



“Bezeq” The Israel Telecommunication Corp Limited
(“The Company”)

July 28, 2021

Attn.
Israel Securities Authority

Attn.
The Tel-Aviv Stock Exchange Ltd

Dear Sir/Madam,

Immediate Report - Folkman Committee Recommendations

Further to section 5.1.2 of the Company’s periodic report for 2020 regarding the appointment of a committee to review overall regulation of the broadcasting sector (“the Committee), an immediate report is hereby provided that on July 27, 2021, a report of the Committee’s recommendations was published on the Ministry of Communications website.

The Committee’s report contains, *inter alia*, recommendations on the following subjects:

- Abolition of the Cable and Satellite Broadcasting Council and the Council of the Second Authority for Television and Radio, and establishment of the Commercial Broadcasting Authority in their place.
- Application of regulation on all audio-visual content providers (those whose main activity is transferring content to subscribers), including the different OTT operators. With regard to local content providers - application of regulation according to a scale to be determined according to their volume of activity, based on their total annual revenues. With regard to international content providers - application of regulations to a limited and partially voluntary extent.
- Establishment of provisions to promote original productions of top genre only and of a gradual investment obligation applicable to the different content providers, while reducing the present provisions regarding the obligation to invest in original productions.
- Establishment of provisions on prohibition of exclusivity in the sports broadcasting sector applicable to all local content providers, and further provisions on broadcasting and purchasing of sports contents.
- A mechanism for establishment of provisions on consumerism in the broadcasting sector as well as recommendation regarding cancellation of the basic cable and satellite bundles.

According to the Committee’s report, there are issues on which the Committee has not reached a final conclusion, including the issue of economic models for the broadcasting market (for which the Committee recommends gradually abolishing the present separations and restrictions, including the free transfer obligation of the commercial channels, the channel allocation obligation, and the ban on broadcasting commercials on traditional platforms, including of the Company’s subsidiary, DBS Satellite Services (1998) Ltd. (“DBS”), while offering two plans for implementation of this recommendation) as

well as the possibility of multichannel platforms to hold news entitles. Therefore, the Committee requested, *inter alia*, comments to the recommendations by September 2021, for further examination by the Ministry of Communications together with other relevant parties.

The Committee's recommendations are subject to the approval of the Minister of Communications and various procedures for adoption (including legislation) and implementation thereof.

The Company and DBS are studying the Committee's report, and at this stage are unable to estimate the impact of the report on DBS' business, *inter alia*, due to dependence on the manner of adoption and implementation of the recommendation, if at all, and since no final recommendations were given regarding some of the issues.

Link to the Committee's report:

https://www.gov.il/BlobFolder/reports/27072021/he/Report-Folkman_Committee.pdf

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.