological, social and governance principles at appropriate temporal and spatial scales in a distinct geographical area to achieve ecosystem conservation and sustainable resource use. Scientific knowledge and effective monitoring are used to acknowledge connections, integrity and biodiversity within an ecosystem along with its dynamic nature and associated uncertainties. The ecosystem-based approach recognizes coupled socio-ecological systems, with Stakeholders involved in an integrated and adaptive management process where decisions reflect societal choice.

<p><b>“Ecosystem Integrity”</b></p>	<p>means the ability of an ecosystem to support and maintain ecological processes and a diverse community of organisms. It is measured as the degree to which a diverse community of native organisms is maintained, and is used as a proxy for ecological resilience, intended as the capacity of an ecosystem to adapt in the face of stressors, while maintaining the functions of interest.</p>
<p><b>“Effective Control” or “effectively controlled”</b></p>	<p>means a required, substantial and genuine link between Sponsoring State and Contractor, which includes for non-State actors the location of the company’s management and beneficial ownership, as well as the ability of the Sponsoring State to ensure the availability of resources of the Contractor for fulfilment of its Exploitation Contract with the Authority and any liability arising therefrom, through the location of such resources in the territory of the Sponsoring State or otherwise.</p>
<p><b>“Effective Control” or “effectively controlled Alt.1”</b></p>	<p>means the substantial and genuine link between Sponsoring State and Contractor, demonstrated by the Contractor being a national of the Sponsoring State and being subject to its effective jurisdiction and regulatory control.</p>
<p><b>“Effective Control”</b></p>	<p><b>Alt.2</b> of an applicant or Contractor by:</p> <p>(a) A State which is not the State of nationality of the applicant or Contractor (the Controlling State); or</p> <p>(b) A national of a State which is not the State of nationality of the applicant or Contractor (the Controlling National), means that the Controlling State or Controlling National has the power to secure that the affairs of the applicant or Contractor are conducted in accordance with the instructions or directions of the Controlling State or Controlling National, applying the relevant Standard.</p> <p><b>Alt.3</b> of an applicant or Contractor means:</p> <p>(a) with respect to a State which is the State of Nationality of the applicant or Contractor, “Effective Control” means the existence of regulatory control and meaningful economic ties between the applicant or Contractor and that State; or</p> <p>(b) with respect to another State that is not referred to in (a) above, or to a national of that State, “Effective Control” means the exercise of influence resulting in de facto control of the applicant or Contractor by that State.</p>
<p><b>“Effective Protection”</b></p>	<p>means achieving the Authority’s Strategic Environmental Goal and Objectives pursuant to regulation 44ter, the regional environmental objectives, environmental</p>

	thresholds and the requirements of regulation 13, paragraph 9.
<b>“Emergency Response and Contingency Plan”</b>	means the document referred to in Annex V.
<b>“Environmental Effect”</b>	[ <b>Alt.</b> means any consequence or outcome of an Environmental Impacts arising from action or activity to the environment.
<b>“Environmental Impact”</b>	[ <b>Alt.</b> means the influence of an action or activity on the environment.]
<b>“Environmental Impact Assessment”</b>	means the process of identifying, predicting, evaluating and mitigating the physicochemical, biological, socioeconomic, and other relevant effects of development proposals prior to major decisions being taken and commitments made. This includes all potential effects, both positive and negative, and encompasses natural and anthropogenic receptors.
<b>“Environmental Impact Assessment Process”</b>	means the process set out in regulation 47.
<b>“Environmental Impact Statement”</b>	means the documentation of the Environmental Impact Assessment, which describes the predicted effects of the project on the environment (and their significance), the measures that the applicant is committed to taking to avoid, minimise and reduce them where possible, and the remaining effects that cannot be avoided.
<b>“Environmental Management System”</b>	means the part of the overall management system [implemented]/[applied] by a Contractor that includes organizational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining environmental policy, goals, objectives and environmental performance.  [ <b>Alt.</b> means part of the management system used to manage environmental aspects, fulfil compliance obligations, and address risks and opportunities.]
<b>“Environmental Risk Assessment”</b>	means the process for identifying and evaluating Environmental Risk using a generally accepted risk assessment methodology.
<b>“Environmental Performance Guarantee”</b>	means a financial guarantee supplied under regulation 26.

