



~~December 28, 2023~~ February 1, 2024

Bezeq – The Israel Telecommunication Corporation Ltd.
(the “Company”)

Attn.
Israel Securities Authority
Tel Aviv Stock Exchange Ltd.

Re: **Amended Notice of a Special General Meeting of the Company's Shareholders**

In accordance with the Companies Law, 1999 (the “Companies Law”); the Israel Securities Regulations (Periodic and Immediate Reports), 1970 (the “Reports Regulations”); the Israel Securities Regulations (Transaction between a Company and its Controlling Shareholder), 2001 (the “Transaction with a Controlling Shareholder 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 Statements of Position), 2005, and further to the discussions of the compensation committee and the resolutions of the compensation committee of December 18, 2023, December 19, 2023, December 24, 2023, and December 27, 2023 (as set out below), and the resolution of the Company’s board of directors on December 27, 2023, the Company hereby gives notice of a Special General Meeting of the Company's shareholders (the “General Meeting”), to be held on Monday, February 5, 2024, at 12:00 PM, at the Company's offices at 7 Hamanor St. Holon, 5th floor (the “Company's Offices”).

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

- 1.1. Approval of an appreciation bonus for Gil Sharon, the outgoing chairman of the Company's board of directors, as set out in section 2.1 below.
- 1.2. Approval of the terms of office and employment of Tomer Raved as the incoming chairman of the Company's board of directors, as set out in section 2.2 below.

2. Key points of the proposed decisions and their terms

2.1. Approval of an appreciation bonus for Gil Sharon, the outgoing chairman of the Company's board of directors

- 2.1.1. Gil Sharon began his term as chairman of the Company's board of directors on August 27, 2020. The terms of his office and employment were approved at the General Meeting of the Company's shareholders on January 18, 2021,¹ effective from August 27, 2020, and revised on April 28, 2022, April 20, 2023, and August 2, 2023.²
- 2.1.2. Gil Sharon is expected to end his position in the Company on January 31, 2024, after three months' notice (in accordance with his employment agreement). On December 18 and December 27, 2023, the Company’s compensation committee and board of directors,

1 For further information see the Notice of a General Meeting of January 14, 2021, which is included here by way of reference.

2 For further information see the Notices of a General Meeting of April 14, 2022, April 4, 2023, and June 22, 2023, which are included here by way of reference.



respectively, subject to the approval of the General Meeting, approved an appreciation bonus for Gil Sharon in the amount equal to three (3) monthly salaries, as a sign of appreciation for his performance and his contribution to the Company. This bonus is not included in the Company's compensation policy and is therefore presented to the General Meeting for approval with a special majority, as set out in section 8.2 below.

2.1.3. To complete the picture, it should be noted that in accordance with the terms and conditions of his position and employment, Gil Sharon is entitled to a notice period of three (3) months, which will include an employee-employer relationship between him and the Company and he will be entitled to a monthly salary and related conditions under the employment agreement; he is entitled to a cooling off period (equal to two (2) monthly salaries) from termination of actual employment, in which he will be paid a salary with all social benefits. In this period, he will not compete with the Company's activities or business (including the business of the Company's subsidiaries or associates), and will refrain from establishing, managing, operating, or having control over any entities with core activity similar to or competing with the Company's activity on the termination date of employment. Moreover, in accordance with the provisions of the Company's compensation policy³ and as is standard in the Company for officers, on December 18, 2023, the Company's compensation committee approved bringing forward deferred payments for Gil Sharon for the performance-based bonuses due to him for 2022-2023, so that at the end of the employee-employer relationship, he will be paid the deferred payment of the bonus due to him for 2022, and subject to determination of eligibility by the Company's board of directors, he will be paid the deferred part for 2023. It should be clarified that the above constitutes advance payments only and is not in addition to Gil Sharon's right to a performance-based bonus for 2022-2023.

2.1.4. Explanations of the Company's compensation committee and board of directors for revising the terms of termination of employment

2.1.4.1. The compensation committee and the board of directors believe that granting the appreciation bonus to Gil Sharon is fair and reasonable, even though it is not included in the Company's compensation policy, in view of his special contribution to the Company: As chairman of the board of directors of the Company and its subsidiaries, Gil Sharon was responsible for the activities of the board of directors, and for the navigation, advance, and development of the Company and its subsidiaries. At the beginning of his term of office, Gil Sharon led the establishment of the Company's new growth strategy, which led to consistent improvement in the Company's revenues and profits, while reducing debt and returning to distribution of dividends, against the background of intensifying competition in all areas of the

³ In accordance with the Company's compensation policy, the EBITDA target or the adjusted EBITDA (as applicable) is a long-term target and the related bonus is paid over two years, so the officer is required to meet this target for two years to be eligible for the full amount of the related bonus. If an officer works during a certain year and meets the EBITDA target or the adjusted EBITDA (as the case may be), however their term of office ends before completing that year or the following work year, the compensation committee will determine, at its discretion, whether the officer is entitled to the performance-based bonus in full or in part at the retirement date or at the date the annual bonus is granted, taking into account, among other things, the forecasts for the following year, if relevant. For information about the Company's compensation policy, see the immediate report on the General Meeting of April 4, 2023.



