Remuneration Policy of BATM Advanced Communications Ltd.

Introduction

This Remuneration Policy sets out the remuneration policy of BATM Advanced Communications Ltd (hereinafter – the "Company") for its executive and non-executive directors, senior managers and Officers (as that term is defined in section 1 of the Israeli Companies Law), which includes the CEO and other executive managers in the Company that report directly to the CEO of the BATM Group This current remuneration policy was approved by the shareholders in October 2017 and has been developed taking into account the mandatory provisions of the Israeli Companies Law on directors' and officers' remuneration as well as the principles of the UK Corporate Governance Code 2016. The Company believes that it has applied the main principles under Section D.1 and D.2 of the UK Code (as adapted to fit into the employment environment of high-level executives in the Israeli market).

Remuneration philosophy and objectives

The Company believes that the most effective Executive remuneration policy is one that is designed to reward achievement, to encourage a high degree of performance and that aligns Executives' interests with those of the Company and its shareholders while ensuring that the Company can maintain its ability to attract and retain for the long-term leading employees for key positions. The remuneration philosophy of the Company is to offer Executives remuneration which is comprised of a mix of fixed annual salary and variable performance -based bonuses and/or long term equity incentives.

The Company has established the following main remuneration objectives for the Company's Executives:

(1) Remuneration should be related to performance on both a short term and long-term basis with a portion of a senior Executive's potential annual bonus and long-term equity based remuneration conditional on achievement of pre-determined performance objectives;

(2) The mix of the fixed and performance based variable remuneration should serve to encourage senior Executives to remain with the Company. The Policy's components are designed to retain talented executives. A significant element of the Policy is therefore a long-term equity based incentive remuneration reward that vest on a rolling basis over several years. As part of the retention objective, the Company believes that remuneration should include a meaningful share option component to further align the interests of the senior Executives with the interests of the shareholders;

(3) Remuneration should be reasonable for the business of the Company, its location, industry and its long-term, multi-year approach to achieving sustainable growth;

(4) Remuneration should be designed to encourage initiative innovation and appropriate levels of risk. It should be structured to discourage taking excessive short-term risk without constraining reasonable risk taking. Therefore a portion of the incentive variable remuneration should be linked to longer-term Company performance.

(5) The Policy should ensure transparency and accountability and encourage a high-performing culture in the Company.

The Remuneration Committee and its duties

The BATM Remuneration Committee (the "Committee") was established by the Board of Directors of the Company and operates in accordance with the functions set forth in the Israeli Companies Law. This is a separate independent Committee comprised of three external independent directors who are appointed by the shareholders' meeting.

The Committee's responsibilities and duties are:

(1) Recommending for approval to the Board the framework or broad policy for the remuneration of the Company's Chairman of the Board, Chief Executive Officer, executive directors and other senior management and Officers;

(2) Recommending appropriate remuneration packages and service contracts of the senior Executives, and reviewing the ongoing appropriateness and relevance of the Remuneration Policy;

(3) Recommending and determining the goals for all performance-related remuneration offered by the Company and approving the total annual payments made under such schemes;

(4) Reviewing the design of all long-term incentive schemes, such as options and equity awards and recommending these for approval by the Board and, if and when required by law, by the shareholders.

The Committee's terms of reference are available on the Company's website and are available in hard copy on request from the Company Secretary.

Remuneration Principles

a) The remuneration of senior Executives and Officers of the Company shall consist of all, or part of the following:

(i) **fixed remuneration** - **salary** (including pensions and fixed social benefits on a level consistent with peer companies and only if these are mandatory or commonly accepted in the relevant employment market) that is commensurate with the individual Executive's skills, experience, education, qualifications and responsibilities. The fixed annual salary, benefits and pension will be set at a broadly mid-market level (including with reference to the country in which an executive principally works), and reviewed annually taking account of individual responsibilities and performance. The Remuneration Committee will ensure that the underlying principles, which form the basis for determining Executives' salaries are consistent with those on which salary decisions for the rest of the workforce in the Company are taken. In addition, before making a recommendation the Committee takes into account the general salary increase for the broader employee population when conducting the salary review for the senior Executives. The Committee also takes into account the ratio between the total remuneration of the applicable director and/or senior Executive and the salary of all other employees in the Company, especially the ratio between the total remuneration and the median and average salary of all such other employees in the Company - this analysis and ratio will be calculated on a per Division basis and on a per country basis so as to ensure that the comparison is made on the same underlying parameters;

and

(ii) **variable remuneration**, which can comprise a mix of:

- Annual bonuses; and
- Long Term (equity based) Incentives (hereinafter – "LTIs").

