

Employees And Work Environment

We consider our employees to be the key to our success

We therefore continuously nurture all our employees, regardless of race, gender or religious affiliation, investing substantial resources in providing them with a pleasant and modern work environment, enabling them to improve their professional skills and performance and encouraging their personal growth and development.

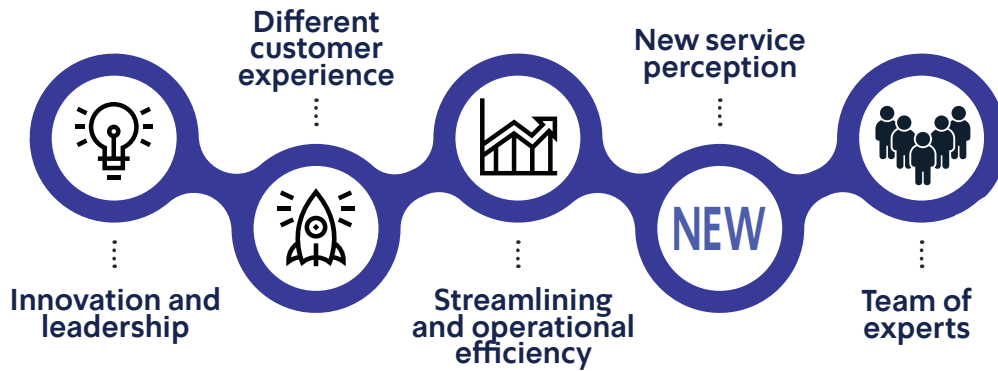
The Human Resources Division is responsible for fostering Bezeq's most valuable resource – its human capital, instilling the desire for achievement and excellence and developing a culture that reflects values of innovation, professionalism, personal responsibility, integrity, mutual respect, openness and sharing, allowing Bezeq to achieve its business objectives.

The Company believes in transparency and open dialogue. As part of this perception, a human resources information center was set up, called the Masha Center, that provides a high-quality, professional and personal response to employee inquiries in all areas related to human resources. The center offers immediate and simple solutions and brings together all the relevant information at one location, making it readily accessible.



The Masha Center includes a personal, user-friendly and easily accessible organizational portal with upgraded features, that at the click of a button introduces employees and managers to the rich and diverse world of human resources. The Masha portal, which operates on a SAP platform, provides the Company's employees with an advanced and innovative communication and work tool, enabling direct access to wide-ranging personal and organizational information and providing extensive knowledge on employment-related issues (employment conditions, wage agreements, workers' rights, monthly benefits, social welfare, etc.).





Main Objectives and Targets



Ehud Mezuman, Vice President of Human Resources:

"Our people are the Company's greatest asset. We strive to attract and retain the best people, by creating diversified teams, fascinating and innovative work environment and unique growth opportunities."

DIVERSITY AND DEMOGRAPHY



UN Sustainable Development Goals

We believe that diversity and cross-fertilization breed the most innovative ideas.

Bezeq – There's No Place Like Home

Our employees are proud to be a part of the Bezeq family. The average tenure at Bezeq is **20 years**. The turnover rate of employees and managers is very low, **standing at a mere 9.7%** (excluding call centers). **These figures attest to our employees' sense of belonging and satisfaction with the Company.**

Call center personnel account for 34% of the Company's workforce.

Tenure at the call centers averages **seven years**, much higher than the market average. The retention rate is 41%, a percentage attributable to the type of person employed at the call centers, who is most often below the age of 30 (mainly students and demobilized soldiers).

We invest great effort in the retention of the call center personnel, offering as part of the Company's employee advancement options the possibility of reassignment or retraining. In 2019 there were **189** cases of reassignment/retraining of Bezeq employees between the different divisions, including also managerial advancement.

Our Employees Come First

Employee rights

At Bezeq we act in a variety of ways to protect employee rights in the workplace, and we have put in place various control mechanisms for this purpose. In the hiring process, every job vacancy is open to all candidates, regardless of gender, origin or religious affiliation. The hiring criteria are the same for everyone, and all candidates undergo the same screening process.

