

**EUROSMART
INTERNATIONAL NON-PROFIT ASSOCIATION**

Rue de la Science 14b – 1040 Etterbeek
1000 BRUSSELS

Consolidated Articles of Association – 29 January 2020

Formation

Article 1. The EUROSMART Association (hereinafter “the Association”) is hereby formed between the parties, which created it, and the members, which have joined it or will join it. Said Association is subject to the Belgian Companies Code on Companies and Associations of 23 March 2019.

The Association, which represents the Digital Security Industry, is committed to expanding the Digital Security market and developing Smart Secure Devices and Secure Software and their related standards. The Association is committed to continuously improve the quality, the tamper resistance to potential attacks and the security of these Smart Secure Devices and Secure Software.

A Smart Secure Device is a smart object which contains a secure IC (integrated component) and embedded software and supports provisioning of personal and non-personal data by the issuer or other relying parties; the main purpose is to offer human to machine as well as machine to machine security services such as encryption, data integrity, user electronic identification and electronic authentication, biometric services and secure storage. It comes in multiple form factors such as traditional smart card, smart USB token, smart micro SD, wearable, HSM (Hardware security module), embedded and integrated secure element.

A Secure Software is a piece of code running on any professional or commercial device. It is designed to be resistant to potential attacks in order to protect the essential assets such as personal and biometric data, keys, and trusted execution. It integrates privacy by design principle and is certified by third party certification body.

The Association will not make any direct or indirect profit distributions.

The Association is formed in order to achieve the following objectives:

1. Promote European values in the digital world:
 - a. Privacy by design and by default;
 - b. Security by design and by default;
 - c. Encryption by design and by default;
2. Contribute to the leadership of the European Cybersecurity Industry;
3. Promote strong digital identity by:
 - a. Contributing to the European and International Standardisation efforts;
 - b. Communicating on the benefits of strong digital identity to the relevant stakeholders;

- c. Designing specific technical documents and reports to improve interoperability;
4. Fight against fraud on physical documents;
 5. Promote Smart Secure Devices and Smart Secure Devices systems by:
 - a. Encouraging open system design;
 - b. Encouraging interoperability of components and systems;
 - c. Promoting high security image around Smart Secure Devices applications;
 - d. Defending the reputation and ethics of the Digital Security Industry including by fighting counterfeiting or violations of intellectual property rights.
 - e. Standardise Smart Secure Devices, Secure Software, and Smart Secure Devices systems by:
 - i. Orienting the content of standards and promoting European standards world-wide;
 - ii. launching initiatives for building common specifications for future applications and protection profiles;
 6. Provide a forum for the exchange of marketing and technical data by:
 - a. Generating statistics and market surveys;
 - b. studying specification of common interest;
 7. Define a consistent range of quality and security levels by:
 - a. defining test standards for component integrity and quality;
 - b. approving access to laboratories for testing;
 - c. proposing certification schemes to the community;
 8. Guide international and national bodies, such as inter alia:
 - a. working on trade issues;
 - b. initiating European R & D projects;
 9. Monitor and guide the national, European and International legislations in all relevant topics;
 10. Inform and educate institutions, prescribers and end-users;
 11. Develop a network of expertise.

The objectives and activities of EUROSMART will be in accordance with national and European competition laws and regulations.

Duration

Art. 2. The Association is established for an unlimited period.

Registered office

Art. 3. The Association's registered office –is located in the Brussels region.

The registered office may be transferred by a decision of the majority of the Board.

Membership Structure

Art. 4. Membership types

The Association is made up of:

- Senior members
- Executive members
- Full members
- Associate members

Senior, Executive and Full Members belong to one of the following colleges:

- a) Vendors and national printers
- b) Testing Inspection Certification, security accreditation companies and laboratories
- c) Small and Medium Enterprise

Art. 4 a) Senior members

Composition

The following companies are Senior members:

- Giesecke+Devrient Mobile Security
- Idemia
- Infineon
- NXP
- STMicroelectronics
- Thales DIS

Rights and benefits

Senior members are entitled to:

- Appoint a representative acting as permanent member of the Board

In addition, the rights and benefits as described in Annex A, which is part of these Articles of Association, apply.

