

ROCKET INTERNET

# Corporate Governance Report

**Rocket Internet SE**

In the following, the Management Board and Supervisory Board submit the Corporate Governance Report including the Management Declaration pursuant to Section 289f HGB (German Commercial Code). Rocket Internet SE's Management Board and Supervisory Board value good corporate governance very highly and therefore additionally align their approach to the recommendations set out in the German Corporate Governance Code (the "Code"). In accordance with Section 3.10 of the Code, the Declaration of Conformity forms part of the Management Declaration.

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# 1 Management declaration pursuant to Section 289f HGB

## 1.1 Declaration of Conformity pursuant to Section 161 AktG (German Stock Corporation Act)

**In accordance with Section 161 AktG, the Management Board and Supervisory Board published the following Declaration of Conformity in April 2019:**

DECLARATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD  
OF ROCKET INTERNET SE ON THE RECOMMENDATIONS OF THE "GOVERNMENT  
COMMISSION ON THE GERMAN CORPORATE GOVERNANCE CODE" PURSUANT  
TO SECTION 161 AKTG  
("Declaration of Conformity")

The Management Board and Supervisory Board of Rocket Internet SE declare that Rocket Internet SE has complied with the recommendations of the "Government Commission on the German Corporate Governance Code", as amended by the Federal Ministry of Justice and Consumer Protection on February 7, 2017, (hereinafter the "Code") with the following deviations:

- **Pursuant to Section 3.8 para. 2 of the Code**, the D&O insurance covering the members of a supervisory board shall provide for a deductible in the amount of 10% of any loss, up to at least the amount of 150% of the fixed annual compensation of the respective member of the Supervisory Board. Rocket Internet SE's D&O insurance does not provide for this kind of deductible with respect to the members of the Supervisory Board. Rocket Internet SE believes that a deductible is not suitable to influence motivation and responsibility of the members of the Supervisory Board. In addition, the deductible would not be appropriate given the lack of variable remuneration for the members of the Supervisory Board and the corresponding lack of participation in any upside of Rocket Internet SE's shareholder value.

- **Pursuant to Section 4.2.3 para. 2 of the Code,** the amount of compensation for a member of a management board shall be capped, both overall and for variable compensation components. The variable remuneration of the members of the Management Board is not capped. Rocket Internet SE believes that the nature of the variable remuneration (primarily in the form of a stock option program, but also equity participations in portfolio companies) prevents this form of remuneration from being capped. The primary aim of our variable remuneration (i.e., to create shareholder value) would be undermined if the variable part of the remuneration were capped. Also, we believe that the members of the Management Board should participate in any increase in the value of Rocket Internet SE to the same extent as any other shareholders of Rocket Internet SE.
- **Pursuant to Section 4.2.4 of the Code,** the total compensation of each of the members of a management board shall be disclosed by name, divided into fixed and variable compensation components. The same applies to promises of benefits that are granted to a member of a management board in case of premature or statutory termination of the function of a member of a management board or that have been changed during the fiscal year. In accordance with the resolution by Rocket Internet SE's Annual General Meeting held August 22, 2014, we refrain from an individual disclosure of the aggregate compensation for each member of the Management Board. In addition, we refrain, to the extent legally permissible, from an individual disclosure of the compensation as well as other benefits provided by Rocket Internet SE for the members of the Supervisory Board. Other than the disclosure required by mandatory law, we will also not disclose details of our employee stock option programs. Both the Management Board and Supervisory Board believe that the information provided in accordance with mandatory law is sufficient for current and future stockholders and the public.
- **Pursuant to Section 4.2.5 of the Code,** the remuneration report shall include the benefits granted during the reporting period, including fringe benefits, if variable compensation applies plus the maximum and minimum compensation, the inflow of fixed compensation, short-term variable compensation and long-term variable compensation with differentiation in the respective reference years, and in the case of pensions and other pension benefits, the pension expenses in the reporting period. The individualized disclosure of the total compensation of each member of the Management Board will be omitted in accordance with the resolution of the Annual General Meeting of August 22, 2014.