The hiring policy, including the setting of employment terms and conditions, is based on objective tools and conditions dictated by the law and the collective labor agreement, as well as comparative market wage surveys. **Termination conditions as well as the conditions of early retirement plans and all other retirement frameworks** are identical for all employees, in accordance with the collective labor agreement, with no discrimination between genders or sectors. As part of the collective agreement, contractors in professional fields (excluding cleaning/security workers) are given the status of company employee after half a year.

In 2019, 212 permanent employees tendered their resignation in accordance with the Company's early retirement plan.

Employee incentives and bonuses

Our appreciation for our outstanding employees is also reflected in the grant of incentives and bonuses, which are managed by the Salary Benefits Department. Employees whose work is not evaluated on a quantitative basis receive a monetary bonus, while employees whose performance is measurable receive incentives based on various models. We strive to keep our employees within the Bezeq family, and we therefore also distribute retention bonuses.

The Company has a performance excellence model, whereby each year outstanding employees are selected from among all the Company's employees and awarded monetary remuneration as well as a boutique trip and an adventure trip.

Labor relations in the Company – engagement with the workers' committees

The employees are represented by five local committees according to geographical areas, headed by a chairman who is chosen from among the heads of the local committees. The Company enjoys good labor relations, based on open and transparent communication, including a continuous and constructive dialogue with management. Among other things, the Vice President of Human Resources Division and the Head of the Human Resources Department conduct regular meetings with the committees. The Company acts in accordance with the applicable collective agreements and maintains employee rights.

Irit Nagar, Human Relations Department Manager:

"Work relations with the employee organizations are sound and fair and serve as a catalyst for change, innovation and organizational development within the Company."

Bezeq serves as a reflection of Israeli society

Bezeq's service centers are situated throughout the country, representing the demographic diversity of the Company's employees, who hail from all sectors of the population.

Bezeq on the map

We are rooted in the community, with its rich fabric and diversity of cultural landscapes, and we strive to represent it in our operations.



	2019	2018
Geographic segmentation	Number of employees (percentage from total Company employees)	Number of employees (percentage from total Company employees)
Haifa and the North	1,435 (27.05%)	1,419 (25.76%)
Sharon Region	246 (4.64%)	256 (4.65%)
Tel Aviv and Ramat Gan	1,327 (25.01%)	1,431 (25.98%)
Dan Region	309 (5.82%)	316 (5.74%)
Center (including Lod)	730 (13.76%)	773 (14.03%)
Jerusalem and environs	721 (13.59%)	771 (14%)
South (including Eilat)	537 (10.12%)	542 (9.84%)
Total number of employees in Israel	5,305 (100%)	5,508 (100%)

Bezeq is among the largest employers in Kiryat Shmona, Israel's northernmost city.

Employment figures – in general and by gender

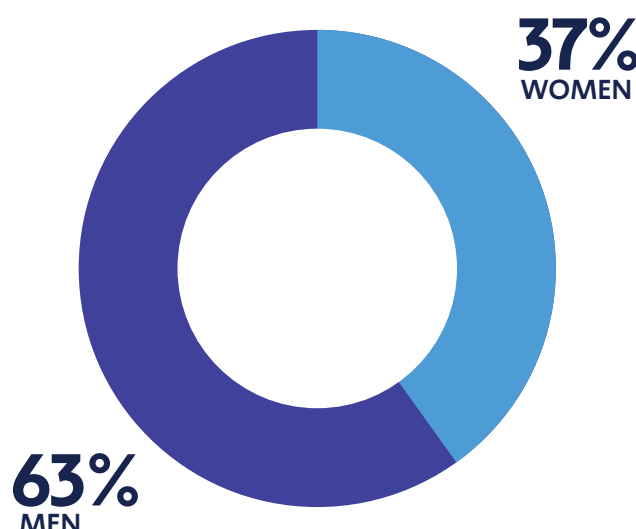
As of the end of 2019, Bezeq had **5,305** employees. **93%** of the Company's employees are covered by collective agreements, with the remainder (7%) employed under personal agreements.

