

ROCKET INTERNET

Non-financial Group Report

Rocket Internet SE

About this report

Our non-financial report 2018 has been mainly defined by the results of our materiality analysis considering the five key areas from the EU Directive (2014/95/EU) on disclosure of non-financial information, our understanding of what it means to be a responsible company, the step-by-step implementation of our ESG-principles (environmental, social and governance principles) and the increasing legal requirements on non-financial reporting.

Our strategy aims to continuously expand a globally leading company for internet-based business models. This includes the creation of a global network of tech companies. We pursue this goal through the establishment of own subsidiaries as well as through participating in existing companies. In accordance with the principle of materiality this report focuses on the capital allocation to new and existing companies.

For all of the thematic aspects from the EU Directive a risk assessment has been undertaken. It was analyzed whether our business operations are likely to cause adverse impacts related to those aspects pursuant to Section 315b HGB (German Commercial Code) and Section 289c (2) HGB. This analysis has been prepared in consideration of the likelihood of occurrence and severity of the potential negative impacts. In doing so no reportable risks have been identified.

Given the different approaches to materiality requirements of the GRI's Guidelines and the EU Directive, as in the previous year, we decided to not apply any framework within our non-financial report.

This non-financial report is available online in German with a non-binding English convenience translation and can be accessed at www.rocket-internet.com/investors/corporate-governance. The editorial deadline was on 29 March, 2019.

Index

A. Business model and profile of Rocket Internet	4
B. Importance of ESG	6
C. Management of ESG	7
D. Materiality process	10
E. Reporting on non-financial matters	11
Core business at the headquarter	11
Investment decisions and activities	12

A. Business model and profile of Rocket Internet

This section provides a general overview of our business model based on the description of the business model as it is stated in our annual management report 2018.

Rocket Internet is an operative company in the area of internet-based business models. The company employs a business model that aims to consolidate and continuously expand its position as a globally acting company for internet-based business models (e.g. e-commerce, market place, fin tech and marketing models). Rocket Internet pursues this goal through conception, incubation and continuous development of new business ideas, which are implemented in part through establishment of own companies and participations in existing companies. Rocket Internet empowers technology companies to grow. We constantly conceive innovative business ideas, incubate and develop them until launch of business. Furthermore, we identify generally attractive companies and provide both operational and capital support to the entrepreneurs and companies that we partner with and help them establish defensible market-leading positions internationally.

We are convinced that the offline to online shift will continue to disrupt almost all sectors and fundamentally change business models and entire industries. We look for companies and business models that leverage technology to address basic needs of both consumers and companies, and that achieve over time significant scale, high levels of profitability and market leading positions. We have significant capital available, enabling us to provide financing to companies over the full lifecycle of their development. Furthermore, we support our companies as they scale by providing deep functional expertise, proprietary technology solutions and access to an extensive ecosystem of global partnerships.

Rocket Internet promotes entrepreneurship in the internet sector globally through incubation, investment in and support regarding scaling of companies and builds a worldwide network of tech companies. This serves our strategy, the establishment of a globally leading company for internet-based business models.

In relation to Rocket Internet's control over its network companies there can, however, be limits which is especially the case if it does not hold shareholding majority and it is exposed to risk resulting out of its restricted powers of disposition.

Headquartered in Berlin, Germany and listed on the Frankfurt Stock Exchange since 2014, Rocket Internet has offices around the globe. Our global network with teams in target markets worldwide having a deep local expertise helps companies achieve economies of scale and synergies, thus reducing marginal costs for building new companies.

We have established strategic partnerships that offer extensive operational and strategic support to our network of companies. In addition, framework agreements with leading global technology firms provide our companies with competitively priced leading technology and services.

B. Importance of ESG

Rocket Internet's corporate culture is characterized by responsibility, respect and trust. Lawful behaviour is the basis for our daily work and ultimately for our success. We strive to build and invest into responsibly governed companies.

C. Management of ESG

As we believe that ESG-related topics are closely linked with governance and compliance structures we decided to place our ESG efforts within our Compliance Department. We also invented our own method called Responsible Investment Governance Lifecycle (RIGL). RIGL has been operationalized by the Compliance Department as the central control element within the Compliance Management System (CMS) and hence within the company. Our RIGL process is controlled and monitored on a regular basis by our Compliance and Internal Audit Department. The Internal Audit Department reviewed the investment process in 2018 and gave suggestions for improvements. We implemented the suggestions and advanced the continuing formalization of the process as well as provided training to the relevant employees.