- **In relation to Section 5.3.1 of the Code:** In view of its current size of four members, the Supervisory Board has not formed any committees and performs all tasks in its entirety. Under these circumstances, the Supervisory Board cannot see how the efficiency of its work would be increased by committees.
- **In relation to Section 5.3.2 of the Code:** The Supervisory Board also takes the tasks previously delegated to the Audit Committee in its entirety, since the formation of an Audit Committee in the present situation would even reduce its efficiency.
- **In relation to Section 5.3.3 of the Code:** As all Supervisory Board members are shareholder representatives, the Supervisory Board, when taking all tasks in its entirety, acts fully in accordance with paragraph 5.3.3 without forming a Nomination Committee.
- **Pursuant to Section 5.4.1 para. 2 of the Code,** a supervisory board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, the number of independent supervisory board members within the meaning of Section 5.4.2 of the Code, an age limit to be specified and a regular limit of length of membership to be specified for the members of the supervisory board as well as diversity. The Supervisory Board has not passed a resolution specifying concrete objectives regarding its composition. While Rocket Internet SE believes that the current composition of the Supervisory Board complies with the criteria listed in Section 5.4.1 para. 2 of the Code, any proposals for board appointments at Rocket Internet SE are always submitted with a view towards selecting candidates with the highest qualification and personal experience complementing the overall composition of the board. Therefore, Rocket Internet SE is of the opinion that any fixed objectives regarding its composition are unsuitable for the purpose of electing an efficient and qualified Supervisory Board.
- **Pursuant to Section 5.4.6 para. 1 of the Code,** the compensation of the members of a supervisory board shall take into account whether such members hold the chair or deputy chair positions in the supervisory board as well as the chair and membership in committees of a supervisory board. The compensation of the members of the Supervisory Board does not take into account the position in any committee. Due to its size the Supervisory Board has not formed any committees.

- **Pursuant to Section 5.4.7 of the Code**, the report of the supervisory board shall note if one member of the supervisory board attended fewer than half of the meetings of the supervisory board. The members of the Supervisory Board are also active outside of ordinary and extraordinary meetings through telephone conferences and e-mail correspondence. The use of modern means of communication enables an effective supervisory board activity. Members of the Supervisory Board not participating in the physical meetings are therefore always sufficiently informed about the resolutions and the opinion of the Supervisory Board and have sufficient basis for their votes. In the view of the Supervisory Board, the inclusion of a note in the report of the Supervisory Board on the participation of individual members in less than half of the meetings could convey a false picture of the voting discipline of the respective member of the Supervisory Board.
- **Pursuant to Section 7.1.2 of the Code**, the consolidated financial statements should be publicly available within 90 days after the end of the financial year, and the interim reports within 45 days after the end of the reporting period. In each case the publication takes place within the legal deadlines and the regulations of the Frankfurt Stock Exchange for issuers admitted to the Prime Standard. In the light of numerous non-listed network companies that are not controlled by Rocket Internet, an earlier publication could only be achieved by using estimates and significantly increased personnel and organizational effort and thus only at considerable additional costs. Rocket Internet SE gives priority to the quality of reporting and cost effectiveness over meeting the shorter deadlines set out in Section 7.1.2 of the Code.

Berlin, April 2019

Rocket Internet SE

**The Management Board**

Oliver Samwer      Alexander Kudlich

**On behalf of the Supervisory Board**

Prof. Dr. Marcus Englert

## 1.2 Corporate Governance pursuant to Section 289f II lit. 2 HGB

Rocket Internet SE's corporate governance is determined in particular by legal requirements, the recommendations set out in the Code and internal corporate guidelines.

The term Corporate Governance stands for responsible corporate management and control geared to long-term value creation. Efficient cooperation between Management Board and Supervisory Board, respect for stockholder interests, openness and transparency of corporate communications are key aspects of good corporate governance.

Rocket Internet SE's corporate bodies are the Management Board (Vorstand), the Supervisory Board (Aufsichtsrat) and the shareholders' meeting (Hauptversammlung). Rocket Internet SE has a two-tier management and control system, consisting of the Management Board and the Supervisory Board. The powers of these governing bodies are determined by the SE-Regulation and the German SE Implementation Act, the German Stock Corporation Act, the Articles of Association and the internal rules of procedure of both the Supervisory Board and the Management Board.

The Management Board and Supervisory Board of Rocket Internet SE regard it as their duty to secure the company's continued existence and sustainable value creation through responsible corporate governance focused on the long term.

Rightful behaviour, responsibility in the sense of being self-reliant and results-oriented, respect and trust form the basis for Rocket Internet's corporate success and for its employees' daily work.