99% of the employees are unionized.

At the end of 2018, the Company had 5,508 employees. During the course of 2019, while the total size of workforce contracted, the ratio of male to female employees remained unchanged.

More women managers

We believe in the need for promoting gender equality and fairness in employment. Accordingly, Bezeq promotes the employment of women – leading to a growth in the number of female managers in 2019.



Diversity in Employment

Bezeq strongly believes in fairness in employment and actively promotes the employment of members of Israel's minorities and disadvantaged groups that have difficulty in finding employment.

As part of attempts to reduce the social gaps and enrich the diversity of the Company's workforce, Bezeq collaborates with various nonprofit organizations alongside projects it operates on its own.³ Below is a partial list of projects in which Bezeq is involved:

- **TAPUACH Appleseeds Academy** for occupational training of the unemployed and advancement of disadvantaged population groups and their integration in the workforce.
- **HANICHIM Trainees Project for the Employment of At-Risk Youth** – some 100 youngsters (grades 10–12) are employed by the Company once a week and receive a salary, in a framework that offers them a horizon. Since the start of the project, Bezeq has employed 1,250 youngsters, of which 84% have gone on to serve in the IDF.
- **TAASUKASHAVA Equal Employment** – the Employment Ministry's coordinating body for integrating persons

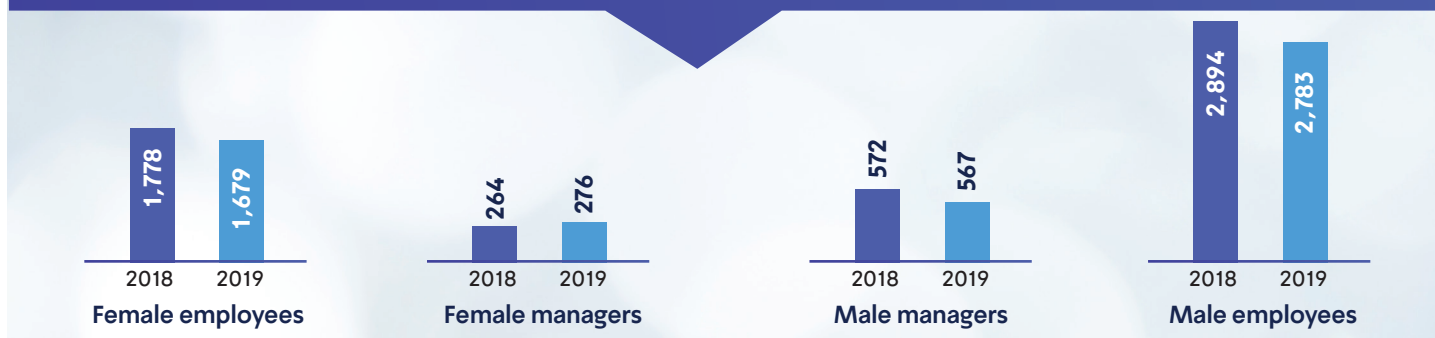
with disabilities in the job market. Bezeq works with this agency countrywide, in all sectors.

- **MIGDALOR**– adaptation of the work environment at Bezeq and ongoing collaboration for the integration of blind and visually impaired employment candidates.
- **Modiin Illit service center**– integration of women from the ultra-Orthodox community in the job market.
- **Advancement of women from the Bedouin sector** – creation of a tailored screening process (for example, the Hura service center which has been merged with the Beer Sheva service center)
- **RIYAN Association**– provision of occupational guidance for members of the Druze and Circassian communities, in a project run by the Alfamar community interest company.
- Collaboration with the **Authority for the Promotion of Employment** in the South.

