



March 14, 2023

Bezeq – The Israel Telecommunication Corporation Limited
("the Company" or "Bezeq")

Attn.

Israel Securities Authority

The Tel Aviv Stock Exchange Ltd.

Notice of a Special General Meeting of the Company's Shareholders

In accordance with the Companies Law, (the "Companies Law"); the Israel Securities Regulations (Periodic and Immediate Reports), 1970 (the "Reports Regulations"); the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting in a Public Company and Addition of an Item to the Agenda), 2000; and the Companies Regulations (Written Vote and Position Statements), 2005 (the "Written Vote Regulations"), the Company hereby gives notice of an Annual and Special General Meeting of the Company's shareholders (the "General Meeting"), to be held on Thursday, April 20, 2023, at 11:00 AM, at the Company's offices at 7 Hamanor St. Holon, 5th floor (the "Company's Offices").

1. Summary of the items and proposed resolutions on the agenda of the General Meeting:

- 1.1. Discussion of the Board of Directors' Report on the State of the Company's Affairs and the Company's Financial Statements for 2022, which were published on March 14, 2023. No resolution will be adopted on this item.
- 1.2. Approval of reappointment of Somekh Chaikin KPMG accounting firm as the Company's auditors for 2023, until the end of the next Annual General Meeting.
- 1.3. Approval of reappointment of the director (who serves as chairman of the board of directors), Gil Sharon, for an additional term on the Company's board of directors until the end of the next Annual General Meeting;
- 1.4. Approval of reappointment of the director, Darren Glatt, for an additional term on the Company's board of directors until the end of the next Annual General Meeting;
- 1.5. Approval of reappointment of the director, Ran Fuhrer, for an additional term on the Company's board of directors until the end of the next Annual General Meeting;
- 1.6. Approval of reappointment of the director, Tomer Raved, for an additional term on the Company's board of directors until the end of the next Annual General Meeting;
- 1.7. Approval of the reappointment of the director, Mr. David Granot, for a further term of office on the Company's board of directors until the end of the next Annual General Meeting;
- 1.8. Approval of the reappointment of the employee director, Patrice Taieb, for a further term of office on the Company's board of directors until the end of the next Annual General Meeting;

For information about the directors listed in sections 1.3-1.8 above, in accordance with Regulations 26 and 36B of the Reports Regulations, and for information about their terms of service and employment, which will remain unchanged, see sections 2.3-2.8, as the case may be.

Bezeq The Israel Telecommunication Corporation Limited



- 1.9. Approval of the distribution of a dividend
- 1.10. Approval of a special bonus equal to three (3) monthly salaries to the chairman of the Company's board of directors, Gil Sharon, for 2022;
- 1.11. Approval of amendments to the compensation policy for the Company's officers as defined in Section 267A(a) of the Companies Law.

2. Key points of the proposed decisions and their terms:

2.1. Discussion of the Company's Periodic Report for 2022 (section 1.1 on the agenda)

- 2.1.1. Discussion of the Company's periodic report for 2022, which includes the Board of Directors' Report on the State of the Company's Affairs and the financial statements for the year ended December 31, 2022, which were published on March 14, 2022 (the "Periodic Report for 2022").
- 2.1.2. The Company's Periodic Report for 2022 (including the financial statements and the Board of Directors' Report for that period) is available for review on the distribution website of the Israel Securities Authority at www.magna.isa.gov.il and the website of the Tel Aviv Stock Exchange at www.maya.tase.co.il.
- 2.1.3. No vote will be held on this item.

2.2. Reappointment of Somekh Chaikin KPMG accounting firm as the Company's auditors (proposed resolution in section 1.2 on the agenda)

- 2.2.1. It is proposed to approve the reappointment of Somekh Chaikin KPMG accounting firm as the Company's auditors for 2023, until the end of the next Annual General Meeting. In accordance with the Company's Articles of Association, the board of directors is authorized to determine the auditors' fee. For information about the fees of the Company's auditor for 2022, see the Board of Directors' Report included in the Periodic Report for 2022.

Additional information regarding the auditor and their fees:

Experience of the accounting firm in services to similar entities:	Yes, Somekh Chaikin KPMG has extensive experience in providing services to Israeli telecommunications companies, as well as to subsidiaries of global telecom entities.
The firm has an independent professional department:	Yes
Duration of the firm's relationship with the Company:	Somekh Chaikin has served as the Company's auditors since 1997.
The auditor complies with the Auditors Regulations which prescribe that an auditor must apply reasonable measures to prevent any conflict of interest or impairment of its independence from the audited company:	Yes
Partnership with an international accounting firm:	Yes – KPMG International Limited.



Experience of the accounting firm in services to similar entities:	Yes, Somekh Chaikin KPMG has extensive experience in providing services to Israeli telecommunications companies, as well as to subsidiaries of global telecom entities.
Audit fee:	USD 3,105 thousand
Fee for tax services:	USD 1,156 thousand
Fee for other services:	USD 516 thousand
In the past three years, the Company was required to restate its financial statements, including due to errors or material deviations from estimates or assumptions:	Yes
In the past three years, the court certified a class action or a derivative action against the Company's auditors in connection with the Company's financial statements:	No

2.2.2. Proposed resolution "To approve the reappointment of Somekh Chaikin KPMG accounting firm as the Company's auditors for 2023, until the end of the next Annual General Meeting"

2.3. **Reappointment of the director (who serves as chairman of the board of directors), Gil Sharon, to an additional term on the board of directors (proposed resolution in section 1.3 on the agenda)**

2.3.1. It is proposed to reappoint Gil Sharon (who serves as chairman of the board of directors of the Company and the subsidiaries) as a director on the Company's board of directors for an additional term until the end of the next Annual General Meeting.