Company's activity and the amended regulation. Gil Sharon supported, trained, and guided the CEOs in Bezeq Group companies when they took office, and led major steps in the Company. The compensation committee and board of directors believe that the amount of the proposed bonus, of three (3) salaries, is appropriate and fair under the circumstances.

2.1.5. Below is information about Gil Sharon in accordance with the Sixth Schedule of the Reporting Regulations, for the period of his employment at the Company until January 31, 2024, assuming the approval of the resolution set out above (in NIS thousands) and for other components, as set out below:

Details of compensation recipient				Compensation (in terms of cost to the Company)						
Name	Position	Scope of position	Rate of holding in Company equity ⁽¹⁾	Salary ⁽²⁾	Management fees	Bonus ⁽³⁾		Consultation fees, commission	Other	Total
						Cash	Equity			
Gil Sharon	Chairman of the BoD	100%	0.43%	224	-	2,651	-	-	-	2,875

The figures presented in the table above describe the compensation that will be paid to Gil Sharon in 2024 and include two (2) months of salary for the cooling off period, but do not include part of the deferred bonus for 2022 in the amount of NIS 353,730 (for further information see section 2.1. 3 above).

- (1) Fully diluted, assuming exercise of all the options into Company shares; Gil Sharon is expected to hold, at the date of this report, 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. As aforesaid, Gil Sharon is expected to end his employment with the Company on January 31, 2024, and on that date, 3,000,000 (non-marketable) options for the Company's shares will expire and he will forfeit his ownership of 9,000,000 (non-marketable) options for the Company's shares, representing, as at the reporting date, 0.32% of the Company's capital and voting rights in it (fully diluted).
- (2) The cost of the annual salary of Gil Sharon includes a company car, or reimbursement of expenses instead of a company car, National Insurance contributions, benefits and related conditions, and does not include a provision for early notice and non-competition.
- (3) The amount includes the appreciation bonus, assuming its approval by the General Meeting, a cooling off period bonus as set out above, and a performance-based bonus, assuming it will be paid to Gil Sharon, in the amount of the maximum annual bonus, which is 75% of the annual salary (based on the base monthly salary and without related conditions) (as at the date of the report, there is no certainty that it will be granted, in whole or in part).

Proposed resolution: To approve an appreciation bonus for Gil Sharon, the outgoing chairman of the Company's board of directors



2.2. Approval of the terms of office and employment of Tomer Raved as chairman of the Company's board of directors

Since 2020, Tomer Raved, whose terms of office and employment are submitted for the approval of the General Meeting in accordance with this report, serves as a director on the Company's board of directors and on the boards of the Company's subsidiaries and as CEO of B Communications Ltd. ("B Communications"), the controlling shareholder of the Company as at the date of this report.⁴

2.2.1. On December 4, 2023, the Company's board of directors approved the appointment of Tomer Raved as chairman of the Company's board of directors, starting on January 1, 2024,⁵ and the boards of directors of the Company's subsidiaries Pelephone Communications Ltd., Bezeq International Ltd., yes Television and Communication Services Ltd. and Bezeq Online Ltd. (the "Subsidiaries") also approved the appointment of Tomer Raved as the chairman of their boards of directors as from January 1, 2024. For information about the education, skills, expertise, achievements, and professional experience of Tomer Raved, see section 14 (Regulation 26) in Chapter D of the Company's periodic report for 2022, published on March 14, 2023 (the "Periodic Report for 2022"). Tomer Raved will continue to serve as CEO of B Communications while serving as chairman of the board of directors of the Company and its subsidiaries.

2.2.2. Following the discussions at the Company's compensation committee on December 18, 2023, December 19, 2023, and December 24, 2023, on December 27, 2023, the compensation committee and the Company's board of directors approved the terms of Tomer Raved's term of office and employment as chairman of the Company's board of directors, subject to the approval of the General Meeting by a special majority, as a transaction in which the controlling owner of the Company has a personal interest.

2.2.3. Accordingly, the terms of Tomer Raved's term of office and employment as chairman of the Company's board of directors, effective from January 1, 2024, the actual date he will enter his position, subject to the approval of the General Meeting, are presented to the General Meeting for approval, the main points of which are as follows:

2.2.3.1. Duties of the chairman of the board of directors

Tomer Raved will serve as a director and chairman of the Company's board of directors, and in this context, subject to and in accordance with the decisions of the board of directors, as amended from time to time, he will also serve as the chairman of the boards of directors of the Subsidiaries, and will provide the following services: (1) assuming responsibility that includes a broad view of the activity of Bezeq Group, with attention to the structural separation between the Group companies, and steering and defining the operating strategy of each of the Group companies and the Group as a whole, while implementing the strategy defined by the board of directors; (2) promoting and developing the Company; (3) performing, among other

⁴ For information about control in the Company, see Section 8 (Regulation 21A) in Chapter D of the Periodic Report for 2022.

