



International
Code of Conduct
Association

**THE INTERNATIONAL
CODE OF CONDUCT FOR PRIVATE SECURITY
SERVICE PROVIDERS' ASSOCIATION (ICoCA)**

2017-2018 Annual Report





International
Code of Conduct
Association

Dear Members,

2018 marked the fifth anniversary of the establishment of the International Code of Conduct for Private Security Service Providers' Association (ICoCA). This last year was an important milestone in the life of the Association, as we consolidated our operations and concluded our transition into full operational mode. This report covers the key activities of the Association from Oct 1, 2017 to Oct 31, 2018.

The Association has worked on a number of fronts over the last thirteen months to increase recognition of ICoCA from governments, industry, civil society and the clients of private security companies. Recognising the critical role governments play as regulators and clients of private security companies, as well as a bellwether for the industry at large, we strengthened relationships with the seven government members, maintaining their support and laying a solid foundation on which to grow our government membership. In line with our global mission, we have continued to diversify our industry membership base over the last twelve months. With companies operating in over 92 countries and headquartered in 34, the ICoCA membership has become truly international. We broadened our substantive engagement with different audiences and platforms, including a range of United Nations bodies, civil society organisations and industry associations. We also saw an increase in client buy-in and recognition during the period, with a growing number of organisations referencing ICoCA membership in their procurement policies, guidelines and tendering processes. Thanks to these efforts, the ICoCA is increasingly becoming recognised as the leading global initiative in ensuring the provision of responsible private security.

Throughout 2018 we strengthened our operational procedures and developed tools to help build the capacity of our members in complying with human rights and international humanitarian law. The Secretariat worked closely with Certification Bodies to streamline the certification process. 14 more companies achieved ICoCA certification over the last twelve months. Two more field based reviews were conducted during the period, one in Iraq and one in Ghana. These reviews, along with other field activities, for example in China and Costa Rica, solidified ICoCA's presence on the ground and showed operational possibilities of the Association. As the number of field based reviews grows, the operational awareness and footprint of the Association are helping build its credibility in the private security arena globally.



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In June 2018 we launched our first thematic guidance on developing and operating Company Grievance Mechanisms to guide member companies as they implement and seek to comply with the Code's requirements. In line with our diverse membership, the guide is available in English, French, Spanish and Mandarin. We have been developing a set of Guidelines on protection from sexual exploitation and abuse. Once finalised these will also be made publically available on the ICoCA website. In line with the UN Guiding Principles on Business and Human Rights, during the past year the Association has focused on ensuring access to remedy and in this spirit, our own grievance mechanism is now freely available online in English, French, Spanish and Arabic.

Finally, as we mark our five year anniversary, we are engaging with members and other stakeholders for guidance on the strategic orientation of the Association, laying the groundwork for a five-year Strategic Plan for 2019-2023. We look forward to working with you all in the months and year ahead as we finalise this Plan to realise ICoCA's mission of promoting the provision of responsible private security and implementation of the Code of Conduct.

A handwritten signature in black ink that reads 'J.A. Williamson'.

Jamie Williamson
Executive Director

A handwritten signature in black ink that reads 'R. Friedmann'.

Rémy Friedmann
Chairman of the Board of Directors

2017-2018 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"), submits the following Annual Report to the Association General Assembly covering the time period from 1st October 2017 until 31st October 2018.

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1. OBJECTIVES OF THE ASSOCIATION

The purpose of the Association is to promote, govern and oversee implementation of the International Code of Conduct for Private Security Service Providers (the “Code”) and to promote the responsible provision of private security services and respect for human rights and national and international law in accordance with the Code.

2. GOVERNANCE

2.1 Legal Status and Organisation of the ICoCA

ICoCA is an international multi-stakeholder initiative established under Swiss Association Law and headquartered in Geneva. ICoCA’s membership is made up of three pillars: government, industry and civil society. In addition to the Members, the ICoCA can also grant a non-voting observer status to the parties which have demonstrated support for the principles of the Code and its Association.

2.2 ICoCA Board of Directors

The ICoCA Board of Directors is composed of 12 Members who equally represent the three pillars of the Association. The composition of the ICoCA Board of Directors at the end of the covered period was as follows (pillar affiliation and term expiration date indicated for each):

Name	Seat representing	Pillar	Term expiry
Rémy Friedmann ¹	Switzerland	Government	AGA 2019
Katherine Gorove	USA	Government	AGA 2018
Deirdre Brown	UK	Government	AGA 2019
Jonas Westerlund	Sweden	Government	AGA 2018
Ryan Berry	The Americas	Industry	AGA 2020
Charlie Mayne	Rest of the World	Industry	AGA 2019
Chris Sanderson OBE JP	UK/Europe	Industry	AGA 2019
Fredrik Ahlén	At large	Industry	AGA 2021
Michael Posner	Civil society	Civil Society	AGA 2020
Margaret Roggensack	Civil society	Civil Society	AGA 2020
Josua Loots	Civil society	Civil Society	AGA 2019
Beatrice Godefroy	Civil society	Civil Society	AGA 2021

2.3 Board Committees and Working Groups

During the 2017-2018 year, 4 Committees were charged with managing and making recommendations to the Board in different areas of activity.