The operating principles of RIGL are determined in Rocket Internet's internal Responsible Investment Policy. In addition to our ESG criteria being defined in our policy, exclusion criteria are also integrated into Rocket Internet's decisions. By applying these instruments we review if at the time of any decision the target companies meet our expectations also in relation to a sound ESG performance.

In relation to Rocket Internet's control over its network companies there can, however, be limits which is especially the case if Rocket Internet does not hold the majority of the shares in a network company. Nevertheless, Rocket Internet calls upon its network companies to promote sustainable corporate governance and thereby meet the ESG standards that are requested to be fulfilled by the investors. The ESG key figures have been categorized and summarized in an ESG-scoring-model, which can be used on a voluntary basis.

Our RIGL comprises the following steps: Operations, Monitoring and Continuous Improvement. Operations refers to the preparatory analyses and reviews being conducted before taking an investment decision. Monitoring and Continuous Improvement refers to internal activities that are being performed in order to maintain and control the operativeness of RIGL. With RIGL we aim to prevent that funds provided by Rocket Internet flow into projects which, from the holding's perspective, are likely to have unacceptable negative impacts on the environment, social conditions and governance and that do not meet our compliance and ESG standards. In order to ensure the adherence to minimum standards, since April 2018 the compliance department personally trained all relevant employees and taught them to perform independent ESG-checks with the aid of a scripted ESG-checklist. For the year 2019 we strive to continually improve the quality of our ESG performance.

The following activities are being performed when assessing a potential network company:

- **Undertake initial screening:** As a first step the potential network company undergoes an initial screening by our Teams. This stage will generally involve a preliminary consideration as to whether the company would breach the exclusion list. Target companies are carefully evaluated in terms of compliance with applicable national laws as well as international regulations to uphold human rights and to prevent extortion, bribery and corruption. Furthermore, we have identified exclusion criteria in our Responsible Investment Policy. These criteria include business activities deemed not to be eligible such as gambling, traffic in arms or pornography. In case of any violation, the investment cannot proceed to the next stage and Rocket Internet refrains from an investment.
- **Undertake due diligence:** Having passed the initial screening stage, the potential network company will be subject to a more in-depth due diligence process. The Business Partner Screening process serves as an instrument for acquiring information and is an essential part of our due diligence. This comprehensive examination helps to evaluate co-investors and managing directors. With this process we are able to screen for heightened risk individuals and entities globally, and to uncover hidden risks in business relationships and human networks.

Since April 2018 our ESG Checklist is applied as an additional measure. This questionnaire needs to be completed as part of the due diligence to ascertain ESG-related risks and opportunities that are related to the target company in consideration of industry, company size, maturity level and target region. The checklist currently covers among other things human rights, child labor, the status of local labour conditions and implemented compliance measures. The integration of the respective sustainability considerations is subject to Rocket Internet's determination of what is reasonable and appropriate, according to the local circumstances, for each target company.

- **Decision making and execution:** The results of the in-depth analysis play a central role in our investment decision making process. We want to emphasize that ESG factors, in accordance with the severity level and risk evaluation for the respective target company, represent an important criterion to the ultimate decision in addition to the standard commercial considerations.
- A comprehensive reevaluation of the target company is to be performed in case of a new financing round and any new investment decision that is to be taken. In this context the activities as explained above will be executed again.

In order to firmly establish the Responsible Investment Policy within Rocket Internet and to abide by the RIGL process, appropriate monitoring mechanisms have been set up. This includes the continuous training of the relevant employees as well as the qualitative further development of the ESG criteria, ESG and business partner checks prior to every investment decision, periodic reviews of the investment process as well as the quarterly reporting to the Management Board on any material issue that has arisen and measures for handling and/or countering them. Where necessary criteria from the Due Diligence Checklist will be added or amended.

