

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in BATM Advanced Communications Ltd please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

**BATM ADVANCED COMMUNICATIONS LTD.**

**Notice of Annual General Meeting**

**of 18<sup>th</sup> October 2017**

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**International H.Q.**

4 Ha'harash Street, Nave Ne'eman Ind. Area,  
P.O.B. 7318, 4524075 Hod Hasharon, Israel

**52-0042813 – Registered in Israel**

### **Chairman's letter**

14 September, 2017

Dear Shareholder,

#### **Annual General Meeting**

I am pleased to enclose the notice of the Annual General Meeting of BATM Advanced Communications Ltd., which is to be held at the offices of Luther Pendragon, 48 Gracechurch Street, London, EC3V 0EJ, on 18<sup>th</sup> October 2017 at 10.00 a.m. BST.

In addition to the standard formal resolutions being placed before the meeting there are also two specific resolutions being proposed relating to remuneration matters in the Company, which we believe to be of the utmost importance for the continued growth and success of the Company. Information regarding these special resolutions is set out below:

Resolution 5 – approval of the Company's revised Remuneration Policy (the "Policy"): As explained in the notes to the proposed resolutions, the Company is obligated under Israeli Law to adopt a remuneration policy (which incorporates the mandatory parameters set forth in the Israeli Companies Law) and to bring the proposed remuneration policy for approval to the shareholders' meeting, once every three years. The Company's current remuneration policy was approved at the shareholders' AGM on 10 September 2014 – accordingly the Company is presenting the attached new remuneration policy for approval before the shareholders' meeting. In preparing the new proposed remuneration policy, the Company's Remuneration Committee held discussions and meetings on this matter with management, consulted with legal advisers and engaged the services of KPMG's Executive & Strategic Rewards' department in the UK and KPMG's Employee Compensation department in Israel to provide its expertise and experience to the Company in formulating a policy that would (a) comply with all the mandatory requirements of both the Israeli Companies Law and the UK Corporate Governance Code; (b) be fair and reasonable for the Company and meet the benchmarks commonly used by peer companies in the UK of a similar size to the Company; and (c) be capable of being used as a workable "tool" to recruit and retain for the long-term highly skilled managers and senior executives. In line with UK market practice, the Policy includes maximum incentive opportunities for executives and also includes maximum base salary thresholds, which are based on median quartiles for senior executives in FTSE Small Cap companies. The attached proposed remuneration Policy being brought for approval to the shareholders was reviewed by KPMG UK (Executive Rewards department) and found to be in compliance with key aspects of policy relevant to UK market practice.

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Resolution 6 – approval of grant of long-term incentives to the CEO, Dr. Zvi Marom: Since January 2014 the CEO's base salary has remained the same and the CEO has not been rewarded for his special efforts in developing and making inroads into new very important business niches and new potential markets (such as China for the Company's Bio-Med Division). The Company believes that these efforts by the CEO will hopefully come to fruition over the next year or two, subject to the Company being successful in bringing the new products and technologies to market on time and subject to the global markets not entering into recession. The Board therefore believes that it is vital to reward the CEO at an appropriate level for his contribution over the next three years and to adequately incentivise him for continuing to grow these new opportunities, which the Board believes could bring significant value to the shareholders. Accordingly, the Remuneration Committee has recommended to the Board to grant the CEO five million options to purchase BATM ordinary shares. The exercise price per share shall be a fixed price and not be under the average market price in the month preceding the date of the Board Approval (being 18.261 pence per share) and the options granted will vest as follows: at the end of twelve months – 0%; at the end of 24 months – 50%; and at the end of 36 months – 50%. After reviewing the above proposed long-term grant and verifying that its terms comply with the revised Remuneration Policy, the Board approved the above proposed grant (subject to its approval by shareholders at the AGM) at its meeting on 13<sup>th</sup> September 2017.

#### **Recommendation**

The directors of the Company consider that all such proposals to be considered at the Annual General Meeting are in the best interests of the Company and its members as a whole, and are most likely to promote the success of the Company for the benefit of its members as a whole.

The directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings to the extent that they have any.