⁵ As approved on December 19, 2023 by the Company's board of directors.



things, the duties assigned to the chairman of the board of directors under the law, including the Company's articles of association and procedures as amended from time to time.

2.2.3.2. Employment period, advance notice

Tomer Raved's employment agreement will be effective as from January 1, 2024, the date he takes office, for an unlimited period, however, the Company or Tomer Raved may terminate the agreement, at any time and for any reason, with three (3) months' notice, provided that if Tomer Raved is employed as chairman of the board of directors for less than one year, the notice period will be two (2) months.

2.2.3.3. Salary

Tomer Raved will have a gross monthly salary of NIS 150,000 for a position of 85% (the "Salary"). The Salary will be linked to the CPI once a year, every January, according to the increase in the CPI compared with the known CPI at the beginning of the previous calendar year (and in accordance with the rules of the linkage mechanism used in the Company). It should be clarified that if there is a reduction in the base CPI as set out above, the Salary will not be reduced accordingly, however, the negative CPI will be offset from the next positive CPI (or from the next positive CPIs until the negative CPI is fully offset). It should be further clarified that there will be no linkage to the CPI for a year in which the chairman's Salary is amended (not by linkage). It should be clarified that throughout the validity of the employment agreement, Tomer Raved will not receive directors' compensation from the Company and/or the subsidiaries.

2.2.3.4. Annual performance-based cash bonus

Tomer Raved will be entitled to an annual performance-based cash bonus, in the amount of up to nine (9) monthly salaries (up to 75% of the annual base salary), which will be granted in accordance with the provisions of the Company's compensation policy:

Shortly before the beginning of each calendar year, the certified organs of the Company will determine the target bonus plan for the following calendar year, based on the following principles: The chairman of the board of directors will be paid an annual bonus in an amount of up to 75% of the annual salary (based on the base salary without related conditions), subject to full compliance with the targets set for that year. Additionally, a formula will be established for a partial bonus for underperformance and a limit for non-payment of a bonus compared with the targets that were set.

The bonus, if paid, will include a component based on Group targets. The performance-based bonus will include the following target and weights: (A) the adjusted EBITDA target for Bezeq Group (meaning, according to Bezeq's consolidated annual statements), which will have a weight of 50% of the annual



bonus; (B) the adjusted net profit target for Bezeq group, which will have a weight of 25% of the annual bonus; and (c) the adjusted free cash flow (FCF) target for Bezeq Group, which will have a weight of 25% of the annual bonus.

The precondition for receiving the annual performance-based bonus of the chairman of the board of directors will be based on the adjusted EBITDA comparison alternative,⁶ which will be calculated with reference to the result of the adjusted EBITDA of Bezeq Group (consolidated); ~~notwithstanding the aforesaid, the Company's compensation committee and board of directors may confirm, shortly before the approval date of the budget for a calendar year, that the precondition for receiving the performance-based bonus for that year will be determined according to the FFO comparison alternative⁷ or the FFO budget alternative⁸, which will be based on the results of the FFO of Bezeq Group (consolidated).~~

If the chairman of the board of directors fails to comply with the ~~precondition, alternative chosen, as described above and as applicable~~, he will not be entitled to a performance-based bonus for that year, even if he meets the other goals for the annual performance-based bonus; ~~unless the compensation committee and board of directors decide otherwise, in view of prevailing special circumstances. If the adjusted EBITDA comparison alternative is chosen,~~

~~†~~The Company will publish the adjusted EBITDA in its annual financial statements; ~~and if the FFO comparison alternative is chosen, the FFO data for that year will be published. If the FFO budget alternative is chosen, the Company will publish the FFO targets for the year following the reporting year.~~ It should be clarified that the budget targets are determined shortly before the beginning of each year, following a discussion of the estimates and forecasts underlying the budget when determining the budgets, and the budgets are approved by the board of directors.

Elimination of uncertain events (as set out in the compensation policy)

The compensation committee and board of directors of Bezeq may eliminate consequences for the Group's financial results that arise from the following events (if they occur) from the performance calculation for the purpose of the bonus, provided that their effect is not taken into account in the Company's budget, as set out below:

6 "The EBITDA comparison alternative": the result of the adjusted EBITDA of Bezeq Group, in a calendar year, has not declined by more than 40% of the adjusted EBITDA result of Bezeq Group, as the case may be, in the year preceding the year for which the bonus is paid.