The percentage of employees from the Arab sector (based on data of non-Jewish employees) stood at **5.7%** in 2018 and **6.4%** in 2019 of the total number of Company employees. The percentage of **persons with disabilities** employed at Bezeq stood at **4.6%** in 2019.

³ Additional details may be found in the social responsibility section of this report

Employment Figures – Gender Segmentation



Age Segmentation at Bezeq



Age Diversity – Intergenerational Cross-Fertilization

Bezeq serves as an amazing meeting ground for people from different generations. The mix of perspectives resulting from the difference in life experiences strongly contributes to the innovation and professionalism that characterize the Company as a whole.

Wage Ratio

The ratio of the basic salary of women to men is nearly identical in all employee categories at the Company's significant locations of operation, as shown below

Division	Occupation	Ratio of basic salary
Private Customers Division	Service representatives employed on an hourly basis	1.00
Technologies and Network Division	Grade C professional manager	0.97
Technologies and Network Division	Software developer	0.99
Technologies and Network Division	Branching design	0.95
Technologies and Network Division	Systems analyst	1.03
Private Customers Division	Service representatives team head	0.97
Business Customers Division	Account manager	0.99

Bezeq - Full-Time Professionalism

Full and part-time job percentages:

	Men		Women	
	2019	2018	2019	2018
Percentage of full-time employees	94.54%	94.43%	79.44%	78.94%
Percentage of part-time employees	5.46%	5.57%	20.56%	21.06%

Wage Advancement Policy

Bezeq has a computerized system for managing employees' wage advancement.

Once a year, a wage increase process takes place using a computerized SAP interface. The managers are provided with comprehensive information on the employees (performance, wage history, position on the wage scale, education, etc.) for the purpose of determining the increase.

The system enables the management of a complex and wide-ranging organizational process, within a set

timetable, while adhering to policy lines and providing an overall organizational picture. The process includes a top-down flow of budgets and directives, and a bottom-up flow of recommendations and decisions and is linked to the organization's relevant internal systems (evaluation and feedback, SAP, Malam Payroll).

Inherent to the system is the HR strategic concept of focusing on good, quality employees:



Wage Advancement for Long-Time Untenured Employees

The Company has several skill-based wage advancement tracks for service representatives and technicians in the Private and Business Divisions. Wage advancement in these tracks is dependent on suitable training.

Advanced Pension Control Simulator

Bezeq has designed and built a simulator enabling organizational and individual control over each employee's pension arrangement. Its purpose is to ensure that all Bezeq employees are properly insured in accordance with their employment agreement, including with respect to severance pay, provident fund and disability insurance, and that all amounts are attributed to the correct funds, according to the correct deposit percentages, with continuity of deposits, and so forth. The control simulator increases data transparency and availability for the employees.

Default Funds and Existing Funds at Bezeq

New work processes were developed for working with existing funds at Bezeq and with funds that were chosen by the Capital Market Authority. This included the characterization of systems and updating of the pension consultants' acceptance kit, contracting and support procedures.

Quality of Life

Balance between work, leisure and family

To promote a healthy lifestyle and strengthen the connection and identification with the Company, emphasis must be placed on the proper balance between work, leisure and family life. We strive to provide a comfortable work environment for our employees, which allows for reconciliation of employees' private life with work obligations.

Sigal Cohen, Human Resources Development Division:

"There's something nice about Bezeq as a workplace. It's a place that allows for lifelong learning... There is always opportunity for someone to learn and develop. It's also an organization that's good for parents because there is a good balance between home and work. Many of the employees come to work at 7 in the morning and leave at 3:30 in the afternoon."

Employees' Health and Wellbeing

Bezeq encourages its employees to maintain their health and wellbeing and holds activities that raise awareness and promote the issue. The Company has employee sports teams and encourages sports activities after work hours.

