

## **PRIVATE SECURITY COMPANIES EXPORT VALUE – BRIEFING FOR POSTS**

### Key Messages

- Private security companies (PSCs) are a key enabler to British companies operating overseas in fragile states, thereby contributing indirectly as well as directly to the British economy.
- Clients rightly expect their security to be provided by highly reputable companies.
- The private security sector has worked proactively with governments and NGOs over the past 10 years to achieve international agreements and standards that test and monitor the professionalism of individual companies.
- The UK sector has led this work, since 2011 under the umbrella of the Security in Complex Environments Group, the UK Government's industry partner on standards and regulation.
- PSCs may require the help of Posts given the complex nature of the environments in which they operate.
- SCEG can provide information to Posts on the status of a PSC in terms of its commitment to the highest professional standards, including on human rights, through its SCEG membership.

### The Private Security Sector

1. The Private Security Sector is a growing contributor to the UK's export market through the provision of services and know-how, supporting relief, recovery, and reconstruction efforts and commercial business operations. UKTI recognise the substantial and growing contribution of this sector to UK exports. In addition to providing direct revenue and employment benefits to the UK economy PSCs enable clients to operate and win contracts in complex environments where the rule of law is fragile.
2. PSCs' activities can have positive or negative consequences for their clients and the local population and host government, and the enjoyment of human rights. Fundamental to this is whether PSCs use conflict-sensitive approaches which include respect for human rights. The increasing demand for PSCs eg in the growing economy of post-conflict Iraq makes high levels of compliance and ethics essential. If the security situation requires the provision of armed guards for the protection of life, clients will want considerable reassurance that the supplier of that service is reputable.
3. The Industry has progressed significantly to ensure it is able to provide that assurance. The UK sector has in particular worked hard over the last 10 years to achieve a regulatory framework for PSCs that meets the requirements of the UK National Action Plan to implement the UN Guiding Principles on Business and Human Rights.

### Standards, Regulation, the International Code of Conduct and PSC-1.2012

4. The first step in regulating PSCs was the 2008 Montreux Document<sup>1</sup> governing the role of states in their relations with private security service providers. The next step was the development of the International Code of Conduct for Private Security Service Providers

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<sup>1</sup> "Montreux Document on Pertinent International Legal Obligations and Good Practices for States related to Operations of Private Military and Security Companies during Armed Conflict".

(ICoC) which focuses on the industry, setting out commonly-agreed principles for PSCs to sign up to. UK industry contributed to both of these international agreements.

5. The ICoC envisaged two further steps: the development of international standards with human rights at their heart, and the establishment of an independent mechanism to monitor and oversee compliance with the Code.

6. PSC-1.2012 was developed as the first standard to translate the requirements of the ICoC into specific, auditable measures for land-based PSCs. The standard assesses that companies' policies and procedures – and crucially the implementation of these on the ground – reflect key issues around human rights risks, including the impact of operations on stakeholders, rules on the use of force, and weapons movement, storage and use. It was endorsed by the UK Government in 2013 and UK companies are being independently audited and certified to PSC-1. An American standard, it is expected to become an international ISO by late 2015. The establishment of the ICoC Association in September 2013 lays the foundations for the second requirement of the ICoC.

#### The Security in Complex Environments Group (SCEG)

7. The SCEG is a UK membership organisation for the private security sector set up in early 2011 by a small number of British companies to take a leadership role in driving forward regulation and standards. It was selected by HMG as its industry partner and since then has been leading the sector in the UK to up its game dramatically on ethics and standards by contributing to the drafting of PSC-1 and the ICoC, by ensuring industry concerns were reflected in the UK Accreditation Service's project to accredit the certification bodies that audit companies to PSC-1, and by advocating for UK PSCs to sign up to standards and the ICoC to demonstrate they are leading the way on human rights. It is unique globally in this government partnership (and is the envy of many other nations).

8. SCEG aims to provide confidence that its members operate at high professional and ethical standards and full SCEG members are required to demonstrate that they are working to achieve certification to PSC-1. The SCEG holds observer status within the ICoC Association. It is UK Government policy that compliance with the Code requires accredited certification to a standard (i.e. PSC-1 for land-based PSCs) and membership of the ICoC Association. This is reflected in Government contracting procedures.

9. PSCs may, like other businesses, seek the support of Posts to increase the market share of UK companies overseas. SCEG would be happy to provide information to any Post as to the status of a PSC in terms of its membership of SCEG and the ICoC Association, and its certification to PSC-1.