

DOCUMENT FINAL

**MEMORANDUM OF UNDERSTANDING FOR EXCHANGE
OF BEST PRACTICES IN THE FIELD OF CYBER SECURITY**

May 22, 2017

between

Hydro-Québec

and

Israël Electric Corporation

DOCUMENT FINAL

TABLE OF CONTENTS

ARTICLE 1. DEFINITIONS	3
ARTICLE 2. OBJECT.....	3
ARTICLE 3. REPRESENTATIONS	3
ARTICLE 4. PRINCIPLES.....	4
ARTICLE 5. NON BINDING	4
ARTICLE 6. ACTIVITIES	4
ARTICLE 7. STEERING COMMITTEES AND ANNUAL MEETINGS.....	5
ARTICLE 8. CONFIDENTIALITY.....	5
ARTICLE 9. TERM.....	5
ARTICLE 10. LIABILITY.....	6
ARTICLE 11. COSTS AND EXPENSES	6
ARTICLE 12. NON-EXCLUSIVITY.....	6
ARTICLE 13. MISCELLANEOUS.....	6
ARTICLE 14. APPLICABLE LAWS - LITIGATION - JURISDICTION	7

THIS MEMORANDUM OF UNDERSTANDING FOR EXCHANGES OF BEST PRACTICES IN THE FIELD OF CYBER SECURITY:

HYDRO-QUÉBEC, a corporation constituted under the laws of Québec, Canada having its head office at 75 Boulevard René-Lévesque West, Montréal, Québec Canada, H2Z 1A4 represented by **Éric Martel**, its Chief Executive Officer, duly authorized as he so declares (hereinafter "**HQ**"),

AND

Israel Electric Corporation Ltd. a government owned company duly organized and existing under the laws of Israel, having its principal offices at 1 Netiv Haor Street, Haifa, 3508510, Israel, (hereinafter: "**IEC**"),

HQ and IEC hereinafter designated as a "**Party**" and collectively "**Parties**".

RECITALS :

- (A) Parties consider each other's expertise as very valuable and rich and could each benefit from a collaboration in the field of cyber security;
- (B) Parties wish to exchange on best practices in the field of cyber security.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1. DEFINITIONS

"Activities" means the activities identified in Article 6.

"NDA" has the meaning ascribed to it in Article 8.

"Specific Agreements" has the meaning ascribed to it in Article 6.

"Term" has the meaning ascribed to it in Article 9.

ARTICLE 2. OBJECT

The purpose of this MOU is to foster the collaboration between the Parties in the field of cyber security, as more fully detailed under Article 6. The collaboration is based on reciprocal benefits, efficiency and good faith.

ARTICLE 3. REPRESENTATIONS

Each Party represents to the other Party that:

- (i) It has all necessary powers and authorities to execute this MOU;
- (ii) The MOU does not violate rights conferred to a third party by virtue of a contract or by laws;

- (iii) It has not committed any act that may violate or compromise any obligation resulting out of this MOU; and
- (iv) That the execution of this MOU does not violate any applicable laws of its jurisdiction.

ARTICLE 4. PRINCIPLES

In conducting the Activities, Parties agree on the following principles:

- **Collaboration:** Parties intend to collaborate and exchange best practices by carrying out the Activities.
- **Efficient Tasks Allocation:** Parties will allocate duties and responsibilities for each chosen Activity fairly and efficiently, taking into account their respective experience and expertise and with a view to serve best common interests.
- **Good Faith, Transparency and Loyalty:** in the performance of the Activities, each Party will act in good faith, fairly, and loyally towards the other Party and with transparency.
- **Common Interest:** each Party will fulfill its obligations under this MOU in the common interest. Each Party will share its knowledge, experience and competency (subject to Article 8) required under this MOU.

ARTICLE 5. NON BINDING

This MOU sets forth the Parties' intent to collaborate in the field of cyber security and is intended solely to outline possible Activities to be performed by the Parties. This MOU is not binding (except with respect to confidentiality obligations stipulated under Article 8) and the Parties have no obligation to negotiate, or execute any Specific Agreement. Any and all binding collaboration for any Activities will be analyzed, legally and financially, on a case by case basis, and will, if the Parties mutually agree, be governed by a Specific Agreement.

