

# Terms of Association

## Association for promotion of Cloud Services in Israel (CISP)

### Non-Profit Association

#### 1 Legal form

##### 1.1 Legal form

The association is named "Association for promotion of Cloud Services in Israel CISP Ltd. (company for the benefit of the public)", (hereinafter, the "Association", "Company") and is incorporated as an Israeli company for the benefit of the public, with its registered no. 516152568.

#### 2 Objective and activities

##### 2.1 Objective

The non-profit objective of the Association (hereinafter, the "Objective") is to develop the understanding of and promote the use of public cloud computing services in Israel, driving Israel towards a forward-looking, innovative, productive, fair and globally competitive data economy.

##### 2.2 Activities

The Association shall carry out acts, take steps and commit to all activities that are deemed appropriate or useful in view of achieving its Objective. This includes, among other things:

- to develop and promote the understanding of public cloud computing services by customers, Institutions, national governmental entities, competent supervisory authorities and professional organizations in the private and public sector in Israel;

More generally, the Association may carry out all activities that directly or indirectly relate to the realization of its Objective, and in a general way to undertake all accessory commercial, industrial or financial operations relating directly or indirectly to its Objective, including the subcontracting in general and the acquisition and exploitation of all intellectual property rights and industrial or commercial property rights relating thereto; all within the limits authorized by the Law, and the proceeds of which will, at all times, be affected to the realization of the nonprofit Objective.

In the course of its activity, the Association may also develop, manage and update a data protection Code of Conduct for Public Cloud Computing Services Providers (hereinafter, the "Code of Conduct" or "Code") to guide customers in assessing whether public cloud computing services are suitable for the processing of personal data that they wish to perform, and will aspire to work in cooperation with the EU CISPE [<https://cispe.cloud/>] guidelines.

### 3 Definitions

**"Cloud Computing Services"** - Provision of defined infrastructures and computing resources to organizations outside their control (such as servers, storage, networks, applications, and services) through the Internet or a dedicated line of communication, on demand and according to usage;

**"Cloud Computing Service Provider"** - A company that provides cloud computing services to the other organizations;

**"Public Cloud"** - Cloud computing services provided by a cloud computing service provider which can be provided to a wide variety of different customers on a

shared infrastructure, with the vendor providing the service in a variety of physical sites at its sole discretion and without user involvement.

## 4 Share Capital and Prohibition to Distribute Profits

- 4.1 All the Company's assets, profits and revenues shall be used solely for the purpose of achieving its Objective, as stated in clause 2 above.
- 4.2 The Company shall not distribute, whether directly or indirectly, dividends, profits or benefits to its shareholders or to the Company.
- 4.3 Company's share capital: The Company's registered share capital is 100,000 ordinary shares of nominal value of NIS 1 each ("Ordinary Shares").
- 4.4 The Company may not issue different kinds of shares or securities and is prohibited from offering to sell shares or bonds to the public.

## 5 Shareholders

- 5.1 The Association is composed of at least three (3) shareholders.
- 5.2 Shareholders will have the right to attend and vote (each shareholder shall have one equal vote) at the General Assembly, and to participate (with voting right), in the activities of the Association, including the working groups and professional committees.
- 5.3 Further to the requirements set under the Company Law 5759-1999 (the "Law"), any person that meets all of the following requirements is eligible to be registered as the Association shareholder:
  - 5.3.1 demonstrated experience of at least 3 years in management and leadership roles, preferably in a senior leadership role in a large or recognized organization;
  - 5.3.2 has no conflict of interest between his/her position as a shareholder and his/her other occupations;
  - 5.3.3 is supportive of the Objectives of the Association and complies with the Association Internal Governance Rules, *if applicable*.

A shareholder must comply with all the above requirements throughout their term and are obliged to disclose any actual or potential non-compliance to the

General Assembly for its approval (for example, in case of a conflict of interest that may be addressed under certain restrictions) or dismissal.

#### **5.4 Shareholders rights and obligations**

- 5.4.1 The rights awarded to the Ordinary Shares shall be equal, and each Ordinary Share shall have one vote when voting in the General Assembly.
- 5.4.2 The shareholders' liability is limited to the payment of the nominal value of the shares in the Company they hold.
- 5.4.3 A shareholder shall not transfer a share in exchange for compensation, unless given prior approval by court, after having given the Registrar of Charitable Trust an opportunity to state his position; the transfer of shares in exchange for a minimal sum shall not require approval as aforementioned, provided that the shareholder has reported the transfer of the said share to the Registrar of Charitable Trust in advance.
- 5.4.4 Without derogating from clause 5.4.3 above, a share cannot be bequeathed or confiscated, a lien cannot be created on a share, and a share shall not comprise a part of the shareholder's assets that are to be distributed in the event of liquidation or bankruptcy, as the case may be; upon the death of a shareholder or if liquidated, it shall be considered under the Law as a dormant share, as defined in section 308 of the Law.