7 "The FFO comparison alternative": the results of the funds from operation (FFO); calculated as cash flow from operating activities (as defined in the consolidated annual financial statements of Bezeq Group) before changes in working capital and before changes in other asset and liability items, less payments for leases. This target may be subject to adjustments for events set out in the Company's compensation policy, in a calendar year, did not fall below more than 20% of the results of the Group's FFO in the year preceding the year for which the bonus is paid.

8 The "FFO budget alternative": the FFO results of Bezeq Group, in a calendar year, did not fall below more than 20% of the target set for this in the consolidated budget of Bezeq Group, as the case may be.



- (A) Provisions for early retirement or voluntary retirement of employees
- (B) Business changes (eliminating the effect due to mergers, acquisitions, entry into new sectors, disposals, or due to the issuance or redemption of securities)⁹
- (C) Accounting changes: Changes in accounting standards in the year or in the interpretation of accounting entities or the Israel Securities Authority regarding the method for their adoption, early adoption of accounting standards, change in accounting policy, change in accounting classification, a change in a material estimate, an event requiring restatement of comparative figures of previous years or previous quarters and which has a material effect on the results of the reported period (The "Accounting Changes")

The elimination will be performed when, shortly before approval of the bonus, the Company's independent auditors submit an opinion on the accounting changes made in the past financial year for determining the bonus, and the implications of these changes on the targets relevant to the bonus. The opinion will be presented to the compensation committee and will serve as a basis for its decision on whether to eliminate the implications of the accounting changes to calculate the bonus.

- (D) Changes in taxation: changes in tax rates, legislation, regulations, or the position of the tax authorities in Israel, or an arrangement or ruling with the tax authorities, resulting in substantial changes in tax expenses or tax payments, changes in tax expenses or tax payments for prior years whether due to an agreement or due to an order.
- (E) Regulatory changes: including new regulation or material changes in existing regulation (laws, secondary legislation, judicial instances, or service cases) with a material effect on the Group's results in the reporting period relating to competition and antitrust, prices, the relationship between Bezeq Group and its competitors (including in the wholesale market), cooperation between the Group companies, licensing and regulation of the Group's operating segments, and Bezeq's activity as a public company
- (F) Material deficiencies, including: a systemwide malfunction or a material failure with a lateral or ongoing effect on the Group (including due to cyber-attacks), force majeure events, or a general emergency that has a material effect on the Group's results in the reporting period.

Elimination of the consequences of events may increase or decrease the bonus, depending on the type of event and its effect.

It should be clarified that the compensation committee and the board of directors have the right not to perform the elimination or to eliminate a non-

⁹ The parentheses were added to clarify the provisions in the compensation policy.



recurring event that is not listed above. If, as a result, there is an addition to the calculated incentive, the addition will be a discretionary incentive (as set out below).

It should be clarified that the Company may determine that part or all of the chairman's bonus, up to the limit in the Company's compensation policy, will be paid as a discretionary bonus, subject to the approval of the Company's compensation committee, board of directors, and General Meeting.

Assessment of the terms of the chairman's compensation will take into account parameters for assessing the compensation terms listed in section 5 of the compensation policy and the ratio between the fixed component and the variable components, as set out in section 7.3 of the compensation policy.

2.2.3.5. Benefits and social benefits

Tomer Raved will be entitled to standard social benefits (pension fund or managers' insurance, annual vacation, sick leave, and convalescence pay), including contributions to a study fund. In addition, he will be entitled to a company car as is standard in the Company and in accordance with its procedures, as amended from time to time. The Company will bear all the expenses for the use of the company car and its maintenance, in accordance with the Company's procedures, as amended from time to time. If Tomer Raved chooses not to receive a company car, he will be entitled to reimbursement of car ownership expenses in the amount of NIS 11,000 per month for monthly leasing cost and for installation of a Dalkan refueling device at the Company's expense. Tomer Raved will also be entitled to reimbursement of household telephone and internet expenses and reimbursement for the use of a cell phone and for expenses incurred in the performance of his duties according to the Company's procedures, as amended from time to time, the scope of which will be reviewed annually by the Company's compensation committee.

2.2.3.6. Non-disclosure and non-competition

Tomer Raved will be required to maintain confidentiality as is standard in the two-month cooling off period after termination of employment, during which he will be paid a salary with all social benefits. In this period, he will not compete with the activities or business of the Company (including the businesses of the Company's subsidiaries or associates), and he will refrain from founding, managing, operating, or having control over any entity with a core activity similar to or competing with the Company's activities upon termination of the employment agreement. The Company will be entitled to waive or shorten the non-compete period.

2.2.3.7. Exemption, indemnity, and insurance

The Company will continue to include Tomer Raved in its D&O insurance policy, in accordance with its terms, and he will continue to be entitled to a letter of indemnity and exemption from liability as is standard in the Company.



Accordingly, the resolution presented for approval at the General Meeting currently includes the approval of a letter of indemnity and exemption from liability in the same wording as the letter of indemnity and exemption approved for all the other officers of the Company.¹⁰

¹⁰ For the wording of the Company's standard letter of indemnity and exemption, see Appendix A to the Notice of a General Meeting dated January 2, 2020, which is included in this report by way of reference.