ARTICLE 6. ACTIVITIES

Parties intend to collaborate in the field of cyber security. Such collaboration may include the following activities (the "Activities"):

- (i) Exchange of information regarding best practices (such exchange will be implemented under the confidentiality article).
- (ii) Setting up research or participating in existing research and development programs;
- (iii) Reciprocal hosted site visits;
- (iv) Stages (internships); and
- (v) Semi-annual discussion forums on:
 - Information and telecommunication cybersecurity strategies;
 - Evolution of cyber threat;
 - ICT cybersecurity measures; and
 - ICT and OT coverage: How to face this new challenge.

The Parties will confirm their mutual intent to carry out any of the Activities by executing a specific agreement setting out the Parties' duties and responsibilities (the "Specific Agreements").

It is emphasized that the information shared between the parties is needed in order to defend the parties against cyber threats only. The information will have no connection to the business activities of the parties.

ARTICLE 7. STEERING COMMITTEES AND ANNUAL MEETINGS

Parties intend to put in place a steering committee of three (3) representatives and three (3) substitutes for each Party.

The steering committee would meet twice a year or at such other frequency determined by Parties. Meetings will be held on a rotating basis in each of Québec and Israel and chaired by the hosting Party. Parties may agree to hold their meeting by conference call or any other means and decide by mutual agreement who shall chair the meeting.

The steering committee would be responsible for establishing an action plan together with timelines for Activities agreed to by the Parties, and follow-up on decisions and actions taken by the Parties.

The steering committee may choose, among each Party, a representative, who will be responsible to put in place the steering committee's decisions. Such representative may not be a member of the steering committee. The steering committee may request from such representative to present a written progress report and/or to assist to any of the steering committee's meetings.

The steering committee may present to each of the Party's president an annual written report on the Activities performed during the year.

Unless otherwise agreed between the Parties, each Party shall be responsible for its own costs and expenses related to the steering committee and the annual presidential meeting.

The steering committee may add activities to the Activities.

ARTICLE 8. CONFIDENTIALITY

Any exchange of information contemplated under this MOU shall be governed by the non-disclosure agreement to be executed concurrently herewith by Parties (the "NDA"), which NDA shall be in the form and content of the agreement set out in schedule I hereto.

Notwithstanding any other provisions in this MOU, and as set forth in the NDA, it is acknowledged that (a) IEC, as a government owned company, has certain disclosure requirements, and that any information disclosed by IEC due to such obligations shall be exempt from the provisions hereof and may be disclosed and (b) all or part of the Confidential Information may be deemed as "Inside Information", as this term is defined in the Israeli Securities Law, 1968 and that legal restrictions are imposed by Israeli Securities Law concerning the use of inside information by the holder thereof, and HQ hereby undertakes and covenants not to make any use of the Confidential Information in violation or in breach of the Israeli Securities Law.

ARTICLE 9. TERM

This MOU is effective as of the date appearing on the first page, and is in force for a period of two years (the "Term") unless a Party sends to the other Party a written termination notice.

At the end of the Term, the MOU may be renewed with the written consent of both Parties.

Unless otherwise agreed between the Parties in a Specific Agreement, the termination of the MOU shall not impact ongoing Activities at the time of the termination. Confidentiality obligations will survive any termination or expiry of this MOU, as set out in the NDA.

ARTICLE 10. LIABILITY

Neither Party will be liable to the other Party for any costs, expenses, risks, damages, or liabilities whether direct or indirect, arising out of the other Party's efforts, actions or inaction, in connection with this MOU, except with respect to breaches of confidentiality obligations, which will be governed by the NDA.

ARTICLE 11. COSTS AND EXPENSES

Unless otherwise agreed between the Parties, all costs, expenses and fees incurred by one Party in connection with this MOU and its performance shall be borne by such Party.

ARTICLE 12. NON-EXCLUSIVITY

The Parties agree that the performance of this MOU entails no obligation of exclusivity in their relationship with respect to any specific subject, including cyber security. This Agreement does not oblige either of the Parties to enter into specific agreements with the other Party and cannot be interpreted as conferring on one or the other of the Parties any exclusivity whatsoever in the awarding of specific agreements, or development of any projects or activities (including the Activities) in whole or in part.