#### **5.5 Forfeiture of shareholder rights**

- 5.5.1 The General Assembly may receive a resolution to purchase without compensation a share from a shareholder wishing to leave the Company. This share shall be considered under the Law as a dormant share, as per clause 5.4.4 above. The General Assembly shall pass a resolution regarding the announcement of departure within 21 days of its receipt.

## **6 Company's Organs**

The organs of the Company are the General Assembly, the Board of Directors (Board), the Audit Committee and the Chief Executive Officer (CEO), if nominated.

The Company's organs and functionaries shall act to promote the Objective of the

company and abstain from any act that may harm the Company or its Objective, or that conflicts with the interest of the Company or its Objective.

## 6.1 General Assembly

6.1.1 The General Assembly is composed of all current shareholders.

### 6.1.2 Voting

Each shareholder has one vote on resolutions of the General Assembly.

### 6.1.3 Meetings

(a) Time and venue: The date, time and venue of a General Assembly shall be set by the Board.

(b) Invitation: The invitation to a General Assembly shall be delivered to all those entitled to participate in it, no later than seven (7) days prior to the intended date, provided that it will not be delivered more than forty-five (45) days before the set date.

The time and venue of the meeting shall be indicated in the invitation, as well as the agenda and a reasonable level of detail on the issues to be raised. If the agenda includes a proposal to amend the Terms of Association, the phrasing of the proposed amendment shall be provided.

(c) The Board shall call a special meeting based upon its resolution, as well as based on a request made by the following:

(1) One director;

(2) One shareholder or more, having at least ten (10) percent of the subscribed capital and a minimum of one (1) percent of the voting rights in the Company; or one shareholder or more having a minimum of ten (10) percent of the voting rights in the Company;

(3) In the event that the Board is requested to call a special meeting, it shall do so within twenty-one (21) days of the date of receipt of the request. The meeting shall be called as per clause (b) above.

#### 6.1.4 Roles of the Annual General Assembly

The Annual General Assembly shall hear accounts of the actions of the Board and the Audit Committee, deliberate on them and on the financial and verbal account presented by the Board, resolve on their approval, and elect a Board, an Audit Committee and a Certified Public Accountant (CPA), if required.

#### 6.1.5 In addition, a decision by resolution of the General Assembly is required for:

- 6.1.5.1 the nomination and the revocation of directors of the Board;
- 6.1.5.2 the modification of the Terms of Association; and
- 6.1.5.3 any other case where the Law or the present Terms of Association require such decision.

#### 6.1.6 Quorum

- a. The legal quorum for a General Assembly comprises a minimum of two (2) present shareholders with a minimum of twenty-five (25) percent of the voting rights, within thirty (30) minutes from the time set for the beginning of the meeting. In the event that this quorum is present at the beginning of the meeting, the General Assembly may continue its deliberations and pass resolutions even if the number of attendees becomes lower.
- b. In the event that a legal quorum is not present thirty (30) minutes after the time set for the meeting to begin, the meeting shall be considered postponed by one (1) week, for the same day, same hour and same venue, without requiring an additional invitation. At the postponed meeting, those present may deliberate and pass resolutions, regardless of their number.
- c. The Company may conduct a General Assembly through a communication medium so that all the attending shareholders will be able to hear and see each other simultaneously.

#### 6.1.7 Chairman

- a. At each meeting of the General Assembly, a Chairman will be elected for that meeting.

- b. The Chairman of the meeting shall be elected at the beginning of the meeting of the General Assembly, which will be opened by the Chairman of the Board or by a director authorized for this purpose.

#### 6.1.8 Resolutions

- a. The resolutions of the General Assembly shall be passed by a simple majority, unless the Law indicates a different majority.
- b. A shareholder may grant proxy to a person to vote on his/her behalf at the General Assembly. The proxy shall relate to a particular General Assembly and include the specific position of the shareholder granting it on the issues on the agenda, and only them.

#### 6.1.9 Minutes

The resolutions of the meetings of the General Assembly must be recorded in minutes by the Chairman of the meeting.

### 6.2 Board of Directors ("Board")

6.2.1 The General Assembly will elect 7 Board directors with accordance to article 6.2.16.2.2, at a simple majority for a term of four (4) years, renewable for additional terms, amongst the candidates presented by the General Assembly.

6.2.2 Further to the requirements set under Law, any person that meets all of the following requirements is eligible to be elected by the General Assembly as a Board director:

6.2.2.1 demonstrated experience of at least 3 years in management and leadership roles, preferably in a senior leadership role in a large or recognized organization **or** demonstrated expertise in the cloud infrastructure computing field or related field, such as information technology or cyber security;

6.2.2.2 has no conflict of interest between his/her role as a Board director and his/her other occupations;

6.2.2.3 is supportive of the Objective of the Association and complies with the Association Internal Governance Rules, if applicable.

