



ANNEX 4

NSO GROUP TECHNOLOGIES LTD. RESPONSE TO AMNESTY INTERNATIONAL, PRIVACY INTERNATIONAL, AND THE CENTRE FOR RESEARCH ON MULTINATIONAL CORPORATIONS (SOMO) LETTER

2 MAY 2021

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May 2, 2021

Ms. Danna Ingleton
Deputy Director, Amnesty Tech
Amnesty International UK

Ms. Roberta B. Cowan
Senior Researcher,
Centre for Research on Multinational Corporations (SOMO)

Dr. Ilia Siatitsa
Programme Director and Legal Officer
Privacy International

Dear Ms. Ingleton, Ms. Cowan and Dr. Siatitsa:

We received your five letters dated April 16, 2021 (the “Letters”), seeking information about legal entities and individuals named in your forthcoming report regarding the “corporate structure of ... NSO Group” (the “Report”). We appreciate this continued dialogue with Amnesty International and welcome the new dialogue with SOMO and Privacy International. We are pleased to provide our preliminary observations followed by responses to your specific questions.

As we have made clear, we are committed to promoting transparency wherever possible and are currently in the process of drafting our first transparency report, consistent with our commitment to responsible business practices, which we intend to issue by June 2021. At least some of the questions you pose will be answered in that report. Nonetheless, we are pleased to provide you with insight into this information and respond to the issues that you have raised. While it appears that you may have spent some time gathering the information that forms the basis of the questions, in the future, it may be more efficient simply to ask us for it.

Our answers to your questions appear below. By way of introduction, as you are aware, while our corporate mission is to create technologies to help government agencies prevent and investigate terrorism and crime – to save lives – we are aware of the risk of potential misuse of our products. This is why we have designed a human rights program that seeks to align with the UN Guiding Principles on Business and Human Rights (UNGPs) to the maximum extent feasible. While we believe we have the leading program in our sector, we are committed to continuous improvement, including through ongoing engagement with Amnesty International, SOMO, Privacy International and other stakeholders. We also call on others in the field to do the same, and develop in collaboration with a range of experts best practices in this field.

In addition to the requirements of our own program, we also face close scrutiny from Israel’s Defense Export Control Authority. We are aware, of course, that Amnesty International has questioned and



sought to challenge its compliance approach. However, a recent decision by the Tel Aviv Administrative Court confirmed:

....that the process of supervising and processing applications for marketing and/or defense export licenses is a sensitive and rigorous process, in its framework the export applications are reviewed in depth by the various security authorities that deal with the various security and diplomatic aspects, as well as technological and other aspects. Licensing is done after a very strict process, and after the license is granted, the Authority conducts close supervision and monitoring, and if necessary, and if it is found that the use of the license conditions is violated, especially when there are violations human rights, they take action to revoke or suspend the defense export license...

I am satisfied that Respondents 1-4 do their job very prudently before a marketing and/or export license is granted and also after it is granted the holder of the license is subject to close monitoring by DECA, which shows a particularly high sensitivity to any violation of human rights.

Administrative Petition 28312-05-19, Malka et al. v. The Head of the Defense Export Control Authority et al. We raise this not to suggest that the oversight and processes associated with our products cannot be improved, but as a gentle reminder that our internal frameworks supplement an “in depth” legal regulatory one.

With respect to the references to previously reported, alleged misuse included in the Report, we have responded to you in each instance at the time that you raised your allegations. We will not repeat each of our responses at this time.

Organizational Structure

As you noted, the organizational structure of our company has resulted from various acquisitions, investments and mergers. This was never intended to be used as a shield to hide our corporate identity for any nefarious or other reason but rather reflects the reality of growth through acquisitions. For clarity in this letter, when we refer to the “Group” we are referring to the whole group of companies in the corporate structure beginning with Triangles Holdings SA.

Grievance and Investigation Process

As we previously shared with you (please see our letter to you dated October 4, 2020), under NSO’s written procedures, when a concern is lodged, we immediately initiate a preliminary investigation. This preliminary inquiry is led by our Vice President, Compliance, typically in consultation with independent outside counsel. As part of this process, at the outset, when the circumstances warrant, we will suspend the customer’s ability to use our products until the investigation is concluded. We then seek to determine whether a full investigation is warranted.

