

**Twenty-eighth session**

Council session, part I

Kingston,

16 March – 31 March 2023

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

**President's Text (compilation for the resumed reading)**

1. During the Council meeting in March 2022, considering the heavy workload of the working groups, the Council endorsed the President's proposal to consider the remaining elements of the draft regulations in plenary and in an informal setting ([ISBA/27/C/21](#), section D, paras 24-28). Below is a list of the relevant parts of the draft regulations that are not handled in any of the working groups:

- (a) The Preamble;
- (b) Part III, Rights and obligations of Contractors;
- (c) Part X, General procedures, Standards, and Guidelines;
- (d) Annex I, Application for approval of a plan of work to obtain an exploitation contract;
- (e) Annex II, Mining work plan;
- (f) Annex III, Financing Plan;
- (g) Annex V, Emergency Response and Contingency Plan;
- (h) Annex VI, Health and Safety Plan and Maritime Security Plan;
- (i) Annex IX, Exploitation contract and schedule;
- (j) Annex X, Standard clauses for exploitation contract;
- (k) Appendix I, Notifiable events;
- (l) Schedule, Use of terms, and scope.

2. Based on that, a consolidation of the above-mentioned elements was prepared, [the President's Text of 11 October 2022](#). The President's Text provides a full collation of suggestions (textual proposals) received by delegations and observers to the above-mentioned parts at that date.

3. During the third part of the twenty-seventh session, a first reading of the President's Text covered the preamble and draft regulations 17-30.

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4. In preparation for the first part of the twenty-eighth session, the President's Text of 11 October 2022 has been updated with textual proposals to the extent that they relate from draft regulation 31 and onwards which have been received since the last meeting as agreed by the Council in November 2022. Thus, it only reflects textual proposals for the parts of the President's Text that will be discussed by the Council from its resumed reading, namely from draft regulation 31 and onwards. Once the first reading of the entire President's Text has been finalized, a revised President's Text will be provided that reflects the discussions of the Council and will be based on the same approach as the texts provided by the working groups. Valuable input has been provided on the preamble and draft regulations 17-30 during the latest discussions and by written proposals. These contributions will be handled in the revised version of the President's text.

5. Written suggestions provided by delegations and observers are reflected as marked-up text against the revised version of the draft regulations on exploitation of mineral resources in the Area prepared by the Legal and Technical Commission, dated 22 March 2019 ([ISBA/25/C/WP.1](#)). Suggested alternative drafting to existing text is marked up and in square brackets. Suggested deletions are placed in brackets. The use of "Alt" without square brackets indicates an alternative to an entire regulation, paragraph, or subparagraph.

6. Again, I want to remind delegations and observers that this is a compilation of written proposals received. Thus, the proposals are, to some extent diverting and with a different view on the purpose of the regulations. There has not – for the purpose of this first reading – been an attempt to draft a consensus-based text, and it is merely to be considered as a collected document. Therefore, the drafting suggestions are reflected as provided, without editorial intervention from the President other than in relation to the capitalization of certain terms based on the method used in the draft regulations.

## Preamble

In accordance with the United Nations Convention on the Law of the Sea of 10 December 1982 (“the Convention”),

[Ensuring the effective protection for the Marine Environment from harmful effects, which may arise from the activities in the Area, in accordance with Article 145 of the Convention].

*Reaffirming* the fundamental importance of the principle that the Area and its resources are the common heritage of mankind,

*Emphasizing* that the exploitation of the resources of the Area shall be carried out for the benefit of mankind as a whole, on whose behalf the International Seabed Authority acts, in accordance with Part XI of the Convention and the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (“the Agreement”),

[Emphasizing the importance of ensuring effective protection for the Marine Environment from harmful effects which may arise from activities in the Area consistent with article 145 of the Convention].

[Recalling that the Authority shall, in developing the resources of the Area, ensure the effective protection of the Marine Environment from harmful effects which may arise from activities in the Area, in accordance with article 145 of the Convention]

[Recalling that Part XII of the Convention on the Protection and Preservation of the Marine Environment shall be applied to part XI when relevant.]

*Considering* that the objective of these regulations is to provide for the exploitation of the resources of the Area consistent with the Convention and the Agreement,

Alt.1 [while ensuring effective protection for the Marine Environment from harmful effects caused by Exploitation activities].

Alt. 2 [while ensuring effective protection for the Marine Environment from harmful effects which may arise from exploitation activities]

[Taking into account the Sustainable Development Goals and Targets of the 2030 Agenda, as adopted by the General Assembly of the United Nations in September 2015 (resolution 70/1)].

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## **Part III**

### **Rights and obligations of Contractors**

#### **Section 1**

##### **Exploitation contracts**

##### **Regulation 17**

###### **The contract**

1. Upon the Council's approval of a Plan of Work, the Secretary-General shall prepare an exploitation contract between the Authority and the applicant in the form prescribed in annex IX to these regulations.
2. The exploitation contract shall be signed on behalf of the Authority by the Secretary-General or duly authorized representative. The designated representative or the authority designated under regulation 5 (2) shall sign the exploitation contract on behalf of the applicant. The Secretary-General shall notify all members of the Authority in writing of the conclusion of each exploitation contract.
3. The exploitation contract and its schedules is a public document, and shall be published [forthwith] in the Seabed Mining Register, except for Confidential Information, which shall be redacted.

##### **Regulation 18**

###### **Rights and exclusivity under an exploitation contract**

###### Alt. Exclusive rights of a Contractor under an exploitation contract

1. An exploitation contract shall confer on a Contractor the exclusive right to:
  - (a) Explore for the specified Resource category in accordance with [paragraph 7 below] [the rules, regulations and procedures of the Authority, where the approved Plan of Work provides for the stage of exploration]; and
  - (b) Exploit the specified Resource category in the Contract Area in accordance with the approved Plan of Work, provided that production shall only take place in approved Mining Areas [and subject to prerequisite prescribed under regulation 25(6)].
2. The Authority shall not permit any other entity to exploit or explore for the same Resource category in the Contract Area for the entire duration of an exploitation contract.
3. The Authority, in consultation with a Contractor, shall ensure that no other entity [holding a contract with the Authority] operates in the Contract Area for a different category of resources in a manner which might interfere with the rights granted to the Contractor.
4. An exploitation contract shall provide for security of tenure and shall not be revised, suspended or terminated except [in observance of the applicable rules, regulations and procedures, including Standards as well as] in accordance with the terms [of the exploitation contract] thereof, [and articles 18 and 19 of Annex III of the Convention].
5. An exploitation contract shall not confer any interest or right on a Contractor in or over any other part of the Area or its Resources other than those rights expressly granted by the terms of the exploitation contract or these regulations [nor limit any (other) freedoms of the high seas].

6. The Contractor shall, subject to regulation 20, have the exclusive right to apply for and be granted a renewal of its exploitation contract.

7. In relation to exploration activities in the Contract Area conducted under an exploitation contract, the applicable Exploration Regulations shall continue to apply [as set out in the relevant] [Guidelines] [as set out in the relevant Standards]. In particular, the Contractor shall [be expected to] continue to show due diligence in conducting exploration activities in the Contract Area, together with [the payment of applicable fees and] the reporting of such activities and its results to the Authority in accordance with the applicable Exploration Regulations, including under regulation 38 (2) (k).

8. [The Contractor shall exercise the exclusive rights provided for in this regulation in consistence with articles 87 and 147 of the Convention.]

### **[Regulation 18 bis**

#### **Obligations of the Contractors.**

1. Contractor shall comply with these Regulations and the Rules of the Authority in a manner consistent with the Convention and the Agreement.

2. Contractors, their holding, subsidiaries, affiliated and Ultimate Parent companies, agencies, partnerships, and suppliers shall be held liable for the compliance of the Contract. Particularly, they shall be jointly and severally liable for the obligation of compensating damages arising from Exploitation Activities.

3. Whether Contractors fail to comply with their payment obligations under these Regulations, holdings and Ultimate Parent Companies shall be held responsible to effect such payments to the Authority on behalf of Contractors.

4. Sponsor States shall take all legislative and administrative measures to assure that Contractors have all material, operative, and financial means to comply with the Contract and these Regulations and that no corporate limitation shall prevent Contractors, holding and Ultimate Parent Companies to compensate damages and make the payment required by the Contractors under the Contract and these Regulations.]

### **Regulation 19**

#### **Joint arrangements**

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

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

### **Regulation 20**

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

1. Subject to the provisions of section 8.3 of the exploitation contract, the maximum initial term of an exploitation contract is 30 years [and 50 years for contractors which are developing States,] [the parties may agree to a minimum initial term of 15 years], taking account of the expected economic life of the Exploitation activities of the Resource category set out in the Mining Workplan and including a reasonable time period for the construction of commercial-scale mining and processing systems.

2. An application to renew an exploitation contract shall be made in writing addressed to the Secretary-General and shall be made no later than [one year] [two years] before the expiration of the initial period or renewal period, as the case may be, of the exploitation contract.

3. The Contractor shall supply [a revised plan of work, as well as] such documentation as may be specified in the [Standard and] Guidelines. If the Contractor wishes to make any changes to a Plan of Work [and such changes are Material Changes], the Contractor shall submit a revised Plan of Work [including an updated EIA].

4. The Commission shall consider such application to renew an exploitation contract at its next meeting, provided the documentation required under paragraph 3 has been circulated at least 30 Days prior to the commencement of that meeting of the Commission.

5. In making its recommendations to the Council under paragraph 6 below, including any proposed amendments to the Plan of Work or revised Plan of Work, the Commission shall take account of any report on the review of the Contractor's activities and performance under a Plan of Work under regulation 58, [as well as any other relevant information from, inter alia, performance assessments, annual reports, environmental reports, legal actions against the contractor].

6. The Commission shall recommend to the Council the approval of an application to renew an exploitation contract, and [an exploitation contract shall be renewed by the Council] [an exploitation contract may be renewed by the Council] [and the Council approves the renewal application], provided that:

(a) The Resource category is recoverable annually in [Commercial and Profitable Quantities] from the Contract Area;

(b) The Contractor is in compliance with the terms of its exploitation contract and the Rules of the Authority, including the rules, regulations and procedures [and Standards] adopted by the Authority to ensure effective protection for the Marine Environment from harmful effects which may arise from activities in the Area;

(b) bis. [The cumulative environmental impact does not exceed the thresholds set by the applicable Regional Environmental Management Plan as a result of the renewal, and that such renewal does not hinder the achievement of the strategic and regional environmental goals and objectives;]

(c) The exploitation contract has not been terminated earlier; and

(d) The Contractor has paid the applicable fee in the amount specified in appendix II.

(e) [The Commission has reassessed the Contractor consistent with the requirements of regulation 13(1), 13(2) and 13(3) and is satisfied that the Contractor has the ability to continue exploitation; and]

(f) [The Sponsoring State has reconfirmed their sponsorship of the Contractor by reissuing their certificate of sponsorship.]

7. Each renewal period shall be a maximum of 10 years [for a maximum overall duration of the exploitation contract of 60 years]. [A maximum of two renewals may be requested]

8. Any renewal of an exploitation contract shall be effected by the execution of an instrument in writing by the Secretary-General or duly authorized representative, and the designated representative or the authority designated by the Contractor. The terms of a renewed exploitation contract shall be those set out in the standard exploitation

contract annexed to these regulations that is in effect on the date that the Council approves the renewal application.

9. Sponsorship is deemed to continue throughout the renewal period unless the Ssponsoring State or States terminates its sponsorship in accordance with regulation 21.

10. An exploitation contract in respect of which an application for renewal has been made ~~[shall]~~ [may, for a maximum of three months after its expiry date and only under extraordinary circumstances], despite its expiry date, remain in force until such time as the renewal application has been considered and its renewal has been granted or refused.

## **Regulation 21**

### **Termination of sponsorship**

1. Each Contractor shall ensure that it is sponsored by a State or States, as the case may be, throughout the period of the exploitation contract in accordance with regulation 6, ~~[and to the extent necessary that it complies with regulations 6 (1) and (2)]~~.

2. A State may terminate its sponsorship by providing to the Secretary-General a written notice describing the reasons for such termination. Termination of sponsorship takes effect ~~[no later than]~~ ~~[42]~~ [6] months after the date of receipt of the notification by the Secretary-General [unless the notification specifies an earlier date], except for termination due to a Contractor's non-compliance under its terms of sponsorship, in which case termination takes effect no later than 6 months after the date of such notification.

2 alt. A State may terminate its sponsorship by providing to the Secretary-General a written notice describing the reasons for such termination and the date termination is to take effect taking into account the following timeframes:

(i) Termination due to a Contractor's non-compliance under its terms of sponsorship, negligence or environmental damage: termination to take effect no later than 6 months after the date of receipt of the notification by the Secretary-General;

(ii) Termination due to reasons other than those listed in subparagraph (i) above: termination to take effect no later than 12 months after the date of receipt of the notification by the Secretary-General.

2 alt bis. If the reasons for termination of sponsorship include non-compliance under its terms of sponsorship, negligence or environmental damage, the Contractor must suspend its mining operations until the Council has considered the matter in accordance with paragraph 6 below.

3. In the event of termination of sponsorship, [due to reasons other than those listed at subparagraph 2(i) above,] the Contractor shall, within the period referred to in subparagraph 2 (ii) above, obtain another Ssponsoring State or States in accordance with the requirements of regulation 6, and in particular in order to comply with regulation 6 (1) and (2). Such State or States shall submit a certificate of sponsorship in accordance with regulation 6. The exploitation contract terminates automatically if the Contractor fails to obtain a Ssponsoring State or States within the required period.

