

**Affiliate:** The foreign parent and each entity that directly or indirectly controls, is directly or indirectly controlled by (other than the FOCI mitigated company and its controlled entities), or is directly or indirectly under common control with the foreign parent. It does not differentiate between Affiliates in the United States or those in foreign countries.

**Affiliated Operations Plan (AOP):** The purpose of an AOP is to identify companies operating under a FOCI Mitigation Agreement who share administrative or other services with an Affiliate. The intent of the AOP is to provide DCSA and the GSC with an understanding of the operational relationship between the FOCI company and the Affiliates to ensure risks to the performance on classified contracts are effectively mitigated.

**Annual Implementation and Compliance Report:** A report generated by a company under a FOCI Mitigation Agreement that lists events, activities, obligated processes, and acts of noncompliance that happened during the reporting period.

**Annual Meeting:** DCSA requires an Annual Meeting with the FOCI company to discuss its security posture and compliance with the FOCI Mitigation Agreement. DCSA schedules the Annual Meeting, usually in the anniversary month in which the Agreement was signed.

**Best Effort:** Performance of duties, including fiduciary duties, in good faith and in a manner believed to be: (i) in the U.S. national interest; (ii) where not inconsistent with the U.S. national interest, in the best interests of the company and the company's shareholders in accordance with applicable state law to the extent that any such state law is not preempted by the FOCI Agreement; and (iii) with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

**Best Practice:** An enhanced process implemented to adequately manage a security program. Examples include: strong management support for the security program and active communication with DCSA.

**Board Resolution (BR):** A legally binding document from the organization's governing board acknowledging the foreign investors and denying them access to classified or controlled information. Board resolutions are adequate in cases where the foreign investor has a minority stake in the company, is not a member of the governing board, and has no right to appoint or elect a member of the board.

**Change Condition:** Any changes, amendments, and/or renewal of the existing FOCI Mitigation Agreement or Implementation Plans. Any changes to the company's organizational and/or financial structure, which could affect the

facility clearance. All of these must be reported to DCSA.

**Defense Counterintelligence and Security Agency (DCSA):** The DCSA is an agency of the Department of Defense (DoD) located in Quantico, Virginia. The Under Secretary of Defense for Intelligence and Security (USD (I&S)) provides authority, direction and control over DCSA. DCSA supports national security and the service members, secures the nation's technological base, and oversees the protection of U.S. and foreign classified information in the hands of industry. DCSA accomplishes this mission by clearing industrial facilities, accrediting information systems, facilitating the personnel security clearance process, delivering security education, training, and certification, and providing information technology services that support the industrial and personnel security missions of the DoD and its partner agencies.

**Electronic Communications Plan (ECP):** The ECP puts in place policies and procedures regarding effective oversight of communications. This includes all media, such as telephones, teleconferences, video conferences, facsimiles, cell phones, PDAs, and all other computer communication, including emails and server access. It applies to communications between contractor personnel, the Affiliates, and subsidiaries. The ECP is designed to deter and detect influence by the foreign owner, and unauthorized attempts to gain access to classified or controlled information.

**Facilities Location Plan (FLP):** The FLP is a requirement when a FOCI company is located within the proximity of an Affiliate that would reasonably inhibit the FOCI company's ability to comply with the FOCI Agreement. Such scenarios may include being located in the same building, campus, or adjoined buildings with an Affiliate. The FLP must be approved by DCSA in advance.

**Facility Security Clearance (FCL):** An administrative determination that, from a security point of view, a company is eligible for access to classified information of a certain category and all lower categories.

**Facility Security Officer (FSO):** A U.S. citizen employee, appointed by a contractor, who will supervise and direct security measures necessary for implementing the NISPOM and other federal requirements for classified information. The FSO serves as the principal advisor to the GSC concerning the safeguarding of classified information.

**FOCI Factors:** Considered in the aggregate to determine whether a company is under FOCI. DCSA will analyze the factors to determine if there is FOCI and what the appropriate level of protection measures are needed to mitigate or negate the foreign risks and foreign interests at the applicant company.