<u>Executive and Finance Committee</u> Rémy Friedmann Margaret Roggensack Chris Sanderson	<u>Strategic Engagement Committee</u> Ryan Berry Rémy Friedmann Mike Posner
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¹ The Government of Switzerland is the Chair of the Board

<u>Operations Committee</u> Charlie Mayne Katherine Gorove Beatrice Godefroy	<u>Membership Committee</u> Ryan Berry Deirdre Brown Josua Loots
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2.4 Secretariat

The Secretariat, headed by the Executive Director, is responsible for the development and implementation of the core functions of the Association as detailed in articles 11-13 of the Articles of Association: certification; reporting, monitoring and assessing performance; the complaints process.

The Association renewed its Memorandum of Understanding (MoU) with DCAF in September 2018, for a two year period. In providing support to the ICoCA, DCAF will promote the ICoCA among governments and other relevant stakeholders; support the implementation of Code norms and good practices on national, regional and international levels; strengthen the visibility of the ICoCA within the framework of the Swiss Initiative; strengthen the role of and engagement with CSOs; and provide support to the ICoCA Secretariat.

3. OBJECTIVES OF THE ASSOCIATION FOR 2018

At the Q1 2018 Board Meeting, the ICoCA Board of Directors validated the following six priorities for the work of the Association in 2018:

- a) To increase government recognition and membership;
- b) To develop substantive engagement with different audiences & platforms;
- c) To increase client buy-in and recognition;
- d) To streamline certification goals;
- e) To strengthen operational awareness and credibility; and
- f) To diversify funding streams.

These objectives were identified by the Executive Director based on the discussions between the ICoCA Members, the Board Directors and the Secretariat, and incorporated priorities identified by each pillar of the Association. The six objectives guided the work of the Association during 2018, driving its activities and providing further input for the development of the ICoCA's Strategic Plan. This report details activities conducted by the Association in each of these priority areas.

4. INCREASING GOVERNMENT RECOGNITION & MEMBERSHIP

The ICoCA is a membership driven and supported organisation. The Association places great value on its relationship with existing Members and on retaining Code compliant companies as Members of the Association. Emphasis over the reporting period has been on building stronger relationships with current Members to build a solid foundation from which to grow membership, along with building awareness and recognition with potential new Members. This strategy aims to create sustained growth in membership over the long-term. A current list of Members can be found at: <https://www.icoca.ch/en/membership>.

4.1 Government Membership

The ICoCA currently has seven Government Members: Australia, Canada, Norway, Sweden, Switzerland, the United Kingdom and the United States. The contribution from governments continues to play a substantial role in the development and effectiveness of the ICoCA. Governments act as both regulators and clients of the private security industry. The Board recognises the steps taken by Member Governments and other stakeholders to encourage Association membership. In this regard, the Association welcomes the leadership role of all Member Governments in providing incentives for PSCs to apply for ICoCA membership.

In order to grow government membership and recognition, the ICoCA has been engaging in particular with those countries who are members of the Montreux Document Forum. Positive discussions covering the mandate and the role of the ICoCA, as well as potential membership have taken place with a number of Montreux Document Forum members and other countries.

The Board looks forward to continuing to work with Members and other governments to help support and expand these and other potential approaches.

4.2 Industry Membership

The Association's current membership is 92 Industry Members, with 11 companies joining during the reporting period. The Secretariat receives applications for membership at a steady rate. The ICoCA Industry membership continues to be diverse and global. Industry Members headquarters can be found across 5 continents (Africa, Asia, Europe, North and South America) and ICoCA Member Companies operate all over the world. The largest increases in membership over the last period have come from outside of the UK and USA, though the membership continues to reflect a dominant position of these two countries. ICoCA Member Companies range from small family owned local companies to large international companies with transnational operations, providing land as well as maritime security services.

4.3 Civil Society Organisation Membership

The Association's current civil society organisation (CSO) membership is 30 CSO Members, with 8 CSOs joining during the reporting period. The 30 CSO Members represent 13 countries, including amongst others, the USA, Nigeria, Colombia, Democratic Republic of Congo, Iraq and China. A number of the ICoCA CSO Members also participate in other initiatives focusing on security and human rights issues. As such, three CSO Members are participants in the Voluntary Principles Initiative (VPI) whereas eleven CSO Members are also members of the Private Security Governance Observatory established by DCAF. The Association continues to look for opportunities to expand the involvement of both regional and international civil society organisations.

5. DEVELOPING SUBSTANTIVE ENGAGEMENT

The ICoCA has been actively engaging a range of audiences throughout the last reporting period. This outreach is helping to raise awareness about the Association, elevating the profile of the organisation as it becomes recognised as the leading organisation providing governance and accountability mechanisms that ensure respect for human rights and international humanitarian law in the provision of private security services.