In addition, at least 4 of the Board members shall have demonstrated expertise in the cloud infrastructure computing field or related field, such as information technology or cyber security.

A Board director must comply with all the above requirements throughout their term and are obliged to disclose any actual or potential incompliance to the General Assembly for its approval (for example, in case of a conflict of interest that may be addressed under certain restrictions) or dismissal.

### 6.2.3 Powers

Except as otherwise stated under the Law, the Board has the authority to carry out all actions that are useful or serve to achieve the Objective. More specifically, but not exclusively, the Board is responsible for:

- 6.2.3.1 deciding on membership applications and membership suspension, following consultation with the Advisory Committee and based on applicant/member eligibility terms as set forth under Articles 7.1 or 7.2 as applicable, and subject to a hearing process and a reasoned decision;
- 6.2.3.2 nomination and the revocation of Advisory Committee members with accordance to article **Error! Reference source not found.**16.1.116.1 below;
- 6.2.3.3 determining the annual Membership Fee to be paid to the Association by members and special contributors, with accordance to article 13;
- 6.2.3.4 allocation of a potential budget surplus;
- 6.2.3.5 approval and modification of a Code of Conduct, in consultation with the Advisory Board;
- 6.2.3.6 suspension or revocation of a cloud infrastructure service provider's declaration of adherence with the Code of Conduct, following an opinion of the Advisory Board and/or special complaints committee, if nominated, due to non-compliance with the Code of Conduct;
- 6.2.3.7 publishing and maintaining information on the Association's public register;



- 6.2.3.8 nomination and the revocation of Association's auditors and other counsels and the determination of their remuneration;
- 6.2.3.9 implementation of appropriate procedures to decide upon complaints of non-compliance with the Code of Conduct, if approved, taking into account the need for impartiality and fair proceedings; and
- 6.2.3.10 approving compliance marks or labels that may be used by cloud infrastructure service providers adhering and measures to ensure that those compliance marks are not abused;
- 6.2.3.11 nomination of a CEO for the Association and/or any other officer as may be required
- 6.2.3.12 any other case where the Law or the present Terms of Association require such decision.

#### 6.2.4 Remuneration

The mandate of directors is not remunerated until the seventh (7) member joins the Association, thereafter director's remuneration and reimbursement of costs shall be with accordance to the Companies Regulations (Remuneration for Chairman of the Board, Director and Audit Committee Member in a Company for the Benefit of the Public), 2009 .

#### 6.2.5 Meetings

- 6.2.5.1 The Board meets at least 6 times a year, each meeting shall last at least 1.5 hours.
- 6.2.5.2 The Board also convenes each time when required by the interests of the Association at the request of two (2) directors, who send their written request to the Chairman, or at the request of the Chairman.
- 6.2.5.3 The Board shall hold a meeting in response to the request of a single (1) director if the director has become aware of a Company matter in which a Law has allegedly been breached or that is contrary to proper business procedures.

- 6.2.5.4 The Board Chairman shall convene a meeting, without delay, if an announcement or a report of the CEO requires the Board to execute an action.
- 6.2.5.5 The Board Chairman shall convene a meeting, without delay, if the Auditing CPA will report fundamental deficiencies in the Company's accounting audits to him.
- 6.2.5.6 The Board may hold meetings through any communication medium provided that all the attending directors will be able to hear and see each other simultaneously.
- 6.2.5.7 The legal quorum for opening a meeting of the Board shall be a majority of the members of the Board.
- 6.2.5.8 **Resolutions:** The resolutions of the Board shall be passed by a simple majority of votes.
- 6.2.5.9 **Minutes:** The Board shall write minutes of meetings of the deliberations and resolutions passed at its meetings.
- 6.2.5.10 **Convocation Notice:** At least fifteen (15) days before the meeting, a convocation notice must be sent by the Chairman to each director either by letter, e-mail, unless in exceptional urgent cases, in which case the notice period is reduced to seven (7) days or any shorter notice period as reasonably justified by the circumstances.
- The convocation notice shall include the agenda of the meeting, the time, date and place where the meeting is to be held, which shall be either at the registered office or at any other place as indicated on the convocation notice.

#### 6.2.6 Authorized signatories

The Board shall authorize two (2) or more of its members or of the Company's officers to sign on behalf of the Company documents that will bind it, and to execute actions on its behalf. The signatures of two (2) as aforementioned, in combination with the Company stamp, shall bind the Company.