Art. 4 b) Executive members

Composition

Executive members are solutions and services providers in the smart security area. They are:

- Smart Secure Devices manufacturers, including Smart Cards manufacturers;
- Smart Secure Devices integrated circuit manufacturers;
- Manufacturers of terminals Smart Secure Devices accepting devices;
- Manufacturers of equipment accepting Secure Devices (including personalisation machines);
- System integrators, software or service houses industrialists;
- System integrators;
- Technology providers, in the field of biometry encryption, blockchain, digital identity, trust services, cybersecurity, border control.;
- Start-ups and SMEs of the Digital Security Industry ecosystem;

- Security and functional evaluation and test laboratories; or
- Security accreditation and certification companies

Rights and benefits

Executive members are entitled to:

- Present a candidate for a rotating board seat

In addition the rights and benefits as described in Annex A, which is part of these Articles of Association, apply.

Art. 4 c) Full members

Composition

Full members are solutions and services providers in the smart security area. They are:

- Start-ups and SMEs of the Digital Security Industry ecosystem;
- Smart Secure Devices manufacturers, including Smart Cards manufacturers;
- Smart Secure Devices integrated circuit manufacturers;
- Manufacturers of terminals Smart Secure Devices accepting devices;
- Manufacturers of equipment accepting Secure Devices (including personalisation machines);
- System integrators, software or service houses industrialists;
- System integrators;
- Technology providers, in the field of biometry encryption, blockchain, digital identity, trust services, cybersecurity, border control;
- Security and functional evaluation and test laboratories; or
- Security accreditation and certification companies.

Rights and benefits

The rights and benefits as described in Annex A, which is part of these Articles of Association, apply.

Art. 4 d) Associate members

Composition

Associate members are non-for-profit legal entities such as universities, educational institutions, public and governmental agencies and professional associations. They have an interest to stay abreast of the digital security technology and can benefit to the Association's expertise and global activity.

Rights and benefits

Associate members are non-for-profit legal entities that could bring their expertise in different areas related to digital security. Those non-profit organisations that have the interest and ability to join are entitled to do so. Rights and benefits as described in **Annex A**, which is part of these Articles of Association, apply. In addition Associate members may give presentations on behalf of the Association (only after approval of the Board).

Executive and Full members subsidiaries status

Art. 4 e). The Executive and Full members subsidiaries (i.e. 50% or more of their shares are held by an Executive or Full member company) may join the Association as Executive or Full Members.

Mergers and acquisitions

Art. 4 f). Impact of mergers and acquisitions on board seats

The number of board seat per member company is restricted to one. In case a Senior or Executive member merges with another Senior or Executive member and each of them is holding a permanent or rotating Board seat, the new merged entity will retain only one of the two board seats. The Board will propose a change of the Articles of Association in **Art. 4a)** to reflect the new situation. The proposed change needs to be approved by the Extraordinary General Assembly.

In case a Senior member is acquired by another company, the membership level of the acquired Senior member will be reconsidered and, if appropriate, the Board will propose a change to the Articles of Association to update the list of Senior members as defined in **Art. 4a)**. When reconsidering the membership level of the acquired Senior member, the Board shall take the membership status of the acquiring company into account. The proposed change to the Articles of Association needs to be approved by the Extraordinary General Assembly.

Admission of new members

Art. 5. Any application for membership shall be presented in writing to either the President, any Board member or the Director General of the Association.

The application of any company or organisation which fulfils the conditions set up in **Art. 4 a)-f)** to be a member will be evaluated and approved by the Association's Board by simple majority. If the application is accepted, the General Assembly will be informed accordingly.

Rejections of applications for membership shall be in writing and shall state the reasons therefore.

Applicants to whom membership is denied shall be heard by the General Assembly if they request so in writing, and their application shall be submitted to a second vote to the General Assembly thereafter.

Resignation, removal from membership

Art. 6. Any member may leave the Association, upon payment of fees due and written notice of its resignation to the Board three months before the end of the accounting period.

The General Assembly, voting by a two thirds majority, may exclude any member whose behaviour is considered incompatible with the missions of the Association.

Membership of a company shall be reviewed in case of merger or change of control to check that the company still carries out an activity in line with the Association's admission requirements.

In case a Senior member undergoes mergers or acquisitions, **Art. 4 f)** applies.

Any member which is subject to a removal procedure has a defence right before the General Assembly which shall hear the member concerned before taking a final decision.

