

RONSON EUROPE N.V.
CORPORATE GOVERNANCE

Corporate Governance

Governance structure

The Company is a Dutch public company with a listing on the Warsaw Stock Exchange (“WSE”).

Corporate Governance Code in the Netherlands

On 9 December 2003, the Dutch Corporate Governance Committee, also known as the Tabaksblat Committee, released the Dutch Corporate Governance Code. The Dutch Corporate Governance Code contains 21 principles and 113 best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code and, if they do not apply, to explain the reasons why. The Dutch Corporate Governance Code provides that if a company's general meeting of shareholders explicitly approves the corporate governance structure and policy and endorses the explanation for any deviation from the best practice provisions, such company will be deemed to have applied the Dutch Corporate Governance Code.

The Company acknowledges the importance of good corporate governance. The Management and Supervisory Boards have reviewed the Dutch Corporate Governance Code, generally agree with its basic provisions, and the Board have and will take any further steps they consider appropriate to implement the Dutch Corporate Governance Code.

The Company supports the Dutch Corporate Governance Code and will apply with the relevant best practice provisions of the Dutch Corporate Governance Code, subject to the exceptions set out below.

Non-Compliance with the Dutch Corporate Governance Code:

II. 1.1 A Management Board member is appointed for a maximum period of four years. A member may be reappointed for a term not more than four years at a time.

The current members of the Management Board have been appointed for an unlimited period and the Company does not consider it appropriate to renegotiate the existing agreements, in so far as this would be possible given the mandatory provisions of Dutch labor law. Any future appointments of members of the Management Board will be in compliance with this provision.

II. 1.3 The Company shall have a suitable internal risk management and control system. It shall, in any event, employ as instruments of the internal risk management and control system:

- risk analyses of the operational and financial objectives of the Company;
- a code of conduct which should, in any event, be published on the Company's website;
- guides for the layout of the financial reports and the procedures to be followed in drawing up the reports; and
- a system of monitoring and reporting.

The Company does not yet have a code of conduct, but intends to adopt such a code in due course.

II. 2.1 Options to acquire shares are a conditional remuneration component, and become unconditional only when the management board members have fulfilled predetermined performance criteria after a period of at least three years from the grant date.

The currently outstanding options have been granted unconditionally. The Company shall not amend these existing agreements. Considering that the Company is still in a relatively early stage of development and that the setting of credible predetermined performance criteria at a term of at least three years is not practical at this stage, the Company shall not fully apply this provision.

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II. 2.6 The supervisory board shall draw up regulations concerning ownership of and transactions in securities by management board members, other than securities issued by their 'own' company. The regulations shall be posted on the Company's website. A management board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Dutch listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A management board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreements is exempted from compliance with this last provision.

The Company believes that the restrictions under Dutch securities law are sufficient to govern the ownership of and transactions in securities by members of the Management Board. Implementing additional restrictions would potentially harm the Company's ability to attract and ensure the continued services of the members of the Management Board and the Company therefore believes that applying this best practice provision is not in its best interest.

III. 2.1 The supervisory board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III. 2.2.

Our Supervisory Board currently consists of four members, of which one is independent within the meaning of the Dutch Corporate Governance Code. There is currently one vacancy on the Supervisory Board and it is expected that such vacancy will be filled during the year 2008 by an independent director. GE (18.4% shareholding) and ITR Dori (63.7% shareholding) have agreed to use their voting rights in such a manner to procure that ITR Dori will be in a position to nominate independent directors to the Company.

III. 4.3 The supervisory board shall be assisted by the company secretary. The company secretary shall see to it that correct procedures are followed and that the supervisory board acts in accordance with its statutory obligations and its obligations under the articles of association. He shall assist the chairman of the supervisory board in the actual organization of the affairs of the supervisory board (information, agenda, evaluation, training programme, etc.). The company secretary shall, either on the recommendation of the supervisory board or otherwise, be appointed and dismissed by the management board, after the approval of the supervisory board has been obtained.

The Company is in the process of determining the exact profile of the company secretary. As soon as the Company has determined this profile, it shall seek a suitable candidate. The Company expects to appoint a company secretary during the year 2008.

III. 7.3 The supervisory board shall adopt a set of regulations containing rules governing ownership of and transactions in securities by supervisory board members, other than securities issued by their 'own' company. The regulations shall be posted on the company's website. A supervisory board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Dutch listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A supervisory board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.