2.3.2. The terms of office and employment of Gil Sharon for his service as chairman of the board of directors were approved by the General Meeting on January 18, 2021, effective from August 27, 2020, and the amendment to the terms were approved by the General Meeting on April 28, 2022, effective from January 1, 2022. For information about the terms of office and employment of Gil Sharon, see the amending report on convening of a general meeting published by the Company on January 14, 2021 and the amending report of convening of a general meeting published by the Company on April 14, 2022 (this information is included by way of reference).

2.3.3. In addition, in accordance with the resolution of the General Meeting on January 18, 2021, Gil Sharon was granted a letter of indemnification and letter of exemption, in the same wording as the letters of indemnification and letters of exemption that were approved by the general meeting for the other directors in the Company¹ and Gil Sharon is also entitled

¹ For the standard wording of the Company's letter of indemnification and letter of exemption, see Appendix A to the Notice of a General Meeting of the Company's shareholders, as published on January 2, 2020 (the information is included herein by way of reference). (the information is included by way of reference).



to D&O insurance coverage, with the same terms as those granted to the other officers in the Company.²

- 2.3.4. Gil Sharon submitted a statement to the Company as required by section 224B of the Companies Law.
 - 2.3.5. For the information required by Regulations 26 and 36B(a)(10) of the Reports Regulations, see Regulation 26 in Chapter D of the Periodic Report for 2022.
 - 2.3.6. Proposed resolution: “To approve the reappointment of the director (who serves as chairman of the board of directors), Gil Sharon, for an additional term on the Company's board of directors until the end of the next Annual General Meeting”
- 2.4. **Reappointment of the director Darren Glatt, to an additional term on the board of directors (proposed resolution in section 1.3 on the agenda)**
- 2.4.1. It is proposed to reappoint Darren Glatt as a director on the Company's board of directors for an additional term until the end of the next Annual General Meeting. The terms of Darren Glatt's office will remain unchanged.
 - 2.4.2. Darren Glatt submitted a statement to the Company as required by section 224B of the Companies Law.
 - 2.4.3. For the information required by Regulations 26 and 36B(a)(10) of the Reports Regulations, see Regulation 26 in Chapter D of the Periodic Report for 2022.
 - 2.4.4. Proposed resolution: “To approve the of reappointment of the director Darren Glatt, for an additional term on the Company's board of directors until the end of the next Annual General Meeting”
- 2.5. **Reappointment of the director Ran Fuhrer, to an additional term on the board of directors (proposed resolution in section 1.5 on the agenda)**
- 2.5.1. It is proposed to reappoint Ran Fuhrer as a director on the Company's board of directors for an additional term until the end of the next Annual General Meeting. The terms of Ran Fuhrer's office and employment will remain unchanged.
 - 2.5.2. Ran Fuhrer submitted a statement to the Company as required by section 224B of the Companies Law.
 - 2.5.3. For the information required by Regulations 26 and 36B(a)(10) of the Reports Regulations, see Regulation 26 in Chapter D of the Periodic Report for 2022.

² The Company's compensation committee approved the inclusion of Gil Sharon, who serves as chairman of the board of directors, in the Company's D&O insurance policy, in accordance with Regulation 1B1 of the Companies Regulations (Reliefs in Transactions with Interested Parties), 2000. For information standard policy of the Company, see the Company's immediate report of June 15, 2022 (this information is included by way of reference).



- 2.5.4. Proposed resolution: “To approve the of reappointment of the director Ran Fuhrer, for an additional term on the Company's board of directors until the end of the on the Company's board of directors until the end of the next Annual General Meeting”
- 2.6. **Reappointment of the director Tomer Raved, to an additional term on the board of directors (proposed resolution in section 1.6 on the agenda)**
- 2.6.1. It is proposed to reappoint Tomer Raved as a director on the Company's board of directors for an additional term until the end of the next Annual General Meeting. The terms of Tomer Raved's office and employment will remain unchanged.
- 2.6.2. Tomer Raven submitted a statement to the Company as required by section 224B of the Companies Law.
- 2.6.3. For the information required by Regulations 26 and 36B(a)(10) of the Reports Regulations, see Regulation 26 in Chapter D of the Periodic Report for 2022.
- 2.6.4. Proposed resolution: “To approve the of reappointment of the director Tomer Raved, for an additional term on the Company's board of directors until the end of the next Annual General Meeting”
- 2.7. **Reappointment of the independent director David Granot, to an additional term on the board of directors (proposed resolution in section 1.7 on the agenda)**
- 2.7.1. It is proposed to reappoint David Granot as an independent director on the Company's board of directors for an additional term until the end of the next Annual General Meeting. The terms of David Granot's office and employment will remain unchanged.
- 2.7.2. David Granot submitted a statement to the Company as required by sections 224B and 249B of the Companies Law, and accordingly he meets the required conditions for classifying him as an independent director³ as set out in section 240(B) to (F) of the Companies Law.
- 2.7.3. For the information required by Regulations 26 and 36B(a)(10) of the Reports Regulations, see Regulation 26 in Chapter D of the Periodic Report for 2022.
- 2.7.4. Proposed resolution: “To approve the of reappointment of the independent director David Granot, for an additional term on the Company's board of directors until the end of the next Annual General Meeting”