### 6.2.7 Chairman of Board

The Board shall elect one of the directors as Chairman of Board. The Chairman shall be responsible for:

6.2.7.1 Sending the agenda for Board meetings to all Board members;

6.2.7.2 Management of Board meetings

### 6.2.8 Termination of Tenure

Without prejudice to the provisions of any Law, the tenure of a director shall expire before the term for which he has been nominated should any of the following occur:

6.2.8.1 He resigns or is terminated as stated in clauses 229 to 231 of the Law;

6.2.8.2 Upon receipt of notification of a conviction as stated in clause 232 of the Law;

6.2.8.3 Upon receipt of notification of the imposition of enforcement measures as stated in clause 232 (a) of the Law;

6.2.8.4 According to a ruling of a court, according to clause 233 of the Law;

6.2.8.5 If declared bankrupt;

6.2.8.6 Upon receipt of a notice according to section 227 (a) of the Law;

6.2.8.7 Failure to meet any of the terms listed in clause 6.2.2.

### 6.2.9 Board Committees

6.2.9.1 The Board may establish Board Committees.

6.2.9.2 Persons who are not Board members shall not be members of Board Committees to which the Board has delegated any of its powers.

6.2.9.3 Persons who are not members of the Board may be members of Board Committees which are formed solely to consult or submit recommendations to the Board.

6.2.9.4 Any resolution of a Board Committee or action it has taken based on Board authority that has been delegated shall be regarded as a resolution or action taken by the Board.

6.2.9.5 Board Committees shall report their resolutions or recommendations to the Board on an ongoing basis; resolutions or recommendations of

Board Committees requiring Board approval shall be brought to the directors' knowledge within a reasonable time prior to their deliberation at a Board meeting.

### 6.3 Audit Committee

6.3.1 The General Assembly shall nominate one or more persons, or a corporation, to constitute the Company's Audit Committee for a tenure of four (4) years, which shall be renewable for additional periods. Should more than one person be nominated – clauses 6.2.5, 6.2.5.7 and 6.2.8, *mutatis mutandis*, shall apply also to the Audit Committee.

#### 6.3.2 The roles of the Audit Committee

- (1) To examine the propriety of the actions taken by the Company and its institutions, including the compatibility of the Company's actions to its Objective.
- (2) To examine the efficiency and cost-saving aspects of the achievement of the Objective;
- (3) To follow up the resolutions of the General Assembly and the Board;
- (4) To indicate deficiencies in the Company's management, including, inter alia, through consultation with the Company's Internal Auditor or the Auditing CPA, if nominated, and to propose to the Board ways to rectify them. Should the Audit Committee detect a fundamental deficiency, one meeting, as a minimum, shall be held to discuss said deficiency, without the presence of Company's officers, and to the extent possible – in the presence of the Internal Auditor or the Auditing CPA, as the case may be. Notwithstanding the aforementioned, the Committee shall provide the audited person with the opportunity to present his position before it, and an officer may be present at the meeting in order to present a position on issues that are under his/her authority, if the Committee so requests;
- (5) To examine the financial matters of the Company, its accounting ledger and its payroll payments, including designation of Company's funds to advance its Objective;

- (6) To resolve whether to approve actions and transactions requiring the approval of the Audit Committee according to clauses 255 and 268 to 275 of the Law;
- (7) To pass resolutions, based on considerations that will be detailed, on actions specified under clause 255 to the Law, whether they are fundamental or non-fundamental actions, and on transactions as stated in clause 270 (1) and (4), if these are ordinary or non-ordinary transactions, for the purpose of their approval according to the Law, and the Committee may pass resolutions concerning the type of actions or transactions, according to predefined criteria. If criteria are defined by the Committee as aforementioned, it shall examine their implementation from time to time, and on an annual basis as a minimum;
- (8) To examine the internal audit setup of the Company and the role of the Internal Auditor, including whether they are provided with the necessary resources and tools to fulfill their role, and to examine the Internal Auditor's work plan before its submission to the Board and propose amendments to it, all while considering, inter alia, the special needs of the Company and its size;
- (9) To examine the Auditing CPA's scope of work and remuneration, and to submit its recommendations to whoever sets the CPA's remuneration according to clauses 155 and 165 of the Law;
- (10) To set arrangements concerning the handling of complaints of Company's employees regarding deficiencies in managing Company's affairs and concerning the protection afforded to complaining employees;
- (11) To examine any other issue relating to the Company's activity;
- (12) To bring before the Board and the Annual General Assembly its conclusions in light of its examination as per this clause.

## 6.4 The Chief Operating Officer (CEO)

6.4.1 The Board may nominate a Chief Operating Officer (CEO). The CEO shall be responsible for the ongoing management of the Company's affairs within the framework set by the Board and subject to its instructions.

6.4.2 Powers of the CEO:

(1) The CEO shall have all the managerial and execution authorities that have not been granted by Law or by these Terms of Association to another organ of the Company, and he shall be subject to Board supervision.