5.1 United Nations

The main engagement with UN bodies included:

- cooperation with the UN Working Group on the Use of Mercenaries throughout the year;
- co-organising a parallel session during the 2017 UN Forum on Business and Human Rights in Geneva;
- as part of the Annual Meeting of the Network on Business, Conflict and Human Rights (BCHR), participating in the expert consultation in support of the UN Working Group on Business and Human Rights regarding the project on implementation of the UN Guiding Principles on Business and Human Rights in conflict and post-conflict settings;
- presenting at the United Nations Economic Commission for Europe's (UNECE) Eighth meeting of the Task Force on Public Participation in Decision-making under the Aarhus Convention.

5.2 Civil Society Organisation Engagement

Conferences and events with a CSO focus attended or organised by ICoCA during the reporting period included:

- the Sixth United Nations' Annual Forum on Business and Human Rights;
- the ICoCA workshop for regional Civil Society Organisations in Amman, Jordan as a corollary to the Iraq FBR;
- the Annual Conference of the Private Security Governance Observatory in Nairobi;
- the ACCA General Assembly in Nairobi;
- the International Symposium on Private Security Companies in the Globalized Context and Legal Regulations in Beijing;
- the Asia-Pacific Public Security Forum 2018 in Hainan.

These events enabled ICoCA to present its work to a wide range of CSOs and other stakeholders, helped the Association with the creation of many partnerships important to the work of the ICoCA and increased the visibility of the Association on the international stage.

5.3 Observers

The ICoCA Board of Directors recognises 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 and accredited certification bodies. Many of these organisations 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 continued success.

5.4 Industry Associations

The Association continues to value and prioritise the ongoing dialogue and engagement with various associations representing the private security industry, including the International Stability Operations

Association (ISOA), based in Washington, D.C., and the Security in Complex Environments Group (SCEG) based in London. Engagement with these and other industry associations continues to assist the ICoCA in better understanding and addressing the needs of its Members.

5.5 Montreux Document Forum (MDF)

Since the MDF's 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 the United States. The Secretariat attended the ninth exchange of the Working Group on the International Code of Conduct Association held on the margins of the Fourth Montreux Document Forum Plenary. The Secretariat also attended the Regional Meeting of the Montreux Document in San Jose, Costa Rica.

5.6 Voluntary Principles on Security and Human Rights

Building on its status of Observer to the Voluntary Principles Initiative, the Association has continued to engage with the Initiative and its Members, including many important commercial clients of private security providers.

In March 2018, the Association organised an interactive workshop at the Annual Plenary of the Voluntary Principles Initiative in Washington D.C., USA to exchange experiences on the opportunities and challenges in contracting private security in high-risk and complex operating environments.

The ICoCA is currently developing Guidelines on protection from sexual exploitation and abuse (PSEA) for private security providers and has been cooperating with the Voluntary Principles Initiative on the possible development of PSEA-specific training materials for the extractive industry and private security companies.

6. INCREASING CLIENT BUY-IN AND RECOGNITION

In 2018, the Secretariat dedicated significant resources to engage public and private stakeholders to build awareness about the Code and its critical role in ensuring the responsible provision of private security. A Board-approved Outreach and Communication Strategy guided the Association's outreach efforts. The Association endeavoured in 2018 to grow the number of clients who recognise ICoCA Membership and Certification as a key factor in procuring private security.

Additionally, as part of the effort to diversify contributions to the Association's operating budget, the ICoCA also conducted substantial engagement with governments and other contributors to seek and encourage support for the Association in implementing the various oversight functions.

6.1 Governments

In 2018, the Association actively engaged ICoCA Member Governments in an effort to enhance their support for the ICoCA's mandated tasks. In particular, the ICoCA either through the Board of Directors or the Secretariat, maintained a regular dialogue with representatives from the United Kingdom, Sweden, Switzerland and the United States.

- **Switzerland** – The ICoCA continues to benefit from the continued and significant financial support of the Swiss Government which enables the development and implementation of its key functions. The Association also continues to welcome the Swiss Government's leadership in regulating private security and, in particular, the inclusion of ICoCA Membership as a prominent

factor in contracting. As a founding ICoCA Member, the ICoCA sees continued support from, and ongoing collaboration with, the Swiss Government as critical to the success of the Association.

- **Sweden** – In 2018, Sweden’s generous financial support for ICoCA through its provision of unrestricted funds helped support the core functions of the organisation and enabled improved implementation of key procedures.
- **UK** – As in previous years, the ICoCA benefitted from substantial technical and financial support from the UK Government. UK funding enabled a number of key operational areas of the organisation to grow and become effective.
- **United States of America** – The ICoCA continued to benefit from a grant in 2018 to enable the development and implementation of its core functions. The U.S. Department of State’s Bureau of Diplomatic Security (DS) continued to require that private security companies be ICoCA Members in order to qualify for contracts under its Worldwide Protective Services II programme.

