2015-2016 Annual Report

The Board of Directors of the International Code of Conduct for Private Security Service Providers Association ("ICoCA"), in accordance with Article 8.1.2 of the Articles of Association of the ICoCA ("Articles of Association"), hereby submits the following Annual Report to the Association General Assembly covering the time period from 1 October 2015 until 29 September 2016.

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Contents

1. GOVERNANCE

1.1. Legal Status and Organization of the ICoCA

1.1.1.Registration with the Registry of Commerce

As an international non-governmental organization organized under the Swiss Association Law and headquartered in the Canton of Geneva, the ICoCA has maintained its registration with the Registry of Commerce of the Canton of Geneva since its acceptance by the Registry on 26 May, 2015. Registry enables the Association to enter into contracts and other transactions in Switzerland, obtain insurance contracts, and hold a bank account under its own name. Members and other interested parties can obtain details concerning the ICoCA's registration at http://rc.ge.ch.

1.1.2.Status of Privileges and Immunities under Swiss Law

The ICoCA continues to seek privileges and immunities under Swiss law pursuant to the Swiss Host State Act, RO 2007 6637, RS 192.12. After a period of further consultation with the Swiss FDFA Directorate of Public and International Law in late 2015, during which earlier drafts of the Association's application were reviewed, the Association submitted an amended request in early 2016. The final decision to grant privileges and immunities is made by the Swiss Federal Council, following a period of intra-governmental consultation. At present, the Association's application remains under review, and the Association is awaiting a response. There are no outstanding information requests from the Swiss government concerning the Association's request

1.2. ICoCA Board of Directors

Following the 2015 General Assembly and during the period covered by this report, the following have served on the ICoCA Board of Directors (pillar affiliation and term expiration date indicated for each):

- John "Alan" Donohue, representing Industry, term expires Sept 2017;
- Rémy Friedmann (Board Chair), designated by Switzerland and representing Governments, term expires Sept 2016;
- Katherine Gorove, Esq., designated by the United States of America and representing Governments, term expires Sept 2018;
- Pamela Hosein, representing Industry, term expires Sept 2018;
- Amol Mehra, representing Civil Society Organizations, term expires Sept 2016;
- Andrew Nicholson, representing Industry, term expires Sept 2017;
- Michael Posner, representing Civil Society Organizations, term expires Sept 2017;
- Margaret Roggensack, representing Civil Society Organizations, term expires Sept 2017;
- Ambassador (Ret.) Bertil Roth, designated by Sweden and representing Governments, term expires Sept 2018;
- Aly Sagne, representing Civil Society Organizations, term expires Sept 2016;
- Chris Sanderson, representing Industry, term expires Sept 2016; and
- Sophia Willitts-King, designated by the United Kingdom and representing Governments, term expires Sept 2016.

In May 2016, Andrew Nicholson informed the Board that as a result of increasing professional demands he would need to step down as a Director effective as of the 2016 General Assembly. Subsequently, on 12 August, Pamela Hosein also informed the Board that she would be resigning from the Board as a result of her employer's decision to withdraw from the Association. As a result of these

announcements and the normal expiration of Chris Sanderson's current term as a Director, the ICoCA will hold an election in September 2016 to fill three open Board seats representing the Industry Pillar. A call for nominations, information concerning eligibility, and profiles of nominated candidates were previously sent to eligible Members.

As a result of the normal expiration of Amol Mehra's and Aly Sagne's current terms as Directors, the ICoCA will hold an election in September 2016 to fill these two open Board seats representing the Civil Society Organization Pillar. A call for nominations, information concerning eligibility, and profiles of nominated candidates were previously sent to eligible Members.

As a result of the normal expiration of the Directorships held by Switzerland and the United Kingdom, the ICoCA will hold an election in September 2016 to fill these two open Board seats representing the Government Pillar. A call for nominations, information concerning eligibility, and profiles of nominated candidates were previously sent to eligible Members.

Voting will close, and the results of all elections will be announced, at the 2016 Annual General Assembly on 29 September in Geneva.

1.3. Board Committees and Working Groups

In order to effectively address the multiple oversight functions and responsibilities assigned to the Board in the Articles of Association, the Board has subdivided itself into a number of Committees and Working Groups in order to develop particularized knowledge and expertise on certain topics. Board Committees are designed to be standing sub-groups of the Board charged with managing and making recommendations to the full Board regarding ongoing responsibilities (e.g, Finance, Membership, Certification). Working Groups, by contrast, are designed around particular development responsibilities and are temporary in nature, intended to be disbanded when the associated development task (e.g., development of Article 12 procedures) is completed.

During the 2015-2016 year, the Board constituted the following Committees and Working Groups (membership designed after each). Of note, Board Directors not designated to a particular Committee or Working Group are nonetheless free to attend and participate in the various Committee or Working Group activities and meetings.

Executive Committee
  Rémy Friedmann (Committee Chair)
  Margaret Roggensack
  Chris Sanderson

Finance Committee
  Andrew Nicholson
  Michael Posner (Committee Chair)
  Bertil Roth

Membership Committee
  Rémy Friedmann
  Chris Sanderson
  Amol Mehra (Committee Chair)

Legal Committee
  Alan Donohue (Committee Chair)
  Amol Mehra
  Katherine Gorove

Certification Committee
  Andrew Nicholson (Committee Chair)
  Amol Mehra
  Sophia Willitts-King

Complaints Process Development Working Group
  Aly Sagne
  Chris Sanderson
  Bertil Roth (Working Group Chair)

<u>Article 12 Development Working Group[1]</u>
>Alan Donohue
>Rémy Friedmann
>Pamela Hosein
>Michael Posner
>Margaret Roggensack
>Katherine Gorove

1.4. <u>Secretariat</u>

Since September 2015, the ICoCA Secretariat, headquartered in Geneva, Switzerland, has grown to a nine-person staff, headed by its Executive Director. The Secretariat administers the day-to-day business needs of the Association, enables the membership application process, conducts preliminary evaluation of and due diligence concerning applicants, and maintains the Association's registry of Members and Observers. In addition, the Secretariat serves as the administrative support to the Board and to its Committees and Working Groups, both logistically and in terms of substantive process and procedure development.