The Board of Directors determines the ceilings for payment of the fixed remuneration and variable remuneration, so that they are reasonable and appropriate. The targeted ratio between the fixed salary remuneration and the variable elements of remuneration which the Company may offer Executives, shall be as follows:

	Non-Executive Chairman	CEO	Senior Executives
Annual Salary or the equivalent thereof	100%	100%	100%
Other fixed benefits *[1]	30%-40%	30%-40%	30%-40%
Annual Bonus*[2]	None	up to 75%	up to 50%
LTIs (per vesting annum)	None	up to 125%	up to 100%

**The percentages above reflect ratios compared to the annual fixed Salary and are the maximum rewards that the Company may pay to the relevant Executives.*

** The amount of LTIs will be calculated on a linear basis over the period of vesting.*

**[1] "Other fixed benefits" are comprised of mandatory pension scheme required by Israeli labour laws and regulations (6.5% from base salary), and may also include Further Education Funds, use of company car, use of mobile phone and newspaper, all as commonly given in Israel in peer companies. The Company only pays pension on the Executives' basic salary (and not on the variable remuneration).*

**[2] Non-Executive independent Directors are not eligible for annual bonuses.*

The Annual Salary for the senior Executives shall not exceed the following maximum threshold:

(a) Non-Executive Chairman: US $120,000*

(b) CEO: US $520,000

(c) Other senior Executives: US $300,000

[* This amount is based on a 30% part time position of the Chairman]

The total remuneration of senior Executives and directors will be reviewed annually, taking into account the above considerations & focusing on the relevant person's contribution and performance as well as the performance of the Company and its financial status.

In addition to the above, at each such review the Remuneration Committee may, in its discretion, approve immaterial changes to all or part of the remuneration package of a senior Executive or Officer of up to 3 Base salaries (including the amount of the fixed benefits payable on such salaries) as a reward for his/her special contribution to the Company in the previous year. With respect to an immaterial change in the remuneration of the CEO which is recommended by the Remuneration Committee, such recommendation will also require the approval of the Board of Directors of the Company. All instances in which the Remuneration Committee has used its discretionary powers to award such a bonus (as, for example, to reward an Executive for his/her special efforts in closing a merger or acquisition for the Company) will be fully disclosed by the Company in the relevant annual report.

Measurement criteria for awards of annual Bonus

The level of the cash payment bonus paid to any executive director, senior Executive or Officer (excluding non-executive independent directors),]will be established to link rewards with the Company's annual business goals, based on quantifiable measurements and targets set out at the start of the financial year by the Remuneration Committee. The criteria on which the annual Bonus is based shall be calculated, as follows:

(i) **Consolidated / Division financial measures:** adjusted EBIDTA, measured against the targets of the annual budget as approved by the Board of Directors for the relevant year; and

(ii) **Personal & operational performance measures**: The criteria shall be determined individually when such personal criteria are set. A list of personal qualitative goals will be determined by the Remuneration Committee on a case by case basis.

The weight of the corporate / division financial measures and personal operational performance measures for considering a bonus award, shall be as follows:

	CEO	CFO	Division Heads
Consolidated financial measures:	75%-100%	60%-80%	20%-40%
Division financial measures:	-	-	40% - 60%
Personal & Operational performance: (Non-financial performance criteria)	up to 25%	20%-40%	up to 20%

The financial measures are based on defined quantitative criteria, whereas the personal and operational measures are based on qualitative criteria. If less than 70% of the financial measures has been achieved, then no part from the Consolidated/Division financial annual bonus may be paid; if however between 70% - 100% of the financial measures have been achieved, then the relevant Executive or senior Officer will be eligible to receive a pro rata portion of the Consolidated/Division financial annual bonus as determined by the Remuneration Committee. Annual bonuses may be withheld in whole or in part if the business has suffered an exceptional negative event, even if some specific targets have been met. The Remuneration Committee has overall discretion to ensure that a payment that is inappropriate in all the Company's circumstances is not made. The maximum aggregate bonus shall be as set forth in the above table, per executive level.