(2) The CEO may, with Board approval, delegate some of his/her powers to a subordinate.

6.4.3 Obligation to report to the Board:

(1) The CEO shall inform the Board Chairman of any irregular issue that is fundamental to the Company. In the event that a Board Chairman has not been nominated, or is incapable of fulfilling his role, the CEO shall inform all the Board members.

(2) The CEO shall submit reports to the Board on issues, at dates and scopes set by the Board.

(3) The Board Chairman may, from time to time, at his own initiative or based on a Board resolution, request reports from the CEO on issues pertaining to the Company.

## 6.5 Internal Auditor

Should the annual turnover of the Company exceed NIS 10,000,000 or a higher sum as set by Law, the Board shall nominate an Internal Auditor according to clauses 146 to 153 of the Law, *mutatis mutandis*.

## 6.6 Liability, Indemnification and Insurance

6.6.1 **Exemption:** The Company is prohibited from exempting an officer from his/her responsibility due to breach of duty of care or breach of fiduciary duty towards the Company.

6.6.2 **Indemnification:** The Company may, subject to any law, indemnify an officer

for an action he/her has taken within their capacity as an officer of the Company for any of the cases detailed below, provided that an officer shall not be exempted in advance for breach of duty of care or breach of fiduciary duty:

- (1) Financial liability imposed upon him/her towards another person according to a court ruling, provided that commitment in advance for indemnification shall be given solely for incidents that the Board believes can be anticipated in light of the Company's actual activity under the circumstances at the time of the commitment to indemnify, and such indemnification commitment shall be limited to a sum that the Board has set is reasonable under the circumstances, and provided that the officer did not breach his/her duty of care or fiduciary duty.
- (2) Reasonable litigation costs, including attorney fees, which the officer has spent due to an investigation or proceeding conducted against him/her by an authority authorized to investigate or carry out proceedings, and was concluded without the filing of an indictment against him/her and without the imposition of any financial liability in lieu of criminal proceedings, or which was concluded without the filing of an indictment but with the imposition of financial liability in lieu of criminal proceedings, with respect to a criminal offense that does not require proof of criminal intent.
- (3) Reasonable litigation costs, including attorney fees, which the officer has paid or was required to pay by a court, in proceedings filed against him/her by the Company or on its behalf or by another person, or in a criminal indictment from which he was exonerated, or in a criminal indictment resulting in conviction in a criminal offense not requiring proof of criminal intent.
- (4) Breach of fiduciary duty towards the Company, provided that the officer acted in good faith with grounds to assume that such action would not prejudice the benefit of the Company.

(5) Breach of duty of care if committed as a result of negligence only, except if committed intentionally or recklessly.

(6) Notwithstanding the instructions detailed in sub-sections (1)-(5) above, the Company shall not indemnify an officer in circumstances in which the action was intended to generate personal gain illegally, or in connection with a fine or ransom levied upon an Officer.

6.6.3 **Insurance:** The Board may enter into a liability insurance agreement with an insurance company to cover the liability imposed upon an officer for an act performed in his official capacity in each of the following:

(1) Breach of duty of care towards the Company or towards another person, committed as a result of negligence only, except if committed intentionally or recklessly.

(2) Breach of fiduciary duty towards the Company, provided that the officer acted in good faith with reasonable grounds to assume that such action would not prejudice the benefit of the Company.

(3) Financial liability imposed upon him towards another person.

(4) Notwithstanding the instructions detailed in sub-sections (1)-(3) above, the Company shall not enter into an agreement to insure an officer in circumstances in which the action was intended to generate personal gain illegally, or in connection with a fine or ransom levied upon an officer.



- 6.7 **Transactions requiring special approval:** Transactions of the Company with Company officers require approval, as per clauses 268-272 and 345 (l) of the Law, including the approval of the Audit Committee, followed by the approval of the Board.
- 6.8 **Assets following liquidation:** If, following the liquidation of the Company and the payment of its all its debts in full, assets remain, they shall be transferred to another public institution as per its definition in section 9(2) of the Income Tax Ordinance, which objectives are similar to the Company's Objective. The Company shareholders shall not be entitled to a share of its assets solely because they own shares in it.

## 7 Members and Special Contributors

The Association is also composed of members and special contributors as specified below.

The professional activity of the Association shall be rendered in consultation with the Association members.