<b>“Environmental Plans”</b>	means the Environmental Impact Statement, the Environmental Management and Monitoring Plan and the Closure Plan.
<b>“Exploit” and “Exploitation”</b>	mean the recovery for commercial purposes of Resources in the Area with exclusive rights and the extraction of Minerals therefrom, including the construction and operation of mining, processing and transportation systems in area beyond national jurisdiction, for the production and marketing of Metals, as well as the Decommissioning and Closure of Exploitation activities.
<b>“Exploitation Contract”</b>	means an exploitation contract entered into between the Authority and a Contractor in the form prescribed in regulation 17 and Annex IX to these Regulations.
<b>“Exploration Regulations”</b>	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.
<b>“Explore” and “Exploration”</b>	as applicable, mean the searching for Resources in the Area with exclusive rights, the analysis of such Resources, the use and testing of recovery systems and equipment, processing facilities and transportation systems and the carrying out of studies of the environmental, technical, economic, commercial and other appropriate factors that must be taken into account in Exploitation.
<b>“Facility”</b>	means a vessel, a structure, installation, or an artificial island used for offshore exploitation operations.
<b>“Feasibility Study”</b>	means a comprehensive study of a Mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered.
<b>“Final Closure Plan”</b>	means the version of a Contractor’s Closure Plan that has been approved by the Council pursuant to regulation 60.
<b>“Financial Incentive”</b>	means a financial grant or reduction of amounts otherwise payable to the Authority which otherwise complies with the requirements for financial incentives in these Regulations and in Standards and Guidelines.

<b>“Financing Plan”</b>	means the document referred to in Annex III.
<b>“Force Majeure”</b>	means any unforeseeable and irresistible act of nature, any act of war (whether declared or not), invasion, revolution, insurrection, terrorism, or any other acts of a similar nature or force provided that such acts arise from causes beyond the control and without the fault or negligence of the Contractor.
<b>“Good Industry Practice”</b>	means the exercise of the 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 includes meeting the performance requirements under the rules, regulations and procedures of the Authority].
<b>“Guidelines”</b>	means such documents issued by the organs of the Authority pursuant to regulation 95.
<b>“Impact”</b>	is the influence of an action or activity on inter alia the biological, chemical, or physical environment, or sociocultural or economic values.
<b>“Impact Area” or “Impact Areas”</b>	means the zone or region on the seafloor and in the water column subject to measurable effects from activities under an Exploitation Contract related to 1 or several Mining Area(s).
<b>“Impact Reference Zone”</b>	means a zone designated within the Contract Area [in accordance with Annex X bis to these Regulations] that is representative of the environmental characteristics of the Contract Area, is predicted to be impacted by Exploitation activities, and will be used to assess the effects of activities under an Exploitation Contract on the Marine Environment, including by way of comparison with the Preservation Reference Zones.
<b>“Incident”</b>	means an event, or sequence of events, where activities in the Area result in:  (a) a marine Incident or a marine casualty as defined in the Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident (Casualty Investigation Code, effective 1 January 2010) and other relevant standards and guidelines for offshore exploitation operations;

	<p>(b) a significant unanticipated or unpermitted adverse impact to the Marine Environment or to other existing legitimate sea uses, whether accidental or not, or a situation in which such adverse impact was only narrowly avoided is a reasonably foreseeable consequence of the situation;</p> <p>(c) damage to a submarine cable or pipeline, other subsea technology, or any Installation;</p> <p>(d) fires and explosions; and/or</p> <p>(e) other Notifiable Events.</p>
<b>“Incidents Register”</b>	means a register to be maintained by the Contractor on board a mining vessel or Installation to record any Incidents or Notifiable Events.
<b>“Independent Auditor”</b>	means an auditor appointed by [the Contractor] to conduct an audit in respect of a Contractor and/or its related entities in accordance with the relevant Standards and taking into account the Guidelines.
<b>“Inspector”</b>	means a person acting under Part XI of these Regulations.
<b>“Inspector Code of Conduct”</b>	means [to be inserted]
<b>“Installations”</b>	includes, insofar as they are used for carrying out activities in the Area, structures and platforms, whether stationary or mobile.
<b>[“Managing Company”]</b>	[means [to be inserted]]
<b>“Marine Environment”</b>	includes the physical, chemical, oceanographic geological, genetic, and biological components, conditions and factors which interact and determine the productivity, state, condition and quality and connectivity of the marine ecosystem(s), the waters of the seas and oceans and the airspace above those waters, species, biodiversity, ecosystems, as well as the seabed and ocean floor and subsoil thereof.
<b>“Material Change”</b>	means a [substantial]/[significant] change that affects the basis on which an original report, document or plan, including a Plan of Work, was accepted or approved by the Authority, and includes changes such as physical modifications, changes to harmful effects of activities on the Marine Environment, other Environmental Effects or effects on Stakeholders, the availability of new knowledge or technology and changes to operational