4. A Ssponsoring State or States is not discharged from any obligations [or deprived of any rights] accrued while it was a Ssponsoring State by reason of the termination of its sponsorship [nor shall such termination affect any legal rights and obligations created during such sponsorship] [consistent with the requirements of contractors, including as set forth in Annex III, Article 17.2(e) of the Convention].

5. The Secretary-General shall notify the members of the Authority of a termination or change of sponsorship.

6. After a Sponsoring State has given a written notice in accordance with paragraph 2 above, the Council, based on the recommendations of the Commission, which shall take account of the reasons for the termination of sponsorship, [especially in the case of termination of contract attributable to a breach of compliance] [may] [should] require the Contractor to suspend, [or continue the suspension of.] its mining operations until such time as [the Contractor has proved to the satisfaction of the Council that the reasons for the termination of sponsorship have been addressed and] a new certificate of sponsorship is submitted.

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 [for the purpose of raising financing to effect its obligations under an exploitation contract].

2. [In seeking consent under this regulation,] ~~[A]~~ [The] Contractor shall disclose to the Council and Commission the terms and conditions of any such encumbrance referred to in paragraph 1 above and its potential impact on the activities under the exploitation contract in the event of any default by the Contractor.

3. [As a condition to giving consent under this regulation,] ~~[the]~~ [The] Authority shall request evidence that the beneficiary of any encumbrance referred to in paragraph 1 above shall agree either, upon foreclosure, to undertake Exploitation activities in accordance with the requirements of the exploitation contract and these regulations, [in which case the beneficiary must fulfil the requirement of paragraph 4 and 5 of regulation 23] or ~~[to]~~ [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. [In giving consent under this regulation,] ~~[the]~~ [The] Council may require that the beneficiary of the encumbrance referred to in paragraph 1 above:

(a) Shall subscribe to any internationally adopted standards for the extractive industries which are widely accepted; and

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

5. A Contractor shall file with the Seabed Mining Register a summary of any agreement that results or may result in a transfer or assignment of an exploitation contract, part of an exploitation contract or any interest in an exploitation contract, including registration of any security, guarantee, mortgage, pledge, lien, charge or other encumbrance over all or part of an exploitation contract. [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 a termination of sponsorship.]



6. The Authority shall ~~[not be obliged to]~~ provide any funds or issue any guarantees or otherwise become liable directly or indirectly in the financing of the Contractor's obligations under an exploitation contract.

### **Regulation 23**

#### **Transfer of rights and obligations under an exploitation contract**

1. ~~[A Contractor may transfer its rights and obligations under an exploitation contract in whole or in part only with the prior consent of the Council, based on the recommendations of the Commission] [and with notification to the Sponsoring State or States].~~

2. ~~[An application for consent to transfer the rights and obligations under an exploitation contract shall be made] [to] ~~†~~The Secretary-General [will be informed] jointly by the Contractor and transferee [of the transfer of the rights and obligations under an exploitation contract].~~

**2alt.** The Secretary-General will be informed jointly by the Contractor and transferee of the transfer of the rights and obligations under an exploitation contract.

3. The Commission shall ~~[consider the application for consent to] [review and confirm the]~~ transfer at its next available meeting, provided that the documentation has been circulated at least 30 Days prior to that meeting.

4. The Commission shall ~~[consider whether] [ensure that]~~ the transferee:

- (a) Meets the requirements of a qualified applicant as set out in regulation 5;
- (b) Has submitted a certificate of sponsorship as set out in regulation 6;
- (c) Has submitted a form of application as set out in regulation 7 if the Secretary-General considers that there is a ~~[Material Change]~~ to the Plan of Work;
- (d) Has paid the administrative fee as set out in appendix II;
- (e) Meets the criteria set out in regulation~~s] [s 12 (4) and] [12] and~~ 13(4), and has provided Environmental Plans that comply with regulation 13 (4) (e); and
- (f) Has deposited an Environmental Performance Guarantee as set out in regulation 26.

5. The Commission shall not ~~[recommend approval of] [sanction]~~ the transfer if it would:

(a) Involve conferring on the transferee a Plan of Work, the approval of which would be forbidden by article 6 (3) (c) of annex III to the Convention; or

~~[(b) Permit the transferee to monopolize the conduct of activities in the Area with regard to the Resource category covered by the exploitation contract] [or the transferee would monopolize or significantly control the production of any single mineral or metal produced globally].~~

[ (c) If any circumstances under regulations 15(2) or (3) are applicable.]

6. Where the exploitation contract is subject to an encumbrance registered in the Seabed Mining Register, the Commission shall not ~~[recommend consent to] [sanction]~~ the transfer unless it has received evidence of consent to the transfer from the beneficiary of the encumbrance.

7. Where the Commission determines that the requirements of paragraphs 4, 5 and 6 above have been fulfilled, it shall ~~[recommend approval of] [confirm]~~ the ~~[application for consent] [transfer]~~ to the Council. In accordance with article 20 of annex III to the

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Convention, the Council shall not [unreasonably] withhold [consent to a] [sanctioning of the] transfer if the requirements of this regulation are complied with.

8. A transfer is validly effected only upon:

(a) Execution of the assignment and novation agreement between the Authority, the transferor and the transferee;

(b) Payment of the prescribed transfer fee pursuant to appendix II; and

[(c) Recording by the Secretary-General of the transfer in the Seabed Mining Register.]

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

10. [The terms and conditions of the transferee's 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 Secretary-General or a duly authorized representative executes the assignment and novation agreement.]

#### **Regulation 24**

##### **Change of control**

1. For the purposes of this regulation, a “change in control” occurs where there is a change [in 50 per cent or more of] in the ownership of the Contractor, or of the membership of the joint venture, consortium or partnership, as the case may be, [that results in the holding of the beneficial ownership of- 50% or more of the Contractor or the controlling interest in the Contractor by an entity that previously held a minority share or had no prior equity interest.] or a change in 50 per cent or more of the ownership of the entity providing an Environmental Performance Guarantee [which by bringing the ownership to 50% constitutes a change in the effective control].

Alt. 1 [For the purposes of this regulation, a “change in control” occurs 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.]

2. Where there is a change of control of the Contractor, or there is a change of control in any entity providing an Environmental Performance Guarantee on behalf of a Contractor, the Contractor shall, [where practicable] [as soon as reasonably practicable but no later than 24 hours], notify the Secretary-General in advance of such change of control, [but in any event within 90 Days thereafter] [and in the case of an entity providing an Environmental Performance Guarantee, no later than within 90 Days thereafter]. The Contractor shall provide the Secretary-General with such details as he or she shall reasonably request of the change of control.

3. After consulting the Contractor or entity providing the Environmental Performance Guarantee, as the case may be, the Secretary-General may:

(a) Determine that, following a change of control of the Contractor or the entity providing the Environmental Performance Guarantee, the Contractor will continue to be able, and in particular will have the financial capability, to meet its obligations under the exploitation contract or Environmental Performance Guarantee, in which case the contract shall continue to have full force and effect;

(b) In the case of a Contractor, treat a change of control as a transfer of rights and obligations in accordance with the requirements of these regulations, in which case regulation 23 shall apply; or

(c) In the case of an entity providing an Environmental Performance Guarantee, require the Contractor to lodge a new Environmental Performance Guarantee in accordance with regulation 26, within such time frame as the Secretary-General shall stipulate.

4. Where the Secretary-General determines that, following a change of control, a Contractor may not have the financial capability to meet its obligations under its exploitation contract, the Secretary-General shall inform the Commission accordingly. [The Commission itself shall inquire the Secretary-General about the financial capability of a Contractor, following a change of control.] The Commission shall submit a report of its findings and recommendations to the Council.

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## Section 2

### Matters relating to production

#### Regulation 25

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

1. At least 12 months prior to the proposed commencement of production in a Mining Area, the Contractor shall provide to the [Secretary-General] [Commission] a Feasibility Study prepared in accordance with Good Industry Practice, taking into account the Guidelines [as well as the results of the test mining study pursuant to Regulation [48bis], paragraph 2 or 3, as applicable, and in accordance with Annex [IV ter]]. In the light of the Feasibility Study [and the test mining study], [the Secretary-General shall consider whether any Material Change needs to be made to the Plan of Work in accordance with regulation 57 (2). If he or she determines that any such Material Change needs to be made, the Contractor shall prepare and submit to the Secretary-General a revised Plan of Work accordingly] [If the Secretary-General considers any Material Change needs to be made to the Plan of Work, he or she shall submit this matter to the Commission. If the Commission determines as such, the Contractor shall prepare and submit to the Commission a revised Plan of Work accordingly].

2. Where, as part of a revised Plan of Work, the Contractor delivers a revised Environmental Impact Statement, Environmental Management and Monitoring Plan and Closure Plan under paragraph 1 above, regulation 57 (2) shall apply mutatis mutandis to such Environmental Plans [if the modification to the Environmental Plans constitutes a Material Change], and such Environmental Plans shall be dealt with in accordance with the procedure set out in regulation 11.

3. Provided that, [where applicable], the procedure under regulation 11 has been completed, the Commission shall, at its next meeting, provided that the documentation has been circulated at least 30 Days before the meeting, examine [the Feasibility Study and] any revised Plan of Work supplied by the Contractor under paragraph 1 above, and in the light of any comments made by members of the Authority, Stakeholders and the Secretary-General on the Environmental Plans.

[3.bis. An application to renew an exploitation contract shall be accompanied by updated Environmental Plans to be reviewed in accordance with the provisions of regulation 11.]

4. If the Commission determines that the revised Plan of Work, including any amendments thereto dealt with in accordance with regulation 14, continues to meet the requirements of regulation 13, it shall recommend to the Council the approval of the revised Plan of Work. [If the Commission determines that it does not meet said requirements, the procedure established in Regulation 14 (b) will be applied.]

5. The Council shall consider the report and recommendation of the Commission relating to the approval of the revised Plan of Work in accordance with paragraph 11 of section 3 of the annex to the Agreement.

6. The Contractor may not commence production in any part of the Area covered by the Plan of Work until either:

(a) The Secretary-General [Commission] has determined that no Material Change to the Plan of Work needs to be made in accordance with regulation 57 (2) [and this determination has been endorsed by the Council]; or

(b) In the event that a Material Change is made, the Council has given its approval to the revised Plan of Work pursuant to paragraph 5 above; and the Contractor has lodged an Environmental Performance Guarantee in accordance with regulation 26.

## **Regulation 26 Environmental Performance Guarantee**

1. A Contractor shall lodge an Environmental Performance Guarantee in favour of the Authority and no later than the commencement date of production in the Mining Area.

2. The required form and amount of the Environmental Performance Guarantee shall be determined according to the [Guidelines] [relevant] [Standards] [rules] [applicable Standard and take account of the applicable Guidelines], and shall reflect the likely costs required for:

(a) The premature closure of Exploitation activities;

(a) bis. [The repair of an in-service submarine cable or pipeline in, or adjacent to, the application area that was damaged as a result of the Contractors activities:]

(a) ter. [Responding to, and remediating, a significant environmental Incident:]

(b) The decommissioning and final closure of Exploitation activities, including the removal of any Installations and equipment; and

~~(e)~~ The post-closure monitoring and management of residual Environmental Effects.

3. [The Council shall decide the amount of an Environmental Performance Guarantee in Standard taking into account the recommendation of the Commission and Finance Committee.] The amount of an Environmental Performance Guarantee may be provided by way of instalments over a specified period according to the [relevant] [Guidelines] [applicable Standard] [Standards].

4. The amount of the Environmental Performance Guarantee shall be reviewed and updated [annually by the Contractor], [where]:

(a) [Where] [F][t]he Closure Plan is updated in accordance with these regulations; or

(b) As the result of:

(i) A performance assessment under regulation 52;

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

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

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

(d) [Inflation and other market or economic conditions impact on the amount of the guarantee that must be held.]

5. A Contractor shall, as a result of any review under paragraph 4 above, recalculate the amount of the Environmental Performance Guarantee within 60 Days of a review date and lodge a revised guarantee in favour of the Authority.

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

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

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

7. The requirement for an Environmental Performance Guarantee under this regulation shall be applied in a uniform [and non-discriminatory] manner [taking into account relevant factors such as: a Contractor's level of experience, record of past performance (i.e. environment or safety record), and the location of the activity, including proximity to in service cables or pipelines].

8. The provision of an Environmental Performance Guarantee by a Contractor does not limit the responsibility and liability of the Contractor under its exploitation contract in the amount of such guarantee.

### **Regulation 27**

#### **Commencement of production**

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 [commercially reasonable] [all] efforts to bring the Mining Area into Commercial Production in accordance with the Plan of Work [and Rules of the Authority, consistent with Good Industry Practice].

2. [Once Commercial Production has begun, the Contractor shall notify the Secretary-General. Upon notification, the Secretary-General shall publish notice on the website of the Authority and shall notify members of the Authority, in particular coastal states in close proximity to the Mining Area, that Commercial Production has begun and the location of the Mining Area.]

### **Regulation 28**

#### **Maintaining Commercial Production**

1. The Contractor [shall] [will make best efforts to] maintain Commercial Production in accordance with the exploitation contract and the Plan of Work annexed thereto and these regulations, [and market conditions]. A Contractor shall, consistent with Good Industry Practice, manage the recovery of the Minerals removed from the Mining Area at rates contemplated in the Feasibility Study.

2. [The Contractor shall notify the Secretary-General [and the Sponsoring State or States] if it:

(a) Fails to comply with the Plan of Work; or

(b) Determines that it will not be able to adhere to the Plan of Work in future.]