³ For the sake of good order, it should be noted that David Granot and his employers and/or partners and/or relatives and/or companies in which he serves as chairman or CEO and/or companies controlled by him, if relevant, might purchase various telecommunications services from the Company and from other Bezeq Group companies, in the ordinary course of business during his tenure as director. The Company's internal compliance plan related to securities laws establishes the Company's policy regarding agreements that do not constitute a business relationship for purposes of the definition of a “relationship”, for all the external and independent directors in the Company. In addition, in 2022, there were no purchases of communication services constituting a business relationship. Moreover, the independent director instructed his related parties that he will not be involved in or informed of any purchase of such communication services for those related parties.



2.8. **Reappointment of the employee director Patrice Taieb, to an additional term on the board of directors (proposed resolution in section 1.8 on the agenda)**

- 2.8.1. It is proposed to reappoint Patrice Taieb as an employee director on the Company's board of directors for an additional term until the end of the next Annual General Meeting. The terms of Patrice Taieb service and employment will remain unchanged (it should be noted that the employee director does not receive a salary for his service as a director in the Company but only a salary as an employee of the Company).
- 2.8.2. Patrice Taieb submitted a statement to the Company as required by section 224B of the Companies Law.
- 2.8.3. For the information required by Regulations 26 and 36B(a)(10) of the Reports Regulations, see Regulation 26 in Chapter D of the Periodic Report for 2022.
- 2.8.4. Proposed resolution: "To approve the reappointment of the employee director, Patrice Taieb, for an additional term on the Company's board of directors until the end of the next Annual General Meeting"

2.9. **Approval of the distribution of a dividend (proposed resolution in section 1.9 on the agenda)**

- 2.9.1. The board of directors recommends the approval of the distribution of a cash dividend to the Company's shareholders amounting to NIS 246 million, representing as at the date of the notice of convening a General Meeting NIS 0.0889221 per ordinary share of NIS 1 par value of the Company (the "Share"), and 8.89221% of the Company's issued and paid-up share capital (the "Dividend"). The actual amount of the Dividend per share to be paid will be based on the number of shares in the Company's issued and paid-up share capital as at the end of the trading day of May 3, 2023. The record date and the ex-date will be May 4, 2023, and the payment date will be May 11, 2023.
- 2.9.2. The Company's board of directors assessed the Company's compliance with the tests set out in section 302 of the Companies Law, 1999, the profit test, and the solvency test, and determined that the Company meets these tests, as described below.
- 2.9.2.1 Regarding the profit test – based on the Company's financial statements as at December 31, 2022, the dividend distribution meets the profit test. The board of directors was presented with the distributable retained earnings accumulated in the last two years, amounting to NIS 1,648 million, and the proposed dividend was found to meet the profit test (meaning – the Dividend is being paid out of distributable profits).
- 2.9.2.2 Regarding the solvency test – the board of directors assessed, among other things, the Company's projected cash flows and the financing sources available to it for repayment of its existing and future obligations, and for payment of the Dividend. In these contexts, the board of directors also assessed the cash and cash equivalents and the amount of credit that the Company estimates is available to it.



As part of the solvency examination, the board of directors also considered the consequences of the Dividend payment on the Company's financial position and liquidity, and on the Company's existing structure of operations, including its effect on the Company's investment plans, capital structure and leverage (including its credit rating).

In this regard, the board of directors was presented with the position of the Company's management that according to which the Dividend payment will not have a negative effect on the Company's operations and investments, as required for maintaining its business position and competitiveness, or affect its compliance with the solvency test. The board of directors also reviewed the Company's cash flow forecasts (and a sensitivity analysis performed on these forecasts for cases of unexpected significant deterioration in the Company's business) and assessed its financial robustness and ability to service its debts based on a projected debt service coverage ratio analysis. The board of directors also assessed the net sources of liquidity from the Company's wholly owned subsidiaries. In addition, the board of directors took into account in this regard that the Company has no financial covenants that could affect the amount or cost of the debt.

In view of the findings of its assessments, the board of directors concluded, after the data and forecasts were presented to it by the management, that the Company has significant ability to meet its current and projected cash requirements in the foreseeable future (even in scenarios of unexpected deterioration in the Company's business), by generating cash from operations, by net cash inflows from its subsidiaries, and by obtaining credit, if required. Therefore, there is no reasonable likelihood that the dividend distribution will prevent the Company from meeting its existing and future obligations when they mature, and this payment is not expected to materially affect the Company's financial position, including its capital structure, liquidity, and ability to continue operating within its current structure of operations.

For further information about the dividend distribution, see the immediate report published by the Company on March 14, 2023, regarding the board of directors' recommendation of the above dividend distribution.