	<p>management that are to be considered in light of the applicable Guidelines.</p> <p>[Alt <b>“Material Change”</b> means a substantial or significant change to the basis on which the original report, document or plan, including a Plan of Work, was accepted or approved by the Authority.]</p> <p>[Alt 2 <b>“Material Change”</b> means a change that effects the fundamental basis on which the original report, document or plan, including a Plan of Work, was accepted or approved by the Authority].</p> <p>[Alt. 3 <b>“Material Change”</b> means a significant change that affects the basis on which an original report, document or plan, including a Plan of Work, was accepted or approved by the Authority, and may include changes such as modifications to the way in which Exploitation activities are conducted; changes to assessments of harmful effects of activities on the Marine Environment, or effects on Stakeholders; the availability of new knowledge or technology; changes to a Contractor’s operational management; and changes to any applicable Standards and Guidelines.]</p>
<b>“Metal”</b>	means any metal contained in a Mineral.
<b>“Minerals”</b>	means Resources that have been recovered from the Area.
<b>“Mining Area”</b>	means the part or parts within the Contract Area from which Minerals will be extracted, as described in a Plan of Work, as may be modified from time to time in accordance with these Regulations.
<b>“Mining Discharge”</b>	means any sediment, waste or other effluent directly resulting from Exploitation, including shipboard or Installation processing immediately above a mine site of Minerals recovered from that mine site and includes but is not limited to, disposal, spilling, leaking, pumping, emitting, emptying, or discharging.
<b>“Mining Workplan”</b>	means the document referred to in Annex II, including any modifications made from time to time in accordance with these Regulations.
<b>“Mitigate” and “Mitigation”</b>	means acting/an action or activity intended to remedy, reduce or offset known potential negative impacts to the environment. These occur in a strict hierarchy:

	<p>(a) Avoiding an Environmental Effect altogether by undertaking or not undertaking a certain activity or parts of an activity;</p> <p>(b) For Environmental Effects that cannot be avoided, minimizing effects by limiting the degree or magnitude of the activity and its implementation [to the extent practicable and necessary to ensure Protection of the Marine Environment];</p> <p>(c) For Environmental Effects that cannot be avoided or minimised rectifying the effect by repairing, rehabilitating or restoring the affected Marine Environment; and</p> <p>(d) For Environmental Effects that cannot be avoided, minimised or rectified, reducing or eliminating the impact over time through preservation and maintenance operations during the life of the mining activity;</p> <p>[(e) Offsetting, only as a last resort and if it becomes technically and scientifically feasible in the future.]</p>
<p><b>["Monopolize"]</b></p>	<p>[means the ability to control over 75 per cent of the estimated annual volume of similar Mineral-bearing ore exploited, produced or removed from the Area after Commercial Production has occurred in respect of at least 2 Exploitation Contracts.]</p>
<p><b>"Non-Compliance Notice"</b></p>	<p>means [to be defined]</p>
<p><b>["Notifiable Events"]</b></p>	<p>[means, for the purposes of regulation 34, any of the following events, except for where it constitutes an Incident for the purposes of these Regulations:</p> <ol style="list-style-type: none"> <li>1. Occupational lost time illness.</li> <li>2. Occupational lost time injury.</li> <li>3. Marine Mammal Fatality.</li> <li>4. Significant leak of hazardous substance [as determined in accordance with the applicable Standard and taking into consideration the applicable Guideline].</li> <li>5. Unauthorized Mining Discharge.</li> <li>6. Adverse environmental conditions that cause or likely to cause] significant safety or environmental consequences.</li> <li>7. Significant threat or breach of security, [including cyber security].</li> <li>8. Impairment or damage to safety or environmentally critical equipment, [where such impairment or damage prevents compliance with the Regulations].</li> <li>9. Contact with fishing gear resulting in its damage.</li> </ol>

