

## **Introduction**

Welcome to the SCEG symposium and a particular welcome to those of you joining us from overseas. I am also delighted that we have so many SCEG members here today. It is a source of frustration to me that the crucial work undertaken by well-regulated private security companies is often overlooked or not understood by the population at large. Furthermore, there are elements within governments that view the private security sector with suspicion. Even today some critics would place the sector under the headline “guns for hire” and arguably the existence of the ‘UNWG on Mercenaries’ reinforces that totally inaccurate characterisation of the contemporary security sector.

In reality the private security sector is a vibrant and critical part of the global security architecture. Consider this. Without private security diplomats, politicians and statesmen would not be able to conduct their business in complex parts of the world. The extractive industries often operating in hostile environments would not be able to deliver the vital commodities that drive the world’s economy without the support of private security companies. Unsung and unnoticed it is the private security sector, by providing armed guards on commercial shipping that allow those ships to transit through the High-Risk area of the Indian Ocean without being hijacked by pirates.

The security companies in SCEG and those companies represented here today are well-regulated, compliant, transparent and with human rights at the heart of their business models. They are solution providers and whether you are concerned with executive travel security for a multinational bank, security for international art galleries or security for real estate and everything in between I am confident these companies will have a solution for you.

## **The Need for Change**

It was not always the case. Events in Iraq in the early years following the invasion of 2003 saw several private security companies chasing lucrative contracts without due consideration to compliance and in some cases the rule of law. Concerns about these events provided a catalyst for change and a determination by nation states and responsible members of the private security sector to explore regulatory frameworks. After lengthy and sustained engagement and consultations the British Government decided that the best way forward was to encourage industry to be the catalyst for standards and regulation whilst maintaining very close links with the process - in other words to encourage voluntary regulation.

## **What is SCEG**

From this conceptual process the SCEG was born. The Security in Complex Environment Group was formed in 2011, to create a group that would define and introduce robust, widely recognized professional standards for the private security sector. In June 2011, just 6 months after we were formed, and following a competitive selection the UK Government appointed the SCEG as its partner for the development and accreditation of standards for the private security industry. This was a significant achievement and created a unique construct whereby an industry body was trusted by government to be both a responsible partner and a lobbyist.

Since its formation SCEG members have played a critical role in the development of

international standards for the industry and I will leave Glynne Evans to expand on this in a moment. SCEG represents most of the UK Private security companies operating abroad but the membership is becoming increasingly international reflecting the global reach of the sector and the uptake of international security standards by companies headquartered in numerous jurisdictions.

## **SCEG**

SCEG works remarkably well and I say that because it continues to surprise me the extent to which companies put aside their commercial competitiveness to act in the common good to enhance the regulatory framework. SCEG is also a very useful one stop shop for companies because the associate members which include, insurance brokers, lawyers, and certification bodies add significant value when shaping the debate.

Companies wishing to join SCEG are subject to a due diligence process and are continually subject to scrutiny thereafter. SCEG operates a whistleblowing function and if credible allegations of mal practice are exposed these are passed to the relevant government enforcement agencies. If there are concerns expressed about a company, then that company may be called to account by SCEG.

So, if you are considering letting a contact with a private Security Company check to see if they are members of SCEG. Membership of SCEG means far more than an annual subscription fee. It is a Kite mark of excellence indicating that the company is compliant, has embraced international standards and operates transparently in the full glare of its peers within SCEG.

## **Relationship with Government**

Over the past 6 years SCEG has continually proved its utility to government providing a non-commercial and authoritative source of advice to government officials and Ministers - in other words a trusted partner. Much of this work has been undertaken with the Foreign Ministry (FCO) reflecting its interest in raising standards for the industry and security concerns about diplomats operating in hostile environments but our engagement with government goes far wider. For example, we deal with the Department of Transport over counter piracy policy, the Home Office the UK's Interior Ministry over firearms training and vetting and the Department of International Trade over licensing issues so that the export, control and disposal of weapons being used by private security companies is subject to exacting standards and scrutiny. Recently SCEG has begun exploratory talks with the UK's Ministry of Defence to see how private security companies might assist with defence engagement tasks. The fact that there are so many government officials in the audience speaks to the strength of the relationship. You are all very welcome.

### **Friction with government**

I have spoken positively about SCEG's relationship with the UK government, but it would not be giving you the full picture if I did not point out some of the inevitable frictions in that relationship. Industry is impatient for change and to embrace regulation but in an industry, that until recently was completely unregulated, with complex legal and presentational issues at every turn the government approach has understandably been cautious. This has inevitably been frustrating for some in the industry. Let me give you an example. There are currently sanctions applicable to Yemen which includes the prevention of the export and trafficking of firearms if

they will benefit named individuals. The interpretation of this sanction by the UK government has prevented British Maritime Security Companies from providing armed guards on client ships who are legitimately entering Yemeni Waters including for example ships chartered by the World Food Programme. Consequently, ship charters are obliged to embark armed security from maritime security companies who do not have the same compliance standards and may well be poorly regulated.

