



ICoCA Q1 2016 Board Meeting
Foreign and Commonwealth Offices of the UK Government
London, UK
2 & 3 March 2016

Draft Minutes

Present (Board)

- Alan Donohue
- Rémy Friedmann (Chair)
- Katherine Gorove
- Pamela Hosein
- Amol Mehra
- Andrew Nicholson (on the 2nd only)
- Michael Posner (afternoon of 2nd and all 3rd)
- Bertil Roth
- Chris Sanderson
- Sophia Willits-King
- Margaret Roggensack

Present (Secretariat - ICoCA)

- Molly Gray (Consultant)
- Anaïs Laigle (Project Assistant)
- Andrew Orsmond (Executive Director)
- Helen von Dadelszen (Operations Manager)
- Andrés Zaragoza (Project Officer)

Present (Observing/Supporting)

- Sally Bentley (UK FCO)
- Anne-Marie Buzatu (DCAF)
- Jason Pielemeier (U.S. Department of State)
- Joanna Vallat (UK FCO)

Absent/Excused

- Aly Sagne

AGENDA POINTS

- 1. Opening of Meeting and Discussion of Agenda**
- 2. Approval of Minutes from December Meeting**
- 3. Update from Secretariat**
- 4. Updates from Committees:**
 - a. Audit/Finance**
 - b. Legal**
 - c. Executive**
 - d. Membership**
- 5. Certification Working Group Presentation and Discussion**
 - a. ISO 28007 Draft Recognition Statement**
 - b. Pilot Project Lessons Learned**

c. Certification Implementation

6. Article 12 Working Group Presentation and Discussion
7. Grievance Committee Presentation and Discussion
8. Strategic Development
9. AGA Planning

2 March

1. OPENING OF MEETING AND DISCUSSION OF AGENDA

The Chairman opened the meeting at 8.36am (EST) and asked the Operations Manager to draw up the minutes. The Chairman took note that each of the three stakeholder pillars was represented by at least two Board Directors and that at least 8 Directors were present. He therefore declared that a quorum was present according to [Article 7.6 of the Articles of Association](#) (AoA), that the meeting was duly constituted, and that the Board could validly adopt resolutions in compliance with the law and the Articles of Association.

The Chairman welcomed all participants, in particular noting and welcoming Joanna Vallat, supporting Sophia Willits-King from the UK government. He also thanked the UK FCO for hosting the meeting and providing the catering.

The Chairman then confirmed that the agenda and supporting documentation had been circulated to the Board in advance. The Board reviewed and approved the agenda requesting that additional updates from DCAF and the Montreux Document Working Group on ICoCA be added to the Meeting.

2. APPROVAL OF MINUTES FROM OCTOBER MEETING

The Board reviewed the draft Minutes of its 4th Quarter 2015 (8 and 9 December) meeting. The Board discussed and approved slightly modified meeting dates for 2016, but requested that the specific dates be removed from the minutes themselves.

The Board approved the 4th Quarter 2015 Minutes, subject to the above-described amendment, and authorized the Secretariat to publish them.

3. UPDATE FROM SECRETARIAT

Human Resources

The Executive Director gave an update regarding the staffing of the Secretariat. He announced that, following the Secretariat's successful experience in 2015 hosting an intern from Boston University's Geneva program, a second short-term intern from that program would come onboard to help with some research and media monitoring.

The Executive Director also announced that, as part of the recruitment process for a Grant Management Consultant, two different potential consultants with complimentary profiles were being considered. Engagement of both consultants will be beneficial as it will help the Association to become compliant with the administrative requirements of the existing USG grant, to be prepared to apply for other (non-U.S.) grants, and to put into place financial management policies and procedures as may be required by various different grantors.

The Board were informed that 2016 objectives had been set for each staff member as a start in establishing a more formal performance review process.

The Board were also introduced to Molly Gray, who has been engaged as a consultant on a part-time basis to manage the Article 12 process and Working Group.

IT

The Executive Director informed the Board that work was underway to develop a more advanced membership database which would allow the Secretariat staff members to better track interactions with Members and prospective Members. The database will also serve as the basis for more effective management of Certification and Monitoring processes.

Financial Management

The Executive Director informed the Board that due to more complicated accounting requirements and the need for a more time-responsive service, a professional accountant had been sought. The Secretariat had interviewed and received proposals from four different accounting agencies, and had provided a recommendation to the Finance Committee. Following its review and discussion of the recommendation with the Secretariat, the Finance Committee approved the recommendation.

The Board were also informed that the annual financial audit, conducted by the Association's outside auditors (PWC) had been scheduled for May.