Reasons for the exclusion of a member from the Association shall be given in writing, if that member has so requested in writing.

Any member which, after a reminder, has not paid its fee is automatically excluded as a member by the General Assembly and charged for any other cost, including legal cost, borne by the Association.

Members who have resigned or been excluded may not claim any right on the Association's property nor may they recover any sums paid by them, either in the form of fees or in any other form.

Confidentiality

Art. 7. Members of the Association will refrain from using, copying or disclosing without prior permission any confidential information brought to their knowledge within the framework of the Association's activities or belonging to other members.

The Board

Art. 8. Composition of the Board

The Board is composed of 6 permanent board seats and 3 rotating board seats. Senior members as defined in **Art. 4 a)** are eligible for a permanent board seat. Rotating board seats are open to Executive members.

The Board consists of a President, Vice-Presidents and a Treasurer. The President is appointed as defined in **Art. 11**. The Treasurer is appointed by the General Assembly. All other Board members are Vice-Presidents.

The rotating Board members are elected by the General Assembly for a one-year term of office which may be renewed for a second consecutive term of office. Each candidate for a rotating Board seat shall provide a supporting letter from the employing member company confirming that the candidate will get the resources (budget and time) required to act as a Board member. In addition the letter shall state that both the member company and the Board member are committed to actively contribute to the work and to act in the interest of the Association.

Rotating seats should be shared between the three colleges as defined in **Art. 4**, ideally 1 seat per college. In case there is no candidate for a particular college the seat is available for other colleges.

Art. 9. Responsibility of the Board

The Board acts by mandate of the General Assembly in order to ensure the Association official representation, efficiency in application of decisions and implementation of the annual budget approved by the General Assembly.

Any day-to-day management and operational work of the Association is handled by the Board. As such, the Board:

- Decides to create and close Committees, Working Groups and Task Forces;
- Defines the long-term Action plan (three years);
- Guides the definition and implementation of the Committee roadmaps;
- Decides in case of deadlock within a Committee;
- Proposes the annual budget to the General Assembly;
- Proposes the amount of the annual membership fees to the General Assembly;
- Validates the application of new memberships;
- Acknowledges the resignation of membership upon payment of fees due and written notice of its resignation;
- Approves the annual budget for all purchases, transfers of property, rentals, borrowings and lending necessary to the activities of the Association, with or without mortgage,
- Adopts and amends the Rulebook of the Association;
- Decides on special welcome fees to new members;
- In case of crisis management, the Board decides on the official position the Association should take, the strategy of communication and the possible actions of the Association. The Board can seek for Committee or General Assembly support;
- Validates white papers, technical papers, position papers, letters and communication content prepared by the Committee and/or the Brussels Office;
- Validates press releases prepared by the Committee and/or the Brussels Office;
- Decides on members' participation and speaking slots to public events on the proposal of the Communication Committees. The Board decides which slots to take and who is entitled to make the presentation.;
- Validates the organisation of events proposed by a Committee and/or the Brussels Office;
- Draws up the annual accounts for the previous financial year and submits them to the General Assembly for approval;
- Prepares the budget for each financial year and submits it to the General Assembly for approval.

Art. 10. Board Meetings

Board meetings take place on a regular basis. They take place either virtually (conference call) or face-to-face. The Director General of the Association shall attend all Board meetings without voting right. Every decision taken by the Board shall be documented by the Director General and meeting minutes shall be approved by the Board at the following Board meeting. All decisions will be presented to the General Assembly for information.

The President takes the Chair. In case the President is not present at the meeting, a Vice-President as appointed by the majority of the members present at the Board meeting takes the Chair.

Art 11. Representation

Notwithstanding the general representation powers of the board of directors acting as a collegial body, the Association is validly represented in all legal proceedings and vis-à-vis third parties by the President and the Director General acting jointly;

The association is also validly represented by the Director General within the limits of the day-to-day management of the Association.

Responsibilities of officers

Art. 12. The President

The President acts on behalf of the Association, subject to prior approval by the Board.

The President shall have the authority as determined in the Rule Book of the Association.

The President is appointed by the Board amongst all permanent Board members following a rotation principle. The presidency changes from one Board member to another Board member every 6 months.