The Company believes that the restrictions under Dutch securities law are sufficient to govern the ownership of and transactions in securities by Supervisory Board members. Implementing additional restrictions would potentially harm its ability to attract and ensure the continued services of Supervisory Board members and the Company therefore believes that applying this best practice provision is not in its best interest.

IV. 3.1 Meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the company's website and by means of press releases. Provision shall be made for all shareholders to follow these meetings and presentations in real time, for example by means of web casting or telephone lines. After the meetings, the presentations shall be posted on the company's website.

Considering the Company's size, it would create an excessive burden to provide facilities which enable shareholders to follow in real time the meetings and presentations referred to in the best practice provision. The Company will, however, ensure that presentations are posted on its website immediately after the meetings in question.

V.3.1 The external auditor and the audit committee shall be involved in drawing up the work schedule of the internal auditor. They shall also take cognizance of the findings of the internal auditor.

The Company feels that its financial reporting will be sufficiently monitored by its Audit Committee and will initially not appoint an internal auditor.

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Corporate Governance Code in Poland

On 4 July 2007, the WSE Supervisory Board adopted the corporate governance rules of the WSE contained in the Code of Best Practice for WSE-Listed Companies (the "WSE Corporate Governance Rules 2008"). The WSE Corporate Governance Rules 2008 apply to companies listed on the WSE, irrespective of whether such companies are incorporated in Poland or outside of Poland. The WSE Corporate Governance Rules 2008 consist of general recommendations relating to best practices for listed companies (Part I) and best practice provisions relating to management boards, supervisory board members and shareholders (Parts II to IV).

The WSE Corporate Governance Rules 2008 impose upon the companies listed on the WSE an obligation to disclose in their current reports continuous or incidental non-compliance with best practice provisions (with the exception of the rules set forth in Part I, in respect of which and based on a resolution of the Management Board of the WSE dated 11 December 2007 WSE-listed companies are not required to publish a current report). Moreover, every year each WSE-listed company is required to publish a detailed statement on any non-compliance with the WSE Corporate Governance Rules 2008 (including the rules set forth in Part I) by way of a statement submitted with the company's annual report (the "Yearly Compliance Statement"). With regards to the Yearly Compliance Statement for 2007, companies should report on any non-compliance with the previously applicable corporate governance rules of the WSE contained in the Code of Best Practice for Public Companies in 2005, adopted by the Management Board and the Supervisory Board of the WSE on 15 December 2004 (the "WSE Corporate Governance Rules 2005").

Companies listed on the WSE are required to justify non- or partial compliance with any WSE Corporate Governance Rules and to show the ways of eliminating the possible consequences of such non-compliance or the steps such company intends to take to mitigate the risk of non-compliance with such rule in future.

The Company intends, to the extent practicable, to comply with all principles of the WSE Corporate Governance Rules. However, certain principles will apply to the Company only to the extent permitted by Dutch law. In particular, as Dutch law does not provide for elections of the Supervisory Board's members by separate groups of shareholders, the Company's internal regulations do not and will not include provisions on group elections (Rule 6 of WSE Corporate Governance Rules 2005). No reports will be provided by the Supervisory Board member delegated by a group of shareholders (Rule 30 of WSE Corporate Governance Rules 2005) because Dutch law does not provide for delegation of a board member by a group of shareholders.

Detailed information regarding non-compliance, as well as additional explanations regarding partial compliance with certain Corporate Governance Rules of the WSE due to incompatibilities with Dutch law, will be included in the aforementioned reports, which will be available on the Company's website (www.ronson.pl) and published by way of a current report.

The Company makes all efforts to comply with all principles of both the Dutch Code and the WSE Corporate Governance Rules and to enforce such corporate structure that ensures the Company's transparency to the most possible extent. The Company believes that its efforts are appreciated by its stakeholders and that these efforts will support the Company's growth and its reliability.

General meeting of shareholders

The annual General meeting of shareholders shall be held within six months after the end of the financial year to deal with, among other matters: (i) the annual report; (ii) adoption of the annual accounts, (iii) discussion of any substantial changes in corporate governance; (iv) discussion of remuneration policy Board of Managing Directors, (v) granting of discharge to the Board of Managing Directors for the management over the past financial year (vi) discussion of remuneration Supervisory Board, (vii) granting of discharge to the Supervisory Board for the supervision over the past financial year, (viii) policy on additions to reserves and dividends, (ix) adoption of the profit appropriation, (x) (re)appointment of members of the Board of Managing Directors and (xi) (re)appointment of members of the Board of Supervisory Directors.