The Association expanded its engagement with European Union institutions, including the European Parliament and the ICoCA Secretariat also initiated discussions with representatives from non-ICoCA Member Governments who expressed interest in further engaging with the Association.

6.2 Engagement with Non-State Clients

The ICoCA has been working with non-state clients to raise awareness about its mission to act as a governance and oversight mechanism for the Code and a benchmark of the highest standards in private security operational performance.

The Association held a number of bilateral meetings with non-state clients, both at the field and the leadership level, to support the inclusion of ICoCA membership as a requirement or important factor in the procurement of private security services. In this regard, ICoCA met with a number of corporate clients to promote the recognition of the Code during last year’s Field-Based Reviews and participated in the Quarterly Security Managers’ Meeting of the MENA Region Humanitarian & Security Forum. Interaction with clients focused on procurement requirements, types of services contracted and the criteria used to select private security providers. Clients demonstrated a very positive level of openness in discussing contracting challenges and expressed interest in developing regular interaction with the Association, with the objective of raising awareness about the elements to consider and the safeguards to have in place in contracting private security services.

Following a successful outreach campaign, there has been an increase in references to the Code and the Association in various legislative, procurement and guidance documents. Notable references include: World Bank’s Environmental and Social Framework (ESF) Guidance Notes for Borrowers; the 2026 FIFA World Cup bidding requirements guidance; Maersk’s management guidelines for contracted security forces; and the European Parliament Committee on Foreign Affairs’ Draft Report on Human Rights Concerns in Private Military and Security Companies’ Operations Affecting Third Countries.

7. STREAMLINING CERTIFICATION

Throughout 2018 the Secretariat streamlined the certification process, working closely with Certification Bodies to facilitate a smooth and clear path for companies with valid external certification to obtain ICoCA Certification.

7.1 ICoCA Certification

Nine companies became ICoCA certified between December 2017 and October 2018.

Throughout 2018, the ICoCA Secretariat continued to encourage all Member Companies which have already obtained external certification to one of the ICoCA Board recognised standards (PSC.1, ISO 18788 or ISO 28007) to apply for ICoCA Certification. As of October 2018, out of 46 externally certified ICoCA PSC Members, 16 are ICoCA Certified. In addition, six have applied and others have expressed interest in applying for ICoCA Certification.

The Association has strengthened its engagement with Certification Bodies over the last period in order to streamline the process for private security companies to obtain ICoCA Certification. By avoiding duplication and identifying gaps in documentation requirements, obtaining ICoCA certification for private security companies is becoming a simple, efficient process and a natural progression from external certification to one of the ICoCA Board recognised standards. The ICoCA also focuses on supporting continual improvement once certification is obtained.

7.2 Transitional Membership Process

At the 2017 Annual General Assembly, the Articles of Association were amended to create two categories of Member Companies: Certified Members, which have achieved ICoCA Certification, and Transitional Members, which are working towards Certification. The amendment allows companies to maintain membership of the Association for 2 years while they work towards obtaining ICoCA Certification. Companies that joined the Association prior to 15 April 2018, have until 15 April 2020 to become certified. Companies joining after 15 April 2018, have two years from the date of joining the Association, to obtain ICoCA Certification.

8. STRENGTHENING OPERATIONAL AWARENESS AND CREDIBILITY

The ICoCA has operated on a number of fronts over the last year that have strengthened its operations while building awareness of the enterprise and raising the credibility of the organisation. Activities have ranged from conducting Field-Based Reviews to remote monitoring and developing a number of tools to help build the capacity of private security companies in complying with human rights and humanitarian law.

8.1 Information Management

In order to ensure both business continuity and information security, together with the growing need to communicate with, collect and analyse data from the Membership and other stakeholders, the Secretariat initiated in September 2018 the development of a next version of its database to meet these evolving needs and to facilitate communication of Members with the ICoCA Secretariat. The ICoCA is General Data Protection Regulation (GDPR) compliant.

8.2 Remote Monitoring

The Secretariat implements and maintains a regular system to gather and review information regarding Member Companies' conduct and their compliance with the requirements of the Code. This remote monitoring system involves both desk-based research for the analysis of publicly available information and the establishment of dedicated monitoring networks in the field.

Throughout the reporting period, either as part of field engagements or external outreach activities, the Secretariat discussed with relevant civil society organisations about their envisioned role in supporting the capacity of the ICoCA to monitor Member Companies’ performance. These engagements were also aimed at building awareness among communities regarding the international oversight framework for private security companies, and at contributing to a better understanding of the private security sector. As part of this effort, in 2018 the Secretariat continued to collaborate with DCAF in the promotion and development of the Private Security Governance Observatory and the establishment of a CSO Network in Africa with the purpose of ensuring a coordinated approach to CSOs’ participation in the ICoCA monitoring work as well as in other international initiatives with a security and human rights focus.