ARTICLE 13. MISCELLANEOUS

- 13.1. The Parties acknowledge and state that this MOU is a complete and faithful reproduction of their respective intention with respect to the subject matter of the said MOU and that it supersedes and takes precedence over any verbal or written discussion or representation between the Parties.
- 13.2. The Parties have specifically agreed that the MOU as well as all other documents relating to this MOU, including notices, be written in English only.
- 13.3. Any amendment to the MOU shall be made in writing duly signed by both Parties with the exception of modification to Article 6 (Activities), which may be modified in accordance with Article 7.
- 13.4. This Agreement does not appoint, and shall not be construed as appointing, either Party as the representative, agent or mandatory of the other, or as creating a partnership or a joint venture between the Parties.
- 13.5. This MOU may not be assigned without the prior written consent of the other Party.

Without derogating from the generality of the aforesaid, each Party shall be entitled to assign and/or transfer and/or pledge the MOU or any obligation and/or right and/or benefit included in them to a subsidiary, or affiliate of such Party, and shall also be entitled to assign and/or transfer and/or pledge the MOU or any obligation and/or right and/or benefit included in them, to anyone, in the event of any change and/or structural division or sale of assets of the such Party which is/are required under any law, including, in the case of IEC, under the Electricity Sector Law, 1996, or the Government Companies Law, 1975, and/or pursuant to any decision of the Government decisions and/or according to the directive of an authorized

regulator and/or carried out with its/their approval. Such Party shall notify the other Party of any such assignment or transfer and/ or pledge in writing in advance.

- 13.6. All notices and other communications required to be made or given pursuant to this MOU shall be delivered to the Parties, in writing, by registered mail or courier, or by email at the addresses set forth below :

– **HYDRO-QUEBEC :**

To the attention of : **Christian Chaput**
Address : **333, boul. Jean-Paul Hogue**
St-Jérôme, Québec
J7Z 6Y3
email : **chaput.christian@hydro.qc.ca**

cc to Vice-President Legal Affairs
75, Blvd. René-Lévesque West, 4th floor
Montreal (Quebec) H2Z 1A4
Cellucci.sandro@hydro.qc.ca

– **Israel Electric Corporation :**

To the attention of: **Yosi Shneck**
Address : **1 Nativ HaOr**
Haifa, 31000
Israel
email : **yosi.shneck@iec.co.il**


Notices are deemed to be given on the date of their receipt.

ARTICLE 14. APPLICABLE LAWS - LITIGATION - JURISDICTION

This MOU shall in all respects be governed by, and construed in accordance with the laws of the England and Wales. If the Parties have a dispute and in good faith cannot resolve such dispute, then at the written request of either Party, the dispute may be referred to arbitration in London, England in accordance with the arbitration rules of the International Chamber of Commerce (ICC) in effect at the time; An arbitration conducted by a single arbitrator, shall be the sole forum for any dispute, and any decision by the arbitrator shall be final and binding on the Parties. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law.

IN WITNESS WHEREOF, the Parties have signed the MOU effective as of the date first set out above.

Hydro-Québec


Michael D. Penner
Chairman of the Board
Hydro-Québec

Israël Electric Corporation


Yosi Shneck
SVP, Information & Communication

SCHEDULE I Non-Disclosure Agreement

NON DISCLOSURE AGREEMENT

This Non Disclosure Agreement ("Agreement") is executed this ____ day of _____ 201_, between:

HYDRO-QUÉBEC, a corporation organized under the laws of the Province of Québec (*L.R.Q. Ch. H-5*), having a place of business at 75 Boulevard René-Lévesque West, Montréal, Québec Canada, H2Z 1A4 (hereinafter "**HQ**");

and

Israel Electric Corporation Ltd. a government owned company duly organized and existing under the laws of Israel, having its principal offices at 1 Netiv Haor Street, Haifa, 3508510, Israel, (hereinafter: "**IEC**");

HQ, IEC are hereinafter individually referred to as "Party" or collectively as "Parties or "Disclosing Party" and "Recipient" as the context may require.

The Parties have executed on the date hereof a Memorandum of Understanding for exchanges of best practices in the field of cyber security (the "MOU") pursuant to which they intend to collaborate in the field of cyber security, which collaboration may include the exchange or sharing of information. It is emphasized that the information exchanged or shared between the parties is needed in order to defend the parties against cyber threats only. The information will have no connection to the business activities of the parties.