Since November 2015, the Secretariat has also assumed responsibility for administering the ICoCA's Certification Procedures, which were approved by the General Assembly on June 30, 2015. Presently, the Secretariat has one Project Officer and one Project Assistant assigned to carry out Certification-related due diligence and analysis activities as well as preparation of the Board for its Certification-related decision making functions. Further information on Certification activities in 2015-2016 can be found in Section 4.2 in this report.

Between October 2015 and August 2016 the Secretariat also added three additional staff Members in connection with the development and proposal to the General Assembly of procedures for Reporting, Monitoring, and Assessment of Performance functions as described in Article 12 of the Articles of Association, and procedures for Complaints as described in Article 13. These personnel have been involved in developing and testing procedures for Monitoring and Field-Based Review, and in the development of a self-assessment process for Member companies to be implemented in early 2017. Further information on Monitoring and Complaints can be found in Sections 4.3 and 4.4 of this report.

Finally, in August 2016 the Secretariat added a Communications and Development Officer. The Communications and Development Officer will be focused on raising the Association's public profile, improving communications with Members and stakeholders, and developing new areas for the ICoCA to expand its efforts to fulfill its mandate.

Since its founding, the Secretariat has also received strategic and personnel support from the Geneva Center for the Democratic Control of Armed Forces (DCAF), particularly in the areas of strategic continuity, research, and outreach to governments and civil society. In order to formalize and stabilize its strategic relationship with DCAF, the Association entered into an MOU with DCAF in September 2015 for continued support in key research, development, and strategic outreach functions. The ICoCA expects to renew its ongoing cooperation with DCAF in September 2016, and sees this relationship as continuing to be instrumental in the future development of the Association.

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[1] By agreement among the Working Group Members, the Executive Director has served as Working Group Chair.

2. MEMBERSHIP

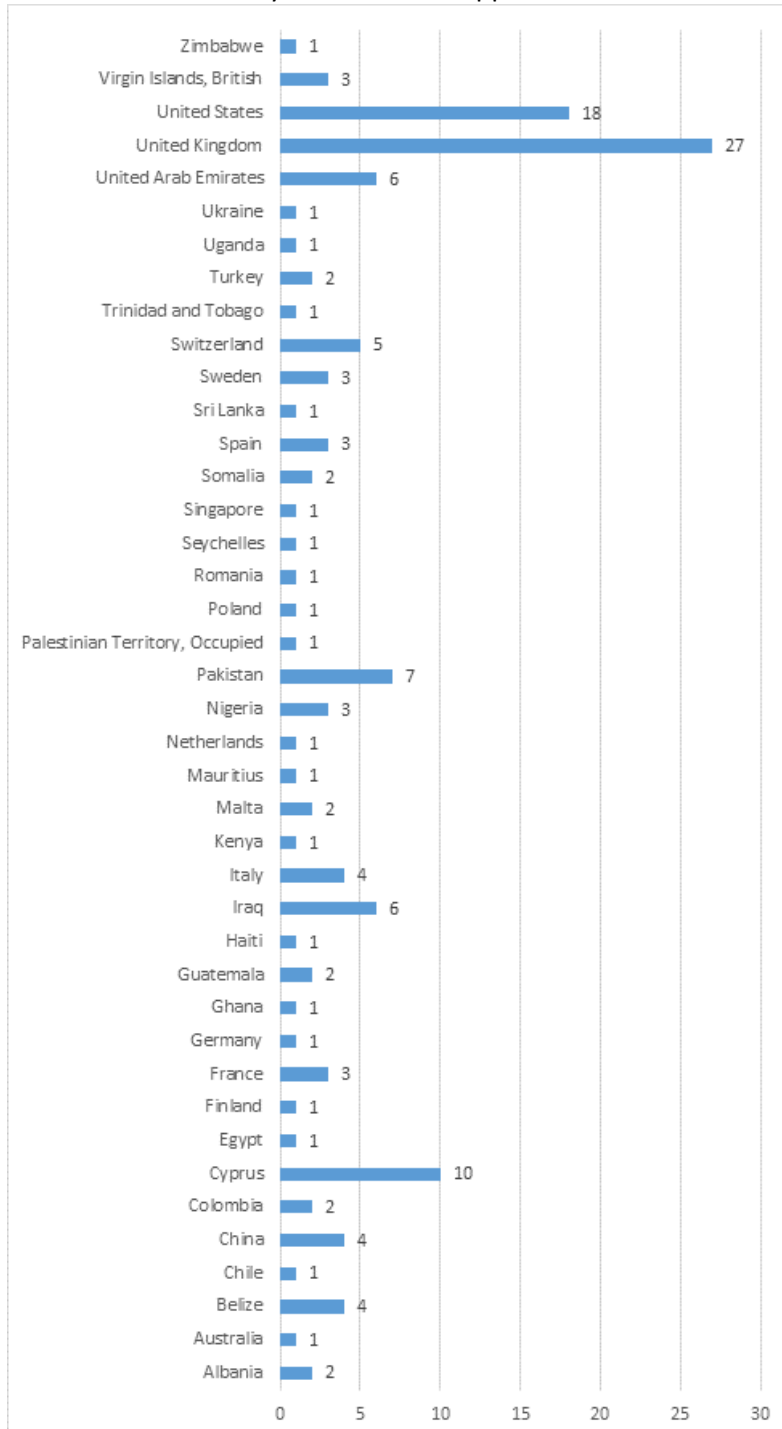2.1. <u>Industry Membership Growth</u>

Since the Board and the Secretariat began administering an application process in October 2014, the Association has steadily grown to a current membership of 98 Industry Members. A list of current Members can be located on the ICoCA website at http://www.icoca.ch/en/membership.