In 2017-2018, the ICoCA continued its outreach efforts towards key civil society organisations. As part of the three Field-Based Reviews conducted in Nigeria, Iraq and Ghana and additional outreach activities, five dedicated workshops were organised by the Association, involving nearly seventy CSO participants and resulting in an increasing CSO membership.

8.3 Field-Based Reviews

I. Iraq Field Based Review

In November 2017, the ICoCA Review Team travelled to Baghdad and Basra in Iraq to review the operations of two Member Companies. The Review aimed at further testing and refining the ICoCA Field-Based Review procedures. The Review also helped ICoCA to better understand challenges of Member Companies operating in complex environments such as Iraq.

The ICoCA Review team had the opportunity to meet with diplomatic representatives from Canada, the European Union, Germany, Italy, Sweden and Russia. Participants of these meetings expressed interest in learning more about the work of the Association and in considering ICoCA Membership in its contracting procedures.

The team also engaged with seven other ICoCA Member Companies, three corporate clients, three representatives of local authorities and a number of other stakeholders, as well as seventeen civil society organisations, two media representatives and one intergovernmental representative as part of a dedicated workshop.

The ICoCA implemented two Field-Based Reviews over the reporting period. Code compliance concerns may ordinarily be one impetus for a Field-Based Review. These Reviews, however, were rather motivated by the Association’s identified need to deepen its understanding of operational realities and Member Companies’ efforts in implementing the requirements of the Code. All the Reviews focused on the Code provisions addressing Member Companies’ obligations in selecting, vetting and training personnel and in subcontracting security personnel. Reviewed companies had complete visibility of all the aspects of the Review process and received assurances of complete confidentiality. Participating Companies received, where applicable, recommendations for improved performance.

The 2017-2018 Field-Based Reviews have strengthened the Association’s ability to conduct effective field monitoring of its Member Companies and led to a considerable growth of the ICoCA CSO network, resulting in new membership applications and the establishment of regular communication with other stakeholders.

The 2017-2018 Field-Based Reviews solidified ICoCA's presence on the ground and showed operational possibilities of the Association. The presence on the ground strengthened the position of the Association among its Members and introduced its work to a number of clients operating in complex environments.

The Field-Based Reviews have thus served a dual purpose of ensuring compliance with the Code and as a tool to increase the Association's visibility, especially among the clients of the PSCs. This cycle of Field-Based Reviews was also used to test, refine and obtain Board validation of the ICoCA Standard Planning and Operating Procedures for Field-Based Reviews (FBR SOPs).

8.4 Tools and Guidance

As part of the ICoCA's role in raising private security industry standards and strengthening Members' capacity to comply with the Code, the Association provides tools and guidance on implementing specific Code requirements.

8.4.1 *Company Grievance Mechanism Guidance*

In June 2018, the ICoCA launched its first thematic guidance on developing and operating Company Grievance Mechanisms (CGM). This tool aims to guide Member Companies as they implement and seek to comply with the Code's requirements. It indicates clearly and objectively what the Association may look at when it assesses whether a Company's CGM complies with the Code and is fit to receive and process complaints. Member Companies may allow complaints that they receive directly, and complaints referred to them by the Association following a review of their CGM.

The Guidance on Company Grievance Mechanisms is publicly available in English, French, Spanish and Mandarin on the website of the Association.

II. Ghana Field Based Review

The ICoCA conducted a Field Based Review in Ghana in June 2018. The Review took place in Accra and Tema in June, where the Review Team reviewed the operations of two Member Companies. The Review improved ICoCA's situational awareness of Ghana, deepened the Association's understanding of the main operational realities and challenges faced by a sample of Member Companies in implementing the Code and provided an opportunity to engage with clients on procurement processes and the necessary safeguards to adopt in contracting security services.

In addition to conducting the Review, ICoCA presented the work of the Association at a diplomatic meeting in Accra. ICoCA also engaged three corporate clients, local regulating authorities and private security industry representatives, as well as ten civil society organisations as part of a dedicated workshop.

The Ghana Field-Based Review included a significant client engagement component aimed at fostering clients' recognition of the work of the Association and the commitments made by its Member Companies. Discussions with clients revealed that those contracting with ICoCA Member Companies recognise the importance of compliance with standards and expect professional conduct and rigorous management from contracted providers.

8.4.2 *Guidelines on Protection from Sexual Exploitation and Abuse*

In addition to the CGM Guidance, the Association is developing a set of Guidelines on protection from sexual exploitation and abuse (PSEA) for private security providers. These Guidelines, developed through desk-based research and consultation with relevant stakeholders, will support Member Companies in complying with the requirements set out in Article 38 of the Code of Conduct. They outline the necessary safeguards that companies need to adopt in order to prevent and address potential incidents of sexual exploitation and abuse, both within the company and in the conduct of its operations, and provide practical guidance regarding their implementation.

