

# OD/PH Module 6: Initial Meeting, Annual Compliance Report, and Annual Meeting Student Guide

## Table of Contents:

Module 6 Introduction .....	2
Objectives .....	2
Initial and Annual Meetings.....	2
Initial Meeting .....	2
1 <sup>st</sup> Briefing of the Initial Meeting.....	2
2 <sup>nd</sup> Briefing of the Initial Meeting.....	3
Agreement Expiration .....	3
Annual Implementation and Compliance Report.....	4
Annual Meeting .....	4
Annual Meeting Part 1.....	4
Annual Meeting Part 2.....	5
Module 6 Conclusion.....	5

## **Module 6 Introduction**

Welcome to Module 6, on the Initial Meeting, Annual Compliance Report, and Annual Meeting. Once the Foreign Ownership, Control, or Influence (FOCI) Mitigation Agreement has been agreed upon by all parties, an Initial Meeting will take place between the Defense Counterintelligence and Security Agency (DCSA) and the company. Thereafter, an Annual Implementation and Compliance Report is prepared by the company and presented to DCSA during the Annual Meeting.

This module will take you through what to expect during the Initial Meeting, the criteria for the Annual Implementation and Compliance Report, and the Annual Meeting. In this Module, you will see how the Agreement is set in place with the Initial Meeting, the criteria for the Annual Implementation and Compliance Report, and what takes place during the Annual Meeting.

Let's start with the objectives for this Module.

### **Objectives**

The objectives for Module 6 are:

- Define the purpose of the Initial Meeting including identifying the key players and describing the two parts of the Initial Meeting;
- Discuss the Annual Implementation and Compliance Report; and
- Define the purpose of the Annual Meeting including identifying the key players and describing the two parts of the Annual Meeting.

### **Initial and Annual Meetings**

The Initial and Annual Meetings will take place at the FOCI Signatory location. The FOCI Signatory location is the headquarters of the company and where the Government Security Committee (GSC) resides.

#### **Initial Meeting**

The purpose of the Initial Meeting is to address the company's basic obligations under the Agreement being implemented to mitigate the FOCI. All parties involved (the cleared company, the foreign parent, and DCSA) will discuss any remaining questions or concerns.

This meeting is conducted by the DCSA FOCI Division Action Officer in accordance with the meeting agenda template, and is held in two separate parts.

Now, let's discuss the first and second part of the Initial Meeting and what key players are involved in each part.

#### **1<sup>st</sup> Briefing of the Initial Meeting**

During the Initial Meeting, the Mitigation Agreement is reviewed and signed by the company. The FOCI Signatory provides a minimum of three (3) signed original copies of the Mitigation Agreement at the Initial Meeting.

The meeting is conducted in two parts. In the first part of the Initial Meeting, the DCSA representatives meet with the Outside Directors, Proxy Holders, or Voting Trustees only, otherwise known as ODs, PHs, or VTs. No other parties are allowed to participate; this includes the company's Facility Security Officer (FSO). The parties cover the following areas:

- Explain the Outside Directors, Proxy Holders, or Voting Trustees roles and responsibilities under the Agreement;
- Answer any questions regarding the Agreement;
- Review pertinent sections of the Agreement, such as the establishment of the GSC, limitations on the foreign interest, Technology Control Plan (TCP), Electronic Communications Plan (ECP), Affiliated Operations Plan (AOP), and visitation requirements;
- Discuss the current active classified contracts and government customers;
- Examine Agreement implementation requirements and timelines; and
- Consider general FOCI and industrial security questions.

## **2<sup>nd</sup> Briefing of the Initial Meeting**

During the **second part** of the Initial Meeting, the key players are:

- The DCSA representatives;
- The Outside Directors, Proxy Holders, or Voting Trustees;
- The whole Board of Directors;
- Facility Management;
- Facility Security Officer (FSO);
- Technology Control Officer (TCO);
- Inside Director (for Security Control Agreement (SCA) and Special Security Agreement (SSA) only); and
- Foreign Shareholder (optional)

The purpose of the second meeting is to provide the entire board with an overview of the requirements of the FOCI Mitigation Agreement, as well as provide a forum for answering program and implementation-related questions. The parties discuss the following:

- Roles and responsibilities under the Agreement;
- Requirements of the Mitigation Agreement;
- Roles and responsibilities of DCSA, including the Field Office, FOCI Operations Division, and Counterintelligence (CI) Special Agents;
- Questions concerning the Agreement implementation and timeline;
- Active classified contracts and any contracts that may be in the bidding process;
- Procedures and policies that need to be developed and implemented; and
- General FOCI and industrial security procedures and questions.