3. Notwithstanding paragraph 1 above, the Contractor shall [temporarily] [immediately] [reduce or] suspend production whenever such reduction or suspension is required to protect the Marine Environment from [Serious Harm or a threat of Serious Harm] or to protect human health and safety [to protect the Marine Environment from Serious Harm or a threat of Serious Harm, to protect human health and safety or to protect human remains, objects or sites of archaeological or historical nature] [upon the receipt of emergency order pursuant to regulation [4(4) or on the Contractor's own decision that maintaining the level of production would result in Serious Harm or a threat of Serious Harm.] A Contractor shall notify the Secretary-General [and the Sponsoring State or States] [States] of such a reduction or suspension of production as

soon as is practicable and no later than [72] [24] hours after production is [reduced or] suspended.

4. [A Contractor shall notify the Secretary-General as soon as it recommences any mining activities, and no later than 72 hours after such recommencement, and, where necessary, shall provide to the Secretary-General such information as is necessary to demonstrate that the issue triggering a reduction or suspension has been addressed. The Secretary-General shall notify the Council that production has recommenced.]

## **Regulation 29**

### **Reduction or suspension in production due to market conditions**

#### **Alt. Extended suspension in production due to market conditions**

1. [Notwithstanding regulation 28,] [a][A] Contractor may temporarily reduce or suspend production due to market conditions [or other factors] but shall notify the Secretary-General thereof [as soon as practicable thereafter] [no later than one month from the date of the reduction or suspension]. Such reduction or suspension may be for a period of up to 12 months.

1alt. [A Contractor may temporarily suspend production due to market conditions.]

2. If the Contractor proposes to continue the reduction or suspension for more than 12 months, the Contractor shall notify the Secretary-General in writing, at least 30 Days prior to the end of the 12-month period, giving its reasons for seeking a further reduction or suspension of that length of time. The Commission shall, upon determining that the reasons for the reduction or suspension are reasonable, including where the prevailing economic conditions make Commercial Production impracticable, [of for other circumstances beyond the Contractor's control] recommend approval of the suspension to the Council. The Council shall, based on the recommendation of the Commission, [consider] [decide on] the reduction or suspension requested by the Contractor. The Contractor may apply for more than one suspension. [During the period when the Contractor reduces or suspends production, the annual fixed fee or royalties paid by the Contractor shall be exempted or deducted appropriately].

2alt. If the Contractor suspends production 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 suspension of that length of time.

3. In the event of any suspension in mining activities, the Contractor shall continue to monitor and manage the Mining Area in accordance with the Closure Plan. [Where suspension continues for a period of more than 12 months, the Commission may require the Contractor to submit a final Closure Plan in accordance with regulation 60.] Where the Contractor suspends all production for [more than] five years [or more], the Council may terminate the exploitation contract and the Contractor shall be required to implement the final Closure Plan [The contract can be terminated after five years of suspension on the condition that the Contractor is entitled to priority and preference in exploiting the same area for the same resource].

4. A Contractor shall notify the Secretary-General as soon as it recommences any mining activities, and no later than 72 hours after such recommencement, and, where necessary, shall provide to the Secretary-General such [non-market] information as is necessary to demonstrate that the issue triggering a reduction or suspension has been addressed. The Secretary-General shall notify the Council that production has recommenced.

[1. In pursuance of regulation 2(2)(a) relating to the efficient conduct of activities, and the avoidance of unnecessary waste, and to ensure that the resources are being

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mined optimally in accordance with the Mining Work Plan, a Contractor shall, in accordance with Best Industry Practices:

(a) Avoid inefficient mining practices;

(b) Minimize the generation of waste in the conduct of exploitation in the Area

2. A Contractor shall include in its annual report under Regulation 40 such information and Reports as the Secretary General requests, in accordance with the Standards and Guidelines, to demonstrate that the Contractor is meeting the obligations in paragraph 1 above.

3. If the Secretary General becomes aware that Contractor is not meeting the obligations in paragraph 1 above, by way of written notice to the Contractor, request a review of mining and processing activities carried out under the Plan of Work. The Contractor shall implement any modifications to bring the Mining Workplan and any mining and processing practice into conformity with Best Industry Practices.

4. Members of the Authority shall, to the best of their abilities, assist the Secretary General through the provision of Data and information in connection with this regulation where processing, treatment and refining of ore from seabed mining occur under their jurisdiction and/or control.]



### Section 3

#### Safety of life **[and property]** at sea

**[Safety, labour and health at sea]**

#### Regulation 30

##### Safety, labour and health standards

1. The Contractor shall ensure at all times that:
  - (a) All vessels and Installations operating and engaged in Exploitation activities are in good repair, in a safe and sound condition and adequately manned, [display navigation lights and shapes as per Collision Regulations] and comply with paragraphs 2 and 3 below; and
  - (b) All vessels and Installations employed in Exploitation activities have an appropriate class designation and shall remain in class for the duration of the exploitation contract.
2. The Contractor shall ensure [via periodic assessment by an independent entity as may be required] compliance with the applicable international rules and standards established by competent international organizations or general diplomatic conferences concerning the safety of life at sea, the pollution of the Marine Environment by vessels, the prevention of collisions at sea, [the training of seafarers,] [maritime labour conditions, as adopted by the Maritime Labour Convention] and the treatment of crew members, as well as [any] rules, regulations and procedures [and Standards adopted from time to time by the Council relating to] [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 Ssponsoring State or States in the case of Installations; and
  - (b) Comply with the national laws of its Ssponsoring State or States in relation to any matters that fall outside of the jurisdiction of the flag State, such as worker rights for non-crew members and human health and safety that pertains to the mining process rather than to ship operation.
4. The Contractor shall provide copies of valid certificates required under relevant international shipping conventions to the Authority upon request.
5. The Contractor shall ensure that:
  - (a) All of its personnel, before assuming their duties, have the necessary experience, training and qualifications and are able to conduct their duties safely, competently and in compliance with the Rules of the Authority and the terms of the exploitation contract;
  - (b) An occupational health, safety and environmental awareness plan is put in place to inform all personnel engaged in Exploitation activities as to the occupational and environmental risks which may result from their work and the manner in which such risks are to be dealt with; and
  - (c) Records of the experience, training and qualifications of all of its personnel are kept and made available to the Secretary-General upon request.
6. [When conducting its operations], [~~A~~] [a] Contractor shall [develop], implement and maintain a safety management system, taking account of the relevant Guidelines.

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## Section 4 Other users of the Marine Environment

### Regulation 31

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

1. Contractors shall, [consistent with] [taking into account] [any] [the] relevant Guidelines, carry out exploitation under an exploitation contract with reasonable regard for other activities in the Marine Environment, [including but not limited to submarine cables and pipelines in the Contract Area, fishing activities and other activities], in accordance with articles 87 and 147 of the Convention and the approved Environmental Management and Monitoring Plan, [Regional Environmental Management Plan] and Closure Plan [and any applicable international rules and standards established by competent international organizations].

Alt. 1. In particular, each Contractor shall exercise due diligence [reasonable regard] to ensure that it does not cause damage to submarine cables or pipelines in the Contract Area. [or structure deriving from other marine uses] [should carry out Exploitation activities with reasonable regard to submarine cables or pipelines so as to avoid destroying or damaging them].

Alt. 2. [In particular, each Contractor should carry out Exploitation activities with reasonable regard to submarine cables or pipelines so as to avoid destroying or damaging them.] [or structures deriving from other marine uses]

Alt. 3. [Contractors shall, consistent with the relevant Guidelines, carry out Exploitation under an exploitation contract with reasonable regard for other activities in the Marine Environment in accordance with article 147 of the Convention and the approved Environmental Management and Monitoring Plan and Closure Plan and any applicable international rules and standards established by competent international organizations, and relevant national laws and regulations of Sponsoring States and flag States.]

1 alt bis. [Each Contractor shall exercise due diligence to ensure that it does not cause damage to submarine cables or pipelines in the Contract Area. In particular, the Contractor shall]:

(a) [comply with the measures [identified in the approved Plan of Work] it agreed with the operators of the submarine cables and pipelines to reduce the risk of damage to any in-service cables and pipelines [(such as an easement, or a mining exclusion zone within a reasonable radius)]]; -and

(b) [ensure that any actions it takes will not interfere with the route of a planned submarine cable or pipeline].

1 alt ter. [Contractors shall carry out Exploitation under an exploitation contract with reasonable regard for climate mitigation carried out by ecosystem in the area, such as carbon burial and sequestration and nutrients recycling].

2. The Authority, in conjunction with member States, shall [endeavour to coordinate, including with other global, regional and sectoral bodies] [take measures] [in an effort] [~~to ensure~~] [underscores that Article 147 of the Convention further provides] that other activities in the Marine Environment shall be conducted with reasonable regard for the activities of Contractors in the Area [which includes but not limited to the Authority's facilitation of the coordination between two parties at early stages. For this reason, the Authority shall promote, inter alia, effective and facilitate

early-stage consultations coordination between the Contractors and the proponents of the other activities in the marine environment Area].

Alt. To further the due and reasonable regard obligations in Articles 87 and 147 in the Convention, the Authority, in conjunction with member States, shall facilitate early-stage coordination between the Contractors and the proponents of the other activities in the marine environment].

## **Section 5**

### **Incidents and notifiable events**

#### **Regulation 32**

##### **Risk of Incidents**

[1.] A Contractor shall reduce the risk of Incidents as much as reasonably practicable, to the point where the cost of further risk reduction would be grossly disproportionate to the benefits of such reduction, taking into account the [relevant] [applicable] Guidelines.

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

[3.] A Contractor shall maintain the necessary risk assessment and risk management systems in accordance with 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(2(h)).

#### **Regulation 33**

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

1. The Contractor shall not proceed [or continue] with Exploitation if it is reasonably foreseeable [or likely] that proceeding or continuing would cause or contribute to an Incident, or prevent the effective management of such Incident.

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

[(a) Notify its Sponsoring State or States and the Secretary-General immediately, but no later than 24 hours from the [Incident occurring] [moment the Contractor becomes aware of the Incident];

(a) alt 1. [Notify its Sponsoring State or States and the Secretary-General immediately 24 hours after the time at which it has reasonable grounds to believe that the Contractor should have become aware of the occurrence of the Incident];

(a) alt 2. Notify its Sponsoring State or States, [relevant adjacent Coastal] States [adjacent to the contract area likely to be affected] and the Secretary-General immediately, as soon as reasonably practicable but no later than 24 hours from the [time the] [Incident] occurred;

(b) Immediately implement, where applicable, the Emergency Response and Contingency Plan approved by the Authority for responding to the Incident;

(c) Undertake promptly, and within such time frame as stipulated, any instructions received from the Secretary-General in consultation with the Sponsoring State or

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States, flag State, coastal State or relevant international organizations, as the case may be;

(d) Take any other measures necessary in the circumstances to limit the adverse effects of the Incident; and

(e) Record the Incident in the Incidents Register, which is a register to be maintained by the Contractor on board a mining vessel or Installation to record any Incidents or notifiable events under regulation 34.

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

3 alt. The Secretary-General shall report any Contractor that fails to comply with this regulation to its Sponsoring States or States, [relevant adjacent] [Coastal] States [adjacent to the contract area] and the flag State of any vessel involved in the incident for consideration of the institution of legal proceedings under national law.

4. The Secretary-General shall report such Incidents and measures taken to the Commission and the Council at their next available meeting.

#### **Regulation 34**

##### **Notifiable events**

1. A Contractor shall immediately notify its Sponsoring State or States ~~[and]~~ [.] the Secretary-General [and relevant [adjacent] coastal States] of the happening of any of the events listed in appendix I to these regulations.

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

(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, which is a register to be maintained by the Contractor on board a mining vessel or Installation to record any Incidents or notifiable events under this regulation.]

3. The Secretary-General shall consult with the Sponsoring State or States, [relevant [adjacent] coastal States] and other regulatory authorities as necessary.

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

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

#### **Regulation 35**

##### **Human remains and objects and sites of an archaeological or historical nature**

The Contractor shall [immediately] notify the Secretary-General in writing within 24 hours of any finding in the Contract Area of any human remains of an archaeological or historical [and paleontological] nature, or any object or site of a similar nature, and its location, including the preservation and protection measures taken. The Secretary-General shall transmit such information, [within 7 Days of receiving it] to the Ssponsoring State, to the State from which the remains, [object or site] originated, if

known, to the Director General of the United Nations Educational, Scientific and Cultural Organization and to any other competent international organization. Following the finding of any such human remains, object or site in the Contract Area, and in order to avoid disturbing such human remains, object or site, no further Exploration or Exploitation shall take place, within a reasonable radius, [to be determined by the Authority [in consultation with the Contractor]] until such time as the Council decides otherwise, after taking into account the views of the State from which the remains originated, the Director General of the United Nations Educational, Scientific and Cultural Organization or any other competent international organization. [If the Council decides that exploration or exploitation cannot continue, the Contractor shall be compensated, including but not limited to the vicarious areas of equivalent size or value elsewhere or appropriate waiver of fees.]

## **Section 6**

### **Insurance obligations**

#### **Regulation 36**

##### **Insurance**

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

[2. Contractors shall include the Authority as an additional assured. A Contractor shall use its best endeavours to ensure that all insurances required under this regulation shall be endorsed to provide that the underwriters waive any rights of recourse, including subrogation rights against the Authority in relation to Exploitation.]

3. The obligation under an exploitation contract to maintain insurance as specified in the Guidelines is a fundamental term of the contract. Should a Contractor fail to maintain the insurance required under these regulations, the Secretary-General shall issue a compliance order under regulation 103. The Secretary-General shall notify the Council at its next available meeting of such failure, and the corrective measures taken by the Contractor.