If there was a mistake in calculation of the annual bonus by the Company, or if the Company restates any of the financial data that was used in calculating the Bonus (other than a restatement required due to changes in financial reporting standards), then the applicable Bonus shall be recalculated using such restated data (the "Restated Bonus"). The balance between the original Bonus and the Restated Bonus, if any, (the "Balance") will be repaid to the Company, or paid to the Executive (as the case will be) by deducting, or adding such balance from the first amounts payable to such senior Executive as a Bonus immediately after the completion of the restatement. To the extent that no Bonus will be payable to such senior Executive in that year, then the Balance shall be deducted from the Bonus payable in the next year and so forth up to three years. Notwithstanding the above, if the senior Executive's employment relationship with the Company terminates before the Balance is fully repaid to the Company, then the Balance shall be deducted from all amounts due and payable to such senior Executive in connection with such termination of employment and if there is still an unpaid balance to the Company, then such unpaid balance shall be repaid pursuant to the terms determined by the Board of Directors.

In the event of termination of employment of an Executive during the calendar year (except under circumstances justifying the non-payment of Severance Pay pursuant to Israeli labour law and precedent of the Labour Courts), the amount of the Bonus shall be calculated and adjusted for the entire year in accordance with the provisions of this Policy and thereafter shall be prorated in accordance with the actual days of employment of the Executive by the Company during the applicable year and paid to the eligible Executive in full together with the first salary that will be paid following the approval by the Board of Directors of the financial statements for such applicable year.

Long-Term Incentives

The Company’s long Term Incentive package for the CEO and other Senior Executives will be established to support the Company’s strategy by incentivizing the delivery of growth, increase in profitability, superior shareholder returns and sustained financial performance. Long-term incentives may be granted by the Board of Directors through the issue of options under the Company's Employee Share Option Plan ("ESOP"). The Company believes that this mechanism is the preferred long-term incentive package, as the Company already has in place ESOPs that have been approved by the relevant Tax Authorities in Israel and this kind of LTI scheme is more commonly used and understood by high-level executives in the Israeli market.

Any award of Long Term Incentives by the Remuneration Committee and the Board of Directors will be made in order to reward the senior Executives for future performance and building additional value for the shareholders (thus increasing the price of the share) and to foster a long-term relationship between the Executive and the Company.

(1) The vesting of any LTIs (options) granted by the Board to a senior Executive shall be over time in order to retain the senior Executive in the Company and to incentivize the Executive to increase the value of the Company.

(2) Any LTIs granted by the Company to a senior Executive will vest over a three (3) year period as follows: Twelve months after the Board Approval – 0; twenty-four months after the Board Approval – 50% and thirty-six months after the Board Approval – 50%, provided that the senior Executive remains an employee or in the service of the Company on each date of exercising the LTIs. If the Company terminates the employment or services contract of an Executive who was awarded options within the first half of the year from the Board Approval, the eligible Executive shall not be entitled to exercise the options granted, unless the termination by the Company was unjustified; if the Company terminates the employment or services contract of an Executive who was awarded options within the second half of the year from the Board Approval, the Board of Directors will determine whether to allow the eligible Executive to exercise the amount of options which vested

immediately prior to the termination date. Any Executive that resigns from his/her position in the Company shall forfeit his/her right to exercise any non-vested LTIs.

(3) In exceptional circumstances and/or cases of a restatement of any of the Company's financial statements, the Remuneration Committee has the discretion to reduce future rewards of LTIs to the relevant senior Executive.

All grant of options hereunder shall also be subject to the following:

- options shall not be exercisable more than ten years after the date of the grant; and
- The price ("exercise price") at which options may be granted shall be a fixed price and not be under the average market price in the month preceding the date of the Board Approval.
- The options may include provisions for acceleration of vesting in certain events, such as mergers, a consolidation, a sale of all or substantially all of the Company's consolidated assets, or sale of all or substantially all of the issued shares of the Company, all as stipulated in the Company's relevant employee share option plan.
- Subject to the receipt of all the required approvals, the exercise of the options may be made by a cashless mechanism and the exercise price may be adjusted for dividend distribution.

(4) The Company’s long-term incentive schemes, as applicable to directors and senior executives, should provide that commitments to issue BATM shares must not exceed (in aggregate across all schemes) 10% of the issued ordinary share capital (adjusted for share issuance and cancellation) in any rolling 10 year period.

(5) The maximum levels of variable remuneration and benefits that the Company may grant to the CEO and other senior Executives in the Company are as set forth above in the Table on page 3.