2.2.3.8. Allotment of options

Following the discussions at the Company's compensation committee on December 18, 2023, December 19, 2023, and December 24, 2023, on December 27, 2023, the Company's compensation committee and board of directors approved the allotment of 5,381,064 options to Tomer Raved (the "Options"), which are included in the terms of his office and employment and are presented for approval in this proposed resolution. The terms of the Options correspond to and are described in the outline published together with this Notice of a General Meeting (the "Outline"). For further information about the allotment to Tomer Raved, including in accordance with the Israel Securities Regulations (Private Offering of Securities in a Listed Company), 2000, see the Outline.

A. Vesting conditions and price

The Options will be allotted in two (2) grants, each grant at a rate of half (1/2) of the total number of Options, and will vest in four (4) equal annual lots (the first lot will vest on January 1, 2025), with a different exercise price and exercise price conditions for each grant:

	The total number of Options for all offerees in the current allotment¹¹	Exercise price	Exercise price conditions (target price)¹²
Bonus 1	2,690,532	NIS 5.00	NIS 5.33
Bonus 2	2,690,532	NIS 5.50	NIS 6.58

B. Exercise price

Under the terms of the Company's compensation policy, the exercise price of the Options for calculating the benefit component will not fall below the average closing prices of Bezeq shares in the thirty (30) trading days on the Tel Aviv Stock Exchange Ltd. (the "TASE") preceding the approval date of the allotment of the Options by the Company's board of directors or by a board of directors' committee authorized to approve an allotment under Section 288 of the Companies Law, or below the TASE closing price of Bezeq shares at the end of the trading day preceding the date of Bezeq's resolution regarding allotment of the Options, whichever is higher.

The closing price of the Company's shares on the TASE on the trading day preceding the date of the board of directors' resolution for granting the Options was NIS 4.871. The exercise price of the first grant is higher than the average

¹¹ The number of options included in each grant may vary depending on rounding up of fractional options.

¹² "The terms of the exercise price" - the average closing prices of the Company's shares over at least thirty (30) consecutive trading days on the TASE prior to the review date is equal to or higher than the price set out in the table above. It should be emphasized that there is no requirement to meet the condition for the exercise price on the actual exercise date, but it must be met in the period between the vesting date of the Option and the expiry date (and before the exercise date), even if it is not met on the actual exercise date.



closing price of the Company's shares on the TASE in the thirty (30) trading days preceding the day of the board of directors' resolution for approval of the allotment. The exercise price of the second grant is the same as the exercise price of the first grant plus 10%. The exercise price is subject to adjustment provisions as set out in section 2.5.6 of the Outline.

C. Net exercise mechanism

Subject to an appropriate taxation decision from the Tax Authority, the exercise price will not be paid to the Company in practice, but will be taken into account when calculating the number of shares to which Tomer Raved is actually entitled from the exercise of the Options, as set out in the Outline.

D. Adjustment provisions

Standard adjustment provisions will apply to the Options as set out in the Outline, including when issuing rights, distributing dividends, and in equity-based activities.

E. Economic value of the Options

The fair value of the Options for Tomer Raved, which was based on the Monte Carlo model,¹³ and the parameters used when applying the model in the valuation of the Options prepared by an external assessor, are as follows:

Number of Options	5,381,064
The closing price of the Company's shares on the TASE on December 26, 2023 (the basis for the valuation)	NIS 4.871

Exercise price and conditions	Exercise price	Target price (price conditions for exercise)
Exercise price		
Bonus 1	NIS 5.00	NIS 5.33
Bonus 2	NIS 5.50	NIS 6.58
Vesting period	4 equal lots, as follows: The first lot will vest on January 1, 2025, each additional lot will vest at the end of the year following the previous lot	
Expiration date	7 years after the allocation date	
Abandonment rates after vesting	It was assumed that there will be no abandonment after vesting	
Expected fluctuation	30.03%	
Risk-free interest rate	The exercise price is nominal and therefore for discounting, interest was based on the nominal yield arising from estimating the zero	

¹³ The Monte Carlo model is based on multiple simulations for the development of the share price throughout the life of the option and calculating the value of the option as the average value in these simulations.