4. A Contractor shall not make any ~~M~~material ~~c~~Change to or terminate any insurance policy [related to its Exploitation activities in the Area] without the prior consent of the Secretary-General.

5. A Contractor shall notify the Secretary-General immediately if the insurer terminates the policy or modifies the terms of insurance.

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

7. A Contractor shall provide the Secretary-General at least annually with evidence of the existence of such insurance in accordance with regulation 38 (2) (i).

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## Section 7 Training commitment

### Regulation 37 Training Plan

1. The Contractor shall conduct and carry out the training of personnel of the Authority and developing States on an ongoing basis in accordance with the approved Training Plan commitment under schedule 8 to the exploitation contract, these regulations and any training Guidelines.

2. The Contractor, the Authority and the Sponsoring State or States may, from time to time, as necessary, revise and develop the Training Plan by mutual agreement, taking into account the shortage of any skills and requirements of the industry in the undertaking of activities in the Area and the training Guidelines.

3. Any mutually agreed modification of or amendment to the Training Plan shall become part of schedule 8 to the exploitation contract.

4. alt 1 [In the case of specific training on Mitigation and the prevention of pollution from the Area, participation of representative of the adjacent coastal State should be ensured.]

4. alt 2 [The Training Plan presented by the Contractor must contain proposals of at-sea training as well as capacity building in other areas of relevance such as: Environmental Management, International Law (with a focus on the Convention and the Mining Code, Modeling, Statistics and Marine Spatial Planning.)

## Section 8 Annual reports and record maintenance

### Regulation 38 Annual report

1. A Contractor shall, within [90] [120] Days of the end of each Calendar Year, submit an annual report to the Secretary-General, in such format as may be prescribed from time to time in the relevant [Standards, and taking account of the] Guidelines, covering its activities in the Contract Area and reporting on compliance with the terms of the exploitation contract.

2. Such annual reports shall include:

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

(b) The quantity and [quality] [dry metal content] of the Resources [recovered] [extracted] during the period and the [volume] [tonnage] Minerals and metals [produced] [recovered], marketed and sold [by the Contractor from the Area] during the Calendar Year, reported against the Mining Workplan;

(b)bis. [The quantity and [quality] [dry metal content] of the Resources [recovered] [extracted] during the period and the [volume] [tonnage] Minerals and metals [produced] [recovered], marketed and sold during the Calendar Year, reported against the Mining Workplan;

Alt. (b)(bis) The quantity in dry metric tons and grade of mineral-bearing ore recovered from Mining Area, marketed and sold during the Calendar Year, reported against the Mining Workplan;

(c) Details of the equipment [and methods] used to carry out Exploitation, and in operation at the end of the period, [if different from the Plan of Work] [noting any variance from the Plan of Work];

(d) An annual financial report, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, of the actual and direct Exploitation expenditures, which are the capital expenditures and operating costs of the Contractor in carrying out the programme of activities during the Contractor's accounting year in respect of the Contract Area, together with an annual statement of the computation of payments paid or payable to the Authority, reported against the Financing Plan [and summaries of the royalty returns lodged during the reporting period];

(e) Health and safety information, including details of any accidents or Incidents [or Notifiable Events involving human health and safety] arising during the period [a copy or summary of the annual verification report pertaining to the Contractor's safety management system obtained in accordance with regulation 30bis(2)(d), information on compliance with health, labour and safety standards] and actions taken in respect of the Contractor's health and safety procedures [and safety management system, reported against the Health and Safety Plan and Maritime Security Plan, and the Emergency Response and Contingency Plan where relevant];

(e) alt. Information on compliance with health, labour and safety standards;

(e) alt bis. Details of any [~~accidents or Incidents~~] arising during the period;

(f) Details of training carried out in accordance with the Training Plan:

(g) The [methodology used and] actual results obtained from [Test Mining activities or] environmental monitoring programmes, including observations, measurements, evaluations and the analysis of environmental parameters, reported against, [where applicable, any [criteria, technical Standards and indicators] [environmental objectives, thresholds and standards] pursuant to the [applicable Regional Environmental Management Plan and the] Environmental Management and Monitoring Plan, [and the Contractor's annual environmental compliance assurance plan for that year] together with details of any response actions implemented under the plan and the actual costs of compliance with the plan;

(g) bis. Details of any accidents, Incidents, or Notifiable Events involving risk or harm to the Marine Environment arising during the period, information on compliance with environmental standards, and actions taken in respect of the Contractor's environmental procedures and environmental management system, reported against the Environmental Management and Monitoring Plan, and the Emergency Response and Contingency Plan where relevant.

(g) ter. An annual environmental compliance assurance plan, setting out environmental compliance assurance actions for the following year aimed at delivering the outcomes set out in the Environmental Monitoring and Management Plan, and containing key indicators against which the Contractor's effectiveness in environmental compliance assurance can be reviewed;

(h) A statement that all risk management systems and procedures have been followed and remain in place, together with a report on exceptions and the results of any verification and audit undertaken internally or by independent competent [persons] [experts appointed or employed by the Contractor];

(h) bis. A copy of the annual audit report and the management review report for the Environmental Management System obtained pursuant to regulation 46(2)(b) and (e);

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

(i) bis. Evidence that the Environmental Performance Guarantee has been paid or maintained in accordance with the contract terms

[(j) Details of any changes made in connection with subcontractors [and suppliers of goods and services] engaged by the Contractor during the Calendar Year, [any known violations of environmental laws, rules, or regulations applicable to those subcontractors or suppliers and, in case of a violation, a justification for continuing to use that subcontractor or supplier and remedial steps taken to ensure future compliance];

(k) The results of any Exploration activities, including updated data and information on the grade and quality of Resources and reserves identified in accordance with the International Seabed Authority Reporting Standard for Reporting of Mineral Exploration Results Assessments, Mineral Resources and Mineral Reserves;

(l) A statement that the Contractor's Financing Plan is adequate for the following period; and

(m) Details of any [proposed] [significant] [modification made to the Plan of Work in the reporting period and details of any proposed] modification to the Plan of Work for the following period [and the reasons for such modifications].

[(n) an annual sustainability report, reporting on material social, economic and environmental impacts caused by the Exploration and Exploitation activities of the Contractor, prepared in conformity with [the Authority's Sustainability Policy,] Standards, taking account of Guidelines, and independently verified by a recognised international provider of verification services.

(o) details of any material departures from Guidelines, with an explanation as to how that departure maintains compliance with the Regulations and Standards.

(p) details of any stakeholder consultations undertaken, including with coastal states, pursuant to Regulation 4.

(q) a summary of any:

(i) performance assessment conducted pursuant to regulation 52.

(ii) inspection reports issued pursuant to regulation 100

(iii) compliance notices issued pursuant to regulation 103.

(iv) suspensions of activity pursuant to regulations 21, 28, 29, 99 or 103.

(v) review of activities under a Plan of Work pursuant to regulation 58, during the reporting period].

(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) bis. The Contractor shall ensure that all data and information in the annual report is provided in accordance with applicable reporting Standards and templates, taking account of any Guidelines; and reported data shall be disaggregated by gender wherever relevant.



3. Annual reports shall be published in the Seabed Mining Register, except for Confidential Information, which shall be redacted. [To this end, Contractors shall submit a confidential and non-confidential version of each annual report [structure the annual reports such that any Confidential Information can clearly be identified and extracted]].

4. Alt 1 The Commission shall review annual reports received and shall, [after providing Contractors with an opportunity to comment on any sections of concern], prepare and submit to the Council a summary report pertaining to Contractors' annual reports, which shall record inter alia any failures to comply with this reporting requirement, any instances or concerns regarding non-compliance with the Rules of the Authority, any trends or findings from the review, [any relevant comments provided in response by Contractors] and any related recommendations for the Council's consideration.]

4. Alt 2 [Environmental data obtained and submitted via the Annual Report should be uploaded to the DeepData platform in order to be available to the general public, especially the scientific community, as soon as approved.]

### **Regulation 39**

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

1. A Contractor shall keep [at a place agreed by the Contractor and the Secretary-General, and make available for inspection and audit under regulation 72] a complete, [accurate] and proper set of books, accounts and financial records, consistent with internationally accepted accounting principles, [that are subject to an annual independent audit [unless the Contractor is already subject to laws or regulations requiring the Contractor to undergo such audits]] [and] which must include information

(a) that fully discloses [all revenues and] actual and direct expenditures for Exploitation, including capital expenditures, [liabilities] and operating costs and such other information as will facilitate an effective audit of the Contractor's expenditures and costs [and]

(b) [to verify and support all returns or any other accounting or financial reports required by the Authority in relation to Exploitation, including:

(i) details of the quantity and grade of the Minerals recovered from each Mining Area; and

(ii) details and records, [including port inspections or customs records or processing plant receipt data or records] of sales, shipments, transfers, exchanges and other disposals of the Minerals from the Mining Area, including the time, destination, value and basis of valuation and the quantity and grade of each sale, shipment, transfer, exchange or other disposal;]

2. A Contractor shall maintain maps, geological, mining and mineral analysis reports, production records, processing records, records of sales or use of Minerals, environmental data, archives and samples and any other data, information and samples connected with the Exploitation activities in accordance with the Authority's data and information management policy.

3. [To the extent practical] [a] [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 Standard and- Guidelines] together with biological samples, obtained in the course of Exploitation until the termination of the [exploitation contract] [Closure Plan]. Samples shall be maintained [in accordance with the relevant Standards] taking into account the relevant Guidelines, which shall provide the option for the Contractor to maintain them itself or to have such

maintenance performed on its behalf in whole or in part by a third party. [Upon termination of the exploitation contract, samples shall be provided to the Authority, or otherwise dealt with, in accordance with the Council's reasonable instruction to the Contractor.] [After the termination of the Contract, samples will be handed over to the Authority, in accordance with the pertinent Guidelines].

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

b. [supply or file such record or information contained therein at such times and in such formats as may be reasonably required by the Authority to determine compliance with the Rules of the Authority.]

5. A Contractor shall, subject to [reasonable notice], permit full access by the Secretary-General [or an Inspector] to the data, information and samples.

## **Section 9 Miscellaneous**

### **Regulation 40 Prevention of corruption**

1. A Contractor shall not make any gift or reward to any officials, agents or employees or Contractors or subcontractors of the Authority or other individuals operating under the auspices of the Authority to induce or reward such persons for any acts undertaken in accordance with their duties under these regulations.

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

### **Regulation 41 Other Resource categories**

1. The Contractor shall notify the Secretary-General if it finds Resources in the Area other than the Resource category to which the exploitation contract relates within 30 Days of its find. [The Secretary-General shall inform the Council about such notification during the next regular session of the Council.]

1. alt. The Contractor shall notify the Secretary-General within 30 Days if it finds, within its Contract Area, Resources other than the Resource category to which the exploitation contract relates.

2. [If the contractor presents an interest in] [F] [t]he exploration for and exploitation of such finds must be the subject of a separate application to the Authority, in accordance with the relevant Rules of the Authority.

2. alt. The 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.

## **Regulation 42**

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

No statement shall be made in any prospectus, notice, circular, advertisement, press release or similar document issued by the Contractor, or [to the knowledge] [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.

## **Regulation 43**

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

1. Nothing in an exploitation contract shall relieve a Contractor from its lawful obligations under any national [international or other] law to which it is subject, including the laws of a Sponsoring State and flag State. [Contractors shall comply with all laws and regulations, whether domestic, international, or other, that apply to its conduct of activities in the Area.]
2. Contractors shall maintain the currency of all permits, licences, approvals, certificates and clearances not issued by the Authority and that may be required to lawfully conduct Exploitation activities in the Area.
3. Contractors shall notify the Secretary-General promptly when a permit, licence, approval, certificate or clearance connected with its activities in the Area is withdrawn or suspended.

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## **Part X**

### **General procedures, Standards and Guidelines**

#### **Regulation 93**

##### **Notice and general procedures**

1. For the purpose of this regulation:
  - (a) “Communication” means any application, request, notice, report, consent, approval, waiver, direction or instruction required or made under these regulations; and
  - (b) “Designated representative” means the person so named on behalf of a Contractor on the Seabed Mining Register.]
2. Any communication shall be made by the Secretary-General or by the designated representative of the applicant or Contractor, as the case may be, in writing.
3. Service of any communication must be made:
  - (a) By hand, fax, registered mail or email containing an authorized electronic signature; and
  - (b) To the Secretary-General at the headquarters of the Authority or to the designated representative at the address stated on the Seabed Mining Register, as the case may be.
4. The requirement to provide any information in writing under these regulations is satisfied by the provision of the information in an electronic document containing a digital signature.
5. Delivery by hand is deemed to be effective when [made] [accompanied with an acknowledgement copy]. 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 [air] 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.
6. Notice to the designated representative of the applicant or Contractor constitutes effective notice to the applicant or Contractor for all purposes under these regulations, and the designated representative is the agent of the applicant or Contractor for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.
7. Notice to the Secretary-General constitutes effective notice to the Authority for all purposes under these regulations, and the Secretary-General is the Authority’s agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

#### **Regulation 94**

##### **Adoption of Standards**

1. The Commission shall, taking into account the views of [recognized experts,] [recognized experts identified in accordance with annex X] ~~relevant~~ Stakeholders and relevant existing internationally accepted standards, make recommendations to the Council on the adoption and revision of Standards relating to Exploitation activities in the Area, including standards relating to [inter alia]:

- (a) Operational safety;
- (b) The conservation [and Exploitation] of the Resources; and
- (c) The protection of the Marine Environment, including standards or requirements relating to the Environmental Effects of Exploitation activities, as referred to in regulation 45.

