



Bezeq - The Israel Telecommunications Corp. Ltd.

(the "Company")

June 22, 2023

Attn.
Israel Securities Authority

Attn.
Tel Aviv Stock Exchange Ltd.

Re: **Immediate report – Amendment to the special collective agreement of December 5, 2006 between the Company and the employees union and the Histadrut New Federation of Labor**

On June 21, 2023, the Company's board of directors approved the principles of an additional amendment to the special collective agreement of December 5, 2006 between the Company and the employees union and the Histadrut New General Federation of Labor (the "Collective Agreement"). The amendment to the Collective Agreement is further to the approval of the amendment to the Communications Order (Telecommunications and Broadcasting) (Determination of an Essential Service Provided by Bezeq the Israel Telecommunication Company Ltd.), 1997 (the "Communications Order") (which has been approved but has not yet been signed and published in the Official Gazette), regarding the holdings of a controlling shareholder in the Company, and refers to the possibility of a future change of control in the Company arising from the amendment to the Communications Order. The contents of this report and the approval of the principles as set out in this report does not indicate that the Company has any information about any possible change of control in the Company.

The amendment to the Collective Agreement is expected to be signed and to come into effect after the parties' legal counsel completes its drafting.

Below are the main principles that were approved:

1. Maintaining the Company's financial robustness:
 - 1.1. The Company will maintain its current credit rating, to the extent that this is under its control.
 - 1.2. Regarding the distribution of a dividend to the Company's shareholders – the distribution will be subject to the provisions of the law, while maintaining the Company's current credit rating. For a distribution not in compliance with the profit test only – the consent of the employees union will also be required.



- 1.3. The provisions in this section will apply from the date the amendment to the Collective Agreement is signed and will remain in effect until the end of the term of the Collective Agreement (the end of 2025).

2. Bonus for change of control

The Company's employees will receive a bonus in the total amount of NIS 75 million, of which NIS 5 million will be received on January 1, 2024 and the remainder on the dates and under the terms to be determined in the amendment to the Collective Agreement, subject to the change in the rate of the holdings of the current holders of the control permit in the Company (or the expiration, cancellation, or transfer of the control permit), whereby even if the terms are fulfilled, half of the remaining bonus will not be paid before January 2024, and the other half of the remaining bonus will not be paid before January 2025.

The bonus payments have no time limit and they satisfy the claims of the employees union regarding the change of control of the current holders of the control permit in the Company.

3. The Company will act to amend its articles of incorporation (under the authority of the general meeting of the Company's shareholders) such that in the absence of core control in the Company and if there are more than 12 directors in the Company (including the employee director), the employees' representation may appoint an additional director on its behalf.

4. If the parties reach a final agreement and the amendment to the Collective Agreement is signed, the Company is expected to recognize a one-time provision of NIS 75 million for the entire amount of the bonus for change of control, in its financial statements for the quarter in which the amendment to the Collective Agreement is signed.

Yours sincerely,

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.