

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 28TH SESSION:
COUNCIL - PART II**

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

1. Name of Working Group

OEWG

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

Federal Republic of Germany

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

Draft Regulation 63

Blue text indicates Germany's textual proposals

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

Draft Regulation 63 - Incentives

1. The Council may, taking into account the recommendations of the Commission, in accordance with the Standards and taking into account the Guidelines, provide for incentives to Contractors, including financial incentives, on a transparent, uniform and non-discriminatory basis, to Contractors, limited to further the objectives set out in article 13 (1) of annex III to the Convention. **Incentives introduced by the Authority shall, where appropriate, incentivize also Contractors to go beyond their existing contractual obligations and good industry practice, in particular in the context of environmental performances, and fully reflect any impacts on ecosystem services and the natural capital.**

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

Germany would like to propose some text addition in paragraph 1 to clarify that any incentives should be aligned with efforts to reduce environmental impacts such as, for instance, through the use of zero-carbon fuels. The recent study on ecosystem services can provide guidance to contractors on potential impacts and how to best address these issues in their plans of work. The concept of incentives as presented by Germany on previous occasions is supposed to take into account efforts of contractors that go beyond legal obligations and best business practices, in particular in the context of the environment. Contractors should not be given any incentives to execute what they are already obliged to do under the contract.