The Board has approved 27 new members since September 2015. In the meantime, the Secretariat continues to receive applications for membership as a reasonably steady rate to, about 30 since September 2015. Secretariat processing time for applications has decreased to less than two weeks, not counting the time for applicants to respond to requests for missing/additional required information following the Secretariat's review of applications and due diligence process. At present, 40 applications are currently under review or awaiting approval at the next Board Membership Committee meeting, i.e. have received an initial contact from the Secretariat and a preliminary evaluation of their application, and the Secretariat is either awaiting receipt of the requested additional information or preparing for submission of the application for Board review.

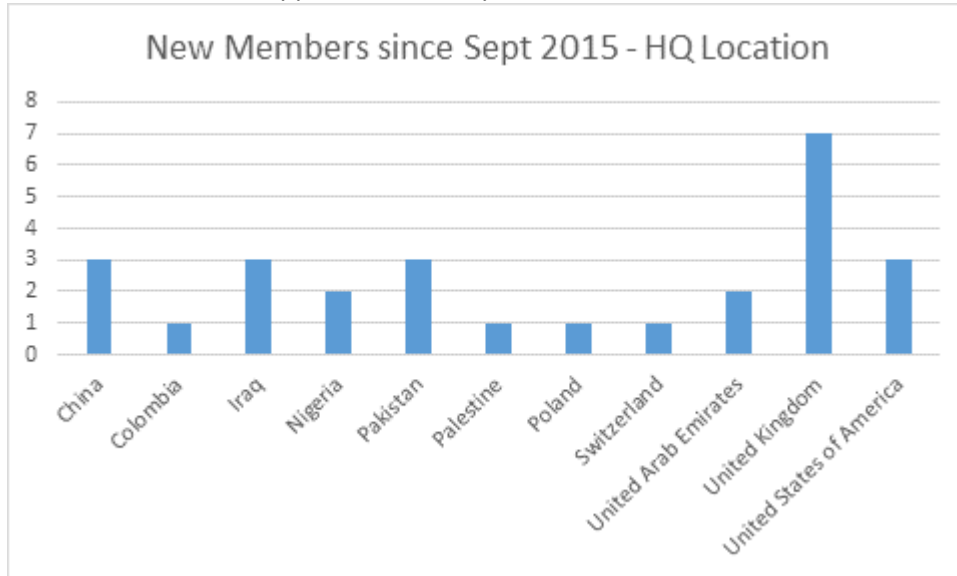![International Code of Conduct Association logo - ICoCA]

2.2. Industry Membership Distribution

While the ICoCA continues to reflect a strong locus of operations of Private Security Companies in the United Kingdom and United States, more recently the strongest increases in membership have come from outside those countries. As of 20 September 2016, ICoCA Industry Members were headquartered in 41 countries, and had operations in a greater number of locations. The following shows the relative distribution of Industry Members and applicants:

Country	Count
Zimbabwe	1
Virgin Islands, British	3
United States	18
United Kingdom	27
United Arab Emirates	6
Ukraine	1
Uganda	1
Turkey	2
Trinidad and Tobago	1
Switzerland	5
Sweden	3
Sri Lanka	1
Spain	3
Somalia	2
Singapore	1
Seychelles	1
Romania	1
Poland	1
Palestinian Territory, Occupied	1
Pakistan	7
Nigeria	3
Netherlands	1
Mauritius	1
Malta	2
Kenya	1
Italy	4
Iraq	6
Haiti	1
Guatemala	2
Ghana	1
Germany	1
France	3
Finland	1
Egypt	1
Cyprus	10
Colombia	2
China	4
Chile	1
Belize	4
Australia	1
Albania	2

The 27 new members approved since September 2015 are located in 11 different locations:

New Members since Sept 2015 - HQ Location

Significant economic developments, including additional mergers and acquisitions, contraction of the market for maritime security services, and other changing market conditions, continue to affect the private security industry. In the context of these ongoing market dynamics, the Board recognizes the continuing importance of demonstrating and communicating the value of the Association, not only to current and prospective Members, but to external stakeholders as well. Most notably, the addition of a Communications and Development officer within the Secretariat staff will enable the Association to better reach private sector and government clients, host governments, and affected communities and civil society organizations so that they can better understand how the Association's governance and oversight of the Code and promotion of the highest compliance standards for its Members leads to improved performance and reliability by Association Members.

2.3. CSO Membership and Distribution

Currently, the Association has 17 Civil Society Organization Members, representing 4 different continents. The Association has received expressions of interest from additional potential Members of the CSO Pillar, and continues to look for opportunities to expand the involvement of both regional and international Civil Society Organizations.   A current list of the CSO Members can be found at: http://www.icoca.ch/en/membership?civil_society_organizations=csos&op=Search&view_type=list&form_id=_search_for_members_filter_form

As with the need to show the continuing value of the Association to its industry Members, the Board acknowledges the importance of continued development and demonstration of the Association's capacity to contribute to the increased respect for Human Rights and International Humanitarian Law, and the consequent benefit this brings to civil society stakeholders.