All employees of Rocket Internet SE are pursuant to the Code of Conduct required to be aware of risks inherent in their work and prevent risks that could threaten the company's existence.

The Code of Conduct summarizes essential regulations and guidelines and also specifies moral standards and legal requirements which shall be adhered to by all employees.

As a crucial step for reinforcing good corporate governance and introducing an appropriate compliance management system Rocket Internet SE has an independent Compliance Department. This supports the company bodies, the central divisions of the SE as well as management of material subsidiaries in responsibly handling risks, particularly by instituting guidelines and offering advisory services and training to employees to address the prevention of compliance infringements.

The focus areas of the Compliance Department are the early detection, management and monitoring of compliance risks, compliance with regulatory requirements in relation to capital markets law, data protection and corporate governance, anti-corruption, antitrust law as well as the implementation of a responsible and sustainable investment strategy.

In fulfilling its duties, the Compliance Department works in close collaboration with the Legal Department and Internal Audit.

## 1.3 Procedures and composition of the Management Board pursuant to Section 289f II lit. 3 HGB

### **Working procedures of the Management Board**

The Management Board bears responsibility for managing the company's business. It is bound to act in the interest of the company and to increase the long-term value of the company. The two members of the Management Board, Oliver Samwer and Alexander Kudlich, manage the company in partnership and, as members of the Management Board with equal rights, are responsible for the corporate strategy and its daily implementation.

The Management Board develops the company's strategy, consults regularly with the Supervisory Board on this and ensures that it is implemented. It also manages the company's business transactions with the diligence of a prudent and conscientious business manager. The Management Board's collaboration with other corporate bodies and employee representatives is open and trusting and has the interests of the company in mind.

The full Management Board meets regularly every week and otherwise as required.

### **Composition of the Management Board**

Under the Articles of Association, the Management Board must consist of one or more persons and the Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board appoints members of the Management Board for a period of no more than five years. The Supervisory Board may appoint a Management Board member as chairman of the Management Board and another member as deputy chairman. Currently, Rocket Internet SE's Management Board consists of two members, with Oliver Samwer appointed as Chief Executive Officer.

**The table below lists the current members of the Management Board:**

<b>Name</b>	<b>Age</b>	<b>Appointed since</b>	<b>Appointed until</b>	<b>Responsibilities</b>
Oliver Samwer	46	2014	March 15, 2020	Chief Executive Officer
Alexander Kudlich	39	2014	March 15, 2020	Group Managing Director

## 1.4 Procedures and composition of the Supervisory Board pursuant to Section 289f II lit. 3 HGB

### Working procedures of the Supervisory Board

The Supervisory Board advises and monitors the Management Board on the management of the company. It is directly involved in decisions of fundamental importance to the company. The Supervisory Board works with the company's best interest in mind in close and trusting collaboration with the Management Board.

Composition of the Supervisory Board

The table below lists the current members of the Supervisory Board:

<b>Name</b>	<b>Age</b>	<b>Member since</b>	<b>Appointed until</b>	<b>Principal occupation outside of the Group</b>
Prof. Dr. Marcus Englert (Chairman)	53	August 22, 2014	2019	General Partner, Texas Atlantic Capital
Norbert Lang	57	August 22, 2014	2019	Management Consultant
Pierre Louette	56	June 09, 2016	2019	Chief Executive Officer Delegate, General Secretary, Operators (France) and Purchasing, Orange S.A.
Prof. Dr. Joachim Schindler (Deputy Chairman)	61	June 23, 2015	2019	Chartered Accountant, Tax Adviser

## 1.5 Provisions to promote the participation of women in management positions according to Section 76 IV and Section 111 V AktG

The term of appointment of the Management Board members runs until the year 2020, which thus exceeds the deadline for establishing a female representation target by June 30, 2017 pursuant to Section 111 V AktG. After the expiration of the maximum period, the Supervisory Board decided to maintain the target of 0 percent for both the Management Board and the Supervisory Board and a deadline for implementation by the end of June 30, 2022. This target maintains the current state.

The Supervisory Board believes that the government's aim to raise the share of women is subordinate to the interests of the company to continue the successful work conducted by experienced Supervisory and Management Board members and a Supervisory and Management Board size which is tailored to the needs of the company.