Communications

The Secretariat noted that more external communications was needed, including further information being produced for the website, a more regular newsletter for interested parties, and the promotion of the newly created LinkedIn page.

Complaints management process

The Secretariat reported having received six or seven complaints in the last 6 months. Each was related to a maritime company and referenced issues of 1. Abandoning or not paying employees 2. License violations 3. Improper weapons transfers. As there was currently no approved process to respond to these issues the Secretariat have responded by asking the individual if they had contacted the company directly and attempted to use the company's grievance process.

The Board requested being informed of such concerns as frequent and/or location-specific trends may signify underlying problems.

External engagements

The Executive Director informed the Board of some recent external engagements, including a meeting hosted by Oceans Beyond Piracy in London, the Montreux Document Forum and the Munich Security Conference.

Anne-Marie Buzatu informed the Board that DCAF's Legislative Guidance Tool for States to Regulate Private Military and Security Companies (PMSCs) was being finalized and would be soon be published. She also mentioned that the Swiss representatives to the Inter-Parliamentary Union introduced a resolution that makes reference to the Association and submitted it for resolution in the IPU's meeting in Lusaka later in 2016.

4. UPDATES FROM COMMITTEES:

The Board received reports from its Committees as follows:

a. Finance and Audit

The Finance and Audit Committee reported that it had met with the Executive Director and Operations Manager for the purpose of reviewing the financial state of the Association. The Committee also announced its approval of the engagement of an outside agency to provide accounting and payroll functions.

The Secretariat then updated the Board regarding the Association's current financial position and the 2016 budget. The Secretariat drew the Board's attention to positive variances from the approved 2016 budget. These variances are attributable to additional income from membership dues beyond that forecast, a delay in the drawdown of USG grant funding, and lower personnel costs. The variances are somewhat offset by an increase in costs in database development, and will not change the Association's spending forecast. However, a slower draw down from the Association's reserves in 2016 and 2017 is now forecast.

The Board also discussed future funding requirements for the Association and the need to balance income coming from governments and industry members.

The Secretariat then presented information about Member companies that are significantly in arrears in payment of dues.

After discussion and review of the operative Articles of Association, the Board voted pursuant to Article 14.4 to terminate membership of seven (7) industry members who were in arrears for the payment of their dues. The Board directed the Secretariat to inform the companies by letter and to further provide that, if outstanding assessed dues are paid within 14 days, the company may regain its membership without the need to re-apply or pay the joining fee. Thereafter, the affected companies would need to apply in the normal course and pay the joining fee.

The Board also voted to terminate the status of two (2) Observers based on non-payment of the assessed contribution.

The Board requested the Secretariat to draft an Annex to these minutes, reflecting the invoicing and follow up procedure to be followed in case of arrears (elaborating on Article 14.4) so that those procedures could be made readily available to Members and Observers.

b. Legal

The Executive Director reported that a second revision of the request for Privileges and Immunities had been reviewed by the Legal Committee.

The Board approved the Secretariat to submit the revised request to the Swiss FDFA's Division of Public and International Law ("DPIL") as soon as possible.

c. Executive Committee

The Executive Committee met in closed session.

d. Membership Application Review

The Secretariat provided an update on the Membership of the Association and pending applications for Membership.

After discussion, it was resolved that the Membership Committee (Amol Mehra, Chris Sanderson, and Rémy Friedmann) would meet independently during the Board meeting, in order to review pending applications that had been screened by the Secretariat, and that the Committee were authorized to approve them, as appropriate, on behalf of the Board.

Acting through the Membership Committee, by delegation, the Board subsequently resolved that membership is granted to two (2) companies on a transitional basis (as provided in Article 3.3.1 of the Articles of Association), and authorized the Secretariat to list those newly-added members on the ICoCA website. All companies approved will be provided with an explanation regarding the certification procedure, and will be informed that the transitional nature of membership requires that companies will need to be certified in accordance with the ICoCA Certification Procedure before the end of the grace period provided in Article 3.3.1 expires or their membership will expire.

The Secretariat reported that there were a number of companies which use the ICoC logo and/or refer to themselves as “Signatory Companies”. The Board agreed that these companies should be contacted and requested to discontinue use of the logo. The Secretariat informed the Board that the application for registration of the ICoCA logo for trademark protection had been submitted, and that a decision from the registration authorities was expected soon.

The Board discussed the objective that PSC-clients should be led to consult the Association’s website for the list of current members.