2.4. Government Membership

Presently, the ICoCA has six Government Members: Australia, Norway, Sweden, Switzerland, the United Kingdom and the United States. While the ICoCA continues its outreach efforts to other Montreux Document and other states, and has had some positive discussions in relation to potential membership among other countries, at present there are no additional formal applications for membership from Governments.

The contribution from and needs of governments, both as regulators and clients of the industry, is critical to the continued development and effectiveness of the ICoCA. The Board recognizes in particular the significant steps taken by Switzerland and the United States to incorporate ICoCA membership as an important element of their regulatory and procurement policies and/or laws, and the steps taken by other Member governments to similarly encourage Association membership. The Board looks forward to continuing to work with Member and other governments to help support and expand these and other potential approaches.

3. BUDGET AND FINANCES

The ICoCA receives its financial support from three principal sources: Contributions from Member Governments, Annual Membership Dues from Industry Members, and a one-time Joining Fee assessed to applying Members (largely covering the cost of administering the application and due diligence process by the Secretariat and Board). Additional modest revenue comes from an annual fee for Observers and from gains to the Association's Strategic Reserves as a result of currency fluctuation.

As reflected in the audited 2015 financial statements (see item 3.1), in 2015 the ICoCA continued to receive generous direct and indirect contributions from Switzerland. Furthermore, the Association succeeded in reaching an agreement with the United States for the award of a significant grant to enable the development and implementation of a monitoring capacity in 2016 and early 2017. These contributions were added to CHF 500,000 in Annual Dues and Joining Fees paid by legacy and new Member companies. As in the past, the Association also continued to benefit from in-kind direct contributions from DCAF which supplemented the Secretariat's governance and oversight team. As a result of these generous contributions and the careful management of resources, the Association was able to end the 2015 year with a budget surplus of nearly CHF 89,000 and thereby increase its Strategic Reserves. The ICoCA nonetheless recognizes the important of continuing to grow its funding base to ensure its long-term sustainability as it enters into a more active operational future in 2016-2017 and beyond.

3.1. Audit of 2015 Budget

In accordance with Article 8.1.6 of the Articles of Association, and the applicable Swiss Association Law, the ICoCA's finances for the period from 01 January until 31 December 2015 were audited by its external auditor, PricewaterhouseCoopers SA, in May 2015. A copy of the audit letter and the audited financials is attached as **Annex A**.

3.2. 2016 and 2017 Budgets

The ICoCA Board of Directors approved an operating budget for 2016 in mid-2015 (summarized in the 2014-2015 Annual Report). The Board and its Finance Committee normally reviews performance against the budget on a quarterly basis, and the Board can adjust the budget for the year based on that performance. A modest adjustment to the 2016 operating budget was approved in August 2016 as a result of the better-than-forecast closing position in 2015 as well as the recognition that the Secretariat would need additional resources in 2016 and beyond to accomplish the Association's objectives. An executive-level summary of the revised 2016 Budget is included with this report as **Annex B**.

In mid-2016 the Board has also approved an operating budget for 2017. The 2017 budget is based on projected membership numbers as well as a dues structure that has been proposed to the General Assembly for 2017 and target contribution and grants levels for governments and other funding sources.

As with 2015 and 2016 budgets, the 2017 budget has been prepared using conservative estimates of revenue growth from membership dues. Given the current and estimated levels of Member dues and contributions, and the recognized need to grow government and non-government funding sources in 2017, the ICoCA Board has forecasted a need to rely on its Strategic Reserves to cover projected operating expenses. While this need may be mitigated to some degree if dues receipts and government/non-government contributions are higher than forecasted, it highlights the need to seek additional sustaining contributions for 2017 and beyond. This will be an important item of focus for the Association in the latter part of 2016 and early 2017.

3.3. In-Kind Contributions

As reflected in the 2015 audited Financial Statements and 2016 and 2017 budgets, the Association has also benefitted from substantial "in-kind" contributions provided principally by the Government of Switzerland (via DCAF) and from DCAF (from its core operating budget). The total value of these contributions in 2015, as provided by DCAF and through, can be found in Note 7 to the 2015 financial statements. Estimated future in-kind contributions are included in the 2016 and 2017 budgets.

The Association can benefit from additional in-kind contributions, particularly in the form of staffing or other personnel support. In that regard, the Board notes with appreciation the additional efforts of various of its Members to support the participation on the Board by their respective Directors and the willingness to several Members to participate in pilot testing of procedures. The Association welcomes consideration of additional in-kind staffing support where feasible for Members of all three pillars.

4. ADMINISTRATION AND OVERSIGHT FUNCTION DEVELOPMENT

4.1. Administration and Membership Application

4.1.1. Administration

The Secretariat maintains the ICoCA's headquarters office in Geneva, Switzerland, and is responsible for the day-to-day administration of the Association's business operations, financial management and budgeting, membership, and governance and oversight functions. The Secretariat also supports the Board's activities by handling logistical planning, travel support, meeting administration, and project management for the Board's and its Committees' and Working Groups' operations and functions as described in the ICoCA's Articles of Association and Procedures.

As the scope of its operations and personnel have grown, the Association has developed more robust financial management systems and controls. In addition to engagement of an external auditor in accordance with Swiss statutory requirements, starting in January 2016 the Secretariat has further enhanced the Association's financial management capabilities and processes through the engagement of an external accountant. Operating in collaboration with a consultant on financial and grant management procedures, the Secretariat implemented new finance and accounting procedures that enable the ICoCA and its Board to maintain improved financial situational awareness as well as qualify for and operate in compliance with financial management requirements of U.S. and other donors' grant programs.