To safeguard employee wellbeing and promote safe driving, Bezeq conducted a workshop for drivers at Beit Levinstein Hospital, attended by drivers who were involved in road accidents. The purpose of the workshop is to change attitudes and influence the behavior of the participants on the roads.

Likewise, the Company subsidizes courses on smoking cessation, diets and healthy living. It is important for us that the employees feel "at home" in the workplace, get to know their coworkers better, and work out of interest and high motivation; therefore, we hold many team-building and bonding events as well as wellness activities in the various divisions.

Included among the bonding activities are toasting ceremonies held before Rosh Hashana and Pesach in several areas across Israel (Tel Aviv, Beer Sheva, Haifa, Jerusalem, Rishon Lezion). Likewise, once a year, we embark on a four-day bonding trip to visit sites abroad, and also hold smaller scale bonding events at the various Company units.

Major Actions Implemented by Bezeq's Welfare Non-Profit Organization/Association in 2019

The Company maintains a welfare website for its employees, where they can purchase products or receive various benefits conveniently. **The site has**

undergone a revamp, which includes innovative redesign, provision of access for people with a disability, and addition of search engines to create a user-friendly and accessible site.

Launch of Bezeq Club Card – A credit card that will entitle the holder to a discount upon payment, as well as offer improved terms and conditions.

B-Shopping Card – Intended for employees' families.

Construction of a central system for keeping track of all kinds of aid granted through the Mutual Aid Fund.

Welfare Activities on Behalf of Bezeq's Pensioners

Through the Bezeq Pensioners Association, the Company continues to maintain ongoing contact with its pensioners and puts at their disposal clubs across the country where they can take part in various activities. Pensioner clubs operate in three major cities (Jerusalem, Tel Aviv, and Haifa) and in the peripheral areas. The clubs serve as a meeting place for pensioners and their spouses, while serving the spouses of deceased pensioners as well.

Every large club has a club coordinator, employed by Bezeq, who organizes the activities for the elderly, including those held at peripheral area clubs. A pensioners' committee (on behalf of the Pensioners Organization) operates alongside every club as an active partner in the club's activities.

Aside from the clubs' activities, we put at the disposal of the pensioners and their spouses many additional services: financial benefits (such as a loans fund with preferred terms and conditions co-operated with Bank Yahav), subsidized group activities/workshops/courses and lectures, subsidized package tours (in Israel and abroad) that are offered to pensioners during the year, a gift for the holidays, as well as three major events a year (including performance by top-artists, rich refreshments, transport services).

Prevention of Sexual Harassment

We are working to prevent sexual harassment, allowing reports of incidents to be made anonymously and without fear, to the officer in charge of sexual harassment prevention at the Company. There is a mandatory tutorial that must be viewed by all new employees. The officer in charge of sexual harassment prevention holds discussions on the issue during orientation days for new employees and delivers instruction sessions on a regular basis, based on need or a prescheduled plan. Additionally, at least twice a year, digital mail on the subject is sent to all the Company's employees. The details for contacting the officer in charge are accessible to all the Company's employees.

People Are the Story

Fostering Professionalism among Employees

Employee Enrichment

We regard our work as a mission, and are committed to the highest professionalism. The employees' professionalism contributes to the quality of service and the personal development of the employees. We accomplish this with the help of organizational instruction and training, online learning platform, as well as courses and seminars devoted to career development

Employee Enrichment Objectives

Bezeq conducts hundreds of instruction activities in any given year, with the help of advanced digital learning projects.

From the personal perspective – Personal development processes, clarification of development needs and future directions of development, widening of possibilities, familiarization with a range of areas and improvement of personal skills.

From the professional perspective – Professional development, use of group-related professional knowledge, transfer of knowledge between participants, imparting professional skills that will help in the transfer of knowledge and in future jobs.

From the organizational perspective – Gaining a deeper knowledge of the Company, strategy, goals, structure and Company officers.

Bezeq invests numerous resources in developing human resources through innovative digital training courses.