**Ibis.** [The Council shall ensure that requirements and legally-binding obligations associated with relevant and/or applicable international treaties and agreements are adopted/integrated into the ISA's Standards and Guidelines.]

2. The Council shall consider and approve, upon the recommendation of the Commission [and taking into account statements submitted by Stakeholders during a public consultation,] [and giving due consideration to submission by stakeholders in the framework of the Public Consultations] the Standards, provided that such Standards are consistent with the intent and purpose of the Rules of the Authority [and] [including] [the decisions of the Council and the Assembly and developed on the basis of Best Available Scientific Evidence]. If the Council does not approve such Standards, the Council shall return the Standards to the Commission for reconsideration in the light of the views expressed by the Council.

3. The Standards contemplated in paragraph 1 above [may] [[must] include both qualitative and quantitative standards, [and [must] [may] include all] [as well as] the methods, [process or] [processes and] technology required to implement the Standards.

**3. bis.** Standards shall be methodological, procedural, technical and environmental rules that are necessary to implement the regulations and to ensure a coherent approach to monitoring and assessment, as referred to in Regulation 45. Standards are legally binding on Contractors and the Authority, and shall be revised every 5 years in the light of new knowledge, e.g. resulting from environmental impact assessments and monitoring.

4. Standards adopted by the Council [and the Assembly] [and approved by the Assembly] shall be legally binding on Contractors, [Sponsoring States] and the Authority and [may] [shall] [should] be [revised] [reviewed] [eventually amended] at least every five years from the date of their adoption or revision, [and advise the Council] and in the light of improved knowledge or technology [and on the request of the Council] [or in view of unforeseeable events or environmental considerations].

**4 alt.** Standards adopted by the Council shall be legally binding on Contractors and the Authority and the Commission shall review these Standards at least every five years from the date of their adoption or revision and advise the Council, in the light of improved knowledge or technology, as to whether any revision is required.

#### **Regulation 94 Alt**

##### **Adoption of Standards**

1. [Standards and amendments thereto are binding on all persons operating in the Area.

2. Standards are prepared by the Commission, which shall take into account the views of recognized experts, relevant Stakeholders, and relevant existing international standards, and make recommendations to the Council on the adoption and revision of Standards. The Council shall consider and approve the Standards upon the recommendation of the Commission. If the Council does not approve such Standards, the Council shall return the Standards to the Commission for reconsideration in the light of the views expressed by the Council. The Standards may be revised at least every five years from the date of their adoption or revision, and in the light of improved knowledge or technology. The Standards approved by the Council shall remain effective on a

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provisional basis until approved by the Assembly or until amended by the Council in the light of any views expressed by the Assembly.

3. Standards may be adopted in relation to:

(a) health, safety and labor matters;

(b) the protection and conservation of the natural resources of the Area and the prevention of damage to the flora and fauna of the Marine Environment;

(c) the prevention, reduction and control of pollution and other hazards to the Marine Environment, including the coastline, and of interference with the ecological balance of the Marine Environment, particular attention being paid to the need for protection from harmful effects of such activities as drilling, dredging, excavation, disposal of waste, construction and operation or maintenance of Installations, pipelines and other devices related to such activities; and

(d) other matters.

4. Standards may include both qualitative and quantitative norms, as well as the methods, processes, and technologies necessary to comply with the standards.

### **Regulation 94 Alt 1**

#### **Adoption of Standards**

1. Standards and amendments thereto are binding on all activities persons operating in the Area.

2. Standards are prepared by the Commission, which shall take into account the views of recognized experts, relevant Stakeholders, and relevant existing international standards, and make recommendations to the Council on the adoption and revision of Standards.

3. The Council shall consider and approve the Standards upon the recommendation of the Commission. If the Council does not approve such Standards, the Council shall return the Standards to the Commission for reconsideration in the light of the views expressed by the Council. The Standards may be revised at least every five years from the date of their adoption or revision, and in the light of improved knowledge or technology. The Standards approved 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.

4. Standards may be adopted in relation to:

(a) health, safety and labor matters;

(b) the protection and conservation of the natural resources of the Area and the prevention of damage to the flora and fauna of the Marine Environment;

(c) the prevention, reduction and control of pollution and other hazards to the Marine Environment, including the coastline, and of interference with the ecological balance of the Marine Environment, particular attention being paid to the need for protection from harmful effects of such activities as drilling, dredging, excavation, disposal of waste, construction and operation or maintenance of Installations, pipelines and other devices related to such activities; and

(d) other matters.

5. Standards may include both qualitative and quantitative norms, as well as the methods, processes and technologies necessary to comply with the standards.

6. To the extent of any inconsistency between a Standard and amendments thereto, and an already approved Plan of Work, a Contractor following a reasonable transition period, shall use its best efforts to comply with any additional changes to its Plan of Work as a result of the amendment.]

## **Regulation 95**

### **Issue of Guidelines**

[1. [The Commission [or] [and where there is no conflict of interest] [and] the Secretary-General, [respectively] [shall] [may], [as the case may require] from time to time, [issue] [prepare] Guidelines of a technical or administrative nature, taking into account the views of [the Council and] relevant Stakeholders. Guidelines will support the implementation of these regulations from an administrative and technical perspective.]

1. **alt.** The Commission shall, from time to time, develop Guidelines of a technical nature, for the guidance of Contractors in order to assist in the implementation of these Regulations, taking into account the views of relevant Stakeholders.

1. **alt bis.** The Secretary-General shall, from time to time, develop Guidelines of an administrative nature, taking into account the views of the Commission as well as other relevant Stakeholders.

1. **alt ter.** Guidelines will support the implementation of the Regulations from an administrative and technical perspective. Guidelines will also clarify documentation requirements for an application, detail process requirements (e.g. for the public consultation process, annual reporting and periodic review), and provide guidance on the interpretation of regulatory provisions. [The guidelines are only of a recommendatory nature and does not affect the Contractor's performance of the exploitation contract by means other than the guidelines]

2. The full text of such Guidelines shall be [reported] [recommended] to the Council [for adoption]. [In case of Guidelines which are not of a predominantly administrative nature, the Council shall take into account statements submitted by Stakeholders during public consultation]. Should the Council find that a Guideline is inconsistent with the intent and purpose of the Rules of the Authority, it may request that the guideline be modified [or withdrawn]. [Where no such request is made the Council shall approve the Guidelines].

2 **bis.** Where the Council approves the Guidelines, the Commission or the Secretary-General, as appropriate, shall issue the Guidelines.

3. The Commission, [in the case of technical Guidelines] [~~or~~] [and] the Secretary-General, [in the case of administrative Guidelines] shall keep under review such Guidelines [which shall be reconsidered, and revised as needed, at least every five years from the date of their adoption or revision, and] in the light of improved knowledge or information.

3. **alt.** The Commission and the Secretary-General shall review the Guidelines in the light of improved knowledge or information and submit their recommendations to the Council for further consideration and, possibly, adoption.

4. [Guidelines are only of a recommendatory nature and do not affect the Contractor's performance of the Exploitation contract by means other than the Guidelines.]

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**[Regulation 95 Alt**

**Issue of Guidelines**

1. Guidelines and amendments thereto issued by the Commission or by the Secretary-General shall be Advisory in nature and shall be intended to support the implementation of these Regulations.
2. Guidelines are prepared by the Commission, which shall take into account the views of recognized experts and relevant Stakeholders.
3. Guidelines are prepared in relation to matters of a technical or administrative nature.
4. The full text of such Guidelines shall be reported to the Council. Should the Council find that a Guideline is inconsistent with the intent and purposes of the Authority, it may request that the guideline be modified or withdrawn.
5. The Commission or the Secretary-General shall keep under review such Guidelines in the light of improved knowledge or information from Stakeholders.]



## **Annex I**

### **Application for approval of a Plan of Work to obtain an exploitation contract**

#### **Section I**

##### **Information concerning the applicant**

1. Name of applicant.
2. Street address of applicant.
3. Postal address (if different from above).
4. Telephone number.
5. Fax number.
6. Email address.
7. Name of applicant's designated representative.
8. Street address of applicant's designated representative (if different from above).
9. Postal address (if different from above).
10. Telephone number.
11. Fax number.
12. Email address.
13. If the applicant is a juridical person:
  - (a) Identify applicant's place of registration;
  - (b) Identify applicant's principal place of business/domicile; and
  - (c) Attach a copy of applicant's certificate of registration.
14. Identify the Sponsoring State or States.
15. In respect of each Ssponsoring State, provide the date of deposit of its instrument of ratification of, or accession or succession to, the United Nations Convention on the Law of the Sea of 10 December 1982 and the date of its consent to be bound by the Agreement relating to the Implementation of Part XI of the Convention.
16. Attach a certificate of sponsorship issued by the Ssponsoring State or States.

#### **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] [most recent applicable international standards used by the Authority] [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.

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19. Provide documentary proof that the applicant has the ability to comply with relevant safety, labour and health standards.

20. Provide a description of how the applicant's technical capability will be provided through the use of in-house expertise, subcontractors and consultants on the proposed Exploitation activities.

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 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].

## **Section IV Financial information**

21. Attach such information, in accordance with the [Standards and] Guidelines, [as applicable], [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 Ssponsoring State certifying that the applicant has the necessary financial resources to meet the estimated costs of the proposed Plan of Work; and

(c) If the application is made by an entity, attach copies of the applicant's audited financial statements, including balance sheets and income statements and cash flow statements for the most recent three years, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, noting that:

(i) If the applicant is a newly organized entity and a certified balance sheet is not available, attach a pro forma balance sheet certified by an appropriate official of the applicant;

(ii) If the applicant is a subsidiary of another entity, attach copies of such financial statements of that entity and a statement from that entity, in conformity with internationally accepted accounting principles and certified by a duly qualified firm of public accountants, that the applicant will have the financial resources to carry out the Plan of Work; and

(iii) If the applicant is controlled by a State or a State enterprise, attach a statement from the State or State enterprise certifying that the applicant will have the financial resources to carry out the Plan of Work.

22. If, subject to regulation 22, an applicant seeking approval of a Plan of Work intends to finance the proposed Plan of Work by borrowing, attach details of the amount of such borrowing, the repayment period and the interest rate, together with the terms and conditions of any security, charge, mortgage or pledge made or provided or intended to be made or provided or imposed by any financial institution in respect of such borrowing.

23. Provide details of [any] [the] Environmental Performance Guarantee proposed or to be provided by the applicant in accordance with regulation 26.

## **Section V Undertakings**

24. Attach a written undertaking that the applicant will:

(a) Accept as enforceable and comply with the applicable obligations created by the provisions of the Convention and the rules, regulations and procedures of the Authority, the decisions of the relevant organs of the Authority and the terms of its contracts with the Authority;

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

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

## **Section VI Previous contracts with the Authority**

25. Where the applicant or, in the case of an application by a partnership or consortium of entities in a joint arrangement, any member of the partnership or consortium has previously been awarded any contract with the Authority, attach:

(a) The date of the previous contract or contracts;

(b) The dates, reference numbers and titles of each report submitted to the Authority in connection with the contract or contracts; ~~and~~

(c) The date of termination of the contract or contracts, if applicable~~[-] [~~and~~]~~

(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. List all the attachments and annexes to this application (all data and information should be submitted in hard copy and in a digital format specified by the Authority).

26. Alt [Attach the following attachments and annexes: [xx]]

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## Annex II

### Mining Workplan

A Mining Workplan, based on the results of Exploration (at least equivalent to the data and information to be provided pursuant to section 11.2 of the standard clauses for Exploration contracts), should cover the following subject matters:

(a) A comprehensive statement of the Mineral Resource delineated in the relevant Mining Area(s), including details, or estimates thereof, of all known Mineral reserves reported in accordance with the International Seabed Authority Reporting Standard for Reporting of Mineral Exploration Results Assessments, Mineral Resources and Mineral Reserves (see [ISBA/21/LTC/15](#), annex V), together with a comprehensive report of a suitably qualified and experienced person that includes details of and validation of the grade and quality of the possible, proven and probable ore reserves, as supported by a pre-feasibility study or a Feasibility Study, as the case may be;

(b) A chart of the boundaries of the proposed Mining Area(s) (on a scale and projection specified by the Authority) and a list of geographical coordinates (in accordance with the [\[World Geodetic System 84\]](#) [\[most recent applicable international standards used by the Authority\]](#));

(c) A proposed programme of mining operations and sequential mining plans, including applicable time frames, schedules of the various implementation phases of the Exploitation activities and expected recovery rates;

(d) Details of the equipment, methods and technology expected to be used in carrying out the proposed Plan of Work, including the results of tests conducted and the details of any tests to be conducted in the future, as well as any other relevant information about the characteristics of such technology, including processing and environmental safeguard and monitoring systems, together with details of any certification from a conformity assessment body;

(e) A technically and economically justified estimate of the period required for the Exploitation of the Resource category to which the application relates;

(f) A detailed production plan, showing, in respect of each Mining Area, an anticipated production schedule that includes the estimated maximum amounts of Minerals that would be produced each year under the Plan of Work;

(g) An economic evaluation and financial analysis of the project;

(h) The estimated date of commencement of Commercial Production; and

(i) Details of subcontractors to be used for Exploitation activities.