### **Continuing Need for Regulation**

Those of you who were in London yesterday were greeted with joyous news. I speak not of the engagement of Prince Harry – (the 5<sup>th</sup> in line to the throne) to an American actress, joyful as that may be - but the news that the 35 men on board a floating armoury detained by the Indian authorities since October 2013 may finally be released from their ordeal in India.

In October 2013 the Seaman Guard Ohio was operating as a floating armoury for a Private Maritime Security Company. The vessel was stationed between Sri Lanka and southern India. On board were 35 men of whom 23 were maritime security operatives made up of British, Estonians and Indians.

On October 13th the vessel drifted into Indian territorial waters. They were approached by an Indian naval vessel and called in. The master explained that he had several weapons on board. On arrival at the port the men were arrested for the illegal importation of weapons. The men spent 6 months in prison and were then released on bail. At one point the charges were quashed but the Supreme Court said there was a triable issue. They were forced to remain in India and had their passports removed. They went to trial last year and were found guilty and sentenced to 5 years in prison.

All 35 men including the ships cooks and other members of the crew have been in India for 4 years much of that time they have spent in harsh prison conditions. Now finally their ordeal seems to be coming to an end, but I guarantee not one of them would argue against the need for international regulations for the private security industry.

In raising this issue, I do not wish to imply any criticism of the Indian judicial process. Following the Mumbai terrorist attacks there is understandable concern about firearms entering their territorial waters. But I hope that the hardship these men have endured will provide a catalyst for a regulatory framework for floating armouries – that will be endorsed by Flag and Coastal states through the International Maritime Organisation. SCEG will continue to encourage regulation for these armouries and a related global weapons register. More of this during the Maritime Security panel.

I do however level criticism at the maritime security company, not I hasten to add a member of SCEG. As the incident unfolded and the men were detained the company distanced themselves and left the men to fend for themselves. In stark contrast, in not dissimilar circumstances, a SCEG member had 3 men working as sub-contractors when they were incarcerated in a jail in Egypt for several months. The company stood by them, continued to pay them, supported the families and leveraged SCEG to bring pressure on the government to get the men released.

### **Private Security Industry –diversity, size and scope**

I think it is important to define the industry that is represented by SCEG. Private security companies provide armed and unarmed protective services to a broad range of clients in a spectrum of environments where security situation may be such that armed protection is

required. These private security companies do not provide military services. Indeed, the term ‘private military and security companies’ is not one we recognise in the UK. The companies that SCEG represent do not conduct offensive military operations instead they provide a range of risk management and protective services for their clients which are essentially defensive in nature. Weapons are rarely fired and then only for self-protection of the individuals or their clients. The rules for use of force are explicitly for self-defence. Companies will make significant investment into risk mitigation measures improving their situational awareness with the aim of reducing friction and avoiding conflict.

The principal client groups for these services are governments, and in particular their diplomatic missions, International Organisations, NGOs, the extractive and maritime industries, and those involved in reconstruction and development work.

The private security industry is not of course homogeneous. Companies range in size from a few individuals to tens of thousands of employees - they may be publicly or privately owned. Companies may operate globally, regionally or in single states and they may deliver a wide range of risk-based services, or solely armed close protection or counter-piracy support. They may have been operating for some time or have been more recently established, for example, in the aftermath of conflict in Iraq or Afghanistan or as a result of piracy off the Horn of Africa. Many of the staff within these companies are contractors and these may be expatriate, local, third country nationals, or more commonly a combination of all of these. So it is a complex and diverse picture across the sector and indicates the difficulty of imposing a ‘one size fits all’ regulatory framework.

### **Commercial Imperatives**

Whilst SCEG companies welcome effective regulation and the raising of standards - not least for the market differentiation that arises from that – they are keen to see a wider recognition amongst clients of the importance of this work.

Governments and international organisations still constitute a significant client group for security services and their procurement decisions can therefore be hugely influential in recognising and promoting best practice. Equally purchasing decisions based largely on price rather than quality, do much to undermine the adoption of best practice and high standards. In sum, in the absence of regulation, market forces understandably prevail.

Private security companies are in business to make a profit. It is vital that the costs of increasing regulation and standards being embraced by many do not make companies uncompetitive.

The key to this is the understanding of clients, both state and private sector. Clients hold the key, it is their recognition of the relevance of standards to local communities, the global security environment and to their own exposure to risk that will ensure that security companies investing in quality are not disadvantaged commercially.

The private security sector needs to communicate effectively with clients to persuade them that the additional costs implicit in high standards are worth accepting. Without that acceptance, the dynamics of the market will move against widespread improvement of standards, especially where regulatory systems are based on voluntary participation.

## **Conclusion**

In conclusion, the global private security industry provides critical support for diplomatic, economic and humanitarian activity in some of the most troubled parts of the world, and I believe there is scope for governments to further promote the services of responsible private security companies. The bespoke international standards with accredited certification have in my view been a game changer. I believe these standards and multi- stakeholder initiatives have produced a firm foundation from which governments and International organisations can develop complementary national and international regulatory frameworks.

When contracting for services from a private security company I would encourage you to look for the SCEG logo.

That concludes my scene setter and I am very much looking forward to your observations and comments during the panel discussions. Before that I would like to introduce Glynne Evans.