2.9.3. Proposed resolution: "To approve the distribution of a cash dividend to the Company's shareholders, as set out in section 2.9 of this Notice of a General Meeting"

2.10. **Approval of a special bonus for Gil Sharon, chairman of the Company's board of directors, for 2022 (proposed resolution in section 1.10 on the agenda)**

2.10.1. In appreciation for the activities and personal contribution of the chairman of the Company's board of directors, Gil Sharon, to advancing and developing the activities of the Company and its subsidiaries in 2022, including leading the successful replacement of the two main CEOs in the Group, at the same time, while personally working with, supporting, and



guiding both CEOs once they took up office and thereafter, as well as personally leading negotiations until the drafting and approval of a long-term agreement (IRU) with Partner, which is expected to generate proceeds for the Company amounting to NIS 1 billion (with potential for growth), as set out in the explanations in section 3.1 below, on March 1, 2023 and March 13, 2023, the Company's compensation committee and board of directors approved, respectively, a special annual bonus in the amount of three (3) monthly salaries (gross) for Gil Sharon, chairman of the Company's board of directors (the "Special Bonus for Gil Sharon"). The approval is subject to the approval of the General Meeting and to the approval of the revised compensation policy by the general meeting as set out in section 2.11 below (and if the resolution in section 2.11 below is not approved, then the resolution in this section will also be considered as if it had not been approved).

2.10.2. For further information about the reasons of the Company's compensation committee and board of directors for approving the Special Bonus for Gil Sharon, see section 3.1 below.

2.10.3. Proposed resolution: "Subject to the approval of the Company's revised compensation policy, as set out in section 2.11 on the agenda, to approve a special bonus in an amount equal to three (3) monthly salaries for Gil Sharon, chairman of the Company's board of directors, for 2022"

2.11. **Approval of amendments to the compensation policy for the Company's officers (proposed resolution in section 1.11 on the agenda)**

2.11.1. On April 28, 2022, the General Meeting approved the compensation policy for the Company's officers for three (3) years, starting on January 1, 2022 (the "Previous Compensation Policy").⁴

2.11.2. It is proposed to approve the Company's compensation policy as defined in Section 267A(a) of the Companies Law, which includes several revisions compared with the Previous Compensation Policy, in the wording attached as **Appendix C** to this Notice of a General Meeting, which is an integral part of it. The revised compensation policy (after the amendments) will be valid for three (3) years, starting on April 20, 2023.

2.11.3. Below is a summary of the main amendments compared with the Previous Compensation Policy:

- A. Amendment to section 4 of the compensation policy, so that it applies to the chairman of the board of directors in the same way as to the other officers in the Company (with the required changes set out in the policy).

⁴ See the Notice of a General Meeting of the Company's Shareholders published on March 23, 2022 and the amended Notice published on March 14, 2022 (this information is included by way of reference).



B. Salary and benefits

1. Allowing the compensation committee and the board of directors to link the salary of any of the officers in the Company to the CPI, as is standard in the market.
2. Establishing that a deviation of up to 10% in the maximum salaries in the compensation policy will not constitute a deviation from the policy.
3. Adding the option to gross up expenses and related terms for officers, in accordance with the decision of the compensation committee and the board of directors, and lowering the limit of the maximum monthly expenses and related terms set out in the policy.

C. Bonuses

1. Clarification that the Company's compensation committee and board of directors may determine that an officer will be entitled to an annual performance-based bonus for the notice period as well, during which the officer no longer works at the Company (but the employer-employee relationship has not ended).
2. Adding an option to grant an adjustment period of up to 4 months, according to what is accepted and standard in the market.
3. Clarification regarding the authority to delegate the decision on the composition of the bonus set out in the policy, according to which to determine the composition of the bonus for the Company Secretary and the internal compliance officer, authority may be delegated to the chairman of the board of directors and the internal auditor – to the chairman of the board of directors, in consultation with the chairman of the audit committee.
4. Adding an option for a signing bonus in the amount of up to 4 salaries, as is standard in the market, and in view of the competitive market in which the Company operates.

- D. Technical corrections were also made to the compensation policy, including those required due to the corrections set out above, as well as additional immaterial corrections, all as detailed and marked in the attached Appendix A.

2.11.4. Method for application of the Previous Compensation Policy

In accordance with Legal Position 101-21 of the Israel Securities Authority: Compensation Policy, below are details of a relationship between the limit set out in the policy and the actual compensation paid to the CEO (for the term of his office as CEO of the Company) and the chairman of the Company's board of directors in 2022, with a breakdown of the relevant compensation components:

Component	Chairman of the board of directors		CEO	
	Limit in the policy	Actual compensation	Limit in the policy	Actual compensation
Monthly base salary	NIS 171,000	NIS 170,150	NIS 172,500	NIS 153,599
Percentage of annual performance-based bonus (excluding special bonus) from the annual base salary	75% of the annual base salary	USD 1,531 thousand	Up to 125% (in case of overperformance)	NIS 1,089 thousand
Special bonus	⁵	⁵	25% of the total annual bonus or 3 months base salary, whichever is higher	-
The percentage of the value of the equity bonus package at the grant date out of the total maximum annual salary ⁶	101%	85%	55%	32.7%

It should be clarified that the Company and the subsidiaries do not have valid employment agreements that do not comply with the Company's compensation policy.