	<p>10. Contact with submarine pipelines or cables resulting in its damage [or an event that is likely to such damage].</p> <p>11. Contact with equipment related to marine scientific research resulting in its damage.]</p>
<b>["Parent Company Liability Statement"]</b>	[means the statement that is to be validly signed by the Contractor and the Contractor's Managing Company on behalf of those companies, and provided by the Contractor as Schedule 14 to the Exploitation Contract, as amended from, yet substantially in the same form as, Annex XI to these Regulations.]
<b>"Pilot Mining"]</b>	[means an <i>in situ</i> operating of the integrated system of all equipment and all related process steps, including collector, raiser and release techniques, for exploitation activities in a Contract Area under appropriate technical, spatial and temporal conditions which provides evidence concerning, inter alia, environmental impact, commercial capacity, duration of operations to validate feasibility of future Commercial Production.
<b>"Plan of Work"</b>	means a Plan of Work for Exploitation in the Area, defined collectively as all and any plans or other documents setting out the activities for the conduct of the Exploitation, which form part of, or is proposed to be part of, an Exploitation Contract.
<b>"Preservation"</b>	means the maintenance of the environment, lands and natural resources without anthropogenic use beyond access.
<b>"Preservation Reference Zone"</b>	means a zone designated within the Contract Area in accordance with Annex X bis to these Regulations that has been identified as having similar ecological characteristics to an Impact Reference Zone, and within which no mining impacts are predicted to occur, which will be used to show a representative and stable ecosystem from the sea surface to the benthic subsurface layers, and can be used to form a comparison with an Impact Reference Zone.
<b>"Protection [of the Marine Environment]"</b>	means any action or activity designed to reduce or prevent pollution, negative environmental impacts or other damage to environment, land, ecosystems, natural resources, [traditional ownership or customary use of resources, <b>human remains and Underwater Cultural Heritage</b> , or intangible Underwater Cultural Heritage] by human activities, including to mitigate climate change, to reduce the risk of such damage, to protect and restore

	biodiversity or to lead to more efficient use of natural resources, including energy-saving measures and the use of renewable sources of energy and other techniques to reduce greenhouse gas emissions and other pollutants, as well as to shift to circular economy models to reduce the use of primary materials and increase efficiencies. It also covers actions that reinforce adaptive capacity and minimise vulnerability to climate impacts.
<b>“Regulations”</b>	means the regulations on exploitation of Mineral resources in the Area, adopted by the Authority.
<b>“Rehabilitation”</b>	means an occurrence of when an ecosystem recovers characteristics of its natural state, such as the presence of its original species, functions or services.
<b>“Regional Environmental Management Plan”</b>	means a proactive spatial management strategy that anticipates exploitation and that includes the designation of areas of Particular Environmental Interest. [Where the Regulations refer to the “applicable Regional Environmental Management Plan”, this shall be understood to mean the Regional Environmental Management Plan adopted by the Council for the particular area and type of resource concerned.]
<b>“Related Parties” or “Related Party”</b>	means parties that belong to the same corporate structure, such as a parent and subsidiary company, or sister companies which are both subsidiaries of the same parent company, and a state enterprise shall be considered a “Related Party” vis-à-vis its host State party or a Contractor sponsored by its host State party unless evidence is provided that any costs, prices and revenues have been charged or determined on an arm’s-length basis.
<b>“Reserved Area”</b>	means any part of the Area designated by the Authority as a reserved area in accordance with article 8 of Annex III to the Convention.
<b>“Resources”</b>	means all solid, liquid or gaseous mineral resources, Mineral-bearing ore, associated Minerals, or mixture thereof <i>in situ</i> in the Area at or beneath the seabed.
<b>“Restoration”</b>	means a return to pre-disturbance conditions.
<b>“Roster of Inspectors”</b>	means [to be inserted]
<b>“Rules of the Authority”</b>	means [the Convention, the Agreement,] these Regulations and other rules, regulations and procedures