After the expiration of the deadline for establishing a female representation of 30 June 2017 and the achievement of the fixed quotas, the Board of Management has resolved on a target quota of 20 percent for the first management level and the retention of the target quota of 30 percent for the second management level as well as an implementation deadline of 30 June 2022.

Of course, these targets do not preclude any additional increase within the first deadline for implementation in the proportion of women on the Supervisory Board and Management Board as well as the first two management levels beneath the Management Board at Rocket Internet.

## 1.6 Description and goals regarding the diversity concept within the management board and supervisory board pursuant to Section 289f II lit. 6 HGB

Regarding its Management Board as well as its Supervisory Board, Rocket Internet SE is obliged to include a description of its diversity concept within its Management Declaration pursuant to Section 289f II lit. 6 HGB. The description needs to include the pursued aspects such as age, gender and educational or professional background as well as the overall goal of the diversity concept, its implementation and results.

When selecting and appointing the members of the Management Board, one of the top priorities of Rocket Internet is to make sure that the persons in question are equipped with the right skillset, necessary knowledge, and personal experience. Aspects such as age, gender, origin or religion do not affect the decision making process. The same standards are applied by Rocket Internet regarding the election of the Supervisory Board members. With regard to the Management Board, its structure and size makes it hardly possible to take account of the above-mentioned aspects. The chairman of the board is founder, majority shareholder and therefore a key figure. Due to the small number of Management Board members, there is hardly any room for a meaningful implementation of a diversity concept.

Rocket Internet SE is of the opinion that any fixed objectives regarding the composition are unsuitable for the purpose of electing an efficient and qualified Management Board as well as Supervisory Board. Therefore, Rocket Internet has not resolved on a diversity concept.

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## 2 Further information on Corporate Governance in conformity with the recommendations of the Code

### 2.1 Conflict of Interests pursuant to Section 4.3 and Section 5.5 of the Code

The members of the Management Board and Supervisory Board are bound to promote the interests of the company. No member of either board may, through their decisions, pursue personal interests or take advantage of business opportunities that should be the province of the company or any of its subsidiaries

Members of the Management Board may not, in connection with their work, demand nor accept from third parties payments or other advantages for themselves or for any other person nor grant third parties unlawful advantages. Each member of the Management Board shall disclose conflicts of interest immediately to the Supervisory Board to the attention of the chairman of the Supervisory Board and inform the other members of the Management Board thereof.

Each member of the Supervisory Board shall inform the Supervisory Board of any conflicts of interest, especially those which may arise from a consultant or directorship function with clients, suppliers, lenders, borrowers or other third parties. In case of material conflicts of interests, which are not merely temporary, the respective member of the Supervisory Board should resign from office.

## 2.2 Basic features of the Compliance Management System pursuant to Section 4.1.3 of the Code

Compliance is seen at Rocket Internet SE as a combined effort on every level of Rocket Internet SE and material portfolio companies to comply with all relevant laws, regulations and rules, the Code of Conduct and our internal regulations. Compliance is central for the business to be run in an orderly and sustainable way that creates trust with customers, investors and employees, and safeguards Rocket Internet's public reputation. Compliance is also key to avoid civil law liability and criminal law sanctions.

The Compliance Management System of Rocket Internet is divided into three action levels: "Prevention", "Detection" and "Reaction". These action levels encompass a comprehensive system of activities by which we intend to ensure that our business is completely in accordance with all applicable laws and regulations, as well as with our own internal rules (guidelines, policies and other principles).

The core of a successful compliance management system is minimizing the compliance risks. To this end, Rocket Internet SE has established a risk analysis, an internal rule set, as well as compliance trainings and compliance communication measures (information and reporting).

To detect compliance violations, Rocket Internet has introduced a protected whistleblower system, a compliance monitoring as well as regular check-ups (including compliance audits and – if required – investigations). To properly address compliance violations, Rocket Internet sanctions any misconduct and takes appropriate remedies.

The Compliance department coordinates compliance activities at Rocket Internet SE and material portfolio companies, oversees fulfillment of both internal and external regulations, and supports the development and implementation of binding internal rules (guidelines). Compliance topics are regularly reported to, discussed and aligned with the Management Board and the Supervisory Board on the level of Rocket Internet SE.

Berlin, April 2018

Rocket Internet SE

### **The Management Board**

Oliver Samwer      Alexander Kudlich

### **On behalf of the Supervisory Board**

Prof. Dr. Marcus Englert