Exercise price and conditions	Exercise price	Target price (price conditions for exercise)
Exercise price		
	curve for 7 years as published by the Bank of Israel shortly before the valuation, 4.08%	
Dividend return	A dividend return of zero was assumed	
Expected early exercise	2.8	
Average value of the Options	NIS 1.788	
Fair value of the Options	NIS 9,619,190	
Exercise mechanism, net	Yes	
Exercise price adjustment for dividend distribution	Yes	

2.2.4. Below is information about Tomer Raved's compensation in accordance with the Sixth Schedule of the Report Regulations, over twelve (12) months, starting on January 1, 2024 and assuming approval of the resolution (NIS thousands):

Details of compensation recipient				Compensation (in terms of cost to the Company)						
				Salary ⁽²⁾	Management fees	Bonus ⁽³⁾		Consultation fees, commission	Other	Total
Cash	Equity									
Name	Position	Scope of position	Rate of holding in Company equity ⁽¹⁾							
Tomer Raved	Chairman of the board of directors	85%	-	2,405	-	1,350	2,405	-	-	6,160

- (1) Fully diluted, assuming exercise of all the Options into Company shares, Tomer Raved is expected to hold 0.19% 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 cost of the annual salary of Tomer Raved includes a company car/reimbursement of expenses instead of a company car, National Insurance contributions, benefits, and related conditions, and does not include a provision for early notice and non-competition.
- (3) Assuming that Tomer Raved was paid an annual bonus at the maximum amount of 75% of the annual salary (calculated as a percentage of the base monthly salary excluding related benefits).
- (4) The fair value of the Options at the allotment date, using the Monte Carlo method, in the vesting year (the fair value of the total amount of allotted Options divided by the number of vesting years – linear)



2.2.5. Explanations of the Company's compensation committee and board of directors for approving the terms of office and employment of Tomer Raved

The Company's compensation committee and board of directors approved the terms of office and employment of Tomer Raved as chairman of the company's board of directors, effective from the date his term began, for the following reasons:

- 2.2.5.1. Tomer Raved has rich global experience in working with boards of directors and managements of communication companies, extensive and diverse financial experience, in-depth knowledge of the Company, its subsidiaries, and their strategy, and extensive knowledge in regulation, arising from interfaces with government agencies.
- 2.2.5.2. The terms of office and employment are appropriate and reasonable considering Tomer Raved's education, skills, expertise, and in particular, his deep knowledge of the Company and its subsidiaries and his contribution to their performance, based, among other things, on four years as CEO of B Communications, which holds the controlling interest in the Company, and his position as a director in the Company and its subsidiaries, and his rich experience in the Group's operating segments, as reflected since he assumed the position of director of the Company up to the date of the Notice of a General Meeting.
- 2.2.5.3. Based on a comparative opinion of an independent external consultant, the terms of office and employment offered to Tomer Raved do not exceed the standard employment conditions for the position of a chairman of the board of directors in benchmark companies.
- 2.2.5.4. The total consideration for Tomer Raved corresponds with the scope of his employment and the heavy responsibility of the chairman of the boards of directors of the Company and its subsidiaries in his role as chairman of the Group bearing broad responsibilities, including a vision for the Group in view of the existing structural separation in Bezeq Group,¹⁴ and it is compatible with the size of the Group, the scope of its activities, and its nature, and suitable for advancing its objectives, work plans, long-term policy, and targets, and the desire to appoint a high-quality chairman of the board of directors, who has rich experience in the Company's operating segments and is able to lead the entire Group, including in addressing the challenges facing it.
- 2.2.5.5. The performance-based bonus component in the terms of office and employment offered to Tomer Raved is appropriate considering the complexity of the role of the chairman of the board of directors, who serves as active chairman and also as chairman of the subsidiaries, the material challenges expected to face the Group in the coming years, and the interest in providing him with an additional incentive to continue working to improve the Group's performance according to the strategic

14 For further information, see section 1.7.3 of the Periodic Report for 2022.



plans, which the chairman of the board of directors is responsible for drafting and formulating.

- 2.2.5.6. The ratio between the fixed component and the variable component (in terms of cost to the Company) out of the total compensation offered, after allocation of the capital compensation, amounts to 39.04% and 60.95%, respectively, and is reasonable and within the limits set out in the Company's compensation policy.
- 2.2.5.7. The effect on employment relations in the Company was taken into account, including the ratio between the cost of the terms of office and employment of the chairman of the Company's board of directors and the average and median cost of salaries for the Company's employees (including the Company's contractor employees), which are 1:22.03 and 1:24.58, and is reasonable and appropriate considering the market in which the Company operates.¹⁵
- 2.2.5.8. Part of the total consideration offered to Tomer Raved is based on an equity compensation mechanism by way of allotting options for the Company's shares, in accordance with the Company's compensation policy, as included in the terms of office and employment of the outgoing chairman of the Company's board of directors, and it is intended to create a balance between the interests of the Company and the holders of its securities and Tomer Raved in maximizing the Company's value, as an incentive to work to improve the Company's long-term performance and results, subject to the Company's risk management policy.
- 2.2.5.9. Regarding the granting of a letter of indemnity and exemption, the Company's compensation committee and board of directors believe that: (1) granting a letter of indemnity and exemption from liability is in compliance with the Companies Law, the Israel Securities Law, 1968, the Company's articles of association, and the Company's compensation policy; (2) this is standard protection provided by the Company to its officers acting on its behalf, in order to allow them to act in its favor, knowing that even if they are negligent, they will be granted protection, under the limitations and conditions in the Law; (3) the letter of indemnity and exemption from liability is the same as the wording for the other directors of the Company; (4) the amount of indemnity is reasonable under the circumstances; (5) the amount of the undertaking for indemnity is for events which the Company's compensation committee and board of directors believe can be expected in view of the Company's actual activity; (6) by granting the letter of indemnity and exemption from liability, the Company may reduce the financial costs involved in paying an insurance company for expanding the limit of liability for officers.