Bezeq planned to deliver 25,037 hours of instruction for employees. Some of the training sessions were oversubscribed resulting in an overall implementation rate of 112%.

Percentage of Employee Trainings Implemented



Development and training programs for every occupation and function are drawn up and implemented as part of an overall plan, every year. Instructional needs for employees and managers are identified and assessed. All employees benefit from an innovative instructional system that is customized to their needs.

Training Employees and Managers in the Business Operations of the Company

Types of Trainings at Bezeq

The training provided includes professional instruction sessions, training courses for skills and qualifications, trainings for job entry. Subject areas covered by the trainings: professional team trainings, training and coaching skills, emotional intelligence, intellectual flexibility, critical thinking, advanced cyber issues, smart business (in IOT worlds), transmission of communication messages and presentation, upgrading of expertise, selling qualifications, creating value for the customer, inter-interface partnership skills, courses in digital skills for relevant populations, etc.

Short training sessions for employees – Learning and enrichment sessions on the subjects of success and employee development, covering creative thinking, innovation, partnering and project management.

A choice of short and focused workshops – Imparting of skills for effective and efficient work.

Organizational Development, Career Management and Manager Development at Bezeq

The training programs include the development of managerial abilities (effective management of resources, creativity, leadership, listening skills, openness and continuous improvement), identification and development of managerial potential, reinforcement of managerial abilities and key work interfaces at the Company, retention and development of professional leaders, organizational and managerial culture that promotes business success and bolstering of the partnership with the Company's management.

The emphasis is on the development of skills for the future world of work while undergoing a process of digital transformation.



Employee Satisfaction

As part of the managerial view at Bezeq, we see the utmost importance in receiving feedback from all our employees. For this reason, the Company carries out annual surveys to evaluate employee satisfaction along with the level of commitment, involvement and motivation at the Company. As a company that works continuously to develop its employees, Bezeq acts to draw lessons and set goals in light of past survey results, as well as to measure the achievement of set goals.

From a personal perspective...

Sergey Dumesek, an expert manning a strategic technical call center at Bezeq's Business Customers Division, talks about his experience as an employee at the Company:

Q: What do you like about your job?

A: My job has three different aspects: professional, information security staff and coach. This allows me to feel that every day is different working with new scenarios, new equipment, and new employees who need to be trained. I also love the fact that the job challenges me to think, to work with computers and to directly interact with customers and employees.

"Keeping a Finger on the Pulse" Survey

The "Keeping a Finger on the Pulse" survey focuses on personal development of the employees.

The survey was distributed to 3,070 employees and managers (not including representatives at the Company's call centers and technicians from the Private Customers Division).

During the last quarter, after receiving the survey results, workshops were held with divisional managements and unit managers (some 60 meetings). The recommendations formulated at the end of the survey were forwarded to divisional managers so that they should be incorporated into the annual work plan.

The general average score of the survey for 2019 was 7.92 (out of 10), representing the average answer of all those responding to all the survey questions. Compared to the survey for 2018, there is no significant change (8.03), taking into account that some of the questions changed and that only call center representatives were surveyed. The average score indicates that, overall, Bezeq employees are satisfied with various aspects of their work.

There are topics and questions that receive top scores, such as: "I am proud to work at Bezeq," "I feel that what I do has value and meaning."

There are differences in the response between units/teams/departments, and for that reason we deem it highly important to understand and delve into the answers of every unit (by comparing with other similar units, examining trends over the years in the same unit, understanding what specific things satisfy the employees, and what it is important to improve).

The scores show the employees' strong commitment and connectedness to the Company and their belief in Bezeq's ability to continue leading the communications market (0-10)

9.1
I am proud to work at Bezeq

8.86
I enjoy coming to work at Bezeq

8.79
I see myself working at Bezeq in the coming years

8.77
I believe that Bezeq will continue to be the leading and most successful telecommunications company in Israel

8.76
I feel that what I do has value and meaning

8.45
I get management's backing for decisions and actions I take within my job function

We analyze the results of every survey conducted at the Company and make adjustments and modifications accordingly (the analysis is made according to specific units at the Company).