The Parties wish to protect their intellectual propriety and ensure that all proprietary information they have developed is disclosed in accordance with the conditions set herein;

1. Confidential Information shall mean any information and data, including but not limited to proprietary, technical, developmental, marketing, sales, operating, performance, cost, know-how, business and process information, computer programming techniques, and all record bearing media containing or disclosing such information and techniques, which is disclosed pursuant to this Agreement. Confidential Information shall include without limitation any drawings, specifications, schematics, samples, models or prototypes, or parts thereof and shall further include information which, at the time of disclosure, is designated as confidential (or like designation), is disclosed in circumstances of confidence, or would be understood by a person exercising reasonable business judgment, to be confidential, whether disclosed or submitted, orally, in writing, or by any other media.

2. For the Purposes of this Agreement, Confidential Information is herein disclosed for the purpose of the performance of the Memorandum of Understanding for a Strategic Alliance in the field of Cyber Security (the "Purpose"). Obligations related to the Confidential Information shall remain in full force and effect until the occurrence of an event described under section 9 for that particular Confidential Information.
3. This Agreement does not grant any rights to use the Confidential Information except for the Purpose herein specified.
4. No Party shall use the name of the other Party in its presentations, publications, conferences and other information related to the Purpose unless it obtain prior written consent from the other Party.
5. The Parties intend to maintain the trade-secret status of their Confidential Information. The Disclosing Party agrees to make known to Recipient, and Recipient agrees to receive Confidential Information solely for use in connection with the Purpose and for no other purposes whatsoever. All Confidential Information delivered pursuant to this Agreement shall not be used by Recipient for any purpose, except as expressly stated herein, without the express prior written consent of the Disclosing Party.
6. All Confidential Information delivered shall not be copied, distributed, disclosed, or disseminated outside of Recipient's business organization, except with the prior written consent of the Disclosing Party. Recipient shall however, be permitted to copy, distribute, disclose or disseminate Confidential Information to its Representatives who have a need to know the Confidential Information in regard to the Purpose. For the purposes of this Agreement, "Representatives" means the Recipient's its directors, officers, employees, agents and representatives. Recipient shall clearly inform its Representatives, prior to providing them with Confidential Information, that they shall maintain the confidentiality of the information disclosed and use it for the Purpose only.
7. Recipient shall maintain the Confidential Information in confidence using the same degree of care which Recipient employs with respect to its own confidential information, but in no event maintained with less than a reasonable standard of care.
8. Recipient shall return to Disclosing Party all the Confidential Information including all copies and remove all data and Confidential Information from all electronic data systems and storage media within ten (10) business days after receipt by Recipient of a written request from Disclosing Party.
9. Recipient shall have no obligation however, in regard of information which:
 - (a) is already in the public domain at the time of disclosure;
 - (b) after disclosure, becomes available to the public through no breach of this Agreement by Recipient, but only after it has become known to the public;
 - (c) is received by Recipient independently from a third party without obligation of confidentiality;
 - (d) is independently developed by Recipient, without the assistance of the Disclosing Party, as evidenced by its business records.
10. In the event that, by virtue of a law, of a final court order, order of an administrative tribunal, or of a government regulation or directive, the Recipient finds itself obliged to

divulge Confidential Information (a "Required Disclosure"), such divulgence is not deemed to be a violation of this undertaking of confidentiality, providing that before the application of such law, order, regulation or directive, the Recipient who is subject thereto notify such situation to the Disclosing Party as it becomes known to it and that the Recipient cooperate with the Disclosing Party in the steps taken by the Disclosing Party to control the extent of the divulgence, or to obtain a order protecting the Confidential Information, or to ensure the confidential handling of the Confidential Information following such divulgence. Without limiting such obligation to notify the Disclosing Party to control the extent of the divulgence, allow for a protective order to be sought or ensure the confidential handling of the Confidential Information and unless legally prohibited in the specific circumstances, the Recipient subject to a Required Disclosure shall make reasonable efforts to submit the information it is about to disclose, to Disclosing Party, for its review and comments, taking into account the need to make such disclosure on a timely basis and leaving to the sole discretion of the Recipient the time and extent of the disclosure.