2.11.5. Proposed resolution: "To approve the amendments to the Compensation Policy for officers of the Company, as defined in section 267A(a) of the Companies Law, as set out in the text attached as **Appendix C** to the Notice of the General Meeting"

⁵ Under the amendments to the compensation policy presented for approval in this Notice of a General Meeting, it is proposed to apply all the sections of the policy to the chairman of the board of directors. In addition, and subject to the approval of the amendments to the compensation policy, it is proposed to approve a special bonus for the chairman of the board of directors in the amount of three (3) monthly salaries for 2022.

⁶ The value per year on the grant date is calculated by dividing the total value of the equity-based bonus on the grant date by the number of vesting years (linear spread); **total maximum annual salary** – base salary (cost) + maximum cash bonus.



3. The considerations and reasons that guided the Company's compensation committee and board of directors, as the case may be, in the proposed resolutions in sections 1.10 and 1.11 on the agenda

3.1. Approval of a special bonus for Gil Sharon, chairman of the Company's board of directors, for 2022 (proposed resolution in section 1.10 on the agenda)

3.1.1. Gil Sharon serves as the chairman of the Company's board of directors and the boards of directors of the subsidiaries as from August 2020. As the chairman of the board of directors of the Group companies, Gil Sharon is responsible for the board of directors' activities, for the navigation and advance of the Group companies and their development, and for outlining the Group's strategy and leading its implementation.

3.1.2. In 2022, Gil Sharon invested great effort in advancing and developing the operations of the Company and its subsidiaries, while personally working with, supporting, and guiding the CEOs in the Group once they took up office. Among other things, Gil Sharon led key measures, which are of immeasurable importance in their contribution to the Group, as follows:

3.1.2.1. The successful replacement of the two main CEOs in the Group, at the same time, as well as working with and guiding the CEOs in the companies to improve performance and meet KPIs. Today, more than six months after Ran Guron took office as CEO of Bezeq and Ilan Sigal took office as CEO of Pelephone and yes (and until December 31, 2022, of Bezeq International as well), it is evident that the replacements and appointments have proven themselves as correct and appropriate and have resulted in the growth and success of the companies, and the Company believes that this is largely due to Gil Sharon's contribution.

3.1.2.2. Leading an agreement with Partner in a long-term IRU agreement for the purchase of 120 thousand fiber lines over 15 years. Gil Sharon personally led the negotiations until the transaction was finalized and approved. The consideration for the Company for this transaction is expected to reach an amount of NIS 1 billion, and the agreement includes an option to expand the service provided by the Company and to extend the term of the agreement, which will result in an increase corresponding to the total financial scope of the agreement. The advantages of the agreement include an expected increase in the usability and utilization of the Company's fiber network, its revenues and profits, and its free cash flow, and it is expected to generate for the Company a high level of certainty for future revenues from the cables in the wholesale market (for information about the agreement, see the immediate report of December 22, 2022).

3.1.2.3. The amount of the proposed special bonus of three (3) monthly salaries (gross), is appropriate, reasonable, and fair under the circumstances. The special bonus is subject to the General Meeting's approval of the amended compensation policy as set out in section 2.11 above.



3.2. **Approval of amendments to the compensation policy for the Company's officers (proposed resolution in section 1.11 on the agenda)**

- 3.2.1. As part of the revisions made to the compensation policy by the compensation committee and the approval of the Company's board of directors of the revisions to the compensation (the "Revised Compensation Policy"), there is emphasis on the considerations set out in Section 267B of the Companies Law, regarding matters that must be addressed in the compensation policy (in accordance with the First Schedule, Part A of the Companies Law) and the provisions that must be established in the compensation policy (in accordance with the First Schedule, Part A and B of the Companies Law).
- 3.2.2. The Revised Compensation Policy took into account the provisions of Amendment 20 to the Companies Law and the experience gained by the Company in the implementation of the current compensation policy, due to the developments in the economy and legislative changes, and due to the standard and accepted compensation policies of benchmark companies (for operations and market value). The Revised Compensation Policy reflects updates and additions that were required compared with the Previous Compensation Policy due to the passage of time, taking into account the experience gained by the Company in the implementation of the current compensation policy and the need to adapt it to the Company's activities, its nature, and its requirements, and the regulatory amendments related to the compensation policy.
- 3.2.3. The updates in the Revised Compensation Policy took into account, among other things, the effect of the compensation conditions and the need to create appropriate incentives for officers in order to advance the Company's goals, its work plan, and its policies with a long-term vision. The Revised Compensation Policy produces a clear framework for the compensation mix and scope, and how to determine compensation for the Company's officers, in compliance with the law.
- 3.2.4. The proposed amendments to the Revised Compensation Policy provide the Company's management and board of directors with reasonable discretion when determining the compensation terms for the officers and creating a diverse compensation package adapted to the Company's operations. Thus, most of the revisions are intended to serve as tools for compensation of officers (when taking office, routinely, and at the end of their term) that are standard and accepted in the market and benchmark companies, such as the option of linking the base salary to the CPI, the option of grossing up expenses, and related conditions. An option for a signing bonus was also added to the compensation policy, in view of the competitive market in which the Company operates, to provide the Company with an effective, and sometimes even vital, tool to recruit officers to senior positions. The compensation policy also set out the option of an adjustment period, which is a common practice for compensation of officer in general and senior officers in particular. In addition, the compensation policy was amended so that all its sections apply to the chairman of the board of directors, in the same way as to the Company's CEOs and VPs, to provide flexibility to the certified organs in the Company when determining the compensation for



the chairman of the board of directors within the compensation policy. It should be emphasized that the salary limits in the policy have not been revised (for the base salary and for the performance-based bonus).