Yours sincerely,

Dr. Gideon Chitayat  
Chairman

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Notice is hereby given that the Annual General Meeting (“AGM” or the “Meeting”) of BATM Advanced Communications Ltd. will be held at the offices of Luther Pendragon Ltd, 48 Gracechurch Street, London, EC3V 0EJ, on 18<sup>th</sup> October 2017 at 10.00 a.m. BST to consider and, if thought fit, to pass the following Resolutions, all of which are proposed as ordinary resolutions:

### **Ordinary Resolutions**

1. To receive, consider and adopt the Company’s audited annual accounts for the financial year ended 31 December 2016 together with the directors’ report and the auditors’ reports on those accounts.
2. To approve the report of the Company’s Remuneration Committee for the financial year ended 31 December 2016 together with the auditors’ reports on the auditable part of the remuneration report.
3. To appoint the auditors of the Company (Brightman Almagor Zohar & Co., a member of Deloitte Touche Tohmatsu Limited) as external auditors for the 2017 financial year and to authorise the board of directors to fix the auditors’ remuneration for the period.
4. Election of directors  
To re-elect the directors mentioned in section 4.1 - 4.3 below for a one year term until the next Annual General Meeting of the Company (Note 1):
  - 4.1 Dr. Gideon Chitayat;
  - 4.2 Dr. Zvi Marom;
  - 4.3 Mr. Moti Nagar
- 5 To approve the Company's revised remuneration policy for senior executives as detailed in part 1 of the Appendix to this notice of the AGM (note 2).
- 6 To approve the grant of a long-term incentive package (options) to the Chief Executive Officer, Dr. Zvi Marom, as detailed in part 2 of the Appendix to this notice of the AGM (note 3).

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Note 1: In addition to the above three candidates up for election, the Company currently has three additional external non-executive directors (Dr. Avigdor Shafferman, Ms. Orna Pollack and Mr. Harel Locker), whose positions pursuant to the Israeli Companies Law is for a defined term of three years each from their respective appointment dates and they are still within their current term and their appointments have previously been approved at meetings of the Company's shareholders – so no formal proposal for re-election is required with regards to these external directors.

Note 2: Section 267A of the Israeli Companies Law-1999 requires every public company to adopt a remuneration policy (which incorporates the mandatory parameters set forth in the Israeli Companies Law) and to bring the proposed remuneration policy for approval to the shareholders' meeting, once every three years. The Company's current remuneration policy was approved at the shareholders' AGM on 10 September 2014 – accordingly the Company is presenting the attached new remuneration policy for approval before the shareholders' meeting.

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Note 3: The CEO, Dr. Zvi Marom, is also a controlling party who holds a substantial shareholding in the Company. Section 275 of the Israeli Companies Law 1999 provides that a transaction or grant of benefits by the Company to a controlling party requires the approval of the Remuneration Committee and the Board of Directors and following this the approval by the shareholders which must meet at least one of the following conditions: (i) the majority vote of shareholders in favour of the proposed grant must comprise a majority that does **not** include the specific interested party in approving the proposed transaction out of those participating in the vote, and in counting the votes for passing the proposed resolution the votes of those abstaining shall not be taken into account; or (ii) the total number of shareholders voting against this proposal shall not exceed two percent (2%) out of the total voting rights in the Company.

Dated: 13 September, 2017

By order of the Board  
Dr. Zvi Marom  
Chief Executive Officer

Company number: 52-0042813

Registered office: 4 Ha'harash Street, Park Sharonim,  
PO Box 7318, Hod Ha'sharon, 45240 Israel.

#### **Notes to the Notice of Annual General Meeting**

1. Only those members registered on the Company's register of members at:
  - 1.1 Close of business on 16<sup>th</sup> October **2017**; or
  - 1.2 if this Meeting is adjourned, at close of business on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the Meeting.
2. Information regarding the Meeting is available from [www.batm.com](http://www.batm.com).
3. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy are set out in the notes to the proxy form. **In order to be valid, proxy forms must be lodged at either Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or at the registered office of the Company in Israel marked for the attention of the CFO not less than 48 hours prior to the meeting.** A form of proxy appears on the following page. In the case of a member which is a corporation, the proxy (or any related document) should be given under its common seal or under the hand of an officer or attorney duly authorised in writing. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such party or authority) must be included with the proxy form.

