



Bezeq – The Israel Telecommunication Corporation Limited

(the “Company” or “Bezeq”)

June 22, 2023

Attn.
Israel Securities Authority
Tel Aviv Stock Exchange Ltd.

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 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 (the “Announcement of a General Meeting Regulations”); and the Companies Regulations (Written Vote and Statements of Position), 2005 (the “Voting Slip Regulations”), the Company hereby gives notice of a Special General Meeting of the Company's shareholders (the “General Meeting”), to be held on Wednesday, August 2, 2023, at 11:00 AM, 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 the reappointment of the external director Zeev Vurembrand, for a further (third) term of office of three (3) years on the board of directors of the Company, starting from September 6, 2023 until September 5, 2026 (inclusive);
- 1.2. Approval of the linkage of the salary of the chairman of the Company's board of directors, Gil Sharon, to the CPI, once a year, starting on January 1, 2024.

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

- 2.1. Reappointment of the external director Zeev Vurembrand (proposed resolution in section 1.1 on the agenda)
 - 2.1.1. It is proposed to reappoint Zeev Vurembrand as an external director on the board of directors of the Company, for an additional (third) term of three (3) years, starting from September 6, 2023 until September 5, 2026 (inclusive).
 - 2.1.2. The terms of office and employment of Zeev Vurembrand for his service as an external director on the board of directors of the Company will be as follows:
 - A. Annual compensation and participation in a meeting at the “maximum amount” for an external director as set out in the Companies Regulations (Rules for Compensation and Expenses of an External Director), 2000, based on the rating of the Company, as it will be from time to time, and according to his expertise, including reimbursement of travel expenses in accordance with the law



- B. Granting of the latest version of a letter of indemnification approved by the Company's board of directors and the general meeting of the Company's shareholders and a letter of exemption from liability as is standard in the Company
 - C. Inclusion in the D&O liability policy, all under standard terms in the Company.
- 2.1.3. Zeev Vurembrand submitted a statement to the Company as required under Sections 221 of the Companies Law, declaring that he meets the required conditions for classifying him as an external director as set out in Section 240(B) to (F) of the Companies Law.¹
- 2.1.4. For the information required under Regulations 26 and 36B(a)(10) of the Reports Regulations, see section 14 in Chapter D (Additional Information about the Company) in the Company's Periodic Report published on March 14, 2023.
- 2.1.5. Proposed resolution: "To approve the reappointment of the external director Zeev Vurembrand, for a further (third) term of office of three (3) years as an external director on the Company's board of directors, starting from September 6, 2023 until September 5, 2026 (inclusive)"
- 2.2. Approval of the linkage of the salary of the chairman of the Company's board of directors, Gil Sharon, to the CPI, once a year, starting on January 1, 2024 (proposed resolution in section 1.2 on the agenda)
- 2.2.1. It is proposed to link the salary of the chairman of the Company's board of directors, Gil Sharon, to the consumer price index (the "CPI").
 - 2.2.2. The salary of the chairman of the board of directors will be adjusted once a year, starting on January 1, 2024, in accordance with the increase in the CPI compared with the known CPI at the beginning of the prior calendar year. It should be clarified that if there is a decrease in the CPI, the salary will not be lowered, however the negative CPI will be offset from the next positive CPI (or from the next positive CPIs).
 - 2.2.3. Below are the considerations and reasons underlying the decision of the Company's compensation committee and board of directors, as the case may be, regarding the proposed decision:
 - 2.2.3.1. A review of the salary in Israel's major telecommunications companies shows

¹ For the sake of good order, it should be noted that Zeev Vurembrand and his employers and/or partners and/or relatives and/or the companies in which he serves as chairman or CEO and/or companies controlled by him, if relevant, may purchase various telecommunications services from the Company and from other companies in Bezeq Group in the ordinary course of business during his term as director The Company's position, which applies to all the Company's external and independent directors, is that the purchase of ordinary telecommunications services of this type for a customer who is classified by the Company or a subsidiary as a customer of the private division (subject to the exceptions defined by the audit committee) in the ordinary course of business of the Company, does not constitute a business relationship regarding the definition of "relationship". It should be noted that since the beginning of his term as an external director in the Company, Zeev Vurembrand has not purchased telecommunications services that constitute a business relationship with the Company and that Zeev Vurembrand instructed the parties related to him that he would not be involved in or informed about any purchase of such telecommunications services for those related parties.



- that the salary of their officers is linked to the CPI. In addition, a review of the salary conditions of officers in public companies in the TA-35 Index shows that linking the salary to the CPI is standard practice for the companies included in this index.
- 2.2.3.2. The increase in the CPI in recent years, and particularly in the last few months, has resulted in the erosion of salaries, and forecasts for the continued increase in the CPI is likely to lead to further erosion.
 - 2.2.3.3. Linkage to the CPI corresponds with the Company's salary policy, and is approved for all officers in the Company.
 - 2.2.4. Names of the directors who attended meetings of the Company's compensation committee and board of directors that approved the linkage to the CPI
 - 2.2.4.1. The meeting of the compensation committee on June 11, 2023, which approved, among other things, the linkage, was attended by all the committee members: Zeev Vurembrand (external director), David Granot (independent director), Tzipi Livni (external director), and Edith Lusky (external director).
 - 2.2.4.2. The meeting of the Company's board of directors on June 21, 2023, which approved, among other things, the linkage to the CPI, was attended by 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 linkage of his salary to the CPI due to his personal interest in the resolution.
 - 2.2.5. Names of directors with a personal interest in the proposed resolutions on the agenda and the nature of such interest To the best of the Company's knowledge, the Company's directors do not have a personal interest in the linkage to the CPI, other than Gil Sharon, since the linkage is related to his salary.
 - 2.2.6. Proposed resolution: "To approve the linkage of the salary of the chairman of the Company's board of directors, Gil Sharon, to the CPI, once a year, starting on January 1, 2024"



3. 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"), holding 27% 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.