**FOCI Mitigation Agreement:** An agreement applied to negate or mitigate risk of foreign ownership or control. Minority foreign ownership/control is usually

mitigated with a Board Resolution (BR) or a Security Control Agreement (SCA). Majority foreign ownership/control is usually mitigated with a Special Security Agreement (SSA), Proxy Agreement (PA), or a Voting Trust Agreement (VTA). DCSA determines the type of Mitigation Agreement applied at a company with FOCI factors.

**FOCI Mitigation Implementation Plans:** Plans put in place to reduce the effect of FOCI on a company, as applicable to the specific company. Includes the Electronic Communication Plan (ECP), Technology Control Plan (TCP), Affiliated Operations Plan (AOP), Facilities Location Plan (FLP) and the Visitation Plan. These must be approved in advance (before implementation) by DCSA.

**FOCI Process:** The actions taken by DCSA to ensure a company is not under FOCI to such a degree that granting the FCL would be inconsistent with the national interest of the United States, thus rendering a company eligible for a FCL. The process has five phases: Identification and Assessment, Mitigation Negotiation, Mitigation Implementation, Mitigation Oversight, and Changed Conditions/Renewal.

**FOCI Signatory Company:** The legal entity that signed the FOCI Mitigation Agreement, typically the corporate or home office.

**Foreign Ownership, Control, or Influence (FOCI):** A U.S. company is considered to be under FOCI whenever a foreign interest has the power, direct or indirect, whether or not exercised, and whether or not exercisable through the ownership of the U.S. company's securities, by contractual arrangements or other means, to direct or decide matters affecting the management or operations of that company in a manner which may result in unauthorized access to classified information or may adversely affect the performance of classified contracts.

**Foreign Parent:** A non-U.S. entity that has ownership, control, or influence over a U.S. company. This ownership can be a minority or majority stake in the U.S. company.

**Government Contracting Activity (GCA):** An element of an agency designated by the agency head and delegated broad authority regarding acquisition functions.

**Government Security Committee (GSC):** A permanent subcommittee of the board of directors made up of the Outside Director(s), Proxy Holders, or Voting Trustees and any directors that hold personnel security clearances.

**Industrial Security Representative (IS Rep):** DCSA employee that serves as the liaison between the company and DCSA and has overall industrial security

oversight of the company.

**Initial Meeting:** Addresses the company's basic obligations under the NISP and the FOCI Mitigation Agreement while providing an opportunity to discuss any remaining questions or concerns.

**Inside Director (ID):** The representative appointed by the foreign interest (directly or indirectly) to serve on the board of an SSA or SCA company. These individuals are formally excluded from access to classified information and their participation in the management of the company is limited to the extent allowed by the FOCI Mitigation Agreement.

**Key Management Personnel (KMP):** Company personnel who make key management decisions (generally individuals listed within corporate documents); includes but not limited to the board of directors, and other officials as determined by DCSA. KMP must be granted personnel security clearances or be excluded from access to classified information.

**Majority Ownership/Control:** The foreign interest has direct or indirect majority ownership, or effective control, over the cleared/in-process company.

**Minority Ownership/Control:** The foreign interest does not effectively own or control the company, but has a beneficial stake of five (5) percent or more in the cleared/in-process company.

**National Interest Determination (NID):** A written statement by the GCA affirming that the release of proscribed information to a company operating under an SSA will not harm the national security interests of the United States.

**National Industry Security Program (NISP):** The National Industrial Security Program (NISP) was established by Executive Order 12829 for the protection of classified information released or disclosed to industry in connection with classified contracts. The NISP applies standards for the protection of classified information released or disclosed to contractors of all federal executive branch departments and agencies. Requirements of the NISP are stated in the National Industrial Security Program Operating Manual (NISPOM).

**National Industry Security Program Operating Manual (NISPOM):** A manual issued in accordance with the National Industrial Security Program that prescribes the requirements, restrictions, and other safeguards to prevent unauthorized disclosure of classified of classified information.