The ICoCA's information management architecture also continues to develop in parallel with its operational development. In 2015 and 2016, the Secretariat, working with an outside IT consultant, has expanded the IT infrastructure that supports the Association's communications, membership administration, certification and monitoring processes. In September 2015 the ICoCA began

implementation of its own Microsoft Exchange server, which freed the Association from reliance on external email service providers and enabled enhanced and more efficient and secure electronic communications and information sharing among the Board, Secretariat staff, and Members. The Secretariat continues to work to ensure that its document management and analytical database capabilities provide the functionality that it needs to store and process sensitive materials while minimizing exposure to data theft or loss. These information management systems are currently used to support the membership and certification processes, and will be expanded to support monitoring and complaints functions once the associated procedures are approved by the General Assembly. As reflected in the Association's Information Security Policy, the ICoCA recognizes the sensitivity of information its Members are called upon to provide and will continue to take steps to ensure, both through its operating practices and systems architecture, that such information is provided appropriate security.

4.1.2. Membership Application Process

In accordance with the Membership Requirements and the Articles of Association, the Secretariat supports the Board's consideration of membership applications by conducting a preliminary review of applications (to ensure satisfaction of all membership requirements) and due diligence on applicants. As well as interacting with and answering questions from applicants about the application process, the Secretariat prepares a summary of each applicant for the Board's consideration and acts as an interface between the Board and the applicant. Since October 2015, the Secretariat has reviewed approximately 30 applications for membership in the industry pillar and 4 applications for membership in the CSO pillar. Review has also included significant due diligence on applicants' exposure to human rights and humanitarian risks, and the steps taken by the applicant to comply with and implement the Code. Despite these expanded roles since the implementation of a formal application and review process in 2015, Secretariat review and processing time for applications remains at 2 weeks or less (not counting time required by applicants to supply missing or supplemental information or to respond to inquiries from the Secretariat or Board).

4.2. Development of Certification Procedures (Article 11)

Following the approval, in mid-2015, of Certification Procedures to implement the functions described in Article 11 of the Articles of Association, the ICoCA has focused its efforts on testing the implementation of those Procedures as well as researching opportunities to expand the availability of ICoCA Certification to all Industry Members. Working closely with the Secretariat, the Certification Committee's work in 2015 and 2016 has significantly enhanced the Association's understanding of and ability to integrate national and international standards into its Certification Procedure. As a result of this work, the Association is now poised to begin full implementation of the Certification Procedure in the 4th Quarter of 2016.

With regard to recognition of national and international standards, the Association completed its analysis and formally recognized ISO 28007-1:2015 (Guidelines for Private Maritime Security Companies (PMSC) providing privately contracted armed security (PCASP) aboard ships) in July 2016. [2] The Secretariat and Committee are also presently engaged in analysis of ISO 18788:2015 (Management system for private security operations), and anticipate issuing a Draft Recognition Statement for public comment in accordance with the ICoCA Certification Procedure in the 4th Quarter of 2016. Upon

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[2] The ICoCA's Recognition Statement for ISO 28007-1:2015 can be found at: http://www.icoca.ch/en/certification, along with the Recognition Statement for ANSI/ASIS PSC.1-2012 ("PSC.1"), which was recognized earlier in 2015.

approval of a final Recognition Statement for ISO 18788, the Association will have recognized three national or international standards as pathways towards ICoCA Certification.[3]

Furthermore, in early December 2015 the Committee and Secretariat commissioned a pilot test of the ICoCA's Certification Procedures for companies having achieved certification to PSC.1. Three Member companies were invited to participate, and were provided with guidance by the Secretariat for the submission of additional information as described in the Recognition Statement for PSC.1. The ICoCA received responsive submissions from participants in April and June 2016, and has since completed its preliminary analysis of those submissions. The result of the pilot test will inform potential modification to the Recognition Statements both for PSC.1 and other standards, and will help enable the implementation of the Certification Procedure for all Members in the 4th Quarter of 2016.

Finally, in late 2015 and 2016 the Secretariat, acting at the direction of the Board of Directors, also completed two studies that looked into the accessibility to Member companies of existing standards as well as ICoCA Certification. The first study, conducted in fall 2015, compiled information that Member companies reported on barriers to accessing certification to recognized standards. The information from this study was presented to the Board at its 4th Quarter 2015 Board Meeting, and resulted in further analysis within the Certification Committee on potential pathways to improve the Certification Procedure. The second study, conducted in spring 2016, analyzed certification approaches taken by other multi-stakeholder organizations with a mandate to improve industry performance against human rights norms and then proposed potential alternative approaches to certification based on these organizations' experiences. The results of that study were presented to the Board at its 2nd Quarter 2016 Board Meeting and led to the development of the Board's Statement on Certification that was released to Members on 29 August (and will be discussed at the 2016 Annual General Assembly).

As noted above, full implementation of the Certification Procedure for all Member companies having achieved certification to a recognized standard is anticipated in the 4th Quarter of 2016. Further information regarding submission timelines and association guidance will be made available at the Annual General Assembly and on the ICoCA's website.

4.3. Development of Reporting, Monitoring and Performance Assessment Procedures (Article 12)

In addition to developing the Association's Certification Procedures, the Board has also focused significant effort on the development of procedures for the functions described in Article 12 (Reporting, Monitoring, and Assessing Performance) of the Articles of Association. An expanded Article 12 Development Working Group ("Article 12 WG"), including six (6) of the twelve (12) ICoCA Directors, was constituted in mid-2015 and spearheaded this process in 2015 and 2016. Their work has resulted in the procedures now proposed for approval at the 2016 Annual General Assembly.