The Guidelines represent the starting point of the work of the Association on the specific topic of sexual exploitation and abuse and might, through additional research and consultation, be expanded into a broader document in the near future. Once finalised, they will be made publicly available on the ICoCA website.

8.4.3 *Company Self-Assessment*

The first Quarter of 2019 will mark the launch of the annual Company Self-Assessment (CSA). Member Companies will submit written assessments to the Secretariat regarding their performance and the efforts conducted to implement the requirements of the Code. The CSA is not only a tool for Member Companies to assess their performance towards meeting the Code's principles and standards, but also importantly for the Association to provide support and guidance in Companies' implementation of the Code. It will support both Transitional Members in their assessment of company progress towards ICoCA Certification and ICoCA Certified Members in their assessment of company efforts to continuously improve.

In 2019, the CSA will focus on a number of specific Code provisions, namely those addressing: the Rules for the Use of Force; the Apprehension of Persons; the Prohibition of Torture and other Cruel, Inhuman or Degrading Treatment or Punishment; Protection from Sexual Exploitation and Abuse (PSEA) and Gender-Based Violence (GBV); the Selection and Vetting of Personnel; Training of Personnel; and Company Grievance Mechanisms – as well as Transitional Membership for non-ICoCA Certified Members only.

8.5 Ensuring Access to Remedy

The need for victims to have access to an effective remedy through judicial and non-judicial grievance mechanisms is recognised in the UN Guiding Principles on Business and Human Rights (UNGPs), whose approach the Code endorses and with which it is aligned. The UNGPs provide eight effectiveness criteria in Principle 31, which are widely recognised as appropriate indicators to use when evaluating the performance of grievance mechanisms. During the past year the Association has particularly focused on one of the effectiveness criteria, namely accessibility. As part of this the ICoCA worked on two fronts:

1 - Together with its Member Companies to improve the accessibility and effectiveness of their own grievance mechanisms based on the ICoCA Guidance on Company Grievance Mechanisms launched in June 2018.

2 - The Association itself took steps to make its own grievance mechanism more accessible, for example by translating the complaints form on the website into French, Spanish and Arabic. The Association, in collaboration with its CSO Members, also started to raise awareness of its complaints function among CSOs and other stakeholders.

The ICoCA has received a number of allegations during the reporting period, none of which, once reviewed, qualified as violations of the Code by Member Companies. With this in mind, the Association has initiated a research in the last period to map available alternative grievance mechanisms.

9. DIVERSIFYING FUNDING

Adopting a prudent approach to its finances, the ICoCA has developed its reporting systems over the last period to ensure timely, accurate reporting and analysis, to facilitate improved relationship management with Members and to inform its approach to diversifying funding.

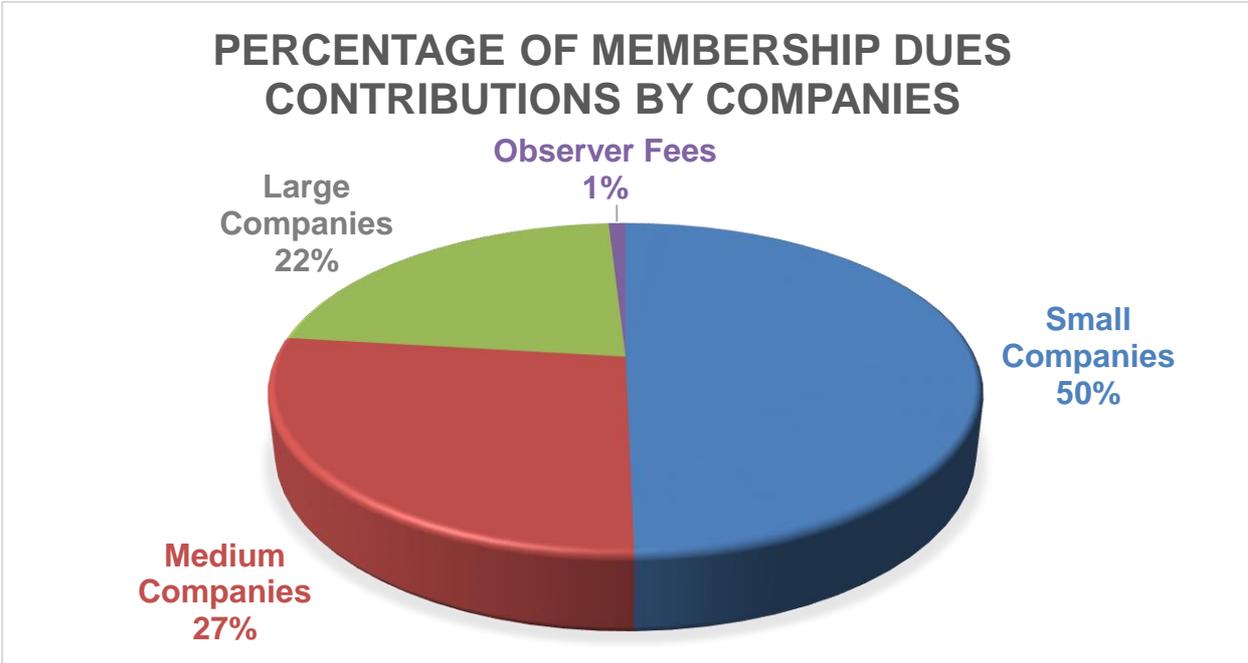
9.1 Operating Revenues by Type

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 from applying candidates for Industry membership (largely covering the cost of administering the application and due diligence process by the Secretariat and the Board). Additional modest revenue comes from an annual fee from Observers.