Where the allegation appears credible, we launch a full investigation. This process is overseen by a board-level committee, the Governance, Risk and Compliance Committee (“GRCC”). Where we



determine that a customer has misused our system, or appears to have targeted individuals for reasons inconsistent with legitimate aims under international human right norms – which is required under the terms of our agreement – we take immediate remedial action. Such action can range from termination of the agreement, instituting additional protections, and other steps.

We take this process seriously and follow this process in connection with every concern that is raised. We do not seek any restrictions on individuals who submit grievances, including seeking a waiver of rights, requesting confidentiality as to the concern being raised, or constraining remediation through alternative processes.

Responses to the Letters

We also provide the following, consolidated responses to the questions raised in the Letters:

1. The shareholders of NSO Group Technologies Ltd. are Q Cyber Technologies Ltd. and NSO Group Technologies Ltd. itself. Under Israeli law a company may hold its own shares in various instances (such as a buyback). As a result, the full ownership rights of NSO Group Technologies Ltd. are held by Q Cyber Technologies Ltd. (Please see the attached extract from Israel's Companies Registrar).
2. There is currently no relationship between Westbridge and Francisco Partners. The ownership of Westbridge was acquired as part of the transaction between Novalpina and Francisco Partners in 2019. The current CAGE registration information is incorrect. Thank you for bringing this to our attention. We shall act to correct this.

In the United States, our marketing activities are focused on all legitimate *governmental* users for our Group products in accordance with local laws. Due to various confidentiality constraints we cannot provide specific details, if any, about customers in the US. With respect to the terms referred to in your question "Q Suite" and "Phantom," these are not terms that the Group currently uses in its marketing activities. Moreover, we cannot state with certainty what a former employee meant by their use of the term "Q Suite." We assume, probably like you, that this former employee was referring to the various technologies marketed by the Group as they pertain to the market in the United States. Based on the language of the brochure, it would seem that Phantom was a marketing name given to a version of Pegasus at some period of time.

3. As a shareholder, Novalpina appoints members to the Group Boards of Directors for Triangle Holdings S.A. and OSY Technologies S.a.r.l. and various committees of those boards, each of which provides strategic direction regarding the activities of the Group. Novalpina is not involved in the day to day, operational activities of the Group, which is the responsibility of Group management. As with any corporation, senior management may consult from time to time with members of the Board on various matters, but Board members are not involved directly in day to day activities.



4. Group products are exported in accordance with all applicable export regulations and relevant export authorities, including Israel's Defense Export Control Law ("DECL"). Group entities export products from Israel, Bulgaria, and Cyprus, and their respective export control authorities.

We do not maintain statistics related to the percentage of licenses denied because we do not believe this provides much insight into our activities. The percentage of licenses denied does not reflect the number of countries where we will not sell Group products (i) based on our internal policies or (ii) because we know that the relevant authorities will not authorize an export license. Moreover the percentage of licenses denied could be skewed by the overall number of requests, ranging from a 50% denial rate if only one of two requests is denied as compared to a 5% denial rate if one of twenty requests is denied. However, although we do not have statistics, we confirm that export authorities in Israel, Cyprus and Bulgaria have denied Group applications for export licenses.

Q Cyber Technologies SARL acts as a commercial distributor for the products of the Group companies, as such it signs contracts, issues invoices and receives payments from Group customers. These activities are the basis for reported income. Revenues are recognized in accordance with Generally Accepted Accounting Principles and audited by a leading global auditor. Q Cyber Technologies SARL does not export Group products and has not sought an export license in Luxembourg.

5. The GRCC is comprised of one independent Director, the Group CEO, and at least two additional directors, one of whom is the Group General Counsel. There is no specific or additional compensation for GRCC members. Neither the executive members or board members receive any compensation beyond their existing compensation from the Group.