4.3.1. Draft Article 12 Procedures

The principal components of the proposed Article 12 procedures are:

Monitoring Capacity: The Board has provided for a capacity within the Secretariat for the collection and analysis of information from civil society, governments, NGOs, and other stakeholders regarding Member company operations and compliance with the Code. Information will be analyzed to enable the Secretariat to engage in dialogue with Member companies aimed at improving performance. In

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[3] In late 2015 the Board also considered but declined for the time being to recognize ISO 9001:2015 because the additional information that would be required to companies seeking ICoCA Certification on the basis of having completed certification to ISO 9001 was assessed to be too great.

addition, information collected will help identify areas where further review is needed, and will assist the Board in reviewing and addressing performance and compliance issues. Appropriate staffing and resource levels have been provided for in the 2016 and 2017 budgets, and the Secretariat anticipates that it will invest significant effort in 2017 on the development of a network of participating organizations and stakeholders in areas of significant concentrations of Member company activity.

Company Self-Assessment Reporting: The procedures also call for the development and implementation, in early 2017, of a self-assessment reporting framework (and supporting technology) for Member companies to use to address their performance in implementing the Code as required under Article 12.2.2. Self-assessment reporting will be aligned to agreed-upon Indicators of performance and compliance and, to the extent possible, will leverage web-based technologies to enable efficient and secure reporting and longitudinal analysis of data.

Field-Based Review: The Secretariat will also ensure that staff and resources are available to conduct field-based review when there is a demonstrated need for further monitoring within an area of one or more Member companies' operations or on request of a Member of the Association. The procedure calls for field-based review to be appropriately planned and discussed between the Board and Secretariat. The procedure also enables field-based review where exigent circumstances require the deployment of a team on shorter-notice.

Performance and Compliance Indicators: Analysis of information obtained through any of the Article 12 processes will be guided by performance and compliance indicators for each of the operative paragraphs of the Code (i.e., those in Sections F and G (Specific Principles Regarding the Conduct of Personnel, and Specific Commitments Regarding Management and Governance, respectively)). These indicators, which will be approved by the Board and made publicly available, will not only serve as important benchmarks of compliance with the Code but will also help Member companies and others understand how the ICoCA will assess implementation of and compliance with the Code. To date, indicators have been developed for the following Code paragraphs: Use of Force (¶¶ 30-32), Apprehending Persons (¶34), Prohibition of Torture or other Cruel, Inhuman or Degrading Treatment or Punishment (¶¶35-37), and Training of Personnel (¶55). Finally, indicators will be used to guide the assessment of Member company performance, the identification of compliance concerns, and recommendations by the Board for improved performance against the Code.

4.3.2. Pilot Field-Based Review

In July 2016, as part of its efforts to test both the application of indicators and Article 12 procedures, in particular the feasibility of field-based review, the Working Group conducted a pilot test of field-based review in East Africa with the participation and support of three Member companies and stakeholders. The participating Member companies volunteered to have their screening and vetting as well as training processes reviewed by a Review team, with the (confidential) results of the review made available to the Working Group and the respective participating companies themselves for learning and procedure development purposes. The pilot, conducted over the course of four days between 6 and 9 July 2016, successfully demonstrated the capacity of the Secretariat to review Member company operations, provide guidance as part of a confidential dialogue with Member companies, and deliver appropriate reporting to the Board. Since conducting the review, the Working Group and Board incorporated lessons learned into the Article 12 procedures, including the indicators and process for field-based review. Further testing and engagement with Member companies and stakeholders in the field is anticipated as the Association enters into an operational governance and oversight role.

4.4. Development of Complaints Procedures (Article 13)

In September 2015, with the election of a full slate of Directors, the Board renewed the mandate of the Complaints Working Group to develop procedures to implement Article 13 (Complaints) of the Articles of Association. During the 4th Quarter of 2015, the Committee, with the assistance of DCAF and the Secretariat, reviewed papers that had been developed during and after the negotiation of the Articles of Association and, additionally, more recent literature on the understanding and development of grievance mechanisms within the broader Business and Human Rights community. Based on that background research as well as its own analysis of the Articles of Association and the needs of the Membership, the Working Group developed draft procedures for the establishment of an ICoCA Complaints function.

In February 2016 the Working Group met in London to review and revise the draft Complaints procedures. During this meeting and in several subsequent telephone conference calls, the Working Group discussed and drafted language to reflect critical factors and characteristics within the Complaint process, including a timely response and adequate information to complainants, consideration of remedy for harms resulting from violations of the Code and potential methods by which the ICoCA process could facilitate access to remedy, and ensuring that the Association provides guidance to Member companies on, and incentives for them to develop, effective operational-level grievance processes as required under paragraphs 66 through 68 of the Code.

In July and August 2016 the Board took up and finalized the draft procedures developed by the Working Group, formally approving and recommending them to the General Assembly. Subject to adoption of the procedures by the General Assembly, the Secretariat will work to ensure accessibility of the Complaints mechanism, including though secure online submission of complaints, and will also continue to develop the Association's internal "good offices" capacity to help resolve complaints or, where there is a mutual interest, to refer complainants and parties to experienced and knowledgeable external mediators.

