

**BATM ADVANCED COMMUNICATIONS LTD.**  
**Remuneration Committee - Terms of reference**

**1. Appointing a Remuneration Committee**

As a publicly listed company, BATM is in compliance with the provisions of Section 118 A. of the Israeli Companies Law -1999 (the "Law") which requires a public company to appoint a remuneration committee (the – "Committee") whose composition must comply with section 118 A (b) of the Law and whose terms of reference and duties must comply with section 118 B. of the Law.

**2. Composition of the Committee**

- 2.1 The Committee will consist of a minimum of three members appointed by the Board out of which all the external (non-executive) directors must be members and the majority of its members must be external directors;
- 2.2 all members must be independent of the management and free from any business or other relationship, apart from their fees and shareholding, which could materially interfere with the exercise of their independent judgement. As such, the Chairman of the Board and any director which has a controlling interest in the Company may not be members of the Committee;
- 2.3 appointments to the Committee will be for a period of up to three years, which may be extended for two further three year periods but only if the member remains independent;
- 2.4 the chairman of the Committee, who will also be a non-executive director, will be appointed by the Board;
- 2.5 the secretary to the Committee will be the Company secretary if such person is not a member of the Company's finance staff; and
- 2.6 members of the Committee shall be named in the Company's annual report.

**3. Purpose, role and duties of the Committee**

Pursuant to section 118 A. of the Law and good corporate governance, the role and duties of the Committee are:

- 3.1 to recommend to the Board on a proper and suitable remuneration policy for "officers" of the Company [as that term is defined in section 1 of the Law] while taking into consideration, *inter alia*, promoting the best interests of the Company, creating proper and reasonable incentives to attract highly skilled senior management employees to the Company;
- 3.2 if the remuneration policy approved by the Board is for a period of more than three years, to recommend bringing the policy for extension for an additional three year period by the shareholders' meeting, or to make recommendations for submitting a new or amended policy for the requisite approvals;
- 3.3 to consider and decide whether to approve transactions or agreements with respect to the terms and conditions of employment of certain "officers" in the Company which require the Committee's approval pursuant to sections 272, 273 and 275 of the Law;

- 3.4 to consider and if the Committee deems it appropriate, to exempt certain transactions or agreement from requiring the approval of the shareholders' meeting, as stated in section 272 (c1) (3) of the Law;
- 3.5 to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and to make recommendations as to steps to be taken; and
- 3.6 report to the Board on how it has discharged its responsibilities.

#### **4. Procedure**

- 4.1 Meetings will be held at least twice a year at appropriate times in the reporting and audit cycle of the Company and at additional times, when needed, to consider proposals from management for employment terms of a newly recruited "officer" in the Company, including senior managers of subsidiary companies who will be reporting directly to the CEO of the Company;
- 4.2 only members of the Committee will normally attend Committee meetings but other individuals such as the chairman of the Board, chief executive, finance director, other directors and internal audit may be invited by the Chairman of the Committee to attend all or part of any meeting as and when appropriate;
- 4.3 the quorum of a meeting of the Committee shall be a majority of the members;
- 4.4 each member of the Committee has one vote on all matters to be determined by the Committee;
- 4.5 meetings of the Committee will be summoned by the secretary of the Committee at the request of any of its members or at the request of the external or internal auditors if they consider it necessary;
- 4.6 the secretary of the Committee will minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance;
- 4.7 the secretary of the Committee must promptly circulate minutes of Committee meetings to all members of the Committee and, once agreed, to all members of the Board.

#### **5. Duties**

The Committee will carry out the duties set out above in **paragraph 3** for the Company, its major subsidiary undertakings and the group as a whole, as appropriate.

These Terms of Reference of the Remuneration Committee were adopted at the meeting of the Board of Directors held on 20<sup>th</sup> April 2017.

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**Dr. Gideon Chitayat, Chairman of the Board**