The Board of Directors of OSY Technologies SARL appoints the GRCC. The GRCC is responsible for approving, monitoring and reviewing the Group's policies regarding governance, risk and compliance, as well as having a veto right on certain of the Group's business opportunities, including the Group's products and services, in accordance with the Human Rights Due Diligence Procedure and overseeing the Group's adherence to our corporate social responsibility principles. The GRCC advises every company in the Group, including, but not limited to IOTA and its subsidiaries.

The Group obtains advice on Human Rights issues from a group of internationally recognized advisers that have significant experience in the fields relevant to our activities. Further details on these matter shall be provided in our Transparency Report.

GRCC members have significant and varied experience and expertise. Our General Counsel has been a General Counsel of large defense corporations for over three decades, is an expert on International Law, has over a decade experience in compliance, and is recognized as one of Israel's leading authorities in this field. Another board member on the GRCC is a founder of a leading provider of AML services, and has many years of compliance experience. The independent director brings many years of high level experience to the GRCC.



6. CT-Circles Technologies Ltd. is not part of the Group. We do not have any details regarding this entity.
7. ESOP is a company that held shares and options on behalf of employees of the company as part of the Company's Employee Stock Ownership Plan. Applicable tax regulations require establishment of such an entity in order for the Employee Stock Ownership Plan to meet the requirements for tax benefits.
8. The board of directors of Triangles and its committees meet on a monthly basis to discuss various matters, including matters related to the strategic direction of the Group and regulatory affairs, in accordance with the Triangle Holdings Article of Association. In particular, the Triangles Board adopted various procedures for the implementation of the Group's Human Rights Policy, including the Human Rights Due Diligence Procedure and Product Misuse Investigation Procedure and periodically discusses human rights issues related to the group's activities. The GRCC, which as stated above is a committee of the OSY Board of Directors, meets on a monthly basis and its discussions relate to the human rights issues of the group's activities.
9. NSO Group companies engage in the following activities:
 - NSO Group Technologies Ltd. and Q Cyber Technologies Ltd. develop, market and export Pegasus and related analytical products for governmental use. In addition, these entities provide certain sales, marketing services and other administrative support and oversight to their respective affiliates.
 - Convexum develops and exports the Eclipse anti-drone system.
 - Wayout develops cyber security products for the IoT world for governmental use.
 - The IOTA part of the Group is currently headquartered in Cyprus. Operations are conducted, under contract with the Group's Bulgarian entities, in Bulgaria.
 - The Bulgarian companies provide, on a contract basis, research and development services to their respective Cypriot affiliates and export the network products for governmental use.
 - None of the other Group companies currently develop or export products.
10. NSO Group Technologies Ltd., Q Cyber Technologies Ltd., Convexum, Wayout, and the Bulgarian companies export products and obtain licenses from their relevant export authorities for all of the products that require export licenses.
11. The Group's relationships with the following are:
 - Shalev Hulio, Omri Lavi, Yuval Somekh and Asher Levy are directors in the Group. Director responsibilities are described above.



- Kevin Wilson is a former employee and current shareholder in Triangle Holdings, with no other position in the Group.
- Niv Carmi is no longer affiliated with the Group.
- Gaetan Dumont is a professional director in 5 of the 8 Luxembourg companies of the Group. Dumont holds no other position in the Group.
- Alexei Voronovitsky is a former consultant that no longer holds shares in any Group company and holds no other positions with the Group.

12. NGTP and Sesame are currently inactive. They were created for potential future plans of the company that have not currently materialized. Emerald and Diamond are companies created for the sake of granting stock options to management, directors and employees under stock option plans.

Magnet Bulgaria is currently dormant and inactive. Its registration with the Export Control Authority in Bulgaria expired in 2020 and was not renewed. It has never received licenses for the export of either Vole or Pixcell.

OSY Holdings is a company through which Francisco Partners previously held shares in the group. It is no longer related to the Group and we have no information about its directors or activities.

The Group has no companies located in Cayman Islands or the British Virgin Islands. OSY Holdings Ltd. and Global Seven Group LP have no shares or other interest in Triangle Holdings.

We thank you for your letter and reiterate our commitment to transparency and the UNGPs, and we welcome the opportunity to engage constructively on these issues.

Sincerely,

Chaim Gelfand
Vice President, Compliance
NSO Group