- 3.2.5. The Revised Compensation Policy aims to encourage payment for performance and contribution to the Company, create a correlation between the interests of the officers and the interests of the Company and its shareholders, encourage balanced risk management, and offer a fair and reasonable compensation package. There is no change to the key compensation components that can be granted to officers under the compensation policy, which include the base salary, cash bonuses, capital compensation, related conditions, and retirement and severance arrangements (in this regard, an optional signing bonus and adjustment period were added as mentioned above). The compensation policy also includes measures to reduce incentives for taking excessive risks that may harm the Company or its shareholders in the long term, such as limits for the base salary and cash bonuses, threshold conditions for the entitlement of bonuses for the CEOs and the chairman of the board of directors, and the return of compensation in certain cases.
- 3.2.6. When revising the compensation policy, the members of the compensation committee and the board of directors considered the nature of the Company's activities, with recognition of the importance of recruiting and retaining high-quality senior officers in the Company for the long term, and taking into consideration the competitive environment in which the Company operates. The Revised Compensation Policy contributes to advancing the Company's goals, work plan, and long-term vision and provides the Company's management with reasonable flexibility in determining compensation terms for the Company officers.
- 3.2.7. After reviewing this information, the compensation committee and the board of directors concluded that the Revised Compensation Policy is appropriate, and reflects, among other things, the nature of the Company, its financial position and size, and it sets out an adequate compensation structure for the Company's officers in accordance with the goals set out in the Revised Compensation Policy.

4. Name of the controlling shareholder in the Company:

To the best of the Company's knowledge and as at the date of the Notice of the General Meeting, the holder of the control permit in the Company is B Communications Ltd. ("B Communications"), which holds 26.80% of the issued and paid-up capital and of the Company and of the voting rights in the Company. The controlling shareholders of B Communications are Searchlight II BZQ LP, a limited partnership incorporated in the Cayman Islands, and TNR Investments Ltd. a private company incorporated in Israel (jointly: the "Holder of the Permit for Control of the Company").⁷

⁷ For further information about the Holder of the Permit for Control in the Company, see section 8 (Regulation 21A) of Chapter D of the Periodic Report for 2022, which is published together with this Notice of a General Meeting (this information is included by way of reference).



5. Names of the directors who attended meetings of the Company's compensation committee and board of directors that approved the revised compensation policy

- 5.1. The meeting of the compensation committee on March 1, 2023, which approved, among other things, the revised compensation policy, was attended by all committee members: Zeev Vurembrand (external director), David Granot (independent director), Edith Lusky (external director), and Tzipi Livni (external director).
- 5.2. The discussion of the revised compensation policy at the meeting of the Company's board of directors on March 13, 2023, was attended by the following directors: Zeev Vurembrand (external director), Tzipi Livni (external director), Edith Lusky (external director), Darren Glatt (ordinary director), Ran Fuhrer (ordinary director), and Tomer Raved (ordinary director). It should be clarified that Gil Sharon, chairman of the board of directors, did not participate in the discussion and vote on the proposed resolutions on items 1.10 and 1.11.

6. Names of directors with a personal interest in the proposed resolutions in sections 1.10 and 1.11 on the agenda and the nature of such interest

To the best of the Company's knowledge, the Company's directors have no personal interest in the proposed resolutions on the agenda, except for the following proposed resolutions:

- 6.1. Approval of a special bonus equal to three (3) monthly salaries for the chairman of the Company's board of directors (proposed resolution in section 1.10 on the agenda)

To the best of the Company's knowledge, the Company's directors do not have a personal interest in the approval of the resolution, other than Gil Sharon, because the proposed resolution refers to approval of a bonus for him.

- 6.2. Approval of amendments to the compensation policy for the Company's officers (proposed resolution in section 1.11 on the agenda)

To the best of the Company's knowledge, the Company's directors do not have a personal interest in the amendments to the Company's compensation policy. For the sake of caution, Gil Sharon did not participate in the discussion and vote on the resolution for the amendments to the compensation policy, since the amendments include, among other things, the application of the provisions of the compensation policy on the chairman of the board of directors.



7. Convening the General Meeting

7.1. Place and time of the General Meeting

An annual general meeting of the Company's shareholders has been convened for April 20, 2023 at 11:00 AM at the Company's offices in 7 Hamanor St., Holon, having on its agenda the items set out in section 1 above.

7.2. Majority required for passing the resolutions on items 1.2 to 1.10 on the agenda of the General Meeting

A. The majority required for passing the resolutions set out in sections 1.2-1.10 on the agenda of the general meeting is a simple majority of all the votes cast by shareholders present and entitled to vote at the General Meeting, without taking abstentions into account.

B. The majority required for passing the resolution proposed in section 1.11 on the agenda of the General Meeting in accordance with section 267A(b) of the Companies Law, is a simple majority of all the votes cast by shareholders present and entitled to vote at the General Meeting, provided that one of the following is fulfilled:

(1) The count of the majority votes at the General Meeting includes a majority of all the votes of the shareholders who are not controlling shareholders of the Company or have no personal interest in approving the item on the agenda of the General Meeting, as applicable. Abstentions will not be taken into account. A person having a personal interest will be subject to section 276 of the Companies Law, as set out in section 7.3 below.