5. CERTIFICATION COMMITTEE PRESENTATION AND DISCUSSION

a. ISO 28007 Draft Recognition Statement

The Certification Committee reported that the Draft Recognition Statement for ISO 28007 had been circulated to Members, Observers and other Stakeholders for public comment, and that a number of comments had been received. The Secretariat will review the comments received, share them with the Board, and circulate a revised version of the Recognition Statement (to the extent necessary) for consideration and potential approval by the Board.

b. PSC.1 Pilot Project - Lessons Learned

The Secretariat reported that the companies involved in the pilot project had not yet submitted materials or provided feedback to the Secretariat. It was not possible, therefore, to assess and refine the proposed process for PSC.1-certified companies to submit additional information and for the Secretariat to make a recommendation to the Board. It is expected that at least one of these companies would submit materials within the next few weeks.

Based on preliminary conversations with the companies that indicated interest in participating in the pilot, the Secretariat concluded that the assembling of “additional information” required under the

process was viewed as burdensome by the companies. It was also noted that 15 Member companies are currently certified to PSC.1, and are potentially awaiting final information from us on how to become certified to the Code.

c. Certification Implementation

The Certification Committee provided an update to the Board Directors regarding its further consideration of the issues presented during the 2015 Q4 Board Meeting regarding barriers to certification under existing standards. The discussion reiterated various identified barriers, including the overall cost of certification to the PSC.1 standard using the existing certification bodies (CBs), access and cost limitations associated with the language capabilities of CBs, travel requirements and associated logistical costs of CBs, and a general lack of understanding by members of the existing standards. In addition, civil society representatives and others expressed concerns about the transparency and oversight mechanisms for the existing certification system, coupled with the fact that under the existing system the ICoCA has no means of addressing these concerns.

The Secretariat presented the various potential courses of action that had been discussed to date by the Certification Committee to address these barriers to certification. The Committee concluded that none of the previously-identified courses of action would adequately address all of the barriers to certification noted. The Committee therefore presented another potential course of action and has proposed a Feasibility Study in order to see whether that option would be efficient, effective and feasible. The Feasibility Study needs to be clearly defined in terms of resources, scope, monitoring, and deliverable(s).

Following discussion, the Board approved for the Secretariat to undertake a feasibility study which the Certification Committee would oversee. The Board requested a potential solution to be presented at the Q2 Board meeting.

The Board additionally requests that the Certification Committee draft a proposal for communications regarding the Certification Procedure and submit it to the Board for approval before the Q2 Board meeting.

6. ARTICLE 12 WORKING GROUP PRESENTATION AND DISCUSSION

The Article 12 Working Group provided an update to the Board Directors. The Secretariat presented a working draft of Article 12 procedures, noting that the language had not yet achieved consensus within the working Group. In addition, the Board were presented with a first (pilot) set of indicators of compliance and performance (“Indicators”), and a discussion ensued regarding how the Indicators would be applied (noting that the use of Indicators was also addressed in the draft Article 12 procedure).

Following discussion on open issues, the Working Group also presented its suggested next steps, which included (1) further development of a draft process for company self-assessment in accordance with Article 12.2.2 and potential alignment of that assessment process with the Indicators, and (2) further development of a process for the conduct of field-based review in accordance with Article 12.2.3.

Following discussion, the Board requested the Committee to continue its work, with an aim to present an Article 12 procedure at the Q2 Board Meeting that might be approved by the Board and then proposed to the General Assembly for their consideration and potential approval at or in advance of 2016 Annual General Assembly. In addition, the Board requested that a draft company report

template, full set of draft indicators, and proposed field-based review procedures be prepared for the Board's consideration in consort with the draft Article 12 procedure.

3 March

7. GRIEVANCE

The Grievance Working Group provided an update on development of procedures for Article 13. The Working Group noted that, following a realignment of participating Directors, it will meet in person in London on April 12 to consider a draft of Article 13 procedures (to be prepared by the Secretariat). In particular, the WG noted that its work will focus on the following:

1. Developing a process based on the AoA;
2. Providing further advice for companies on what constitutes a fair and accessible grievance mechanism (i.e., guidance on compliance with Paragraphs 66 and 67 of the Code); and
3. Considering methodologies to communicate the process to external consumers.

The Working Group has set a goal to be able to present a draft procedure for consideration by the Board at the Q2 2016 Board Meeting, and for potential approval by the General Assembly at its 2016 Annual General Assembly.

In addition, the Working Group further noted that, in the future, the Board will need to consider a process for responses to media attention regarding the handling of complaints, including key talking points regarding the procedures.