Remuneration to Non-executive independent Directors ("NEDs")

As an Israeli publicly listed company, BATM's Board must include at all times, at least two external (public) independent non-executive directors that fulfill the mandatory requirements and hold the qualifications laid down in the Israeli Companies Law. Such directors may receive cash remuneration which includes an annual fixed fee and a per-meeting participation fee as well as equity based compensation, all as prescribed in the Israeli Companies Regulations ((Rules Regarding Compensation and Expense Reimbursement of External Directors) -2000 (**the "Compensation Regulations"**), as an incentive for their contribution and efforts for the Company. In addition, the Company may reimburse said directors for their reasonable expenses incurred in connection with attending meetings of the Board of Directors and of any Committees of the Board, all in accordance with the Compensation Regulations. The Company's remuneration policy with respect to NEDS is that it offers each of them the relevant scale of annual fixed fee and "per-meeting" participation fee specified in the Compensation Regulations which apply to the Company.

NEDs are not eligible to participate in the variable remuneration plans offered by the Company to its Executives and Officers.

NEDs are also not entitled to notice periods of termination, as their position under the Israeli Companies Law is set for a defined term of three years following their appointment by the shareholders' meeting.

Their office may only be terminated for cause in special circumstances by the Company's shareholders' meeting, or by the competent court at the request of a director or shareholder.

External appointments for executive directors of the Company

The Company does not prohibit its executive directors from being appointed as non-executive directors in other companies, provided that such appointment will not create a conflict of interest between his/her position in the Company and his external appointment. In each such instances, the Company's executive director may retain the remuneration paid to him/her by the other company. The Company provides a full disclosure on each such instance in its remuneration report contained in the Company's Annual Report.

Retirement and termination of employment or services arrangements:

As part of the incentives under this Remuneration Policy, the Company is permitted to approve retirement benefits and termination arrangements in its employment and services contracts in order to attract and retain highly skilled professional executive officers. The retirement and termination arrangements may include one or more of the following, as may be approved by the Remuneration Committee and the Board (unless the termination is in circumstances that negate the payment of severance pay pursuant to applicable law):

- Advance Notice of termination: (i) shall not exceed up to 6 monthly base salaries for the CEO; and (ii) shall not exceed up to 4 monthly base salaries for other senior Executives (provided however, that any current employment or services contracts in effect with senior Executives which contain an Advance Notice of more than 6 months shall continue in effect until the relevant contract expires);
- Adjusted Payments: A senior Executive may be entitled to adjustment payments as follows: (i) up to a maximum of six (6) months for the CEO; and (ii) up to a maximum of four (4) months for other senior Executives, provided that any overlap between the Advance Notice period during which the senior Executive is not working will be accounted for the purpose of calculating the total adjustment payment and deducted therefrom. The adjustment payments will be based on the employment term of each senior Executive with the Company.
- The level of adjusted payments to be offered to specific executives will be discussed by the Remuneration Committee that will provide its recommendations to the Board, after considering the following:
- The executive is committed to work in the Company for at least two years;
- Throughout his/her term of employment he/she has made a significant contribution to advancing the Company's business;
- The executive is not leaving the Company under circumstances justifying the non-payment of severance pay (as recognized under Israeli labour law and precedent) and upon termination of employment he will sign on a release in favour of the Company against all claims;

- The recommendation of the CEO (or the Chairman in the case of the termination of employment of the CEO) as to the level of severance payment;
- The Company's performance throughout the period of his/her employment by the Company.
- If the Executive resigns from the Company during the calendar year for which he would have been entitled to an annual bonus, the Remuneration Committee has the discretion to decide whether and to what extent that Executive should be eligible to receive the Bonus (whether in part, in full, or not at all).

Recruitment Policy

The Remuneration Committee will take into consideration a number of factors, including the current pay for other executive directors, external market forces, skills and current level of pay at previous employer in determining the pay on recruitment.

In terms of additional benefits, the Committee will offer a package which is set in line with this Remuneration Policy and the mandatory pension scheme levels in the Israeli market.

Annual bonus and LTIs will be set in line with this Remuneration Policy.

Buy-Out awards: Where an individual forfeits outstanding variable opportunities or contractual rights at a previous employer as a result of his/her recruitment by the Company, the Committee may offer compensatory payments or buy-out awards, dependent on the individual circumstances of recruitment, determined on a case by case basis. Where appropriate, the Committee may choose to apply performance conditions to any of these awards.