



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

The year 2018 marked a turning point in the history of the Company. In the course of that year, the Company changed its legal form and became a European company, and then transferred its registered office from the Netherlands to Poland. Those changes had a major impact on the Company’s functioning as the legal regimes under which the Company operated changed during that year.

Between 1 January through 30 October 2018, the Company was subject to Dutch law. And as a Dutch company, the Company was primarily required to comply with the Dutch Corporate Governance Code. At the same time the Company adhered also to the corporate governance principles of "Best Practices for the Warsaw Stock Exchange Listed Companies 2016" ("Warsaw Stock Exchange Best Practices"), yet only to the extent permitted by Dutch law (in consequence, not all the principles of the Warsaw Stock Exchange Best Practices applied to the Company directly).

On 31 October 2018, the District Court for the capital city of Warsaw seated in Warsaw, XIII Commercial Division of the National Court Register, registered the Company in the register of business entities of the National Court Register. Since 31 October 2018 the Company has been subject only to Polish law and the corporate governance principles of "Warsaw Stock Exchange Best Practices", adopted by the Management Board of the Warsaw Stock Exchange on 13 October 2015.

As on the date of this report, i.e. 13 March 2019, 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 and was reflected in their respective titles (i.e. under Dutch law: the Chief Executive Officer, the Chief Financial Officer and the Sales and Marketing Director, and under Polish law: the President of the Management Board, the 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 recognises 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.

Principle II.Z.2.

In the period between the transfer of the Company's registered office from the Netherlands to Poland, neither the corporate documents of the Company nor the generally applicable laws required the Company's Management Board members to obtain the consent of the Supervisory Board to sit on management or supervisory boards of companies outside of the Company's group.

Since the date of the transfer of the Company's registered office to Poland the Company has been subject to Polish law. The Management Board Rules, which have been in effect since 17 December 2018, repeat in that regard the provisions of the Commercial Companies Code and 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.

Andrzej Gutowski and Rami Geris do not sit on management or supervisory boards of any companies outside of the Company's group. Nir Netzer is the Director in the company fully owned by him and Alon Haver holds 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 2018 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, in the wording adopted in connection with the transfer of the Company's registered office from the Netherlands to Poland, 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.

The Company's Articles of Association was the principal document regulating the internal organisation of a public limited company incorporated under Dutch law. The Articles of Association specified in detail the manner of the convocation, conduct and adoption of decisions (resolutions) by the General Meeting. The Articles of Association could be amended only based on resolutions of the General Meeting.

Similarly, following the transfer of the Company's registered office to Poland, 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, p. 1), describe exhaustively the manner of convocation and conduct of the General Meeting, and of the adoption of resolutions.

Principle IV.Z.11.

Dutch law did not contain any provisions that would require the Management Board or the Supervisory Board members to participate in the General Meeting. Prior to the date of the transfer of the Company's registered office to Poland, due to the considerable distance between the statutory registered office, where the General Meeting had been held, and the place of business of the considerable part of the Company's minority investors, the Company had regularly organised preliminary General Meeting at its registered office in Poland several days prior to its formal General Meeting held in accordance with Dutch law, to ensure that shareholders could have direct contact with the Company's Management Board members and ask them any questions they might have.

Since the date of the transfer of the Company's statutory registered office to Poland there have been two General Meetings. In the Company's opinion, in both those cases, the Company's Management Board was represented sufficiently. On 20 December 2018, two members of the Management Board were present (two Vice Presidents of the Management Board), while on 24 January 2019, the General Meeting was attended by the President of the Company's Management Board (whereas the Vice Presidents of the Management Board were not present during the Meeting, yet they were available at the Company's office should an urgent need arise for them to take part in the Meeting). The Company's Management Board considers that any decision of the Supervisory Board members whether or not to participate in the General Meeting is in each case an individual decision of a given Supervisory Board member (the General Meeting held on 20 December 2018 was attended by one Supervisory Board member). In addition, the Management Board of the Company is the only body authorized and obliged at the same time to reply to the shareholder during the general meeting (Article 428 of the Code of Commercial Companies).

Principle VI.Z.2.

The Company does not currently have an incentive program for options or other instruments related to the Company's shares.