8. STRATEGIC DEVELOPMENT

The Board discussed the continuing need for more concrete and agreed-upon communications and strategic development approaches, which need to be mutually complimentary. To that end, Sophia Willits-King, Sally Bentley and Amol Mehra presented their first draft of a framework which is aimed at systematically channeling the expertise of Board Directors in communications and outreach efforts. It was also recognized that a development strategy focused on parallel membership development and the identification of potential funding sources was needed to further guide the future work of the Association. An outward-facing “fundraising pitch” could then be developed.

The Board agreed that it would be useful in messaging to include the impact of the Association in terms of governments that have changed their laws and/or procurement policies, and clients who have linked hiring to Association membership.

The Board agreed that specific messaging was required for each stakeholder group and that additional staffing would be required to support a more strategic communications strategy. Board members met in their pillars and provided feedback to the Secretariat regarding priorities and any missing events and opportunities not already included in the existing outreach framework.

The Board suggested a few additional events in 2016 and 2017 which should be included in the framework.

The Board requested Amol Mehra, Molly Gray and Andrew Orsmond to further develop the funding proposal for each of the articles (3-5 pages each), as a priority and present a draft to the Board in mid-March.

9. MEMBERSHIP (CONT.)

The Board further discussed questions, identified during Day 1, concerning (1) membership by private security companies that were members of complex corporate structures, and (2) differences in the scope of certification to PSC.1 that had been achieved by companies and how the scope of certification should relate to membership requirements.

The Board generally agreed that more questions may need to be required during the membership application process to better determine the management structure and the scope of the policies of a company or group of companies and their implementation within areas of operation.

With regard to the scope of certification, it was further noted that under the present system companies getting certified to PSC by accredited CBs are free to determine the scope of that certification (and therefore the underlying audit) – but that the certificate generally notes the scope of certification and that certification is limited to those areas covered by the scope. Board Directors noted the need for the Association to develop further guidance in these areas, but generally concurred that regardless of the scope of certification the Monitoring and Reporting activities (Article 12) and the Complaints mechanisms (Article 13) would be applicable to all areas of Member company operations.

The Board requested the Executive Director to draft guidelines on the following for review, firstly by the Membership and Certification Committees, and then the Board:

- 1. Policy regarding scope of membership for companies in complex corporate structures; and***
- 2. Policy regarding acceptable scope of certification to recognized standard(s), to include clear direction to companies regarding acceptable scope of certification.***

10. AGA PLANNING

The Secretariat presented a draft AGA agenda for the Board's consideration.

Following discussion, the Board requested the Secretariat to amend the agenda for consideration and approval at the Q2 Board Meeting.

ANNEX A: Membership dues invoicing policy and procedure

In accordance with Article 14 of the ICoCA Articles of Association, the following procedure for invoicing of dues, notice of unpaid dues, and suspension for those in arrears was approved by the Board of Directors in March 2016.

1. Membership dues levels are set by the Board one year in advance of the effective year. In accordance with Article 14.2, dues will be a fixed amount and will be assessed based on the size of the company (to be measured by the declared revenue of each Industry member company) and where it fits into a tiered structure approved by the Board.
2. Member companies will be required to update declared revenue annually, and membership dues will be increased or decreased accordingly.
3. Each calendar year, 30 days before the company's membership date, an invoice will be raised reflecting the membership dues level set. The invoice will be sent by email to the company-identified Point of Contact (PoC). Membership dues will be payable within 30 days of receipt of the invoice, and may be paid in Swiss Francs (CHF), U.S. Dollars (USD), or British Pounds (GBP) at the convenience of the Member.
4. Should the invoice not be paid within the 30 days, the Member company will be sent a reminder notice by email addressed to the PoC, requesting payment and reminding the Member or applicant that, if dues remain unpaid 60 days following notice, pursuant to Article 14.4 the Board may suspend or terminate the Member (or suspend processing of an applicant's Membership application). In addition, a company that is in financial arrears within the 60-day notice period shall not be entitled to vote in a meeting of the General Assembly.
5. At the end of the 60-day Notice period, should the invoice remain unpaid the Secretariat shall notify the Board that dues are in arrears. Unless the Board indicates otherwise after a reasonable period, the affected Member or applicant shall be informed by letter (email and post) that its Membership has been terminated in accordance with Article 14.4 (or, where applicable, that its application for Membership has been rejected). The letter shall provide, however, that if the company pays the outstanding invoice within 14 days of the sending of the letter, it may regain its membership without having to re-apply or pay the customary joining fee.
6. Where a company fails to pay overdue membership dues after notification of termination and the 14 day period provided in the letter, the company may only re-join the Association after applying for membership and paying the customary joining fee in the normal course. Prior failure to pay dues may be considered as a factor by the Board in considering an application for membership.