D. Materiality process

In order to detect our risks, to further develop our management systems and to mitigate the detected risks as well as to deduct our goals based on these measures, we perform an annual update of our materiality analysis. No material changes were necessary in 2018 compared to the previous year. Both the analysis of the business model as well as the evaluated risks correspond to our materiality analysis of 2017.

E. Reporting on non-financial matters

Core business at the headquarter

Diversity in our teams leads to more creativity and innovation. This helps to identify attractive business models more quickly. This diversity relates to nationality, culture, mindset, gender or professional background. Each employee is encouraged to take initiative and assume responsibilities.

Rocket Internet is active in many regions of the world and also our headquarter in Berlin is staffed internationally: The employees come from 23 different countries, with only 71 percent being German. Rocket Internet's priority is to recruit the people who will enrich the company with new capabilities and will ensure our current and future success. Our central recruiting team uses modern processes and technologies to build talent pipelines for all departments and functions. This includes Active Sourcing as an instrument of directly searching and addressing interesting candidates via professional networks or selected conferences such as IdeaLab!.

Equally important as acquiring talent is ensuring employee engagement and retaining top performers. We constantly evolve towards even more experienced and agile teams, building on three pillars: Firstly, Rocket Internet offers people exciting and impactful roles in a dynamic and international environment. Secondly, employees from all areas are entrusted with exceptional responsibilities and are encouraged to take initiative and contribute their ideas in order to identify attractive business models, build up new companies and provide operational support. Thirdly, we offer various development opportunities. We promote professional growth and share knowledge. To illustrate, in 2018 several team members of the Online Marketing Team in the US were working for our partner companies Facebook and Google.

Rocket employees also attended conferences in 2018 to keep their knowledge up to date and to share and exchange views on trends in the tech industry like virtual reality, machine learning and cyber security.

Rocket Internet powers a unique and global network of companies. Strongly performing employees are offered careers across the entire network. This exchange of talent strengthens Rocket Internet and its companies alike.

We guarantee equal opportunities for all our employees. Due to the fact that we are operating in the technology sector that is generally speaking dominated by men it is our aim to achieve better gender diversity. More than 41 percent of our employees are women and without the IT department, for which we tend to receive only few female applications, women represent 52 percent of Rocket Internet's employees.

Business activities of network companies

Our major goal is the implementation and realization of our principles throughout Rocket Internet's decision making process and therewith behaving responsibly. This means that environmental, employee, social, anti-corruption and bribery matters as well as respect for human rights should not be adversely affected by the business activities of our network companies.

We are well aware that in cases where we do not hold the majority of the shares in a company, we might expose ourselves to certain risks where we only have limited opportunities to fully mitigate these risks and enforcing a comprehensive level of responsibility. This is due to e.g. the given constraints and boundaries of assumed responsibility as well as the often difficult general conditions of the respective region our network companies are operating in, especially in developing and emerging countries.

Our decisions are being taken in full compliance with the process requirements from our RIGL. During the first step which is called the initial screening the business activities of the respective target company are being checked against our exclusion and ESG criteria. The focus is in general on the prevention of child labour, forced labour and all forms of discrimination as well as any negative environmental, health and/or consumer safety impact.

During the second step which is called the in-depth due diligence our standardized ESG checklist containing all our ESG criteria is applied. We want to point out that due to our business model and due to the broad range of participations from the most diverse industry sectors and regions our checklist needs to be adjustable and flexible to a certain degree in order to identify relevant risks. It is to be noted that the aspects listed below represent an extract only from our checklist which is not to be considered as an exhaustive list.

Environmental matters – We ask our target companies to indicate whether their business activities involve any adverse impact on the surrounding environment. The participation activities of Rocket Internet are currently restricted to fields of business with a comparatively very low direct

environmental impact. We primarily participate in technology driven, partly very early stage service industry companies, which often employ only few people at that stage. Their business activities will therefore likely not cause relevant environmental damages. If that is the case they should establish an environmental guideline, continuously analyze the impact of their operations on the environment and encourage progress on the implementation of appropriate countermeasures. We highly recommend to take initiatives to promote greater environmental responsibility and encourage the development and application of environmentally friendly technology.

Employee matters – The business activities of our potential network companies shall be performed in compliance with all locally applicable employee labour rights and regulations. They should also work towards meeting relevant international standards with the following objectives: Maintaining safe and healthy working conditions for their employees and contractors, treating their employees fairly by adhering to the local minimum wage and respecting the health, safety and wellbeing of those adversely affected by their business activities.