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
5. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard copy proxy form, please contact the Company's Registrars, Capita Asset Services, on Tel: UK – 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. From overseas - +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The lines are open between 9.00am - 5.30pm BST, Monday to Friday excluding public holidays in England and Wales

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

In order to revoke a proxy instruction, you will need to inform the Company by sending a hardy copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services at the address referred to in Note 3 above. The revocation notice must be received by Capita Asset Services not less than 48 hours prior to the Meeting.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
  7. In the case of holders of Depositary Interests representing shares in the Company, a Form of Direction must be completed in order to direct Capita IRG Trustees Limited, the Depositary, to vote on the holder's behalf at the meeting (in person or by proxy) or, if the meeting is adjourned, at the adjourned meeting. **In order to be effective, a completed and signed Form of Direction (and any power of attorney or other authority under which it is signed) must be delivered to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 72 hours before the time fixed for the meeting or any adjourned meeting.** A Form of Direction appears on the penultimate page of this notice.
  8. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
  9. The Company will answer any question you ask relating to the business being dealt with at the meeting unless:
    - 9.1 answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    - 9.2 the answer has already been given on a website in the form of an answer to a question; or
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- 9.3 it is undesirable in the interest of the Company or the good order of the meeting that the question be answered.
10. As at 11.00 a.m. on September 13 2017, the Company's issued share capital comprised 403,150,820 ordinary shares at 0.01 NIS each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 11.00 a.m. on September 13 2017 is 403,150,820.
11. If you do not have a proxy form or Form of Direction and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The lines are open between 9am – 5:30pm BST, Monday to Friday excluding public holidays in England and Wales.
12. You may not use any electronic address provided either:
- 12.1 in this notice of Annual General Meeting; or
- 12.2 any related documents (including the Chairman's letter and proxy form)
- to communicate with the Company for any purposes other than those expressly stated.
13. The following documents will be available for inspection at **the registered office of the Company** from **14 September, 2017** until the time of the Meeting and at the Meeting venue itself for at least 15 minutes prior to the Meeting until the end of the Meeting:
- 13.1 copy of the Articles of Association of the Company.
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## Form of proxy

**for use at the 2017 Annual General Meeting of BATM Advanced Communications Ltd.  
to be convened at 10.00 a.m. on 18<sup>th</sup> October 2017 at the offices  
of Luther Pendragon Ltd, 48 Gracechurch Street, London, EC3V 0EJ, England**

I/We .....

of .....

being a member of the Company hereby appoint ...../ the Chairman of the meeting to act as my/our proxy and to vote for me/us as indicated below with an "X" at the Annual General Meeting of the Company convened for 18<sup>th</sup> October, 2017 at 10.00 a.m. and at any adjournment.

Date .....

Signed .....

Please indicate how you wish to vote with an "X" in the appropriate box opposite each resolution. If no specific indication as to voting is given the proxy will vote or abstain in their own direction as they will on any other matter arising at the meeting.

Ordinary Resolutions	FOR	AGAINST
1. Receipt of directors' report and annual accounts	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of report of the remuneration committee	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-appointment of auditors and fixing their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-election of directors		
4.1 Re-appointment of Dr. Gideon Chitayat	<input type="checkbox"/>	<input type="checkbox"/>
4.2 Re-appointment of Dr. Zvi Marom	<input type="checkbox"/>	<input type="checkbox"/>
4.3 Re-appointment of Moti Nagar	<input type="checkbox"/>	<input type="checkbox"/>
With respect to proposed resolution 4.2 for re-election of Zvi Marom who is a "controlling shareholder" I/we hereby confirm that I/we do not have a personal interest in this proposed resolution	_____	
5. Approval of the proposed new remuneration policy for senior executives in the Company as detailed in Part 1 of the Appendix	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of the grant of long-term incentives (options) to the CEO, Dr. Zvi Marom, as detailed in Part 2 of the Appendix	<input type="checkbox"/>	<input type="checkbox"/>



Notes:

1. This form of proxy to be valid must be completed and signed and must be deposited with Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or at the registered office of the Company not less than 48 hours before the time fixed for the Meeting.
  2. In the case of a corporation this proxy should be under its common seal, or if not so required under the hand of an officer duly authorised in writing.
  3. In the case of joint holders the signature of any one of them will suffice but the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for the purposes seniority shall be determined by the order in which the names stand on the Company's register of members in respect of the joint holding.
  4. Any alteration made in the form of proxy should be initialled.
  5. You are referred to the Notes to the Notice of Annual General Meeting for further information.
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## Form of Direction

**For use by holders of Depositary Interests representing shares on a one for one basis in the BATM Advanced Communications Ltd (“BATM”) in respect of the Annual General Meeting of BATM to be convened on 18<sup>th</sup> October 2017 at 10.00 a.m. at the offices of Luther Pendragon Ltd, 48 Gracechurch Street, London, EC3V 0EJ, England**

I/We .....  
of .....

being a holder of Depositary Interests representing shares in BATM hereby direct Capita IRG Trustees Limited, the Depositary, to vote for me/us and on my/our behalf in person or by proxy at the Annual General Meeting of BATM to be held on the above date (and at any adjournment thereof) as directed by an “X” in the appropriate box opposite each resolution. **If no indication is given, you will be deemed as instructing the Depositary to abstain from voting.**