11. Nothing in this Agreement obligates Hydro-Québec or IEC to disclose any particular Confidential Information.
12. No warranties of any kind are given by the Parties with respect to accuracy, sufficiency, suitability or non-infringement of information disclosed. The Disclosing Party shall have no liability whatsoever for any damages, losses or expenses incurred by Recipient as a result of its receipt of information.
13. All right, title and interest in the Confidential Information shall remain the sole property of Disclosing Party and nothing contained herein, including the disclosure of any Confidential Information and materials which may accompany the disclosure, shall result in any obligation to grant Recipient rights therein. Nothing herein contained shall be deemed to limit or restrict the rights of the Disclosing Party to assert claims for patent or copyright infringement against Recipient.
14. This Agreement does not in any way bind the Parties to enter into a business relationship or any other transaction with each other.
15. This Agreement shall in all respects be governed by, and construed in accordance with the laws of the England and Wales. If the Parties have a dispute and in good faith cannot resolve such dispute, then at the written request of either Party, the dispute may be referred to arbitration in London, England in accordance with the arbitration rules of the International Chamber of Commerce (ICC) in effect at the time; An arbitration conducted by a single arbitrator, shall be the sole forum for any dispute, and any decision by the arbitrator shall be final and binding on the Parties. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law.
16. This Agreement may not be assigned without the prior written consent of the other Party.
17. Without derogating from the generality of the aforesaid, each Party shall be entitled to assign and/or transfer and/or pledge this Agreement or any obligation and/or right and/or benefit included in them to a subsidiary, or affiliate of such Party, and shall also be entitled to assign and/or transfer and/or pledge this Agreement or any obligation and/or right and/or benefit included in them, to anyone, in the event of any change and/or

structural division or sale of assets of the such which is/are required under any law, including, in the case of IEC, under the Electricity Sector Law, 1996, or the Government Companies Law, 1975, and/or pursuant to any decision of the Government decisions and/or according to the directive of an authorized regulator and/or carried out with its/their approval. Such Party shall notify the other Party of any such assignment or transfer and or pledge in writing in advance.

18. This Agreement shall become effective on the date of signature by both Parties and the Parties may terminate the Agreement by written notice to the other Party . The Parties' obligations hereunder shall survive the termination of this Agreement, for any reason whatsoever, and shall remain in effect for 2 years after such termination.
19. Neither Party shall disclose the existence or subject matter of the relationship contemplated hereunder or the possibility of a business engagement with the other Party. Notwithstanding any other provisions in this Agreement, it is acknowledged that (a) IEC, as a public and government owned company, has certain disclosure requirements, and that any information disclosed by IEC due to such obligations shall be exempt from the provisions hereof and may be disclosed and (b) all or part of the Confidential Information may be deemed as "Inside Information", as this term is defined in the Israeli Securities Law, 1968 and that legal restrictions are imposed by Israeli Securities Law concerning the use of inside information by the holder thereof, and HQ hereby undertakes and covenants not to make any use of the Confidential Information in violation or in breach of the Israeli Securities Law.
20. The Parties are aware that IEC is a Reporting Company (under Israeli Securities Law, 5768-1968 (the "Securities Law") and therefore is subjected to certain rules and regulations applicable to public traded companies, *inter alia*, the Securities Law. In the event that IEC becomes aware of any information relating to HQ that IEC reasonably determines it is required to disclose under the Securities Law, then HQ will, within a reasonable period after written request of IEC, but in any case in a manner that will enable IEC to timely meet its filing obligations under the Securities Law, provide to IEC any information requested by IEC in order for IEC to comply with its disclosure obligations under the Securities Law. Subject to the foregoing, HQ agrees that IEC shall be permitted to include in its Reports any and all information regarding HQ as it deems necessary to comply with applicable law, as amended from time to time; *provided* that any reasonable costs incurred by HQ, shall be borne and reimbursed by IEC. This section is subject to procedure stated in Section 10 of this Agreement.

DOCUMENT FINAL

12

21. It is hereby agreed that any public announcements made in connection with the MOU and this Agreement, shall be agreed in advance by IEC and HQ.
22. The Agreement may be executed in counterparts and by facsimile machine or by electronic mail, each of which will be deemed to be originals and all of which counterparts will constitute one and the same document.

IN WITNESS WHEREOF, the Parties have signed this Agreement effective as of the date first set out above.

HYDRO-QUÉBEC



Michael D. Penner
Chairman of the Board

IEC



Yosi Shneck
SVP, Information & Communication
Yosi Shneck