(2) The total number of dissenting votes from among the shareholders referred to in paragraph (1) above does not exceed two percent (2%) of all the voting rights in the Company.

7.3. Disclosure of a personal interest

In accordance with Sections 267A(b)(1) and 276 of the Companies Law and Regulation 7(A)(8) of the Written Vote Regulations, a shareholder participating in the vote on the proposed resolutions on section 1.11 above, will notify the Company before the vote at the General Meeting, and if the vote is via a voting slip, the shareholder will indicate on the voting slip, in the space allocated, whether they are a controlling shareholder, an interested party in the company, a person with a personal interest in the resolution, a senior officer, or an institutional investor (as these terms are defined in the Written Vote Regulations), and any other relationship between such voter and the Company, the controlling shareholder, or a senior officer in the Company, describing the nature of the relationship. If the vote is by power of attorney, such details must be provided to the principal and the agent. If the shareholder fails to give notice as stated regarding the resolutions, the shareholder may not vote and the vote will not be counted in respect of those resolutions.

7.4. Quorum and adjourned meeting

If, within half an hour from the time set for the General Meeting, a quorum is not present (two shareholders who are present in person or by proxy or who have sent the Company a voting slip



indicating the matter of their voting, and who hold or represent at least 25% of the voting rights in the Company), the General Meeting will be adjourned to April 27, 2023, to the same time and at the same place. If, within half an hour from the time set for the adjourned meeting, a quorum is not present, the meeting will be held with any number of participants.

7.5. Date of record, eligibility to attend the General Meeting and voting method

- 7.5.1. The date of record for eligibility to attend and vote at the General Meeting under Section 182(C) of the Companies Law and Regulation 3 of the Written Vote Regulations, will be at the end of the day of trading in the Company's securities on the Tel Aviv Stock Exchange Ltd. (the "TASE"), falling on March 20, 2023 (the "Date of Record").
- 7.5.2. In accordance with the Companies Regulations (Proof of Title to a Share for Voting at a General Meeting), 2000, , a shareholder on whose behalf a share is registered with a TASE member, and that share is included among the shares registered in the shareholders register in the name of a nominee company, ("Unregistered Shareholder"), who is interested in voting at a shareholders' meeting, may prove ownership of shares of the Company at the Date of Record, for the purpose of voting at the General Meeting, by providing the Company with a certificate from the TASE member with whom the title to the share is registered, no later than 24 hours before the time of convening of the meeting.
- 7.5.3. Unregistered Shareholders are entitled to a certificate of title from the TASE member through which they hold their shares, at the branch of the TASE member or by mail to their registered address, solely against postage fees, if requested to do so. Such a request should be submitted in advance to a specific securities account.
- 7.5.4. In accordance with Regulation 4A of the Proof of Title to Share Regulations, a certified electronic message under Section 44K5 of the Israel Securities Law, 1968 (the "Securities Law"), concerning data of users of the electronic voting system will be deemed the same as a certificate of title for any shareholder included therein.
- 7.5.5. A shareholder of the Company at the Date of Record may attend and vote at the General Meeting in person, through a voting slip (as described in section 7.6 below) or by an agent, after depositing an instrument of appointment at the Company's offices at least forty-eight (48) hours before the time the General Meeting is convened (the "Instrument of Appointment"). The Instrument of Appointment must be in writing and signed by the appointer or the by the appointor's authorized representative, and if the appointor is a corporation, the Instrument of Appointment will be executed under the seal of the corporation (if there is any), and in the absence of a seal – by the person authorized to do so together with the stamp of that corporation. In addition, an Unregistered Shareholder who is a shareholder of the Company on the Date of Record, may also vote at the General Meeting through the electronic voting system (as described in section 7.7 below).



7.6. Voting slip, position statements, and adding items to the agenda

- 7.6.1. Votes on all the items on the agenda of the General meeting as set out above, may also be cast by means of the voting slip attached to this immediate report. A written vote will be entered in the second part of the voting slip as published on the distribution site.
- 7.6.2. Addresses of the distribution site of the Israel Securities Authority and the website of the Tel Aviv Stock Exchange Ltd. containing the text of the voting slips and the position statements: Israel Securities Authority website: www.magna.isa.gov.il; Tel Aviv Stock Exchange Ltd. website: www.maya.tase.co.il and the Company's website: www.bezeq.co.il.
- 7.6.3. A TASE member will send by email, free of charge, a link to the text of the voting slip and the position statements on the distribution site of the Israel Securities Authority, to any Unregistered Shareholder whose shares are registered with that TASE member, unless the shareholders notified the TASE member that they does not wish to receive such a link, provided the notification has been given for a particular securities account, prior to the Date of Record.
- 7.6.4. Shareholders are entitled to apply directly to the Company to receive the text of the voting slip and the position statements.
- 7.6.5. The deadline for the submission of shareholder position statements to the Company is up to ten (10) days before the date of the General Meeting, that is, until April 10, 2023. The deadline for the submission of the response of the board of directors to the position statements is up to ten (5) days before the date of the General Meeting, that is, until April 16, 2023.
- 7.6.6. Unregistered Shareholders wishing to vote by written vote will stipulate the method of casting their vote on the second part of the voting slip and will deliver it to the Company or send it by registered mail with attached certificate of title, so that the voting slip will reach the Company's official offices no later than four (4) hours prior to the time of convening of the General Meeting.
- 7.6.7. A shareholder registered in the Company's register of shareholders, who wishes to vote by means of a voting slip, must stipulate the voting method on the second part of the voting slip, and submit it to the Company or sent it by registered post, together with a photocopy of the shareholder's ID card or passport or certificate of incorporation, such that the voting slip reaches the Company's registered office no later than six (6) hours before the General Meeting convenes.
- 7.6.8. Under section 66(B) of the Companies Law, one shareholder or more holding at least one (1) percent of the voting rights at the General Meeting may request that the board of directors includes an item on the agenda of the General Meeting to be convened in the future, provided such item is suitable for consideration in the General Meeting. In accordance with the Notice of a General Meeting Regulations, a request in accordance