5. OUTREACH TO EXTERNAL STAKEHOLDERS

As well as working with Members to develop the Association's governance and oversight functions, the ICoCA has also engaged in significant efforts to ensure that non-member stakeholders understand and have the opportunity to engage with its oversight role. Key initiatives in this regard in 2015 and 2016 include:

5.1. Montreux Document Forum

Since its establishment in December 2014, the ICoCA has regularly met with and provided updates to the participants in the Montreux Document Forum's Working Group on the ICoCA, currently chaired by ICoCA member Sweden.[4] Three consultative meetings with the MDF Working Group have taken place since October 2015, the most recent of which involved an opportunity for Working Group participants to reflect on and provide feedback regarding the Board's proposed procedures for implementation of the oversight functions described in Articles 12 and 13 of the ICoCA Articles of Association. The Association and Board regards its interactions with the MDF Working Group as a key, though not exclusive, forum in which to engage with and obtain feedback from states in the development of the

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[4] Further information about the MDF Working Group on the ICoCA, as well as links to minutes of the Working Group's consultations, can be found at http://www.mdforum.ch/en/working-groups.

ICoCA, its oversight functions and its contributions to improved private security standards and performance under the Code.

5.2. Engagement with Non-State Clients

The Association also recognizes the role that non-state clients play and their strong interest in the nexus between security and human rights. Similar to governments, non-state actors –which include multinational corporations from a range of industries – exercise a key procurement role that has the ability to shape expectations of private security companies. Civil society, like governments, has legitimate expectations of these actors as to how they carry out this role. In the context, the ICoCA has been working to help non-state actors understand the key role it is positioned to play, not just as a governance and oversight mechanism for the Code but, more importantly, as a benchmark of the highest standards in operational performance and respect for human rights and IHL.

In 2015 and 2016 the ICoCA has continued its work to engage with non-state clients to both understand their needs and communicate regarding the Association's continued development. For example, in November 2015 the Executive Director was invited to present information about the ICoCA to the International Association of Oil and Gas Producers' Security Committee meeting in Washington, DC.[5] In addition, in May 2016 the ICoCA participated in the Annual Plenary of the Voluntary Principles on Security and Human Rights, in Bogota, Colombia.[6] These events afforded the Association an opportunity to engage with participating extractive companies, civil society organizations, and governments, learn about their perspectives, and share information with them on the ICoCA and how it can contribute to their own efforts and objectives.

5.3. Engagement with Civil Society

The Association also recognizes the critical role that civil society actors play in its success. Civil Society organizations, both members and non-members, and whether engaged in research, advocacy, or policy development, represent not only the broader public perspective but, in addition, often represent or have access to communities directly affected by private security operations. As such, engagement with and incentivizing the direct involvement of civil society actors remains a key objective for the ICoCA.

In 2015-2016, the ICoCA has continued its outreach efforts to and participation with civil society initiatives. Key conference and workshop engagements by Board Members and/or Secretariat staff included:

The Fourth Annual United Nations Forum on Business and Human Rights (Office of the High Commissioner for Human Rights), Geneva, 16-18 November, 2015

Workshop: *Measuring Human Rights Performance: Metrics the Drive Change* (co-hosted by NYU Stern School of Business and Robert F. Kennedy Human Rights Compass), New York, 20-21 April, 2016;

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[5] For further information about the IOGP and its Security Committee, see http://www.iogp.org/security-committee.
[6] See http://www.voluntaryprinciples.org/wp-content/uploads/2016/04/2016_Press_Release_-_Voluntary_Principles_Initiative.pdf.

Conference/Workshop: *Remedy in the Context of Multi-Stakeholder Initiatives* (International Corporate Accountability Roundtable), Washington D.C., 20 June, 2016;

Panel Event: *Private security: Precaution and accountability for the use of force* (UN Human Rights Council), Geneva, 20 June, 2016;

Conference: *Business and the Bar: Lawyers, Rights and Remedies* (ABA Center for Human Rights), Geneva, 28-29 June, 2016;

Practitioner Workshop: *Markets in the Making of Multilateral Military Interventions (4MI): International Organizations and Private Military and Security Companies* (Economic and Social Research Council (ESRC), United Kingdom), Frankfurt, 1 July, 2016;

Panel Event: *Privatization of War: Impact on Human Rights* (UN Human Rights Council), New York, 21 July, 2016.

As well as participating in conferences and workshops, the ICoCA Secretariat and DCAF's Public-Private Partnerships Division, its strategic partner, have been engaged in outreach directly to CSOs and NGOs working in the field and with affected communities. Representative engagements with human rights research and advocacy organizations include:

Francophone civil society organizations in West Africa, in connection with the work of ICoCA Director Aly Sagne (Managing Director, Lumière Synergie Développement), and DCAF to support the establishment of the Private Security Governance Observatory in West Africa;[7]

Latin American civil society organizations, in connection with the ICoCA's participation with DCAF and the United Nations Regional Centre for Peace, Disarmament, and Development in Latin America and the Caribbean;

Colombian and other Latin American civil society organizations in Bogota, Colombia, in connection with and on the margins of the Voluntary Principles Annual Plenary;

Kenyan and East African civil society organizations in Nairobi, Kenya, in connection with the ICoCA's pilot on field-based review; and

Civil society organizations with a policy interest in human rights in the international maritime context, in connection with Member Oceans Beyond Piracy's policy and advocacy work to develop a response to maritime piracy.[8]

6. OTHER MATTERS

6.1. National Regulation and Procurement Policies

The Board notes the key role that governments play, both as industry regulators and, at times, clients of private security services, in raising standards and increasing respect across the private security industry for international human rights and humanitarian law. Recently, the ICoCA has taken an increasingly active role in helping to encourage governments in these regards. In 2015 and 2016, the ICoCA Secretariat and several of the Association's government members participated in DCAF-managed