The following questions show an improvement in the score received between 2018 and 2019:

Improvement between 2018 and 2019 (0-0.5)

Question 8: My job, most of the time, allows me to express my strengths (meaning at work)	0.42	The improvements indicate that the work environment is more positive for the employees and the job is more meaningful to them
Question 14: The existing work processes and procedures allow me to give high quality solutions to customers	0.41	
Question 5: I receive recognition and esteem for successes and achievements in my work (positive work environment)	0.36	
Question 7: I manage to influence matters that are related to my work (meaning at work)	0.34	
Question 16: I am proud to work at Bezeq (anchor question)	0.27	
Question 4: The workers in my unit feel comfortable expressing their opinion in any forum (positive work environment)	0.04	
Question 20: I feel that what I do has value and meaning	0.01	

From "Keeping Finger on the Pulse 2019"

Employee Attitude Survey

The Company's employees were asked to rank 6 values/ characteristics out of 36, which best reflect Bezeq's modus operandi.

Most of the values were "effective values" that Bezeq strives to foster at the Company, while a small part were "ineffective values" that the Company strives to diminish. The value "innovation" was ranked first by the employees. The following table provides a summary of responses from the employees who took part in the survey:

We are proud that these are the values that employees regard as representing the Company's activity and are pleased to find that the many actions implemented by management and as part of the employee and manager development programs, are creating positive change.

					
Excellence	High performance	Profitability	Focusing on the customer	Community involvement and contribution	Innovation
28.6%	30.6%	31.4%	32.2%	34.2%	39.4%

Employees Write About Us

Below are several examples from the free text the employees wrote in the "Keeping a Finger on the Pulse" survey, in answer to the question "What I like about Bezeq":

"The ability to express myself at work and to influence processes within my job function, a skilled and professional team of workers that give their all to get the work done."

"I'm proud to work at Bezeq and have been working at the Company for many years. Bezeq is a quality company with professional people, and the truth is that personally I feel that this is my home, I wish our company continued growth despite the tough competition because it's a net gain for the public that customers receive quality services."

"I love my personal department, there is an attentive ear, there is a family feeling among the staff who not hesitate to help each other."

"I love the work at Bezeq, I feel that I have self-confidence and am able to express myself at my job/ in what I'm doing, of course with the cooperation of the staff/ the superiors."

Employee Evaluation

Besides measuring employee satisfaction and employee perception of Bezeq, the Company is diligently implementing an ongoing employee development process.

The process was constructed with the aim of creating continuous improvement in performance, by setting tasks and goals, measuring and improving evaluation of performance according to the goals, while at the same time creating open and structured dialogue and coordinating expectations.

The process of evaluation and feedback is conducted once a year for headquarters employees, and twice a year for service call centers and private divisions.

All the employees take part in the evaluation process, which is carried out in a computerized manner. (Employees have the option of filling out a self-evaluation form and sending it to the manager.)

Employee Dialogue

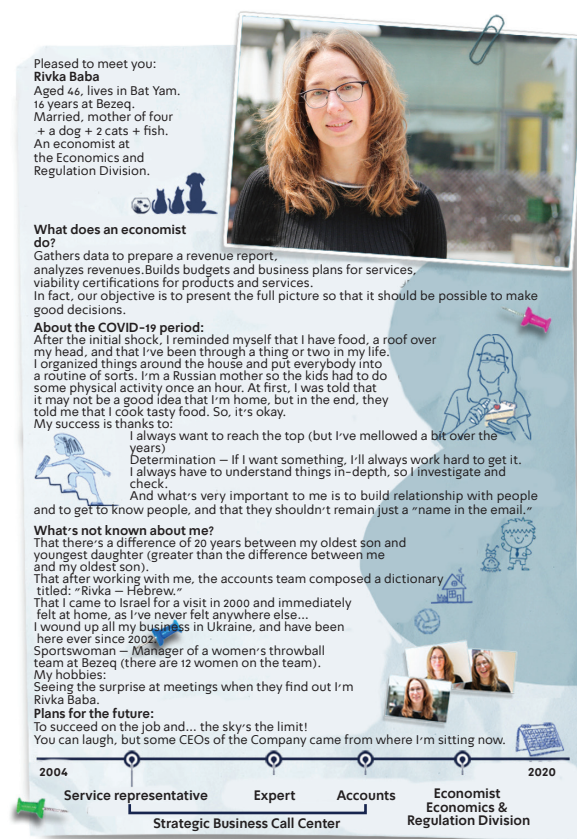
Organizational Portal -"Internal Call" & "The Blog"