¹⁵ The calculation refers to cost of salary for a position of 85% for the chairman of the board of directors. The cost of salary of the Company's employees, including contractor employees, was calculated for a full-time position, for data as of December 31, 2022. The value of the equity compensation used in the calculation of the cost of compensation of the chairman of the board of directors is based on a linear distribution of the value of the bonus (as at the date of approval by the board of directors for the equity compensation) over the vesting years (a value of NIS 2,404,979).



Proposed resolution: To approve the terms of office and employment of Tomer Raved as chairman of the Company's board of directors

Additional information about the approval of Tomer Raved's terms of office and employment under the Regulations for a Transaction with a Controlling Shareholder

3. Name of the controlling shareholder in the Company with a personal interest in the resolution and nature of the personal interest

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, which holds 27.08% 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 (the "Holder of the Permit for Control of the Company").¹⁶ The personal interest of B Communications is due to the fact that Tomer Raved serves as CEO of B Communications.

4. How the terms of office and employment were determined

The proposed terms of office and employment of Tomer Raved were determined after discussions in the Company's compensation committee and board of directors, as set out in section 2.2.2 above, after assessing the terms of office and employment of the outgoing chairman of the Company's board of directors and based on the opinion of an external consultant who assessed the standard terms of employment for a chairman in benchmark companies.

5. Approvals required for the terms of office and employment

The proposed terms of office and employment for Tomer Raved were discussed and approved by the Company's compensation committee on December 18, 2023, December 19, 2023, December 24, 2023, and December 27, 2023, and by the Company's board of directors at its meeting on December 27, 2023, and are subject to the approval of the General Meeting convened according to this Notice. In addition, allotment of the Options (as defined above) to Tomer Raved is subject to approval from the TASE for trading in the Company's shares arising from exercise of the Options.

6. Transactions of the same class as the transaction, or of similar transactions between the Company and the controlling shareholders or in which the controlling shareholders had a personal interest, signed in the two years preceding the approval date of the terms of office and employment

For information about transactions with the controlling shareholder of the Company or transactions in which the controlling shareholder of the Company has a personal interest, see Regulation 22 in the Chapter D of the Periodic Report for 2022.

In June 2023, the Company's board of directors approved the renewal of the D&O liability insurance policy. For further information see the immediate report on a transaction with a controlling shareholder or with a director, which is not subject to the approval of a general meeting, dated June 21, 2023 .

¹⁶ For further information about the Holder of the Permit for Control of the Company, see the immediate report on the holdings of interested parties and executive officers of the Company dated October 5, 2023.



7. The names of the directors who participated in the meetings of the compensation committee and the board of directors that approved the resolutions on the agenda of the meeting; the names of the directors with a personal and material interest regarding the resolutions on the agenda of the General Meeting

The meetings of the compensation committee on December 18, 2023, December 19, 2023, December 24, 2023, and December 27, 2023 were attended by all members of the committee: Zeev Vurembrand (external director and chairman of the compensation committee), Edith Lusky (external director), Tzipi Livni (external director), and David Granot (independent director), and they approved the resolutions unanimously.

The following board members participated in the meeting of the Company's board of directors on December 27, 2023, (as relevant): Darren Glatt, Ran Fuhrer, David Granot (independent director), Zeev Vurembrand (external director), Edith Lusky (external director), and Tzipi Livni (external director), and they unanimously approved the resolutions on the agenda. Darren Glatt and Ran Fuhrer did not participate in the discussion and resolutions in the matter of Tomer Raved due to their position as directors in B Communications, which may constitute a personal interest in the resolution.

To the best of the Company's knowledge, the directors of the Company have no personal interest in approving the resolutions on the agenda of the General Meeting, with the exception of Gil Sharon, regarding the resolution on the termination of his term of office in the Company, and Tomer Raved, regarding the resolution on the terms of his office and employment. In addition, as aforesaid, Darren Glatt and Ran Fuhrer did not participate in the discussion and resolutions in the matter of Tomer Raved due to their position as directors in B Communications, which may constitute a personal interest in the resolution. In accordance with the provisions of the collective agreement, Patrice Taieb, an employee director, does not participate in the discussions and resolutions of the board of directors regarding compensation of executive officers.

Additional information about the General Meeting

8. Convening the General Meeting

8.1. Place and time of the General Meeting

The General Meeting will take place on Monday, February 5, 2024 at 12:00 PM, at the Company's offices at 7 Hamanor Street, Holon, 5th floor.