### 7.1 Members

Any person or legal entity that meets all the following requirements and supports the Objective of the Association, is eligible to be considered as member of the Association:

- 7.1.1 (a) it or other entities in its corporate group provides Public Cloud Computing Services to customers in Israel, including but without limitation cloud computing integrators and resellers;  
and/or
- (b) SAAS (Software as a Service) or ISV (internet software vendors) providers which operate in Israel and/or provide their services to customers in Israel, whose main service is based on public cloud computing services of a Cloud Computing Service Provider;

7.1.2 at least one of its Cloud Computing Services provides the customer the ability to choose to use the service and to store and process its data entirely within Israel or in any other country which receives personal data from member states of the European Economic Area, under the same terms of acceptance and with accordance to the EU General Data Protection Regulation (EU) 2016/679 ("GDPR"); and

7.1.3 in the event that the Board has approved a Code of Conduct, the candidate member has at least one service declared as adherent to the Code of Conduct within 6 months of joining the Association. In case of a SAAS or ISV, its services are based on public cloud computing service that is declared as adherent to the Code of Conduct within 6 months of joining the Association.

7.1.4 it has paid the Membership Fee as further detailed in article 13.

Only one legal entity per group, meeting the above-mentioned criteria, may be considered for membership of the Association as a member, the other entities of the group being however able to apply for membership of the Association as special contributors.

## 7.2 Special Contributors

Any person or legal entity that meets any of the following requirements **and** supports the Objective of the Association, is eligible to be considered as special contributor of the Association:

7.2.1 companies affiliated to existing members of the Association that joined the Association pursuant to these Terms of Association; or

7.2.2 any other entity that has a link with the Association or its members;

7.2.3 it has paid the Membership Fee as further detailed in article 13.

## 8 Rights

### 8.1 Rights of members

The members have the following rights:

- participating in the activities of the Association, including the Advisory Committee, working groups and task forces; and

- resigning from the Association as described in Article 11.2.

## 8.2 Rights of Special Contributors

The special contributors have the following rights:

- participating as observers (without voting rights) in the activities of the Association, including working groups and task forces under such conditions as may be set by the Association; and
- resigning from the Association as described in Article 11.2.

## 9 Obligations

The members and the special contributors have the following obligations:

- to comply at all times with the Terms of Association, and all decisions of the governing bodies of the Association; and
- to pay the annual Membership Fee determined by the Board in consultation with the Advisory Committee, as further detailed in Article 13.1.

## 10 Application

The applicants must send to the Board a written request for their candidature, mentioning the following information:

- their identity, address and legal form (if applicable);
- the information evidencing that they fulfil the criteria set out in Article 7.1, 7.2 as applicable; and
- if applicable, a written confirmation that they intend that one or more of their cloud infrastructure services will be declared in adherence with the Code of Conduct within the six (6) months after they join the Association. This condition does not apply to special contributors.

The Advisory Committee, if nominated, shall review the applications and advise the Board with respect to applicants' eligibility to become a member or a special contributor of the Association.

The Board, following consultation with the Advisory Committee if nominated, will accept any applicant that meets all the obligations stated under Article 7.1 or 7.2 as applicable.

All accepted members and special contributors will provide the Board the name of their designated representative for the Association.

## 11 Termination of membership

### 11.1 Termination

Membership can be terminated by resignation by the relevant member or special contributor. Membership can also be temporarily or permanently suspended by the Board in accordance with Article 6.2.3.1, subject to a hearing process and a written reasoned decision.

Membership also comes to an end automatically in case of liquidation of a member or a special contributor.

### 11.2 Resignation

Members and special contributors may resign from their membership, under the following conditions:

11.2.1 resignation of a member or special contributor must be notified to the Board in writing, by email (with confirmation of receipt), and such resignation will have effect upon delivery of the termination notice to the Board; and

11.2.2 resigning members or special contributor must have paid all accrued but unsettled contributions, except that a resigning member or special contributor will not be liable for the annual Membership fee relating to the fiscal year following the one of the end of the above-mentioned notice.

## 12 Register of members and Special Contributors

The Board keeps the register of members and special contributors at the registered office of the Association.

## 13 Financial contribution

### 13.1 Members and Special Contributors

13.1.1 The members and special contributors of the Association will share the expenses of the Association by way of each member and special contributor paying a membership fee fixed annually by the Board, following consultation with the Advisory Committee, which shall not be less than USD 12,000 (twelve thousand US dollars) but shall not exceed USD 15,000 (fifteen thousand US dollars) in any fiscal year (the "**Membership Fee**"). The Board shall fix the Membership fee for the next year at least two (2) months before that fee becomes due and will be entitled to set a discounted Membership fee for SMEs members and special contributors.

13.1.2 When proposing the annual Membership Fee, the Association will take into account:

- the relative local turnover of each member generated from the Israeli market; and
- if the member or special contributors is an SME (in which case such member may - within reasonable limits - be required to contribute less to the expenses of the Association).

13.1.3 For the purposes of the previous paragraph, an "SME" means a member or special contributors:

- who employs less than 50 (fifty) employees (if the member is a part of a corporate group, the relevant number of employees is the number employees in Israel); and
- with less than 5 million USD in turnover generated from the Israeli market based on its declaration.