The rotating order is agreed between permanent Board members and can be updated from time to time. If no agreement emerges between eligible candidates for the next presidency, a vote is organized between all permanent Board members to determine who from the eligible candidates will be the next President. Conversely, a permanent Board member who is the only eligible candidate for the next presidency can skip his/her turn for this next presidency.

If the Board agrees unanimously, a President can serve one or several additional consecutive terms of office for a maximum of 4 consecutive terms of office in total.

Art. 13. The Director General

The Director General runs the daily operations of the associations as described in a separate job description document. Amongst other tasks he or she takes minutes of both the Board and General Assembly meetings. For the benefit of the members, he or she keeps a special register which contains the resolutions of the General Assembly. He or she carries out all useful formalities in this function.

Non-remuneration

Art. 14. Members of the Board and General Assembly receive no remuneration for their services.

Expenses and outlays incurred in the course of duty, other than travel and accommodations expenses linked to the attendance to the Board Meetings, Committees and General Assembly could be reimbursed upon request and upon Board approval with proof of disbursement under special circumstances.

Funds

Art. 15. The Association's funds come from:

- annual fees paid by members;
- gifts or subsidies from private individuals or public or private organisations ;
- charges paid by members for taking part in special programmes and specific activities ;
- sums received from funds, subsidies and receipts not forbidden by law.

The use of these funds will be determined by the General Assembly in pursuance of the objects of the Association and accounted for by the Treasurer.

Membership Fees

Art. 16. The amount of the annual fee due by members is proposed every year by the Board and ratified by the General Assembly.

If the General Assembly meeting cannot be held, or if no decision can be reached, the amounts for the previous year automatically remain in force.

Liability for financial commitments

Art. 17. The Association is liable for the financial commitments made in its name only up to its own property. No member of the Association may, under any circumstances, be held personally liable for such commitments.

Accounting period

Art. 18. The budget of the Association is drawn up for the period from the 1st of January to the 31st of December of each year.

Accounts

Art. 19. Accounts will be kept so as to produce annually an income statement and a balance sheet which must be approved by the General Assembly.

The General Assembly

Art. 20. Composition

The General Assembly of the Association is made up of Senior, Executive and Full members. Associate members are invited but without voting right.

Art. 20 a) General Assembly Meeting

The General Assembly meets as often as the interests of the Association require and at least twice a year. Notifications to attend will be circulated to all members at least four weeks in advance. Any member may propose agenda items to the Board within one week, i.e. three weeks

prior to the General Assembly meeting. The agenda is fixed by the Board, by majority vote. The final agenda will be circulated at least two weeks prior to the General Assembly Meeting.

The President, assisted by the Board, takes the Chair. In case the President is not present at the meeting, a Vice-President as appointed by the majority of the members present at the General Assembly meeting takes the Chair.

General Assembly Meetings can be convened by the President, by at least two of the members of the Board, by one third of the General Assembly or by the statutory auditor, if any.

Art. 20 b) General Assembly Quorum

The attendance or representation of one half of the voting members of the General Assembly is required for its decisions to be valid. A member (other than an Associate member) may be represented by another member (other than an Associate member), and may accept up to two proxies from another member (other than an Associate member). Should the quorum not be reached, a new General Assembly Meeting will be convened after an interval of at least two weeks. Its deliberations shall be valid irrespective of the number of voting members present or represented.

Decisions at the General Assembly are by simple majority vote of the members present or represented.

The General Assembly may admit to its meetings any person useful to its deliberations, but without voting right.

Art. 20 c) Decisions through electronic voting

If the decision on a matter cannot be deferred until the next General Assembly meeting, the President, having consulted the Board, may submit such a matter to an approval through electronic voting (unless these articles of association expressly provide that a meeting shall be held).

The decision is adopted in accordance with the same quorum and majority as required for decisions taken by the General Assembly meeting. The voting procedure and instructions will enable to vote in favour (yes), against (no) or to abstain. The abstention votes and null and void votes are not taken into account in order to determine whether or not the required majority has been achieved.¹ Non-respondents are not taken into account in order to calculate whether the majority has been achieved. For the purpose of calculating whether the quorum is reached, abstention voters are considered present and non-respondents are considered absent.

The identity and the capacity of the persons casting a vote on behalf of Senior, Executive and Full members will be verified through appropriate technological means.