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[7] For more about the Observatory, see http://private-security-observatory.org/en/content/international-code-conduct-private-security-service-providers-icoc

[8] For more on Oceans Beyond Piracy, see http://oceansbeyondpiracy.org/

projects to capture and develop good regulatory and procurement practices. Through the course of participating in workshops and reviewing and providing feedback on papers, ICoCA has been able to share some of the important lessons learned and observations on how leaders in the regulatory and procurement space have succeeded. Some of these points are well captured in DCAF's Legislative Guidance Tool for States to Regulate Private Military and Security Companies, published in 2016.[9] Similarly, the Association participated in discussions that helped to form the basis for a Scoping Study published by DCAF on procurement and contracting practices.[10]

In addition to contributing to studies and broader guidance, the Association has been working directly with governments to help inform their development of private security regulatory approaches. Included among its key initiatives in this area are the following:

On 3 December 2015, ICoCA Industry Board Director Chris Sanderson participated in a hearing entitled, "The Use of Private Security Companies in the Context of European Security and Defence" before the European Parliament in Brussels. At the hearing, Mr. Sanderson was invited to present remarks on the impact of the Code and ICoCA.

Switzerland, a founding ICoCA Member, hosts a regular monthly meeting between the ICoCA Secretariat and its regulatory authority to enhance communication around developments in certification, monitoring, performance assessment, and complaints handling.

ICoCA has been a contributor to Peru's efforts to establish the Superintendencia Nacional de Control de Servicios de Seguridad, Armas, Municiones y Explosivos de Uso Civil (SUCAMEC), the country's national authority established to regulate, supervise and control private security services.[11] ICoCA has joined DCAF in its ongoing advisory relationship with SUCAMEC, welcomes the Peruvian authority's work to establish a national code of conduct that closely parallels the ICoC as well as a licensing and certification program for industry members, and looks forward to opportunities to continue to contribute to SUCAMEC's important and groundbreaking work.

ICoCA also continues to develop its close relationship with the United States Department of State's Bureau of Diplomatic Security (DS). DS requires ICoCA membership for private security companies to qualify for contracts under its Worldwide Protective Services 2 program, which provides comprehensive protective security services to support U.S. Department of State operations around the world. ICoCA will continue working to ensure that ICoCA membership contributes to DS's effective management of this key procurement and contracting program.

The Association looks forward to expanding its work with both member states, Montreux Document participants, and others to help increase the effectiveness of government regulation and oversight and to help contracting states see the potential role of ICoCA Membership in helping them fulfill their procurement and contract management responsibilities.

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[9] See http://www.dcaf.ch/Publications/Legislative-Guidance-Tool-for-States-to-Regulate-Private-Military-and-Security-Companies

[10] Putting Private Security Regulation Into Practice : Sharing Good Practices On Procurement and Contracting 2015-2016, available at http://www.ppps.dcaf.ch/sites/default/files/uploads/DCAF_Procurement_v4.pdf

[11] See https://www.sucamec.gob.pe/web/

6.2. UN OHCHR Special Procedures

Between February and June 2016 the Secretariat participated in related expert meetings and provided feedback for the Report of the Special Rapporteur on extrajudicial summary or arbitrary execution on the right to life and use of force by private security providers.[12] Released in June 2016, the Association welcomes the recommendations of the report that stakeholders support and participate in effective governance and oversight mechanisms for the Code. Board Directors Rémy Friedmann and Alan Donohue joined Special Rapporteur, Christoph Heyns for a side event surrounding the presentation and release of the report to the Human Rights Council and discussed the role and efforts of the Association in raising standards and providing effective oversight and monitoring of private security service providers.

In July 2016, at the invitation of the UN Working Group on the use of mercenaries, the Executive Director and one of the Board Directors, Meg Roggensack, met in an executive session with the Working Group and participated in a public panel event entitled "Privatization of War – Impact on Human Rights."[13] The Board extends its appreciation both for the invitation and the collaborative relationship that the Association continues to develop with the Working Group. Both the panel event and the private session provided opportunities for the ICoCA to highlight the significant work that the Board and the Members of the Association have engaged in to develop procedures for the ICoCA to carry out its governance and oversight mandate for the Code, and to share the role of the ICoCA within a broader international effort to ensure that the private security industry operates with respect for international human rights and humanitarian law. The Association looks forward to more opportunities to engage with the Working Group and the broader UN Human Rights Council as the ICoCA assumes a more active operational role into 2017 and beyond.

6.3. Observers

Finally, the Board also recognizes the important contributions that the Association continues to receive from Observers, particularly those from academic institutions, non-state (corporate) clients of the private security industry, accredited certification bodies, and other non-state certification. Many of these organizations and institutions have been regularly contributing to the development of the ICoCA's oversight structure and capacity since its inception, and are key stakeholders in ensuring its future success. In particular, over the course of the past year Observers have commented on procedures for ICoCA Certification, the Association's Draft Recognition Statements for PSC.1 and ISO 28007, and the Board's recommended procedures to implement Reporting, Monitoring and Performance Assessment as well as Complaints.

The Board welcomes, remains grateful, and is open to further development of structures for regular input from Observers and other stakeholders regarding the Association's efforts to implement its operational procedures.

Geneva, Switzerland
28 September 2016

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[12] *See https://documents-dds-ny.un.org/doc/UNDOC/GEN/G16/092/21/PDF/G1609221.pdf?OpenElement.*
[13] Information on the July 21, 2016 panel presentation, including video from the event, is available at: http://www.ohchr.org/EN/Issues/Mercenaries/WGMercenaries/Pages/EventJuly2016.aspx