Ordinary Resolutions	FOR	AGAINST
1. Receipt of directors’ report and annual accounts	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of report of the remuneration committee	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-appointment of auditors and fixing their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-election of directors		
4.1 Re-appointment of Dr. Gideon Chitayat	<input type="checkbox"/>	<input type="checkbox"/>
4.2 Re-appointment of Dr. Zvi Marom	<input type="checkbox"/>	<input type="checkbox"/>
4.3 Re-appointment of Moti Nagar	<input type="checkbox"/>	<input type="checkbox"/>
With respect to proposed resolution 4.2 for re-election of Zvi Marom who is a "controlling shareholder" I/we hereby confirm that I/we do not have a personal interest in this proposed resolution	_____	
5. Approval of the proposed new remuneration policy for senior executives in the Company as detailed in Part 1 of the Appendix	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of the grant of long-term incentives (options) to the CEO, Dr. Zvi Marom, as detailed in Part 2 of the Appendix	<input type="checkbox"/>	<input type="checkbox"/>

Signature: .....

Date: .....

Notes:

1. To be effective, this Form of Direction and the power of attorney or other authority (if any) under which it is signed, or a notarised or otherwise certified copy of such power of attorney, must be deposited at Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 72 hours before the time appointed for holding the meeting.
  2. Any alterations made to this Form of Direction should be initialled.
  3. In the case of a corporation this proxy should be given under its common seal or under the hand of an officer or attorney duly authorised in writing.
  4. Please indicate how you wish your votes to be cast by placing "X" in the boxes provided. On receipt of this form duly signed, you will be deemed to have authorised Capita IRG Trustees Limited to vote, or to abstain from voting, as per your instructions.
  5. The Depository will appoint the Chairman of the meeting as its proxy to cast your votes. The Chairman may also vote or abstain from voting as he or she thinks fit on any other resolution (including amendments to resolutions) which may properly come before the meeting.
  6. If a Depository Interest holder wishes to attend the Annual General Meeting they should notify Capital IRG Trustees Limited (the Depository) accordingly to request issue of a Letter of Representation to the Depository Interest holder giving them authorisation to attend the Annual General Meeting. If any Depository Interest holder attends the Annual General Meeting without a Letter of Representation, they will only be allowed to enter the Annual General Meeting as a guest. Requests for a Letter of Representation should be made to the Depository at Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by email to [custodymgt@capita.co.uk](mailto:custodymgt@capita.co.uk), no later than 10.00am on the 13<sup>th</sup> October 2017, or 72 business hours prior to the meeting or any adjourned meeting.
  7. You are referred to the Notes to the Notice of Annual General Meeting for further information.
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## **APPENDIX**

### **Part 1**

## **New proposed remuneration policy as approved by the Company's Board**

### **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 and will be put to shareholders' vote at the forthcoming AGM in October 2017. The policy will come in place of the current

Remuneration Policy approved by the shareholders in September 2014 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; and
- (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; and
- (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.

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## 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
<b>Annual Salary or the equivalent thereof</b>	100%	100%	100%
<b>Other fixed benefits *[1]</b>	30%-40%	30%-40%	30%-40%
<b>Annual Bonus*[2]</b>	None	up to 75%	up to 50%
<b>LTIs (per vesting annum)</b>	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 and 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
<b>Consolidated financial measures:</b>	75%-100%	60%-80%	20% - 40%
<b>Division financial measures:</b>	-	-	40% - 60%
<b>Personal &amp; Operational performance: (Non-financial performance criteria)</b>	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 the 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 incentivising 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 incentivise 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) years 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.
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- (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 fulfil 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 recognised 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; and
    - 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).
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## **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.

## **PART 2**

### **Proposed long-term incentives to the CEO, Dr. Zvi Marom**

As recommended by the Company's Remuneration Committee, the Board has approved at its meeting on 13th September 2017 the grant of the following long-term incentives to the CEO, subject to appropriate shareholders' approval:

- A grant of five million options to purchase BATM ordinary shares.
- The exercise price per share shall be a fixed price and not be under the average market price in the month preceding the date of the Board Approval (being 18.261 pence per share).

The options granted will vest as follows: at the end of twelve months – 0%; at the end of 24 months – 50%; and at the end of 36 months – 50%, provided that Dr. Zvi Marom remains in his position at the Company as of the date of each vesting.

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