Other General meetings of Shareholders shall be held as often as the Management Board or the Supervisory Board deems necessary. Shareholders representing in the aggregate of at least one-tenth of the Company's issued capital may request the Management Board or the Supervisory Board to convene a General Meeting of Shareholders, stating specifically the business to be discussed.

Corporate governance

Supervisory and management boards

The Company has a two-tier corporate governance structure, consisting of an executive Management Board (the “Management Board”) and a non-executive Supervisory Board (the “Supervisory Board”). The day-to-day management and policy-making of the Company is vested in the Management Board, under the supervision of the Supervisory Board. There are currently five members of the Management Board whose names are set out below. The Supervisory Board supervises the Management Board and the Company’s general course of affairs and the business it conducts. It also supports the Management Board with advice. In performing their duties the Supervisory Board members must act in accordance with the interests of the Company and the business connected with it.

Supervisory Board

The Articles of Association provide that the Company shall have a Supervisory Board consisting of at least three and at most four persons of which at least two Supervisory Directors shall be independent. Supervisory Directors are appointed by the General meeting of shareholders for a period of four years. After holding office for the first period of four years, Supervisory Directors are eligible for re-election for two additional terms of four years each. The General meeting of shareholders shall establish the remuneration for each Supervisory Director.

Supervisory Board Committees

The Supervisory Board is supported by two committees:

- the Audit Committee;
- the Remuneration and Nominating Committee.

These committees are composed from members of the Supervisory Board with relevant experience. All committees operate under the overall responsibility of the Supervisory Board, in accordance with the best practice stipulations of the Code.

Composition of the Supervisory Board

Uri Dori (age 65, Israeli citizen)

Uri Dori was appointed the Chairman of the Supervisory Board of the Company on 28 September 2007 (effective as of the date of the Deed of Amendment). He is the Chairman of the Management Board and Chief Executive Officer in U. Dori Engineering Works Corporation Ltd. Mr Dori is a board member of the following companies: U. Dori Engineering Works Corporation Ltd., ACAD Building and Investments Ltd., ACAD Equipment and Assets (1979) Ltd., ROM GEVES Casing and Covering (1997) Ltd., Innovate Ltd., Bay Heart Limited, U. Dori Technologies & Investments Ltd., Maor – Mortgage Bonds Backed Securities (1999) Ltd., Mendor Limited, Bay Heart Assets (1994) Limited, U.N. Dori Ltd, Ziggurat Systems Ltd., U. Dori Construction and Infrastructure Ltd., Mildan Initiating and Investments Ltd, Udor Holdings Ltd. His current term as Supervisory Director expires in September 2011.

Thierry Leleu (age 39, French citizen)

Thierry Hubert Francois Leleu was appointed a member of the Supervisory Board of the Company on 28 September 2007 (effective as of the date of the Deed of Amendment). Since 2006, Mr Leleu has been the General Counsel of GE Real Estate Europe SAS. Prior to 2006, Mr Leleu was an investment director at Orion Capital Management, a European real estate private equity fund and, until 2002, he was a partner at Norton Rose law firm. He has been serving as a member of the board of directors of DxO Labs since 2002 and AZMT Holding B.V. since 2007. He is also a member of the management board of Olympian B.V. (under incorporation). His current term as Supervisory Director expires in September 2011.

Mark Segall (age 45, US citizen)

Mark Segall was appointed a member of the Supervisory Board of the Company on 28 September 2007 (effective as of the date of the Deed of Amendment). Mr Segall is the founder of Kidron Corporate Advisors LLC, a corporate advisory and mergers and acquisitions boutique, and of Kidron Opportunity Fund I, LLC, a small private equity fund. Prior to forming Kidron in 2003, he was the chief executive officer of Investec Inc. Mr Segall serves on the board of directors of Integrated Asset Management plc, and Answers Corporation. His current term as Supervisory Director expires in September 2011.

Corporate governance

Composition of the Supervisory Board (cont'd)

Yair Shilhav (age 48, Israeli citizen)

Yair Shilhav was appointed a member of the Supervisory Board in 28 September 2007 (effective as of the date of the Deed of Amendment), and he is the Chairman of the Audit Committee. Since 2004, Mr Shilhav has been the owner of a business consulting office. Between 2000 and 2003, he was a member of the executive directory committee of the audit firm, Somekh Chaikin, a member of KPMG ("Somekh Chaikin"). Between 1995 and 2003, he was the head of the Haifa branch of Somekh Chaikin, of which he was partner from 1990 to 2003. Prior to becoming a partner at Somekh Chaikin, he was head of the professional and finance department of the same firm. He was also the head of the accountancy faculty at Haifa University between 1998 and 2002. His current term as Supervisory Director expires in September 2011.