Whenever the electronic voting procedure is applied, the President shall ensure that all Senior, Executive and Full members are aware that a vote is sought by electronic procedure. If the President or the relevant person sending the email invitation for the purpose of the electronic

¹ For example, if 180 votes are expressed, the simple majority will be 91 votes in favour. Members who did not vote at all (non-respondents) are disregarded in order to calculate the majority. If 80 votes are in favour, 60 votes are against and 40 votes are abstentions, the required majority is reached.

vote receives an “out-of-office” message accompanied by the request to address another person/address for urgent matters, then he/she must forward that message to the address indicated.

The invitation to the electronic voting shall set out clearly the timescale for such voting. Members should be given an appropriate period of time to prepare the vote, with a minimum of 10 working days as from the issuance of the invitations to vote.

All practical instructions for the electronic vote will be included in the communication to the Senior, Executive and Full members. The electronic vote is secret. The President will inform all Senior, Executive and Full members of the outcome of the vote within 3 working days after the end of the electronic procedure.

Art. 20 d). Meeting minutes

The minutes of General Assembly meetings, together with the duly signed attendance sheets, are recorded by the Director General in the minute book and signed by the President and a member (other than an Associate member).

The Director General may deliver certified copies.

Art. 20 e). Powers of the General Assembly

The General Assembly approves the long-term strategy (three years) of the Association, and decides on the resources to be employed.

The General Assembly approves the overall annual budget, transfers of property, rentals, borrowings and lending necessary to the activities of the Association, with or without mortgage.

The General Assembly receives reports on the Boards activities and decisions, approves the accounts of the preceding financial year, vote the budget for the coming financial year, fixes the amounts of annual fees, ratifies any decision taken by the Board on the creation or closure of Committees and debates all the items on the agenda.

Each Senior, Executive and Full member has one vote. It is specified that the representative of each member at the General Assembly is its permanent representative in the Association, or another employee of the same corporate body duly accredited by a written proxy from the permanent representative.

Each member shall appoint its permanent representative and notify such appointment to the Association.

Any member may give a proxy to another member empowering it to represent it and vote in its name at the General Assembly Meeting. Each member may not receive more than one proxy from Executive members.

If the General Assembly cannot be held in accordance with the rules or if no decision can be reached, the budget for the following year will be the same as that for the preceding year, as an interim measure.

Extraordinary General meeting

Art. 21. Only an Extraordinary General Assembly meeting is empowered to make any alteration to the Articles of Association or to decide to dissolve the Association.

The Extraordinary General Assembly meeting is convened by the Board or at the request of fifty per cent of the Association's Senior and Executive members, and the quorum should be at least two thirds of Senior and Executive members, unless otherwise stated in **Art. 22** and **Art. 23**.

The Extraordinary General Assembly is convened under the same rules as the General Assembly.

Alteration to the Articles of Association

Art. 22. The Articles of Association may be altered by the Extraordinary General Assembly meeting on the proposal of the Board or of at least one fourth of the Association's voting members.

The General Assembly's deliberations are only valid if two thirds of the Association's voting members are present or represented.

Should this quorum not be reached, a new Extraordinary General Assembly meeting is convened after an interval of at least two weeks. It then deliberates on the same agenda, irrespective of the number of voting members present or represented.

Decisions are taken by two thirds majority of the votes of the members present or represented.

Modifications of the Articles of Association are published in the Annexes of the Belgian State Gazette.

Dissolution of the Association

Art. 23. The Extraordinary General Assembly may resolve to dissolve the Association and provide for the attribution of any property it may possess on the proposal either of the Board or of at least one half of the Association's Senior and Executive members.

It determines the conditions of dissolution. It designates among the Executive members one or several liquidators responsible for liquidating the Association's property, invested with wide-ranging powers to realise its assets and discharge its liabilities.

After achievement of settlement operations and, if needed allocation of running costs representing the outstanding financial commitments, the assets in excess will be allocated to associations with similar or related objectives, in accordance with the General Assembly resolutions. Members have no rights on the Association assets included partial or total reimbursements of payments or cash donations made by members to help the Association.

The Extraordinary General Assembly meeting's deliberations are only valid if two thirds of the Association's voting members are present. Should this quorum not be reached, a new Extraordinary General Assembly meeting is convened after an interval of two weeks. It may then deliberate irrespective of the number of voting members present or represented.