13.1.4 This cap on the Membership fee fixed by the Board is without prejudice to:

- any agreement among the members or the special contributors, to share further costs in connection with the activities of the Association; or

- any unilateral decision by a single member or special contributors to make an additional contribution to the costs in connection with the activities of the Association.

## 14 Compliance certification marks and labels

The Association may develop and adopt compliance marks and/or labels to be used as a public-facing symbol of the adherence of a cloud infrastructure service to – and continued compliance with – the Code of Practice (if approved by the Board).

The Association will own all right, title and interest in and to such compliance marks and/or labels, including any and all intellectual property rights.

## 15 Costs

The costs for the Association's activities should be covered by the members' and special contributors' Membership Fees. Fees to obtain the approval of a Declaration of Adherence shall be cost-based and approved by the Executive Committee.

Every member and special contributor, and their representatives, as well as any member of the Advisory Committee and other professional committees of the Association, shall bear all their own costs in connection with the performance of their activities for the benefit of the Association.

## 16 Members Participation in Association's Activity

The Association's activity is supported by the Advisory Committee, working groups and task forces, if appointed, as specified below.

### 16.1 Advisory Committee

#### 16.1.1 Eligibility requirements for Advisory Committee Members

Any member's designated representative who is supportive of the Objective of the Association and meets the following requirement is eligible to be elected by the Board as Advisory Committee member:

- demonstrated expertise in the cloud infrastructure computing field or related field, such as information technology or cyber security.

#### 16.1.2 Appointment process

The Advisory Committee members are appointed by the Board. The Board shall appoint any member's representative who is eligible under article 16.1.1 as a member of the Advisory Committee , and they can be dismissed by the Board at any time, subject to a hearing process and a written reasoned decision.

Each member is permitted one voting representative in the Advisory Committee.

Written applications from the candidates for the Advisory Committee must:

- be sent to the Chairman of Board; and
- state the expertise of the candidate for his/her application, and the name of the member presenting such candidate.

All applications are communicated by the Board to the General Assembly.

The Board appoints the candidates on the basis of a simple majority.

#### 16.1.3 Termination

The mandate of an Advisory Committee member terminates in case of:

- voluntary resignation;
- death, civil incapacity, or placement under temporary judicial supervision;
- termination of the employment or contractual relationship of the Advisory Committee member by the member which presented him/her as a candidate;
- termination of membership of the member which presented the Advisory Committee member as a candidate,
- dismissal - Advisory Committee member can be dismissed at any time by the Board, subject to a hearing process and a written reasoned decision.

#### 16.1.4 Chairman

The Advisory Committee elects among its members a Chairman, and (at their discretion) a vice chairman for a period of three (3) years. The election of the Chairman and vice chairman of the Advisory Committee and their dismissal shall require a simple majority of the votes of all members of the Advisory Committee.

#### 16.1.5 Powers

In pursuing the Objective of the Association, the Advisory Committee is notably competent to accomplish the following tasks:

- 16.1.5.1 propose and submit to the Board recommendations and proposals in order to promote Association's Objective;
- 16.1.5.2 propose and submit to the Board an opinion with regards to membership applications and membership suspensions of certain member or special contributor, based on applicant/member eligibility terms as set forth under Articles 7.1, 7.2 as applicable ;
- 16.1.5.3 propose to the Board the amount of Membership Fees (financial contribution);
- 16.1.5.4 propose and submit to the Board modifications or updates of the Code of Conduct, if adopted; at least 10% of members acting together may propose changes to the Code;
- 16.1.5.5 review declarations submitted by members/applicants of adherence to the Code, if adopted;
- 16.1.5.6 approve guidelines for adherence to the Code of Conduct, if applicable;
- 16.1.5.7 appoint professional committees to assist the Board and the Association's activities, such as: special complaints committee, that will review declarations of adherence to the Code, take enforcement action against a noncompliant member;
- 16.1.5.8 propose and submit to the Board an opinion to suspend or revoke a cloud infrastructure service provider's declaration of adherence with the Code, due to non-compliance with the Code of Conduct, if applicable;



16.1.5.9 propose appropriate procedures to decide upon complaints of non-compliance with the Code of Conduct, if applicable, taking into account the need for impartiality and fair proceedings.

#### 16.1.6 Meetings

The Advisory Committee convenes each time when required by the interests of the Association at the request of two (2) Board directors, who send their written request to the Chairman of the Advisory Committee, or at the request of the Chairman.

At least fifteen (15) days before the meeting, a convocation notice must be sent by the Chairman to each Advisory Committee member by e-mail, unless in exceptional urgent cases, in which case the notice period is reduced to seven (7) days or any shorter notice period as reasonably justified by the circumstances.