4. Convening the General Meeting

4.1. Place and time of the General Meeting

An annual general meeting of the Company's shareholders has been convened for August 2, 2023 at 11:00 AM at the Company's offices at 7 Hamanor St., Holon, having on its agenda the items set out in section 1 above.

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

4.2.1. The majority required to approve the reappointment of Zeev Vurembrand, as set out in section 2.1 above, in accordance with Section 239(B) of the Companies Law, is a simple majority of all the votes cast by shareholders present and entitled to vote at the meeting, provided one of the following is satisfied:

4.2.1.1. 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 approval of the appointment, other than a personal interest that is not due to a relationship with the controlling shareholder. Abstentions will not be taken into account. A person having a personal interest will be subject to the provisions of Section 276 of the Companies Law, as set out in section 4.3 below.

4.2.1.2. The total number of dissenting votes from among the shareholders referred to in paragraph 4.2.1.1 above does not exceed two percent (2%) of all the voting rights in the Company.

4.2.2. The majority required to approve the linkage of the salary of the chairman of the board, as set out in section 2.2 above, is a simple majority of all of the votes cast by shareholders present and entitled to vote at the General Meeting, without taking into account abstentions.



4.3. Disclosure of a personal interest

In accordance with Section 276 of the Companies Law and Regulation 7(A)(8) of the Written Vote Regulations, a shareholder participating in the vote on the reappointment of Zeev Vurembrand, as set out in section 2.1 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 for 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.

4.4. 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 August 9, 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 adjourned meeting will be held with any number of participants.

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

4.5.1. 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 June 28, 2023.

4.5.2. 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, (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, not later than twenty-four (24) hours before the time of convening of the General Meeting.



- 4.5.3. An Unregistered Shareholder may receive 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. Such a request should be submitted in advance for a specific securities account.
 - 4.5.4. 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.
 - 4.5.5. 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 4.6 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 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 4.7 below).
- 4.6. Voting slip, statements of position, and addition of items to the agenda
- 4.6.1. 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.
 - 4.6.2. Addresses of the distribution site of the Israel Securities Authority and the website of the TASE containing the text of the voting slips and the statements of position: Israel Securities Authority www.magna.isa.gov.il; Tel Aviv Stock Exchange Ltd.: www.maya.tase.co.il. The text of the voting slips and statements of position, if any, are available on the Company's website: www.bezeq.co.il.
 - 4.6.3. A TASE member will send by email, free of charge, a link to the text of the voting slip and the statements of position 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.
 - 4.6.4. A shareholder may apply directly to the Company and receive the text of the voting slip and the statements of position.



- 4.6.5. The deadline for delivery of the shareholders' statements of position to the Company is up to ten (10) days before the date of convening the General Meeting, that is, until July 23, 2023. The deadline for submitting the board of directors' response to statements of position is up to five (5) days before the date of the General Meeting, that is, until July 28, 2023.
 - 4.6.6. An Unregistered Shareholder wishing to vote by a voting slip should mark the voting method on Part Two of the voting slip and deliver the voting slip 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 before the time of convening the General Meeting.
 - 4.6.7. A shareholder registered in the Company's register of shareholders wishing to vote by a voting slip should mark the voting method on Part Two of the voting slip and deliver the voting slip to the Company or send it by registered mail, 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.
 - 4.6.8. 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, 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 should be submitted to the Company up to seven (7) days after the notice of the General Meeting, that is, by June 29, 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.
- 4.7. Voting via the electronic voting system
- 4.7.1. 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.



- 4.7.2. 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 has voted by more than one means, the last of their votes 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.
- 4.7.3. 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.
- 4.7.4. 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

4.8. Company representative

The Company's representative dealing with this report acting Group Secretary Adv. Evyatar Amsalem His address is 7 Hamanor St., Holon (tel. 972-3-6262200, Fax 972-3-6262209)

4.9. Review of documents

The Company's shareholders may, at their request, inspect 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 - 15:00 PM and by prior appointment by telephone: 972-3-6262200

Sincerely,

Evyatar Amsalem, Adv.

Acting Group Secretary

Bezeq – The Israel Telecommunication Corporation Limited

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.



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 2.2 of the Notice of a General Meeting (in NIS thousand):

Details of compensation recipient				Compensation (in terms of cost to the Company)						
				Salary ⁽²⁾	Mgmt. fees	Bonus ⁽³⁾		Consulting fees	Other	Total
Name	Position	Scope of position	% of holding in Company equity ⁽¹⁾			Cash	Equity ⁽⁴⁾			
Gil Sharon	Chairman of the board	100%	0.43%	2,814		1,607	2,319			6,740

- (1) Fully diluted, assuming exercise of all the options into Company shares; 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 salary for Gil Sharon in 2022 includes a company car/reimbursement of expenses in lieu of a car, contributions to the National Insurance Institute, and other fringe benefits and terms; excluding a provision for early notice and for non-competition. The linkage was calculated assuming a CPI of 5%.
- (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)