[\(j\) Details on how many vessels \[are proposed to\] \[will\] be involved in the mining operations, including how and to where the collected ores \[will\] \[are proposed to\] be transported from the mining site to shore for processing.- \[as well as details relating to onshore processing\]-](#)

## **Annex III**

### **Financing Plan**

A Financing Plan should include:

- (a) Details and costing of the mining technique, technology and production rates applicable to the proposed mining activities;
- (b) Details and costing of the technological process applicable to the extraction and on-board processing of the Mineral ore;
- (c) Details and costing of the technical skills and expertise and associated labour requirements necessary to conduct the proposed mining activities;
- (d) Details and costing of regulatory requirements relevant to the proposed mining activities, including the cost of the preparation and implementation of the Environmental Management and Monitoring Plan and Closure Plan;
- (e) Details regarding other relevant costing, including capital expenditure requirements;
- (f) Details of expected revenue applicable to the proposed mining activities;
- (g) A detailed cash-flow forecast and valuation, excluding financing of the proposed mining activities, clearly indicating applicable regulatory costs; and
- (h) Details of the applicant's resources or proposed mechanisms to finance the proposed mining activities, and details regarding the impact of such financing mechanisms on the cash-flow forecast.

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## Annex V

### Emergency Response and Contingency Plan

An Emergency Response and Contingency Plan must:

(a) Be prepared in accordance with Good Industry Practice and the relevant regulations, Standards and Guidelines;

(b) Provide an effective plan of action for the applicant's efficient response to Incidents and events, including processes by which the applicant will work in close cooperation with the Authority, coastal States, other competent international organizations as well as other persons with the relevant expertise or knowhow and, where applicable, emergency response organizations; and

(c) Include:

(i) The overall aims and objectives and arrangements for controlling the risk of Incidents;

(ii) Relevant codes, standards and protocols;

(iii) Organizational structure and personnel roles and responsibilities;

(iv) Details of individuals authorized to initiate response mechanism(s);

(v) Details of control mechanisms in place during the course of normal operations;

(vi) Details of the emergency response equipment;

(vii) Details of the safety management system;

(viii) Details of the environmental management system;

(ix) A description of the mining operations and equipment, including emergency response equipment;

(x) A description of all foreseeable Incidents, an assessment of their likelihood and consequences and associated control measures;

(xi) The number of persons that can be present on the mining vessel(s) at any time;

(xii) A description of the arrangements to protect persons on the mining vessel(s), and to ensure their safe escape, evacuation and rescue;

(xiii) Details of arrangements for the maintenance of control systems to monitor the Marine Environment in the event of an Incident;

(xiv) Details of the emergency response plan;

(xv) Details of the known natural Marine Environmental conditions that may influence the efficiency of response equipment or the effectiveness of a response effort;

(xvi) Information and measures relating to the prevention of Incidents which could result in Serious Harm to the Marine Environment;

(xvii) An assessment of pollution hazards and the measures to prevent or reduce such hazards;

(xviii) An assessment of Mining Discharges and measures to control such discharges;

(xviii-1) An assessment of environmental impacts (surface, midwater, benthic) created by the emergency;

(xix) Details of the warning mechanisms intended to alert the Authority, together with the type of information to be contained in such warning;

- (xx) Details of arrangements for coordinating any emergency response;
- (xxi) Details of training programmes for personnel;
- (xxii) A description of the monitoring of performance under the plan;
- (xxiii) Details of audit and review processes;
- (xxiv) Details of the presence of other hazards/harmful substances; and
- (xxv) An assessment of the likelihood of oil spills, leaks, etc., due to the normal operation of the mining vessel.

(xxv-1) A description of accountability and liability for environmental damage resulting from an Emergency.

*Note:* This plan is to be developed further under these regulations and in conjunction with other international organizations, flag States, coastal States and Sponsoring States and other entities that have relevant jurisdictional competence with regard to specific components of the plan.

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## **Annex VI**

### **Health and Safety Plan and Maritime Security Plan<sup>1</sup>**

#### **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 relevant standards and 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) Ensure that all personnel on a vessel or installation engaged in activities in the Area are provided with safety and health protection, including occupational safety and health protection, and live, work and train in a safe and hygienic environment;

(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;

(h) Be worded in plain language and, for submission as part of the application for approval of a plan of work, prepared in an official language of the Authority.

2. The Health and Safety Plan must contain, as a minimum:

(a) Requirements regarding minimum age and medical fitness for all personnel working and living on a vessel or installation;

(b) Requirements for the competency and training, including mandatory safety training, for all personnel working and living on a vessel or installation;

(c) A description of the measures taken to ensure that the vessel or installation is appropriately and sufficiently manned in order to ensure that the vessel or installation is operated safely, efficiently and with due regard to security under all conditions;

(d) Information about the number and positions of all personnel working or living and working on a vessel or installation;

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<sup>1</sup> Annex VI on a Health and Safety Plan and Maritime Security Plan has been populated with the content of ISBA/26/C/17 and is here shown in a clean version.



(e) Details of shore-based management providing assistance to the vessel or installation, including the designated person with responsibility and authority for monitoring the safety, health and security of operations and with direct access to the highest level of management;

(f) Definitions of levels of authority and effective lines of communication between and among shore staff and personnel on board vessels and installations;

(g) A description of the duties of the master and/or the person designated by the master to take responsibility for the implementation of and compliance with the occupational safety and health plan;

(h) A description of an effective fatigue management strategy determining operational workload requirements matching onboard manning levels and onshore support resources as well as work schedules indicating the maximum hours of work or minimum hours of rest for all personnel living and working on a vessel or installation;

(i) Information about the medical care available on the vessel or installation and the communication and response plans in the event that additional or onshore medical care is required;

(j) Arrangements and procedures for the safe transfer of personnel to and from or between vessels or installations;

(k) A description of all foreseeable occupational hazards, an assessment of their likelihood and consequences, and associated preventative and control measures;

(l) Details regarding procedures for hazard identification and risk assessment on vessels or installations and the preventive and protective measures adopted based on the outcomes of those procedures;

(m) Details of procedures, plans and instructions for key operations concerning the safety of the personnel, vessels and installations;

(n) A description of the equipment and tools to be provided to ensure that all operations are conducted in such a manner as to minimize any adverse effects on workers' occupational safety and health to the extent necessary;

(o) Identification of critical equipment and technical systems that may result in hazardous situations;

(p) A description of crew accommodations and recreational facilities enabling and promoting the personnel's health and well-being, and information on their conformity to relevant rules, regulations and standards;

(q) Details of procedures to ensure that the vessels or installations are maintained in conformity with the provisions of the relevant rules and regulations and with any additional requirements that may be established;

(r) Details of audit and review processes, and information on procedures for the implementation of corrective action, including measures intended to prevent recurrence;

(s) Information on procedures ensuring that non-conformities, accidents and hazardous situations are reported, investigated and analysed with the objective of improving safety and prevention;

(t) Details of the procedures for the communication of information between the company/owner/operator and competent authorities and organizations, including the Authority;

(u) Details of the warning mechanisms intended to alert the Authority, together with the type of information to be contained in the warning;

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(v) Details regarding consultations with personnel on vessels or installations and, where appropriate, the representative workers' organizations, on the preparation and implementation of the vessel's or installation's occupational safety and health policies and programmes and the procedures to ensure the continuous improvement of the policies to take into account changes in practice and technology;

(w) The occupational safety and health policy and programme for each vessel or installation engaged in activities in the Area.

3. An occupational safety and health policy and programme for a vessel or installation engaged in activities in the Area must contain the following to ensure a safety culture on board the vessel or installation:

(a) An occupational health, safety and environmental awareness plan to inform all personnel engaged in activities in the Area as to the occupational and environmental risks that may result from their work and the manner in which such risks are to be dealt with;

(b) A plan for the communication of the occupational health, safety and environmental awareness plan;

(c) A training plan to establish a safety culture for occupational safety and health for the vessel or installation, including mandatory personal safety training and specific task and equipment training, including the labelling of safety-related equipment;

(d) The roles and responsibilities of:

(i) Masters, officers or other personnel responsible for safety and health, including occupational safety and health on a vessel or installation;

(ii) The vessel or installation safety committee;

(iii) The worker representative on the safety committee.

(e) Requirements, policies and training on the vessel or installation to address the following:

(i) Food and water safety;

(ii) Hygiene and sanitary facilities;

(iii) Measures to prevent disease and vermin;

(iv) Safety, and structural and design features of the vessel or installation, including means of access and asbestos-related risks;

(v) Provision of personal protective equipment for personnel;

(vi) Machinery;

(vii) Ambient factors in the workplace and living accommodation on the vessel or installation, including exposure to noise, vibration, lighting, ultraviolet light, non-ionizing radiation and extreme temperatures;

(viii) Air quality, ventilation and the effects of other ambient factors, including tobacco smoke;

(ix) Structural features of the vessels or installations and means of access, and materials;

(x) Special safety measures on and below deck on vessels and installations;

(xi) Loading and unloading of equipment;

(xii) Fire prevention and fire-fighting;

- (xiii) Anchors, chains and lines;
  - (xiv) Dangerous cargo and ballast;
  - (xv) Work in enclosed spaces;
  - (xvi) Exposure to biological hazards;
  - (xvii) Exposure to radiological hazards;
  - (xviii) Exposure to chemicals;
  - (xix) Ergonomic hazards;
  - (xx) Physical and mental effects of fatigue;
  - (xxi) Effects of drug and alcohol dependency;
  - (xxii) Communicable diseases;
  - (xxiii) HIV/AIDS protection and prevention;
  - (xxiv) Emergency and accident response;
  - (xxv) Harassment and bullying;
  - (xxvi) Safety and occupational safety and health training of younger workers and trainees on the vessel or installation;
  - (xxvii) Protection for lone and isolated workers;
  - (xxviii) Protection of women workers;
  - (xxix) Measures regarding the safety, and occupational safety and health, of any temporary workers.
4. The occupational safety and health policy and programme must also address:
- (a) Cyberrisks;
  - (b) Procedures for the investigation, reporting and follow-up to any safety or occupational safety and health incidents, including occupational diseases;
  - (c) Protection of the privacy of personal and medical data of personnel.

## **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 relevant standards and 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 vessel's 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 cargo, the cargo transport units, the ship's stores or the vessel 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 the competent authority;
  - (g) Be worded in plain language and, for submission as part of an application for approval of a plan of work, prepared in an official language of the Authority.

2. The Maritime Security Plan must contain, as a minimum:

- (a) Measures designed to prevent weapons, dangerous substances and devices that are intended for use against persons, vessels, installations or ports, and whose carriage is not authorized, from being taken on board the vessel or installation;

- (b) An identification of the restricted areas, and measures for the prevention of unauthorized access to them;

- (c) Measures for the prevention of unauthorized access to the vessel or installation;

- (d) Procedures for responding to security threats or breaches of security, including provisions for maintaining critical operations of the vessel or installation, or vessel/port interface;

- (e) Basic security measures for security level 1 (the level for which minimum appropriate protective security measures shall be maintained at all times), both operational and physical, that will always be in place;

- (f) Additional security measures that will allow the vessel or installation to progress without delay to security level 2 (the level for which appropriate additional protective security measures shall be maintained for a period of time as a result of heightened risk of a security incident) and, when necessary, to security level 3 (the level for which further specific protective security measures shall be maintained for a limited period of time when a security incident is probable or imminent, although it may not be possible to identify the specific target);

- (g) Procedures for evacuation in case of security threats or breaches of security;

- (h) Duties of personnel on board vessels and installations who are assigned security responsibilities, and duties of other shipboard personnel relating to security aspects;

- (i) Procedures for auditing the security activities;

- (j) Procedures for training, drills and exercises associated with the plan;

- (k) Procedures for interfacing with port facility security activities;

- (l) Procedures for the periodic review of the plan and for its updating;

- (m) Procedures for reporting security incidents;

- (n) Identification of the vessel or installation security officer;

- (o) Identification of the company security officer, including 24-hour contact details;

- (p) Procedures to ensure the inspection, testing, calibration, and maintenance of any security equipment provided on board;

- (q) Frequency of testing or calibration of any security equipment provided on board;

- (r) Identification of the locations where the activation points of the vessel or installation security alert system are provided (when activated, a ship security alert system automatically transmits a ship-to-shore security alert to a competent authority,

- (s) Procedures, instructions and guidance regarding the use of the vessel or installation security alert system, including testing, activation, deactivation and resetting, and regarding the limitation of false alerts.

3. The Maritime Security Plan must establish that:

(a) All personnel on board vessels and installations have received security-related familiarization and security-awareness training or instruction;

(b) Personnel on board vessels and installations with designated security duties have attended a training course on those duties.

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## **Annex IX**

### **Exploitation contract and schedules**

THIS CONTRACT made the ... day of ... between the INTERNATIONAL SEABED AUTHORITY represented by its SECRETARY-GENERAL (hereinafter referred to as “the Authority”) and ... represented by ... (hereinafter referred to as “the Contractor”) WITNESSETH as follows:

#### **A. Incorporation of clauses**

The standard clauses set out in annex X to the regulations on exploitation of mineral resources in the Area shall be incorporated herein and shall have effect as if herein set out at length.

#### **B. Contract Area**

For the purposes of this Contract, the “Contract Area” means that part of the Area allocated to the Contractor for Exploitation, defined by the coordinates listed in schedule 1 hereto.

#### **C. Grant of rights**

In consideration of (a) their mutual interest in the conduct of Exploitation in the Contract Area pursuant to the United Nations Convention on the Law of the Sea of 10 December 1982 and the Agreement relating to the Implementation of Part XI of the Convention, (b) the rights and responsibility of the Authority to organize and control activities in the Area, particularly with a view to administering the resources of the Area, in accordance with the legal regime established in Part XI of the Convention and the Agreement and Part XII of the Convention, respectively, and (c) the interest and financial commitment of the Contractor in conducting activities in the Contract Area and the mutual covenants made herein, the Authority hereby grants to the Contractor the exclusive right to Explore for and Exploit [specified Resource category] in the Contract Area in accordance with the terms and conditions of this contract.