The convocation notice shall include the agenda of the meeting, the time, date and place where the meeting is to be held, which shall be either at the registered office or at any other place as indicated on the convocation notice.

#### 16.1.7 Decision making process

Each member of the Advisory Committee has one vote for each resolution of the Advisory Committee.

The Chairman, or, in the absence of the Chairman, the vice chairman, if any, or in the absence of the vice chairman, if any, the oldest member present, shall chair the meetings of the Advisory Committee.

The Advisory Committee can validly resolve if at least the majority of its members is in attendance or represented. Valid resolutions require a simple majority of votes. If no consensus is reached, the Chairman can put the resolutions to the vote.

The Advisory Committee members do not, in the framework of their function, contract any personal obligation and are not responsible, except vis-à-vis the Association for the performance of their mandate.

The mandate of Advisory Committee members is not remunerated, unless a resolution of the General Assembly provides otherwise.

#### 16.1.8 Working groups and task forces

The Board has the power to establish one or more permanent or temporary working groups and task forces to consider specific matters of common interest within the Objective of the Association and shall define their composition and their powers.

### 17 Further Instructions from a competition perspective

The Association will follow all relevant provisions of antitrust legislation, with respect to the collaboration in a trade association, to harness the know-how and professional experience of Association's participants for the benefit of developing the cloud computing sector in Israel. In particular, the Association will meet the requirements set forth under Public Statement 3/14 in the matter of Trade Associations and their Activity<sup>1</sup>, including the following guidelines:

Definitions:

"Meeting" shall mean all Association's meetings, including its organs meetings, social or professional meetings, a meeting via video, phone conference or other communication to connect participants in a meeting, and including any material sent in preparation to a meeting, work papers, presentations etc.

"Sensitive Competitive Data" shall mean data that is not public, and that cannot be easily traced, that if known to a business competitor of the data owner – will enhance the competitor's ability to predict in advance the price strategy and production and the expected reaction of the data owner to price initiatives and quantities of the competitor.

#### 17.1 Meetings of the Association and other meetings between competitors

All Meetings that include representation of business competitors, will be held with accordance to the following:

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<sup>1</sup> <https://www.gov.il/en/departments/legalInfo/opinion314>

- 17.1.1 The Meeting will not include, directly or indirectly or implicitly, any competition-sensitive matters and/or any disclosure of Sensitive Competitive Data;
- 17.1.2 A detailed agenda for the Meeting shall be determined and brought to the attention of all Meeting participants in advance. The agenda shall not include any competition-sensitive matter;
- 17.1.3 The chairman of the Meeting, or anyone on its behalf, will clarify at the opening of the Meeting or in the Meeting invitation that all participants should refrain from discussing of any competition-sensitive matter and avoid disclosure of any Sensitive Competitive Data, and that such prohibited disclosure might constitute an unlawful restrictive arrangement, even if conducted before or after the Meeting;
- 17.1.4 Detailed minutes of the Meeting will be taken in real time and will be kept to be presented upon request. The minutes will specify, among others, the time and place of the Meeting, participants names, their position and organizational affiliation, the matters discussed, any resolution, recommendation or summary adopted during the Meeting, and any document submitted or transferred during the Meeting or in preparation for it. During the Meeting no items will be discussed "off the record".

The provisions above will apply, mutatis mutandis according to the circumstances of the case, also on other forums held by the Association, on its behalf or under its sponsorship such as professional conferences and social events.

## **17.2 Association's resolutions and recommendations**

The Association shall not adopt, directly or indirectly, any resolution, instruction, recommendation or professional advice to its members that might constitute a restrictive arrangement among its members, including with respect to the following:

- 17.2.1 Pricing, pricing policy and any other commercial terms (e.g. discounts, benefits, payments and credit policy);
- 17.2.2 Costs and their calculation;

17.2.3 Business strategy, scope and measurement of production or activity, variety, business development or competition policy;

17.2.4 Participation in a tender or other competitive process or refraining from participating in it, and an assessment as to the viability of such participation;

17.2.5 Engagement with a supplier, client or other competitor, or refraining from entering into such engagement, and assessment of the engagement profitability;

### **17.3 Information Collection by the Association**

The Association shall not collect, retain or distribute, directly or indirectly, data that is mainly collected, retained or distributed for the purpose of impairment or prevention of competition.

The Association shall not collect, retain or distribute, directly or indirectly, Sensitive Competitive Data, unless specifically approved by a written decision of the Board, based on legal examination.

### **17.4 Activity with governmental authorities**

Any activity or contact on behalf of the Association with a governmental authority, public bodies or the media, shall be subject to specific approval by the Board, based on legal examination.

## **18 Amendments to the Terms of Association**

The Terms of Association can be amended at any time by special resolution of the General Assembly. The Board and the Advisory Committee can suggest to the General Assembly modifications of these Terms of Association.