An open and direct dialogue is conducted with employees via contact channels which Bezeq upgrades and develops each year. The major contact channels are the organizational portal (internal call) and "The Blog." An internal call is a platform for communication between employees, which also comprises the "open channel" system that allows employees to turn anonymously to management to receive a fast response.

"The Blog" allows employees to write posts on topics related to work and to receive feedback, and is used primarily for discussion about career topics and community involvement, and as a channel for management to communicate with employees about various topics (financial statements, changes in the Company, ethics, expressing gratitude).

In 2019, forty-three "internal call" activities were carried out, while 16 activities were carried out on the "The Blog" platform.

For example, "A Day in My Life" is an activity that is posted on Bezeq's career portal, where visitors join an office holder who shares the nature of his/her job and the daily agenda. The portal introduces Company employees to their coworkers and other office holders at the Company, and enhances the employees' sense of belonging.



Goals for 2020 – 2021 – Culture of Innovation

Goals and Missions

Assimilation of digital thinking and use of digital tools among employees, coupled with improved user experience, development of advanced digital learning means, streamlining of the core missions of human resources, and adjustment of human resources processes to new operational worldviews, service-focused and advanced. Creation of new and more accessible HR services, while maintaining close personal contact with employees, and placing emphasis on the quality of computerization of the recruitment and onboarding process. Automation of the pregnancy and childbirth process, promotion of integration of a digital approach in the stages of candidate communication, deepening of employee professionalism and innovation coupled with employee cultivation and the provision of practical tools.

Implementation of Organizational Measurement and Surveying While Maintaining Readily Available and Useful Intra-Organizational Communication

Bezeq will continue the process of adjusting organizational measurement and surveying to business market trends. Processes will undergo simplification amid ongoing dialogue that is focused on aspects of personal and professional development. Conclusions and insights for implementation will form the basis for programs to improve work with managers/ specific units, and goals will be set based on the survey's results and be assimilated in the work program.

Technological Innovation at Bezeq

HR Analytics –Providing a foundation of data and insights for trend analysis and decision-making through the measurement and analysis of HR processes, analysis of employee behaviors and preferences by geographical areas/ skills/ employee characteristics, and more, using **innovative data tools and AI (artificial intelligence) technology**.

I Have a Great Idea! "Brainwave"

Bezeq continually strives to remain relevant and with the help of crowd wisdom, which bolsters an employee's sense of belonging, Bezeq promotes innovation and entrepreneurship at the Company.

In 2020, Bezeq launched the campaign "Idea Wanted" for the Company's employees.

The ability and the wish of employees to be partners and even leaders of innovative ideas are immense. With the help of a simple digital platform, one can suggest ideas and initiate innovative processes at the Company. The ideas are reviewed in-depth by a dedicated team and successful ideas earn the employees a reward.

Bezeq Will Continue Internal Streamlining Processes

We will continue striving to augment the intra-organizational service experience for employees and managers through the expansion of digital services, the collective agreement and negotiations with the employees' representation. We will continue to care for our human capital with efficiency and accessibility, while preserving a fabric of proper, respectful and welcoming work relations.