#### **D. Entry into force and Contract term**

This Contract shall enter into force on signature by both parties and, subject to the standard clauses, shall remain in force for an initial period of [x] years thereafter unless the Contract is sooner terminated, provided that this Contract may be renewed in accordance with the regulations.

#### **E. Entire agreement**

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

**F. Languages**

This Contract will be provided and executed in the [ ... and] English language[s] [and both texts are valid].

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by the respective parties, have signed this Contract at ..., this ... day of ....

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## **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.

### **Schedule 10**

Where applicable under regulation 26, the form of any Environmental Performance Guarantee, and its related terms and conditions.

### **Schedule 11**

Details of insurance policies taken out or to be taken out under regulation 36.

### **Schedule 12**

Agreed review dates for individual plans, together with any specific terms attaching to a review, where applicable.

### **Schedule 13**

To the extent that any documentation is not available at the point of signing the Contract, and a time frame for submission has been agreed with the Commission, this should be reflected here, together with, where applicable, deadline dates.



## **Annex X**

### **Standard clauses for exploitation contract**

#### **Section 1**

##### **Definitions**

In the following clauses:

(a) “Regulations” means the regulations on exploitation of mineral resources in the Area, adopted by the Authority; and

(b) “Contract Area” means that part of the Area allocated to the Contractor for Exploitation, defined by the coordinates listed in schedule 1 hereto.

#### **Section 2**

##### **Interpretation**

2.1 Terms and phrases defined in the regulations have the same meaning in these standard clauses.

2.2 In accordance with the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982, its provisions and Part XI of the Convention are to be interpreted and applied together as a single instrument; this Contract and references in this Contract to the Convention are to be interpreted and applied accordingly.

#### **Section 3**

##### **Undertakings**

3.1 The Authority undertakes to fulfil in good faith its powers and functions under the Convention and the Agreement in accordance with article 157 of the Convention.

3.2 The Contractor shall implement this contract in good faith and shall in particular implement the Plan of Work in accordance with Good Industry Practice. For the avoidance of doubt, the Plan of Work includes:

- (a) The Mining Workplan;
- (b) The Financing Plan;
- (c) The Emergency Response and Contingency Plan;
- (d) The Training Plan;
- (e) The Environmental Management and Monitoring Plan;
- (f) The Closure Plan; and
- (g) The Health and Safety Plan and Maritime Security Plan,

that are appended as schedules to this Contract, as the same may be amended from time to time in accordance with the regulations.

3.3 The Contractor shall, in addition:

(a) Comply with the regulations, as well as other Rules of the Authority, as amended from time to time, and the decisions of the relevant organs of the Authority;

(b) Accept control by the Authority of activities in the Area for the purpose of securing compliance under this Contract as authorized by the Convention;

(c) Pay all fees and royalties required or amounts falling due to the Authority under the regulations, including all payments due to the Authority in accordance with Part VII of the regulations; and

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(d) Carry out its obligations under this Contract with due diligence, including compliance with the rules, regulations and procedures adopted by the Authority to ensure effective protection for the Marine Environment, and exercise reasonable regard for other activities in the Marine Environment.

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

4.1 The Contractor is hereby granted the exclusive right under this Contract to Explore for and Exploit the resource category specified in this Contract and to conduct Exploitation activities within the Contract Area in accordance with the terms of this Contract. The Contractor shall have security of tenure and this Contract shall not be suspended, terminated or revised except in accordance with the terms set out herein.

4.2 The Authority undertakes not to grant any rights to another person to Explore for or Exploit the same resource category in the Contract Area for the duration of this Contract.

4.3 The Authority reserves the right to enter into contracts with third parties with respect to Resources other than the resource category specified in this Contract but shall ensure that no other entity operates in the Contract Area for a different category of Resources in a manner that might interfere with the Exploitation activities of the Contractor.

4.4 If the Authority receives an application for an exploitation contract in an area that overlaps with the Contract Area, the Authority shall notify the Contractor of the existence of that application within 30 Days of receiving that application.

**Section 5**  
**Legal title to Minerals**

5.1 The Contractor will obtain title to and property over the Minerals upon recovery of the Minerals from the seabed and ocean floor and subsoil thereof, in compliance with this Contract.

5.2 This Contract shall not create, nor be deemed to confer, any interest or right on the Contractor in or over any other part of the Area and its Resources other than those rights expressly granted in this Contract.

**Section 6**  
**Use of subcontractors and third parties**

6.1 No Contractor may subcontract any part of its obligations under this Contract unless the subcontract contains appropriate terms and conditions to ensure that the performance of the subcontract will reflect and uphold the same standards and requirements of this Contract between the Contractor and the Authority.

6.2 The Contractor shall ensure the adequacy of its systems and procedures for the supervision and management of its subcontractors and any work that is further subcontracted, in accordance with Good Industry Practice.

6.3 Nothing in this section shall relieve the Contractor of any obligation or liability under this Contract, and the Contractor shall remain responsible and liable to the Authority for the performance of its obligations under this Contract in the event that it subcontracts any aspect of the performance of those obligations.

**Section 7**  
**Responsibility and liability**

7.1 The Contractor shall be liable to the Authority for the actual amount of any damage, including damage to the Marine Environment, arising out of its wrongful acts or omissions, and those of its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this Contract, including the costs of reasonable measures to prevent and limit damage to the Marine Environment, [arising out of its wrongful acts], account being taken of any contributory acts or omissions by the Authority or third parties. This clause survives the termination of the Contract and applies to all damage ~~[caused by the Contractor]~~ [arising out of the Contractors wrongful acts] regardless of whether it is caused or arises before, during or after the completion of the Exploitation activities or Contract term.

7.2 The Contractor shall indemnify the Authority, its employees, subcontractors and agents against all claims and liabilities of any third party arising out of any wrongful acts or omissions of the Contractor and its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this Contract.

7.3 The Authority shall be liable to the Contractor for the actual amount of any damage caused to the Contractor arising out of its wrongful acts in the exercise of its powers and functions, including violations under article 168 (2) of the Convention, account being taken of contributory acts or omissions by the Contractor, its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this Contract, or third parties.

7.4 The Authority shall indemnify the Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this Contract, against all claims and liabilities of any third party arising out of any wrongful acts or omissions in the exercise of its powers and functions hereunder, including violations under article 168 (2) of the Convention.

## **Section 8**

### **Force majeure**

8.1 The Contractor shall not be liable for an unavoidable delay or failure to perform any of its obligations under this Contract due to force majeure, provided the Contractor has taken all reasonable steps to overcome the delay or obstacle to performance. For the purposes of this Contract, force majeure shall mean an event or condition that the Contractor could not reasonably be expected to prevent or control; provided that the event or condition was not caused by Contractor action, negligence or by a failure to observe Good Industry Practice.

8.2 The Contractor shall give written notice to the Authority of the occurrence of an event of force majeure as soon as reasonably possible after its occurrence (specifying the nature of the event or circumstance, what is required to remedy the event or circumstance and if a remedy is possible, the estimated time to cure or overcome the event or circumstance and the obligations that cannot be properly or timely performed on account of the event or circumstance) and similarly give written notice to the Authority of the restoration of normal conditions.

8.3 The Contractor shall, upon request to the Secretary-General, be granted a time extension equal to the period by which performance was delayed hereunder by force majeure and the term of this Contract shall be extended accordingly.

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## **Section 9 Renewal**

9.1 The Contractor may renew this Contract for periods not more than 10 years each, on the following conditions:

- (a) The resource category is recoverable annually in commercial ~~[and profitable]~~ quantities from the Contract Area;
- (b) The Contractor is in compliance with the terms of this Contract and the Rules of the Authority, including rules, regulations and procedures adopted by the Authority to ensure effective protection for the Marine Environment from harmful effects which may arise from activities in the Area;
- (c) This Contract has not been terminated earlier; and
- (d) The Contractor has paid the applicable fee in the amount specified in appendix II to the regulations.

9.2 To renew this Contract, the Contractor shall notify the Secretary-General no later than one year before the expiration of the initial period or renewal period, as the case may be, of this Contract.

9.3 The Council shall review the notification, and if the Council determines that the Contractor is in compliance with the conditions set out above, this Contract ~~[shall be]~~ [may be] renewed on the terms and conditions of the standard exploitation contract that are in effect on the date that the Council approves the renewal application.

## **Section 10 Renunciation of rights**

10.1 The Contractor, by prior written notice to the Authority, may renounce without penalty the whole or part of its rights in the Contract Area, provided that the Contractor shall remain liable for all obligations and liabilities accrued prior to the date of such renunciation in respect of the whole or part of the Contract Area renounced. Such obligations shall include, inter alia, the payment of any sums outstanding to the Authority, and obligations under the Environmental Management and Monitoring Plan and Closure Plan.

## **Section 11 Termination of sponsorship**

11.1 If the nationality or control of the Contractor changes or the Contractor's ~~S~~ponsoring State or States, as defined in the regulations, terminates its sponsorship, the Contractor shall promptly notify the Authority, and in any event within 90 Days following such changes or termination.

11.2 In either such event, if the Contractor does not obtain another sponsor meeting the requirements prescribed in the regulations which submits to the Authority a certificate of sponsorship for the Contractor in the prescribed form within the time specified in the regulations, this Contract shall terminate forthwith.

## **Section 12 Suspension and termination of Contract and penalties**

12.1 The Council may suspend or terminate this Contract, without prejudice to any other rights that the Authority may have, if any of the following events should occur:

- (a) If, in spite of written warnings by the Authority, the Contractor has conducted its activities in such a way as to result in serious persistent and wilful violations of the

fundamental terms of this Contract, Part XI of the Convention, the Agreement and the rules, regulations and procedures of the Authority;

(b) If the Contractor has failed, within a reasonable period, to comply with a final binding decision of the dispute settlement body applicable to it;

(c) If the Contractor knowingly, recklessly or negligently provides the Authority with information that is false or misleading;

(d) If the Contractor or any person standing as surety or financial guarantor to the Contractor pursuant to regulation 26 of the regulations becomes insolvent or commits an act of bankruptcy or enters into any agreement for composition with its creditors or goes into liquidation or receivership, whether compulsory or voluntary, or petitions or applies to any tribunal for the appointment of a receiver or a trustee or receiver for itself or commences any proceedings relating to itself under any bankruptcy, insolvency or readjustment of debt law, whether now or hereafter in effect, other than for the purpose of reconstruction; or

(e) If the Contractor has not made bona fide efforts to achieve or sustain Commercial Production and is not recovering Minerals in commercial quantities at the end of five years from the expected date of Commercial Production, save where the Contractor is able to demonstrate to the Council's satisfaction good cause, which may include force majeure, or other circumstances beyond the reasonable control of the Contractor that prevented the Contractor from achieving Commercial Production.

12.2 The Council may, without prejudice to Section 8, after consultation with the Contractor, suspend or terminate this Contract, without prejudice to any other rights that the Authority may have, if the Contractor is prevented from performing its obligations under this Contract by reason of an event or condition of force majeure, as described in Section 8, which has persisted for a continuous period exceeding two years, despite the Contractor having taken all reasonable measures to overcome its inability to perform and comply with the terms and conditions of this Contract with minimum delay.

12.3 Any suspension or termination shall be by written notice to the Contractor, through the Secretary-General, which shall include a statement of the reasons for taking such action. The suspension or termination shall be effective 60 Days after such written notice, unless the Contractor within such period disputes the Authority's right to suspend or terminate this Contract in accordance with Part XI, Section 5, of the Convention [in which case this Contract shall only be suspended or terminated in accordance with a final binding decision in accordance with Part XI, Section 5, of the Convention].

[12.4 If the Contractor takes such action, this Contract shall only be suspended or terminated in accordance with a final binding decision in accordance with Part XI, Section 5, of the Convention.]

12.5 If the Council has suspended this Contract, the Council may by written notice require the Contractor to resume its operations and comply with the terms and conditions of this Contract, not later than 60 Days after such written notice.

12.6 In the case of any violation of this Contract not covered under Section 12.1 (a), or in lieu of suspension or termination under Section 12, the Council may impose upon the Contractor monetary penalties proportionate to the seriousness of the violation.

12.7 Subject to Section 13, the Contractor shall cease operations upon the termination of this Contract.

12.8 Termination of this Contract for any reason (including the passage of time), in whole or in part, shall be without prejudice to rights and obligations expressed in this Contract to survive termination, or to rights and obligations accrued thereunder prior to

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termination, including performance under a Closure Plan, and all provisions of this Contract reasonably necessary for the full enjoyment and enforcement of those rights and obligations shall survive termination for the period so necessary.

### **Section 13**

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

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

(a) Comply with the final Closure Plan, and continue to perform the required environmental management of the Contract Area as set forth in the final Closure Plan and for the period established in the final Closure Plan;

(b) Continue to comply with relevant provisions of the regulations, including:

(i) Maintaining and keeping in place all insurance required under the regulations;

(ii) Paying any fee, royalty, penalty or other money on any other account owing to the Authority on or before the date of suspension or termination; and

(iii) Complying with any obligation to meet any liability under Section 8;

(c) Remove all Installations, plant, equipment and materials in the Contract Area; and

(d) Make the area safe so as not to constitute a danger to persons, shipping or [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**

14.1 The rights and obligations of the Contractor under this Contract may be transferred in whole or in part only with the consent of the Authority and in accordance with the regulations, including payment of the fee as set out in appendix II to the regulations.