Social matters – The satisfaction of the basic consumer needs across various sectors such as Food & Grocery and Fashion is our central goal, especially in emerging markets, and that new workplaces are being created in the target region. Additionally, by our due diligence process we work towards that potential participations respect the impact of their business activities on local communities in the relevant regions. This applies mainly to companies that already have reached a significant size and established themselves in the market.

Anti-corruption and bribery matters – Acting responsibly means for us to only participate in businesses that comply with all applicable laws and regulations in particular with regard to anti-bribery, anti-fraud and anti-money laundering. Our network companies should apply the minimum requirements for good corporate governance (among other things the implementation of a Code of Conduct) and establish adequate structures that meet national and international standards. Our business partner process that is performed by our Compliance Department supports us to rule out any business partners of a company being recorded on a sanctions list. Furthermore a business partner is, if available, inspected for compliance-related offences such as money laundering, corruption and breach of trust. The delicts mentioned can only be detected if the respective information can be accessible within our comprehensive investigation.

Respect for human rights – Several of Rocket Internet's network companies are operating in developing and emerging countries that are considered as being high-risk environments for human rights abuses and child labour. In cases where the companies are active in countries that do not

afford adequate protection for human rights, it is particularly important that the companies to the extent possible also seek to promote human rights to increase the standard and take adequate measures.

Once the checklist has been completed all aspects that need to be considered with regard to the target company will be weighted by its relevance and the overall remaining risk is being calculated and analysed. Rocket Internet recognizes that not every business will be in full compliance with all of our requirements at the date a decision is made and there might be some optimization potential with regard to selected topics. Depending on the materiality level of the aspect, Rocket Internet will work with the business to develop an action plan seeking to achieve compliance with clear deliverables in reasonable time frames, taking into consideration the business model-specific risks and opportunities. When it is not deemed possible or unlikely to influence and improve the company's operations or if particular serious breaches of our responsible investment principles have been identified, Rocket Internet refrains from the participation.

The aim of applying our RIGL method is to identify significant adverse effects at the very first level when establishing or selecting and evaluating a target company and thereby reducing potential risks. For Rocket Internet acting responsibly means to examine and to sustainably shape the entire portfolio of network companies in line with our ESG criteria.

Independent Auditor's Limited Assurance Report

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the non-financial group report 2018 of Rocket Internet SE. The following text is a translation of the original German Independent Assurance Report.

To Rocket Internet SE, Berlin

We have performed a limited assurance engagement on the non-financial group report of Rocket Internet SE according to § 315b HGB, for the reporting period from 1 January 2018 to 31 December 2018 (hereafter: non-financial group report). Prior year information was not subject of our engagement.

Management's responsibility

The legal representatives of the Company are responsible for the preparation of the non-financial group report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility includes the selection and application of appropriate methods to prepare the non-financial group report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a non-financial group report that is free from material misstatement, whether due to fraud or error.

Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the non-financial group report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the non-financial group report of the Company has been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between November 2018 and March 2019, we performed amongst others the following assurance and other procedures:

- Inquiry of employees regarding the selection of topics for the non-financial group report, the risk assessment and the concepts of Rocket Internet for the topics that have been identified as material,
- Inquiry of employees responsible for data capture and consolidation as well as the preparation of the non-financial group report, to evaluate the reporting processes, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the non-financial group report,
- Identification of likely risks of material misstatement in the non-financial group report,
- Inspection of relevant documentation of the systems and processes for compiling, analyzing and aggregating data in the relevant areas, e.g. Human Resources, in the reporting period and testing such documentation on a sample basis,
- Analytical evaluation of disclosures in the non-financial group report,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
- Evaluation of the presentation of disclosures in the non-financial group report.

Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the non-financial group report of Rocket Internet SE for the period from 1 January 2018 to 31 December 2018 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Intended use of the assurance report

We issue this report on the basis of the engagement agreed with Rocket Internet SE. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

Engagement terms and liability

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 29. March 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter
Wirtschaftsprüferin

(German Public Auditor)

ppa. Rhea Kraft