Management Board

The management of the Company is entrusted to the Management Board under the supervision of the Supervisory Board. The Articles of Association provide that the Management Board shall consist of two or more managing directors. Managing directors are appointed by the General meeting of shareholders. The Management Board shall meet as often as a managing director requests a meeting. All resolutions by the Management Board shall be adopted by an absolute majority of the votes cast.

The Management Board as a whole is responsible for the day-to-day management, including comprehensive risk management control, financing and regulatory compliance. Ronson Europe N.V. and its operating companies are organised along clear functional reporting lines. Throughout the Group, corporate and operating accountabilities, roles and responsibilities are in place.

Composition of the Management Board

Dror Dory Kerem (age 49, Israeli citizen)

Dror Dory Kerem was appointed the President and Chief Executive Officer of the Company on 1 October 2007. Mr Kerem joined the Group in 2000, at which time he was appointed the President of R.D. Management Sp. z o.o. He has also served as a general manager of the Group for the last seven years. Until 2003, he was on the management board of Globcom Sp. z o.o.

Ariel Bouskila (age 33, Israeli citizen)

Ariel Bouskila was appointed as a member of the Management Board and Chief Financial Officer of the Company on 1 October 2007. Mr Bouskila joined the Group in August 2006, at which time he was appointed a member of the management board of R.D. Management z o.o. From 2005 to 2007 he was a member of the management board of Forum Film Poland Sp. z o.o. and from 2005 to 2006 he was a member of the management board of All Job Poland Sp. z o.o.

David Katz (age 64, Israeli citizen)

David Katz was appointed a member of the Management Board of the Company on 1 October 2007. Since 1983, Mr Katz has been the Vice President of U. Dori Engineering Works Corporation Ltd. and is currently the manager of the initiative department outside of Israel in U. Dori Engineering Works Corporation Ltd. From 1969 to 1983 he was a performance engineer at Ashtrom Engineering & Construction Ltd. He is a member of the board of the following companies: U. Dori Engineering Works Corporation Ltd., Jerusalem Finance B.V., I.T.R Dori B.V., D.A.C. Engineering Ltd, ACAD Building and Investments Limited, ACAD Equipment and Assets (1979) Limited, U. Dori Technologies & Investments Ltd, Bay Heart Assets (1994) Limited, U. Dori Construction and Infrastructure Ltd, Mildan Initiating and Investments Ltd, David K. Holdings Ltd.

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Composition of the Management Board (cont'd)*Karim Habra (age 32, British citizen)*

Karim Habra was appointed a member of the Management Board member on 1 October 2007. Mr Habra has been the Managing Director of GE Real Estate Central and Eastern Europe since 2003. From 2000 to 2003 he was the Business Development Director of GE Real Estate Central and Eastern Europe and from 1998 to 2000 he was an Acquisition Associate Director of GE Real Estate Europe. He serves as a board member of the following companies: GE Real Estate Czech Republic s.r.o., IGY České Budějovice s.r.o., IGY Czech s.r.o., IGY a.s., SV FÁZE II. s.r.o., SLUNEČNÝ VRŠEK III. s.r.o., Košík Development s.r.o., GFR s.r.o., OC Slovakia s.r.o., GE Real Estate Poland Sp. z o.o., GE Debt Management TFI S.A., Karafiat House Sp. z o.o., Gator Investments Sp. z o.o., Gemini Investments Sp. z o.o., GE Debt Closed-End Investment Fund Non-Standardized Securitization Fund, GECGE Kosik Investors S.a.r.l., Nove Czech Investment Company S.a.r.l., Scandia L.L.C., EURO MALL VENTURES S.a.r.l., Central Europe Capital Inc.

Amos Weltsch (age 57, Israeli citizen)

Amos Weltsch was appointed a member of the Management Board member on 1 October 2007. Mr Weltsch has been the chief operating officer of Cinema City N.V. since 1980. He has also held various senior management positions with Israel Theatres Limited and affiliated companies since 1980. From 1974 to 1978, he was a manager at L. Glickman Building Materials, and from 1978 to 1980, a managing director of Eitan Cement Limited.