Dissolution requires a two-thirds majority of the votes of the voting members present or represented.

Dissolution of the Association must be published in the Annexes of the Belgian Monitor.

Minutes of meetings

Art. 24. The minutes of meetings and the duly signed attendance sheets are recorded by the Director General in the minute book and signed by the President and a member of the Board.

The Director General may deliver certified copies to third parties.

Rule Book

Art. 25. The General Assembly may draw up a Rule Book to complete the present Articles of Association by setting out the rules and regulations governing the internal affairs of the Association and its organs.

IPR policy

Art. 26. Adoption of an IPR policy

In case an IPR policy is created or modified it has to be adopted by the General Assembly by a majority of at least 71% of member votes before it becomes effective. This IPR policy will be based on fair, reasonable and non-discriminatory (FRAND) terms and conditions.

Antitrust compliance

Art. 27. Antitrust Compliance Guidelines

A separate document describing the Association's Antitrust Compliance will be created and adopted by the General Assembly by single majority vote. Any amendments to the Antitrust Compliance Guidelines must be decided by the General Assembly by single majority vote. The Association and its members shall at all times comply with the Antitrust Compliance Guidelines. More in general, the Association and its members are committed to comply with antitrust rules at all times.

Formalities

Art. 28. The President, on behalf of the General Assembly, is responsible for carrying out all the formalities of registration and publication required by current legislation.

The bearer of the present Articles of Association has full powers to carry out these formalities.

Written form

Art. 29. No additional agreement has been made orally. Any change or addition to this agreement must be in writing to be effective. This also applies to any agreement concerning the written form requirement itself.

Delegation

Art. 30. Without the prior consent of the General Assembly, no Member is entitled to delegate or assign any of its rights or obligations under this agreement or under any separate instrument deriving from this agreement, to a third party.

Severability

Art. 31. If any provision of this document is or becomes legally ineffective, the validity of the remaining provisions shall not be affected thereby. Any ineffective or inadmissible provision shall be replaced by a legally effective provision that comes as close as possible to the intentions of the parties hereto.

Copies

Art. 32. By its signature, each party acknowledges, that it has received one original copy.

Unspecified provisions in Articles of Association

Art. 33. Any provision concerning the Association and not specified in the Articles of Association shall be settled in accordance with the Code on Companies and Associations of 23 March 2019.

Annex A: Overview on rights and benefits for each membership level

Membership level:	Senior	Executive	Full	Associate
Number of board seats	6	Up to 3	0	0
Number of votes:				
Board level	1	1	0	0
General Assembly (GA)	2	2	1	0
Extraordinary GA	2	2	1	0
Committee / WG	1	1	1	1
Type of organisation	List of companies as defined in Art. 4a	Companies matching the criteria defined in Art. 4b and 4c	Companies matching the criteria defined in Art. 4c, in particular Small to Medium size Enterprises and Startups	Organisations matching the criteria defined in Art. 4d
Eligible for permanent Board seat	Yes	No	No	No
Eligible for rotating Board seat	No	Yes	No	No
Presidency	Yes	No	No	No
Treasurer	Yes	Yes	No	No
Voting Right at the General Assembly	Yes	Yes	Yes	No
Participation in the General Assembly	Yes	Yes	Yes	Yes
Committee or Working Group chairman or co-chairman	Yes	Yes	No	No
Committee participation	Yes	Yes	Yes	Yes
Right to propose initiatives	Yes	Yes	Yes	Yes
Publish dedicated articles on relevant use cases and technologies	Yes	Yes	Yes	No
Lead specific advocacy campaigns	Yes	Yes	No	No
Receive electronic newsletter	Yes	Yes	Yes	Yes
Benefit from preferred status in Eurosmart marketing material	Yes	Yes	Yes	No
Web appearance on Eurosmart website (logo and link to company web site)	Yes	Yes	Yes	Yes

Membership fee based on turnover and level	22.400€ >300 mio€ 16.800€ <300 mio €	22.400€ >300 mio€ 16.800€ <300 mio € 2.500€ < 5 mio € (this fee is introduced to enable SMEs and Startups to become Executive member making them eligible to apply for a rotating Board seat).	11.200€ > 50 mio € 5.500€ if 5-50mio€ 1.120€ < 5mio €	0€
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