with Section 66(B) of the Companies Law must be submitted to the Company up to seven (7) days after the General Meeting was called, i.e. by March 21, 2023. If such a request is submitted, there is a possibility that items will be added to the agenda of the General Meeting, and their details will appear on the distribution site of the Israel Securities Authority.

7.7. Voting via the electronic voting system:

7.7.1. As set out above, an Unregistered Shareholder may also vote via the electronic voting system on the items listed above. A vote by means of an electronic voting slip may be cast starting from confirmation from the electronic voting system of receipt in good order of the list of those entitled to vote via the electronic voting system and up to six (6) hours before the time for convening of the General Meeting ("System Closing Time), at which time the electronic voting system will be closed.

7.7.2. A vote cast via the electronic voting system may be changed or canceled up until the System Closing Time after which it may not be changed via the electronic voting system. It should be noted that under Section 83(D) of the Companies Law, if a shareholder votes by more than one means, the latest vote of the shareholder will be counted; in this regard, the vote of a shareholder in person or by proxy will be deemed later than a vote via the electronic voting system.

7.7.3. An Unregistered Shareholder may send the Company a certificate of title through the electronic voting system up to the System Closing Date. As set out above, a certified electronic message under Section 44K5 of the Israel Securities Law, concerning information about users of the electronic voting system – will be deemed the same as a certificate of title for any shareholder included in it.

7.7.4. An Unregistered Shareholder on whose behalf shares are registered with a TASE member, may receive from such TASE member the access details for the electronic voting system. The vote will be according to the electronic voting slip appearing in the electronic voting system

7.8. Company representative

The Company's representative dealing with this report is Adv. Shelly Bainhoren, Group Secretary. Her address is 7 Hamanor St., Holon (telephone.: 03-6262200, Fax: 15536262209)

7.9. Review of documents

The Company's shareholders may review, upon request, this notice and the documents (if any) attached to it, at the Company's offices at 7 Hamanor St., Holon, 5th Floor, on Sunday-Thursday between 10:00 - 15:00 and by prior arrangement by telephone: 03-6262200.

Sincerely,
Shelly Bainhoren, Adv.
Group Secretary

Bezeq – The Israel Telecommunication Corporation Limited

Bezeq The Israel Telecommunication Corporation Limited



Appendix A – Declaration of Candidates for Directors

(Attached as a separate file in Hebrew)



Appendix B – Terms of Compensation for the Chairman of the Board of Directors in Accordance with the Sixth Schedule to the Reports Regulations

Below are details in accordance with the Sixth Schedule to Reporting Regulations regarding the terms of compensation of Gil Sharon, chairman of the board of directors, over a period of twelve (12) months, assuming the approval of the resolution set out in section 2.10 of the Notice of a General Meeting (NIS thousand):

Details of compensation recipient				Compensation (in terms of cost to the Company)						
Name	Position	Scope of position	Rate of holding in the corporation's capital ⁽¹⁾	Salary ⁽²⁾	Management fees	Bonus ⁽³⁾		Consulting fees	Other	Total
						In cash	Equity ⁽⁴⁾			
Gil Sharon	Chairman of the board of directors	100%	0.43%	2,712		2,041	2,319			7,072

- (1) Fully diluted, assuming exercise of all the options into Company shares, Mr. Gil Sharon is expected to hold 0.43% of the Company's issued share capital (without taking into account that the options are allotted by means of the "net exercise" mechanism. Accordingly, the actual dilution rate is expected to be lower than stated).
- (2) The annual cost of the salary for Gil Sharon in 2022 includes a company car/reimbursement of expenses in lieu of a car, contributions to the National Insurance Institute, social and other benefits, not including a provision for early notice period and for non-competition.
- (3) Assuming that Gil Sharon was paid an annual bonus at the maximum amount of 75% of the annual salary (calculated as a percentage of the base salary excluding fringe benefits).
- (4) The fair value of the options at the allotment date, using the Monte Carlo method, in the vesting year (fair value of the total amount of allotted options divided by the number of vesting years - linear) It should be clarified that the amount of the accounting expense recognized in the Company's financial statements for 2022 for the options allocated to the chairman is NIS 2,427 thousand.



Appendix C – Proposed Amendments to the Company’s Compensation Policy