14.2 The Authority shall not unreasonably withhold consent to the transfer if the proposed transferee is in all respects a qualified applicant in accordance with the regulations and assumes all of the obligations of the Contractor, and if the transfer does not confer to the transferee a Plan of Work, the approval of which would be forbidden by article 6 (3) (c) of annex III to the Convention.

14.3 The terms, undertakings and conditions of this Contract shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

### **Section 15**

#### **No waiver**

No waiver by either party of any rights pursuant to a breach of the terms and conditions of this Contract to be performed by the other party shall be construed as a waiver by the

party of any succeeding breach of the same or any other term or condition to be performed by the other party.

## **Section 16**

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

16.1 When circumstances have arisen or are likely to arise after this Contract has commenced which, in the opinion of the Authority or the Contractor would render this Contract inequitable or make it impracticable or impossible to achieve the objectives set out in this Contract or in Part XI of the Convention, the parties shall enter into negotiations to revise it accordingly.

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

16.3 This Contract may be revised only:

- (a) With the consent of the Contractor and the Authority; and
- (b) By an appropriate instrument signed by the duly authorized representatives of the parties.

16.4 Subject to the confidentiality requirements of the regulations, the Authority shall publish information about any revision to the terms and conditions of this Contract.

## **Section 17**

### **Applicable law**

17.1 This Contract is governed by the terms of this Contract, the Rules of the Authority and other rules of international law not incompatible with the Convention.

17.2 The Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this Contract shall observe the applicable law referred to in Section 17.1 hereof and shall not engage in any transaction, directly or indirectly, prohibited by the applicable law.

17.3 Nothing contained in this Contract shall be deemed an exemption from the necessity of applying for and obtaining any permit or authority that may be required for any activities under this Contract.

17.4 The division of this Contract into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

## **Section 18**

### **Disputes**

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

## **Section 19**

### **Notice**

Any notice provided to or from one party to another pursuant to this Contract shall be provided in accordance with the notice provision set out at regulation 91 of the regulations.

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**Section 20**  
**Schedules**

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



## Appendix I

### Notifiable events

In respect of an Installation or vessel engaged in activities in the Area, notifiable events for the purposes of regulation 36 include:

1. Fatality of a person.
2. Missing person.
3. Occupational lost time illness.
4. Occupational lost time injury.
5. Medical evacuation.
- 5.bis. [Marine Mammal Fatality or evident distress]
6. Fire/explosion resulting in an injury or major damage or impairment.
7. Collision resulting in an injury or major damage or impairment.
8. Significant leak of hazardous substance.
9. Unauthorized Mining Discharge.
10. Adverse environmental conditions with likely significant safety and/or environmental consequences [such as serious harm].
11. Significant threat or breach of security.
12. Implementation of Emergency Response and Contingency Plan.
13. Major impairment/damage compromising the ongoing integrity or emergency preparedness of an Installation or vessel.
14. Impairment/damage to safety or environmentally critical equipment.
15. Significant contact with fishing gear.
16. Contact with submarine pipelines or cables.
17. [Significant contact with equipment related to marine scientific research.]

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## Schedule

### Use of terms and scope

“**Agreement**” means the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982.

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

**Alt. 1** “**Best Available Techniques**” means [the latest stage of development, and state-of-the-art [the most appropriate] processes], [within reasonable technical and economic constraints,] [of] facilities or [of] methods of operation that indicate the practical suitability of a particular measure for the prevention, reduction and control of pollution and the protection of the Marine Environment from the harmful effects of Exploitation activities, taking into account the guidance set out in the applicable Guidelines]

**Alt. 2** “**Best Available Techniques**” means the most effective and advanced stage in the development of activities and their methods of operation which indicates the practical suitability of particular techniques for providing the basis for emission limit values and other permit conditions designed to prevent and, where that is not practicable, to reduce emissions and the impact on the environment as a whole:

(a) ‘techniques’ includes both the technology used and the way in which the installation is designed, built, maintained, operated and decommissioned;

(b) ‘available techniques’ means those developed on a scale which allows implementation in the relevant industrial sector, under economically and technically viable conditions, taking into consideration the costs and advantages, whether or not the techniques are used or produced inside the Member State in question, as long as they are reasonably accessible to the operator.

(c) ‘best’ means most effective in achieving a high general level of protection of the environment as a whole;]

“**Best Environmental Practices**” means the application of the most appropriate combination of environmental control measures and strategies, [based on the Best Available Scientific Information and Best Available Technology which] [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] taking into account the [guidance set out in the] applicable [Standards and] Guidelines.

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

“**Closure Plan**” means the document referred to in annex VIII.

“**Commercial Production**” shall be deemed to have begun where a Contractor engages in sustained large-scale recovery operations which yield a quantity of materials sufficient to indicate clearly that the principal purpose is large-scale production rather than production intended for information-gathering, analysis or the testing of equipment or plant.<sup>1</sup>

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<sup>1</sup> This wording is taken from article 17 (2) (g) of annex III to the Convention. Article 17 (1) (b) (xiii) of annex III to the Convention requires the Authority to provide for a definition of

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

“**Confidential Information**” shall have the meaning assigned to that term by regulation 89.

“**Contract Area**” means the part or parts of the Area allocated to a Contractor under an exploitation contract and defined by the coordinates listed in schedule 1 to such exploitation contract.

“**Contractor**” means a [contractor having a contract in accordance with Part III and, where the context applies, shall include its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under the contract.]

**Alt** [means a party to an exploitation contract in accordance with Part III of these regulations.]

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

“**Council**” means the executive organ of the Authority established under article 158 of the Convention.

**“Cumulative Environmental Effect”** 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.]

**“Damage to the Marine Environment”** means] [...]

“**Day**” means calendar Day.

**“Ecological Balance of the Marine Environment”** means] [...]

**“Ecosystem Approach”** means] [...]

**“Effective Control”** means] [...]

**“Effective Protection”** means] [...]

“**Emergency Response and Contingency Plan**” means the document referred to in annex V.

“**Environmental Effect**” means any [material] consequences in the Marine Environment arising from the conduct of Exploitation activities, [~~whether~~] [being] positive, [negative], direct, indirect, temporary or permanent, or Cumulative environmental effect arising over time or in combination with other [mining impacts] [effects or impacts] [stressors and activities in the same area, including those not regulated by the Authority].

**“Environmental Impact”** means] [...]

**“Environmental Management System”**] [means]

[Alt. 1 that part of the overall management system 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 and environmental performance.]

[Alt. 2 means the part of the overall management system implemented by a Contractor that includes organizational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving,

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commercial production, reflecting the objective criteria under article 17 (2) (g). A clearer definition of commercial production will be needed.

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reviewing and maintaining environmental policy, objectives and environmental performance.]

**“Environmental Objectives” means [...]**

**“Environmental Risk” means the chance of something happening that will have an adverse effect measured in terms of the environmental consequences and the likelihood of those particular consequences occurring.]**

**“Environmental Risk Assessment” means the process for identifying and evaluating Environmental Risk using a generally accepted risk assessment methodology.]**

**“Environmental Performance Guarantee”** means a financial guarantee supplied under regulation 26.

**“Environmental Plans”** means the Environmental Impact Statement, the Environmental Management and Monitoring Plan and the Closure Plan.

**“Exploit” and “Exploitation”** mean the recovery for commercial purposes of Resources in the Area with exclusive rights and the extraction of Minerals therefrom, including the construction and operation of mining, processing and transportation systems in the Area, for the production and marketing of metals, as well as the decommissioning and closure of mining operations.

**“Exploration Regulations”** means the regulations on prospecting and exploration for polymetallic nodules in the Area, the regulations on prospecting and exploration for polymetallic sulphides in the Area and the regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area, as the case may be and as replaced or amended by the Council from time to time.

**“Explore” and “Exploration”**, as applicable, mean the searching for Resources in the Area with exclusive rights, the analysis of such Resources, the use and testing of recovery systems and equipment, processing facilities and transportation systems and the carrying out of studies of the environmental, technical, economic, commercial and other appropriate factors that must be taken into account in Exploitation.

**“Facilities-maritime infrastructure-floating platforms” means] [...]**

**“Feasibility Study”** means a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered.

**“Financing Plan”** means the document referred to in annex III.

**“Good Industry Practice”** **“Best Industry Practice”** means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected to be applied by a skilled and experienced person engaged in the marine mining industry and other related extractive industries worldwide, [based on Best Environmental Practice, which is based on Best Available Scientific Information and Best Available Technology]. [Employment of the latest widely accepted stage of development (state of the art) of processes, of facilities or of methods of operation, consistent with the Fundamental Principles, including using skill, diligence, prudence and foresight which is an would reasonably be expected to be applied by a skilled and experienced person engaged in the marine mining industry]

**“Guidelines”** means documents that provide guidance on technical and administrative matters, issued by the [Authority] [Commission and the Secretary-General, respectively] pursuant to regulation 95. [Guidelines have to be considered as recommendatory].

**“Incident”** means an event, or sequence of events, where activities in the Area result in:

(a) A marine Incident or a marine casualty as defined in the Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident (Casualty Investigation Code, effective 1 January 2010);

(b) Serious Harm to the Marine Environment or to other existing legitimate sea uses, whether accidental or not, or a situation in which such Serious Harm to the Marine Environment is a reasonably foreseeable consequence of the situation; and/or

(c) Damage to a submarine cable or pipeline, or any Installation.

**“Incidents Register”** means a register maintained under regulation 33 (2) (e).

**“Inspector”** means a person acting under Part XI of these regulations.

**“Installations”** includes, insofar as they are used for carrying out activities in the Area, structures and platforms, whether stationary or mobile.

**“Interference with the Ecological Balance of the Marine Environment”** means [...]

**“Marine Environment”** includes the physical, chemical, geological and biological components, conditions and factors which interact and determine the productivity, state, condition and quality and connectivity of the marine ecosystem(s), the waters of the seas and oceans and the airspace above those waters, [species, biodiversity, ecosystems.] as well as the seabed and ocean floor and subsoil thereof.

**“Material Change”** 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, and includes changes such as physical modifications, [changes to harmful effects of activities on the Marine] eEnvironment[al effects or effects on stakeholders]] the availability of new knowledge or technology and changes to operational management that are to be considered in [the] light of the Guidelines.

**“Metal”** means any metal contained in a Mineral.

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

**“Mining Area”** means the part or parts within the Contract Area, described in a Plan of Work, as may be modified from time to time in accordance with these regulations.

**“Mining Discharge”** means any sediment, waste or other effluent directly resulting from Exploitation, including shipboard or Installation processing immediately above a mine site of Minerals recovered from that mine site.

**“Mining Workplan”** means the document referred to in annex II.

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

(a) Avoiding an effect altogether by undertaking or not undertaking a certain activity or parts of an activity;

(b) Minimizing effects by limiting the degree or magnitude of the activity and its implementation [to the extent practicable and necessary to ensure protection of the Marine Environment];

(c) Rectifying the effect by repairing, rehabilitating or restoring the affected Marine Environment; and

(d) Reducing or eliminating the impact over time through preservation and maintenance operations during the life of the mining activity.

**“Plan of Work”** means a Plan of Work for Exploitation in the Area, defined collectively as all and any plans or other documents setting out the activities for the conduct of the Exploitation, which form part of, or is proposed to be part of, an exploitation contract.

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**["Proponent" means] [...]**

**["Protection" means] [...]**

**["Preservation" means] [...]**

**["Rehabilitation" means] [...]**

**["Regional environmental management plan" means] [...]**

**“Reserved Area”** means any part of the Area designated by the Authority as a reserved area in accordance with article 8 of annex III to the Convention.

**“Resources”** means all solid, liquid or gaseous mineral resources, mineral-bearing ore, associated minerals, or mixture thereof in situ in the Area at or beneath the seabed, including: (a) polymetallic nodules, defined as any deposit or accretion of nodules, on or below the surface of the deep seabed, which contain metals such as manganese, nickel, cobalt and copper; (b) polymetallic sulphides, defined as hydrothermally formed deposits of sulphides and accompanying mineral resources in the Area which contain concentrations of metals such as copper, lead, zinc, gold and silver; and (c) cobalt crusts, defined as cobalt-rich ferromanganese hydroxide/oxide deposits formed from direct precipitation of Minerals from seawater onto hard substrates containing concentrations of metals such as cobalt, titanium, nickel, platinum, molybdenum, tellurium, cerium and other metallic and rare earth elements.

**["Resource Category" means] [...]**

**["Restoration" means] [...]**

**“Rules of the Authority”** 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.

**“Seabed Mining Register”** means the registry established and maintained by the Authority in accordance with regulation 92.

**“Serious Harm”** means any effect from activities in the Area on the Marine Environment which represents an unlawful significant adverse change in the Marine Environment determined according to the rules, regulations and procedures adopted by the Authority on the basis of internationally recognized standards and practices informed by Best Available Scientific Evidence Information.

**["Sound commercial principles" means] [...]**

**["Special Circumstances" means] [...]**

**“Sponsoring State”** means a State party or parties to the Convention which submits a certificate of sponsorship of an applicant in accordance with regulation 6.

**“Stakeholder”** means a natural or juristic person or an association of persons with an interest of any kind in, or who may be affected by, the proposed or existing Exploitation activities under a Plan of Work in the Area, or who has relevant information or expertise.

**“Standards”** means such technical and other standards and protocols, including performance and process requirements, adopted pursuant to regulation 94. Standards have to be considered as mandatory.

**["Synergistic Impacts" means joint effects caused for the interaction of two or more simultaneous activities that result in a combined effect that is greater than the sum of individual and isolated effects]**