## **Agreement Expiration**

The FOCI Action Officer will bring back the signed copies (three each) of the Mitigation Agreement to DCSA headquarters to coordinate signatures by DCSA leadership, who signs on

behalf of the U.S. Government. The Agreement is effective as of the date DCSA signs the Mitigation Agreement. All formal Mitigation Agreements will have an expiration date of five years.

It is the responsibility of the company and its parent to notify DCSA no later than 90 days prior to the expiration date with a proposed revised, restated, or alternative Agreement.

## **Annual Implementation and Compliance Report**

Just as with the Initial Meeting, the Annual Implementation and Compliance Report and Annual Meeting verify the company's continuous obligations to ensure the security measures are being implemented.

A DCSA Representative will contact the FSO to schedule the Annual Meeting and request the submission of the Annual Implementation and Compliance Report. FOCI Signatories submit a draft Annual Report at least 30 days prior to the Annual Meeting, or 10 months post-FOCI mitigation execution. The Annual Meeting certifies compliance with the FOCI Agreement (including all TCP, ECP, AOP, FLP, and visitation requirements). The FSO should submit this report to DCSA through the designated system of record.

Refer to Course Resources link, Module 6, for more information.

## **Annual Meeting**

DCSA requires an Annual Meeting with FOCI Signatories to discuss its security posture and compliance with the FOCI Mitigation Agreement. This meeting is usually held during the anniversary month of the Agreement and typically occurs after a security review is conducted by DCSA (see Module 5 for more information on the security review).

In preparation for the Annual Meeting, DCSA requires the signed Annual Implementation and Compliance Report from the company. The Annual Meeting also occurs in two separate briefings and should be conducted at the FOCI Signatory company location.

The DCSA representatives are:

- The Industrial Security Representative,
- Field Office Chief,
- FOCI Action Officer,
- Senior Action Officer (optional),
- Information System Security Professional (optional),
- CI Special Agent (optional), and
- Assistant Regional Director (optional)

## **Annual Meeting Part 1**

Part 1 of the meeting is led by DCSA representatives who provide the meeting agenda and meet with only the Outside Directors, Proxy Holders, or Voting Trustees.

During this part, the parties typically will discuss:

- Security posture of the facility and results of the security review (if conducted);

- Questions regarding the Agreement;
- Operational security-related issues;
- Responsibilities of the Outside Directors, Proxy Holders, or Voting Trustees;
- Any general industrial security, FOCI, or CI issues;
- Issues with the foreign parent management or control;
- New contracts or discontinued contracts; and
- National Interest Determination (NID) issues (SSA only)

## **Annual Meeting Part 2**

Part 2 of the Annual Meeting is between DCSA and the following company representatives:

- Board of Directors;
- Members of the GSC to include either Outside Directors, Proxy Holders, or Voting Trustees;
- Key Management Personnel (KMPs);
- FSO and TCO;
- Inside Director (SCA and SSA only);
- Corporation's Chief Executive Officer (optional); and
- Corporation's Chief Financial Officer (optional)

During this meeting, the parties discuss:

- Compliance with all board resolutions, special controls, practices, and procedures established to mitigate FOCI;
- The company's security posture (including all cleared locations operating under the Agreement);
- Acts of compliance or noncompliance with the terms of the Agreement;
- Any general industrial security and/or other specific FOCI issues; and
- Any necessary guidance or assistance

This second briefing also offers the Outside Directors, Proxy Holders, or Voting Trustees a forum to provide a briefing of the Annual Implementation and Compliance Report. DCSA will obtain the signed Annual Report from the GSC Chairman and there should be discussions on current and future classified contracts, NIDs, and discontinued contracts.

## **Module 6 Conclusion**

You have just completed Module 6, the Initial Meeting and the emplacing of the Agreement; the Annual Implementation and Compliance Report, and the Annual Meeting. We discussed:

- The purpose of the Initial Meeting including identifying the key players, and describing the two parts of the Initial Meeting;
- The Annual Implementation and Compliance Report; and
- The purpose of the Annual Meeting including identifying the key players, and describing the two parts of the Annual Meeting