9.2 Membership Dues

Approximately CHF 579,000 in Annual Dues and Joining Fees was paid by existing and new Member Companies in 2018, representing 44% of the total revenue received for 2018.



9.3 Government Contributions

During the last reporting period, the ICoCA continued to implement the activities launched in 2017 thanks in large part to instrumental funds received from its three main contributors, Switzerland, Sweden and the United Kingdom. Continued support from founding ICoCA Member Governments is essential to the Association.

9.4 Diversification of Operating Revenues

The main objective for 2019 is to strengthen the Association financial structure by diversifying its sources of revenue. The ICoCA will be investigating opportunities for new collaborations and funding opportunities, for example specific fundable projects. The relationship with Member Companies is also a clear target for 2019, in order to grow the Annual dues.

9.5 Audit of 2017 Finances

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 2017 were audited by its auditors in April 2018. A copy of the audit letter and the audited financials is attached as **Annex A**.

9.6 2018 and 2019 Budgets

The ICoCA Board of Directors approved the core budget for 2018 at its Q1 Meeting in January 2018. The Executive Committee of the Board of Directors reviews the Association's performance against the approved budget on a quarterly basis. The Board can then adjust the budget for the year in accordance with the assessed performance.

In late-2018, the Board considered an operating budget for 2019. The 2019 budget is based on projected membership dues revenues as well as target contributions and grants from Member Governments and other funding sources. As with 2017 and 2018 budgets, the 2019 budget has been prepared using conservative estimates of revenue growth from Membership dues.

9.7 In-kind Contributions

As reflected in the 2017 audited Financial Statements and the 2018 Budget, the Association benefited from substantial "in-kind" contributions provided principally by the Government of Switzerland via DCAF.

The Association also benefits from other in-kind contributions, particularly in the form of staffing or other personnel support. The Association recognises and appreciates the contribution of Boston University and the University of Denver for their support to the operations of the Secretariat through the assignment of student researchers and interns.

10. STRATEGIC PLAN

Following a decision taken by the Board during the Q1 2018 Board Meeting, the Association has been preparing a Strategic Plan for 2019-2023. During the reporting period, the Secretariat has engaged with members and other stakeholders to provide guidance on the future strategic orientation of the Association. The Strategic Plan will be built around five main goals:

- to build the capacity of Member companies to comply with the Code of Conduct;
- to develop effective systems for evaluating compliance with the Code of Conduct and addressing non-compliance;
- to engage with other relevant actors in supporting implementation of the Code of Conduct;
- to diversify and expand ICoCA's membership among companies, governments, civil society and other relevant stakeholders; and
- to be the leading international governance and oversight framework for the responsible provision of private security services and have a distinct and credible worldwide brand.



International Code of Conduct for Private Security Provider's Association (ICoCA)

Geneva

Report of the auditors to the General Assembly
of members on the financial Statements 2017

membre



FIDUCIAIRE SOGESAL S à r. l. 37-39 rue de Vermont 1202 Genève

This report was honestly established on the basis of documents and informations which were communicated to us and we make the usual reserves in case of some facts modifying it would not have been brought to our knowledge or would have been in a erroneous way.

Fiduciaire Sogesal

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Report of the auditors on the
limited examination to the
General Assembly of Members of
International Code of Conduct for Private
Security Provider's Association (ICoCA)

Geneva

Geneva, April 27th, 2018

As auditors, we have examined the financial statements of **International Code of Conduct for Private Security Provider's Association (ICoCA) Geneva**, which comprise the balance sheet, profit and loss statement and notes for the year ended 31 December 2017.

These financial statements are the responsibility of the Board as to the correctness and completeness in the presentation. Our responsibility is to perform a limited examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

A collaborator of our company participated in the dress of the accounting during the exercise under review. On the other hand, he did not take part in the restricted audit.

We conducted our examination in accordance with the Swiss Standard on Limited Examination. This standard requires that we plan and perform a limited examination to identify material misstatements in the financial statements. A limited examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered appropriate in the circumstances. However, the testing of the operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the association's articles of incorporation.

FIDUCIAIRE SOGESAL S à r. l.