	of the Authority, including Standards and Guidelines as may be adopted from time to time.
<b>“Scoping Report”</b>	means [to be inserted]
<b>“Seabed Mining Register”</b>	means the registry established and maintained by the Authority in accordance with regulation 92.
<b>[“Serious Harm to the Marine Environment”]</b>	<p>means an Environmental Effect that, individually in combination or cumulatively meets any of the following criteria:</p> <p>(a) it is not likely to be redressed through natural recovery within a reasonable period;</p> <p>(b) it impairs the ability of affected populations to replace themselves;</p> <p>(c) it degrades the long-term natural productivity of habitats or ecosystems;</p> <p>(d) causes, on a more than temporary basis, a loss of species richness or biological diversity, including community structure, genetic connectivity among populations, ecosystem functioning and ecosystem services on the seabed, at the sea surface, and in midwater and in the benthic boundary layer, or habitat; or</p> <p>(e) any other criteria contained in the relevant Regional Environmental Management Plan, or Standards.]</p>
<b>“Sponsoring State”</b>	means a State Party to the Convention which submits a certificate of sponsorship of an applicant in accordance with regulation 6.
<b>“Stakeholder”</b>	means a natural or juristic person or an association of persons [, including Indigenous Peoples [as well as] [and] local communities,] with an interest of any kind in, or who may be affected by, the proposed or existing Exploitation activities under a Plan of Work in the Area, or who has relevant information, [knowledge] or expertise.
<b>“Standards”</b>	means such documents adopted by the Authority pursuant to regulation 94.
<b>“State”</b>	means a State party or parties to the Convention.
<b>“Strategic Environmental Goal”</b>	means the goal pursuant to regulation 44ter, paragraph 3.

<p><b>“Strategic Environmental Objectives”</b></p>	<p>means the objectives pursuant to regulation 44ter, paragraph 4.</p>
<p><b>“Suitably Qualified Person”</b></p>	<p>means a person qualified to conduct a valuation of Mineral-bearing ore in accordance with the relevant standards of the International Organization for Standardization and who otherwise complies with the requirements for a Suitably Qualified Person in Standards and Guidelines.</p>
<p>[<b>“System of Payments”</b>]</p>	<p>means the financial mechanisms the Authority applies pursuant to Part VII of the Regulations to determine the payments due from a Contractor to the Authority, including the required forms of payment (such as a royalty payment and profit sharing).]</p>
<p><b>“Temporary Suspension”</b></p>	<p>means [to be discussed and inserted]</p>
<p><b>“Test Mining”</b></p>	<p>means the <i>in situ</i> use and testing of a fully integrated and functional mining system, including collection systems and water discharge systems.</p>
<p><b>“Transferee”</b></p>	<p>means an entity to which a Contractor may transfer, or has transferred, its rights and obligations under an Exploitation Contract in accordance with regulation 23.</p>
<p><b>“Transfer Profit Share”</b></p>	<p>means a payment by the Contractor to the Authority in accordance with the applicable Standard in circumstances where the Contractor has transferred its rights and obligations under an Exploitation Contract in accordance with regulation 23.</p>
<p><b>“Underwater Cultural Heritage”</b></p>	<p>[refers, for purposes of these Regulations, to all traces of human existence found in the Area which have been underwater for at least 100 years, having a cultural, historical or archaeological character, such as objects of prehistoric character, sites, structures, buildings, artifacts, vessels, aircraft, other vehicles or any part thereof, their cargo or other contents, together with their archaeological and natural context.]</p> <p>[<b>Alt.</b> refers to all traces of human existence found in the Area which have been underwater for at least 100 years, having a cultural, historical or archaeological character, or are associated with intangible underwater cultural heritage, such as objects of prehistoric character, sites, structures, buildings, artifacts, vessels, aircraft, other vehicles or any part thereof, their cargo or other contents, together with their archaeological and natural context. [It</p>

also refers to objects or sites which are the subject of intangible underwater cultural heritage.]

For this purpose, “intangible underwater cultural heritage” refers to practices, representations, expressions, knowledge, skills, and traditions that are transmitted from generation to generation – as expressed in the instruments, objects, artefacts, flora, fauna and cultural spaces associated therewith – that communities, groups, or, in some cases, individuals recognize as part of their cultural heritage; and relate to the underwater environment and its interaction with human cultures. This may include, but is not limited to, traditional navigation knowledge, oral histories associated with maritime landscapes, spiritual and ritual practices linked to water bodies, and artisanal fishing techniques.]