8.2. Majority required for passing the resolutions on the agenda of the General Meeting

8.2.1. The majority required for passing the resolution proposed in section 2.1 above (approval of an appreciation bonus for Gil Sharon) is a simple majority of all shareholders present in person or by proxy or by means of voting documents and participating in the vote, provided that one of the following is satisfied:

8.2.1.1. The count of the majority votes at the General Meeting includes a majority of all the votes cast by shareholders who are not controlling shareholders of the Company or have no personal interest in the resolution, taking part in the vote. Abstentions will



not be taken into account. A person having a personal interest will be subject to Section 276 of the Companies Law, with the required changes; or

8.2.1.2. The total number of dissenting votes from among the shareholders referred to in section 8.2.1.1 above does not exceed 2% of all the voting rights in the Company.

8.2.2. The majority required to approve the resolution proposed in section 2.2 above (the terms of office and employment of Tomer Raved) is the majority of all shareholders present in person or by proxy or by means of voting documents and participating in the vote, provided that one of the following is satisfied:

8.2.2.1. The count of the majority votes at the General Meeting includes a majority of all the votes cast by the shareholders who do not have a personal interest in approving the transaction, who participate in the vote. Abstentions will not be taken into account; or

8.2.2.2. The total number of dissenting votes from among the shareholders referred to in section 8.2.2.1 above does not exceed 2% of all the voting rights in the Company.

8.3. 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 Monday, February 12, 2024, at 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.

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

The date of record for eligibility to participate and vote in the General Meeting under Section 182(C) of the Companies Law and Regulation 3 of the Companies Regulations (Written Vote and Position Statements), 2005, will be at the end of the day of trading in the Company's securities on the TASE, which will be January 4, 2024 (the "Date of Record").

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, (the "Unregistered Shareholder"), who is interested in voting at a shareholders' meeting, may prove their title to shares of the Company at the Date of Record, for the purpose of voting at the General Meeting, by delivering to the Company a certificate from the TASE member through which the title to the share is registered, no later than twenty-four (24) hours before the time of convening of the General Meeting.

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, for postage fees only, if requested to do so. Such a request should be submitted in advance for a specific securities account.



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.

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 8.5 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 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 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 8.6 below).

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

- 8.5.1. Votes on the item 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.
- 8.5.2. 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.
- 8.5.3. 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 shareholder notified the TASE member that they do not wish to receive such a link, provided the notification is given for a particular securities account, prior to the date of record.
- 8.5.4. Shareholders are entitled to apply directly to the Company to receive the text of the voting slip and the position statements.
- 8.5.5. 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 January 26, 2024. The deadline for submission of the response of the board of directors' to the position statements is up to five (5) days before the date of the General Meeting, that is, until January 31, 2024.
- 8.5.6. 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 together with a certificate of title, such that the voting slip reaches the Company's registered office no later than four (4) hours prior to the time of convening the General Meeting.



8.5.7. A shareholder registered in the Company's register of shareholders wishing 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 send 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 four (4) hours before the General Meeting convenes.

8.5.8. 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, provided such item is suitable for discussion at 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, which is by January 4, 2024. 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.

8.6. Voting via the electronic voting system

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

A vote cast via the electronic voting system may be changed or canceled up to 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, and 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.

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.

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

In view of the security situation in Israel, temporary difficulties may arise in accessing the electronic voting system from websites outside of Israel. Accordingly, you may use the other voting methods set out above or contact the telephone voting call center at 077-2238333.



8.7. Authority of the Israel Securities Authority

Within twenty one (21) days of the date of filing the Notice of a General Meeting, the Israel Securities Authority or an employee it has authorized (the "ISA") may instruct the Company to provide, within a time it sets, an explanation, details, information and documents relating to the agreement on the agenda of the General Meeting, and it may instruct the Company to amend this Notice of a General Meeting in a way and at a date it sets. If such an instruction to amend the Notice of a General Meeting is given, the ISA may order postponing the General Meeting to a date falling between three (3) business days and thirty-five (35) days after the publication date of the amendment to this Notice of a General Meeting.

8.8. Company representative

The Company's representative dealing with this report is the Group Secretary Adv. Michal Kuperstein. Her address is 7 Hamanor St., Holon (telephone.: 972-3-6262200, Fax 972-3-6262209)

8.9. Review of documents

The Company's shareholders may, at their request, review 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 AM - 3:00 PM and by prior appointment by telephone: 972-3-626-2200

Sincerely,

**Michal Kuperstein, Adv.
Group Secretary
Bezeq – The Israel Telecommunication Corp, Ltd.**

The above information constitutes a translation of the Immediate Report published by the Company. The Hebrew version was submitted by the Company to the relevant authorities pursuant to Israeli law and represents the binding version and the only one having legal effect. This translation was prepared for convenience purposes only.