A. Magnenat
Audit expert
Auditor in charge

Enclosures :

-Financial statements (balance sheet,
income statement, notes)

Membre:  **SWISCO.ch**
Chambre des Experts en
Finance et en Controlling

FIDUCIAIRE | SUISSE

**INTERNATIONAL CODE OF CONDUCT FOR PRIVATE SECURITY
SERVICE PROVIDER'S ASSOCIATION, GENEVA**

27.04.2018

BALANCE SHEET AS AT 31 DECEMBER 2017

	2017	2016
	CHF	CHF
ASSETS		
Current Assets		
Cash & cash equivalents	605 713	618 185
Accounts receivables	-	11 370
Accrued income & prepaid expenses	99 363	51 355
Total current assets	705 077	680 910
Financial fixed assets	-	5 700
TOTAL ASSETS	705 077	686 610
LIABILITIES		
Short Term Liabilities		
Accounts payable	-	54 922
Other short term liabilities	-	9 280
Accrued expenses	32 606	4 740
Deferred Income	569 464	465 460
Total short term Liabilities	602 069	534 402
Long Term Liabilities		
Exchange difference reserve	24 515	-
Equity		
Equity end of preceeding year	152 208	176 282
Profit (-loss) of this year	-73 716	-24 074
Total Equity	78 492	152 208
TOTAL LIABILITIES AND EQUITY	705 077	686 610

**INTERNATIONAL CODE OF CONDUCT FOR PRIVATE SECURITY
SERVICE PROVIDER'S ASSOCIATION, GENEVA**

27.04.2018

**PROFIT AND LOSS STATEMENT
FROM 01.01.2017 TO 31.12.2017**

	2017	2016
	CHF	CHF
REVENUES		
Contributions	654 363	563 810
<i>Government Contributions</i>		
- Sweden	-	221 120
- Switzerland	378 154	342 690
- USA	118 182	-
- UK	20 964	-
- DCAF	20 846	-
- Sweden unrestricted	116 217	-
Membership Dues	501 621	497 267
Joining Fees	7 635	13 457
Annual Fees small	134 351	138 440
Annual Fees medium	154 263	138 147
Annual Fees large	194 180	196 785
Observer Fees	11 192	10 438
Total Revenues (Note 1a)	1 155 984	1 061 077
EXPENSES		
Staff Costs	798 797	691 110
Administration Costs	71 097	166 150
Plant & Equipment	98 296	85 642
Board Costs	56 202	56 654
General Assembly Costs	29 133	26 581
Information management	106 166	-
Outreach and Marketing Costs	14 483	21 671
Other operating expenses	50 738	35 990
Past years expenses	2 804	
Financial income	-	-1 013
Financial expenses	1 985	2 367
Total Expenses	1 229 700	1 085 151
Direct taxes (Note 1b)	-	-
Profit (-loss) for the period	-73 716	-24 074

International Code of Conduct for Private Security Provider's Association (ICoCA)

GENEVA

Notes to the accounts for the period ended December 31st, 2017

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (art 957 to 963b CO, effective since 1st of January 2013).

1. Accounting principles

The following accounting principles were applied in the preparation of the financial statements:

- a. Revenue, government contributions, joining fees (one-time entry fee for members to the Association) and annual membership fees are booked on the value date of receipt by the bank; Since 2017, it is no more the case for the membership fees for which as far as they have been received after the 31st of July they are accounted as the next year income.
- b. The Association was granted with a cantonal and communal tax (ICC) exemption dated November 22nd, 2013 for the next 10 years.
- c. The Association was granted with a federal tax (IFD) exemption dated November 22nd, 2013 for an indefinite period

2. Activities

ICoCA is a multistakeholder governance and mechanism for the International Code of Conduct for Private Security Providers ("ICoC" or "the Code"). The ICoCA was established in 2013 as an Association under the Swiss Association Law. Its members fall into three pillars: the private security industry, civil society organizations and governments. Each pillar is represented equally in the ICoCA's twelve-members Board of Directors.

The ICoCA functions to oversee implementation of the Code by its member private security companies, and to ensure that those members companies are accountable for their performance to the Code when working in complex environments. Oversight is enabled through three principal functions: certification of member companies' management systems and policies, monitoring and assessment of company operations and the handling of complaints alleging violation of the Code. These operational oversight and administrative functions of the ICoCA are housed in its Secretariat, located in Geneva and led by the Association's Executive Director.

3. Other mention

Amount due to Pension Fund chf 0 chf 6'528 (2016)

The number of full time employees did not exceed 10 people

Summary of 2017 and other objectives can be found in the Annual Report:

<https://www.icoca.ch/sites/default/files/resources/ICoCA%20Annual%20Report%202016-2017.pdf>

4. In-kind Contributions 2017

The association continued to profit from in-kind contributions provided by DCAF. They amounted in 2017 chf. 193'428. -- (2016: chf. 153'500. --). This represents expenses for salaries.

5. Correction of financial statements presentation

As per 1.a. here above, the presentation of 2016 numbers has been modified with regards to the change of accounting method of deferred income in order to have a proper comparison between 2016 and 2017. The deferred income, chf. 465'640 has reduced the equity as at December 31st 2016.