



**Report concerning the application by Ronson Development SE (the “Company”)
of the set of corporate governance principles and rules of conduct, Best Practice for GPW
Listed Companies 2016**

As on the date of this report, i.e. 11 March 2020, the Company does not comply with the following recommendation and detailed principles stated in the Best Practice for GPW Listed Companies 2016:

Principle I.Z.1.3.

There is no formal division of tasks and responsibilities among members of the Company’s Management Board which could be evidenced in the form of a document publishable on the Company’s corporate website. However, the division of duties between members of the management board performing operational functions is reflected in their respective titles (i.e. the President of the Management Board, the Finance Vice President of the Management Board and Chief Financial Officer and Vice President of the Management Board for Sales and Marketing). Relevant information is available on the Company’s corporate website.

Principle I.Z.1.15.

There is no formal policy on diversity of the Company’s governing bodies and its key managers. The Company’s Supervisory and Management Board members are elected on the basis of a wide range of factors, such as experience, background, skills, knowledge and insight. The Company recognizes the benefits of diversity, including gender equality, and it strives to achieve a greater level of diversity on the Supervisory Board and the Management Board.

Principle I.Z.1.20.

The Company believes that the existing information policy in effect at the Company guarantees that investors have access to complete and thorough information about decisions adopted at the General Meeting of the Company. The Company therefore believes there is no need to publish an audio or video recording of the proceedings of the General Meeting on the Company’s corporate website. What is more, the provisions of the Company’s Articles of Association do not allow for participation in the General Meeting by means of electronic communications (which in particular includes real-time broadcasting of the General Meeting).

Recommendation II.R.3.

One of the Company’s Management Board members, Alon Haver, acts as the CFO in the parent company of the Company, and also holds a managerial role in other companies belonging to the Company’s parent company group. Additional activities of other members of the Management Board do not require such time commitment or effort to negatively affect the proper performance of the function in the Company.

Principle II.Z.2.

The Management Board Rules, which have been in effect since 17 December 2018, repeating in that regard the provisions of the Commercial Companies Code, provide that a member of the Management Board cannot, without the consent of the Company, participate in any competitive company as a member of the governing body of a capital company and cannot participate in any other competitive legal person as a member of such person’s governing authority. Such consent is granted on behalf of the Company by the Supervisory Board.

According to the Company's best knowledge, the Management Board members do not participate in any competitive company or any other competitive legal person as members of their governing authorities.

In 2019 Andrzej Gutowski and Rami Geris did not sit on management or supervisory boards of any companies outside of the Company's group. Nir Netzer, while performing his function in the Company, was the Director in the company fully owned by him and Alon Haver held a managerial role in companies outside of the Company's group.

Principle III.Z.4.

No separate units responsible for the internal audit have been established at the Company, as there is no justification for this given the size and type of the Company's activity, which complies with Recommendation III.R.1. The Company outsources its internal audit functions to an external entity which carries out an internal audit when requested by the Management Board and reports directly to the Company's Supervisory Board.

Given the limited audit scope, in 2019 the annual assessment of the efficiency of the functioning of the internal audit, risk management and compliance systems and functions was not presented to the Supervisory Board.

Principle IV.Z.2.

In the Company's opinion, ensuring real-time broadcasts of the General Meeting is unjustified in the light of the Company's shareholding structure. Moreover, providing the relevant technical infrastructure necessary for the efficient conduct of the General Meeting by means of electronic communication would involve financial expenditure and organisational effort incommensurate with the result achieved. Moreover, the Company's shareholders have not communicated any expectations to the Company regarding real-time broadcasts of the General Meeting. For this reason, the provisions of the Company's Articles of Association do not allow for participation in the General Meeting by means of electronic communication (which in particular includes real-time broadcasting of the General Meeting).

Principle IV.Z.5.

In the Company's assessment, there is no need to adopt Rules of the General Meeting. In the Company's assessment, the Company's Articles of Association coupled with the provisions of the Commercial Companies Code and the Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Articles of Association for a European company (SE) (OJEU.L No. 294), describe exhaustively the manner of convocation and conduct of the General Meeting, and of the adoption of resolutions.

Principle IV.Z.11.

In 2019, the Company held two General Meetings. In both cases, at least one member of the Company's Management Board attended the Meeting. The Company's Management Board is of the opinion that the decision of the Supervisory Board members to participate in the general meeting is in each case an individual decision of the given member of the Supervisory Board. In addition, the Company's Management Board is the only body authorized and obliged to respond to the shareholder during the general meeting (Article 428 of the Commercial Companies Code).

Principle V.Z.5.

In 2019, the Company did not have any regulations in this regard. The procedure for assessing transactions with related entities, providing for the consent of the Supervisory Board for transactions with related parties, was adopted by the Company's Supervisory Board on February 4, 2020. The procedure provides for the approval of material transactions (above 5% of assets of the Company) with related parties of the Company as defined by IAS 24.

Principle VI.Z.2.

The Company does not currently have an incentive program for options or other instruments related to the Company's shares. Pursuant to the provisions of the Articles of Association, the Supervisory Board may develop incentive plans for members of the Management Board based on shares or rights to shares.