**Outside Director (OD):** Appointed at a FOCI mitigated company to ensure the proper safeguarding of classified and export controlled information and effective insulation from the foreign parent. ODs must be cleared U.S. citizens who typically have no prior involvement with the company or foreign parent.

**Proscribed Information:** Top Secret (TS), COMSEC material, excluding Controlled Cryptographic Items when unkeyed or utilized with unclassified keys, Restricted Data (RD), Special Access Program (SAP), and Sensitive Compartmented Information (SCI).

**Proxy Agreement (PA):** A mitigation agreement in which the foreign owner maintains ownership of the company but relinquishes most of his or her rights of ownership. All voting rights are transferred to Proxy Holders, individuals who have no prior involvement with the foreign owner or the company.

**Proxy Holder (PH):** Appointed at a FOCI mitigated company to ensure the proper safeguarding of classified and export controlled information and effective insulation from the foreign parent. PHs must be cleared U.S. citizens who typically have no prior involvement with the company or foreign parent.

**Routine Business Visit:** Pertains to the commercial aspects of the company's business; made in connection with the regular day-to-day business operations of the company and does not involve senior officials of the company, the transfer or receipt of classified information or controlled information, or activities bearing upon the company's performance of its classified contracts.

**SF 328 (Certificate Pertaining to Foreign Interests):** A 10-question survey designed to help identify the presence of FOCI in an organization, and provides the basis around which the FOCI analysis process is organized.

**Security Control Agreement (SCA):** The mitigation generally used when a company is not effectively owned or controlled by a foreign interest (minority ownership) and the foreign parent is entitled to representation on the company's governing board. The foreign owner still maintains his or her voice in the management of the business through an Inside Director but is denied access to classified or controlled information.

**Security Review:** The periodic review of all cleared contractor facilities by DCSA to ensure that safeguards employed by contractors are adequate for the protection of classified information in compliance with NISPOM requirements.

**Senior Management Official (SMO):** The individual responsible for the day-to-day management of the company, such as the President or Chief Executive Officer (CEO). They are part of the KMP and GSC.

**Social Contact:** Contact between any director, officer, employee, or contractor of the FOCI company or its subsidiaries and any member of the Affiliates outside of normal business activities, including non-working hours.

**Special Security Agreement (SSA):** A security agreement that may be

imposed in cases of *majority* foreign ownership or control. The foreign owner has a voice in the management of the business through an Inside Director. The SSA is the most common mitigation agreement.

**System of Record:** Database maintained by DCSA that is a repository of information about Department of Defense cleared contractor facilities.

**Technology Control Officer (TCO):** The TCO serves as the principal advisor to the GSC concerning the protection of controlled unclassified information and other proprietary technology and data subject to regulatory or contractual control by the US Government.

**Technology Control Plan (TCP):** The TCP is a document that describes all security measures in place to prevent unauthorized access to classified information and controlled unclassified information, such as export-controlled information. The TCP should address physical access to the buildings and restricted areas, as well as technical access to data networks and servers.

**Visitation Plan:** Establishes requirements for the FOCI company to ensure visitation with the Affiliates is controlled as required by the FOCI Mitigation Agreement.

**Visits:** Each meeting, communication, or both, between any director, officer, employee, or contractor of the FOCI company or its subsidiaries and any member of the Affiliates, whether official or unofficial, business or social, routine or special. A Visit is defined by and subject to the company's Visitation Plan. This includes meetings at any location within or outside the United States. A Visit does not include electronic communications whose content is capable of review pursuant to an ECP.

**Voting Trust Agreement (VTA):** The most restrictive mitigation agreement. Under a VTA, the foreign owner transfers legal title of the company to the Voting Trustees.

**Voting Trustee (VT):** Appointed at a FOCI mitigated company to ensure the proper safeguarding of classified and export controlled information and effective insulation from the foreign parent. VTs must be cleared U.S. citizens who typically have no prior involvement with the company or foreign parent.