

ROCKET INTERNET

Non- financial Report

Rocket Internet SE

About this report

By taking into account environmental, social and governance factors in our investment process and ownership practice, we strive to create sustainable value for our internal and external stakeholders. With our non-financial report about the fiscal year 2017 we are committed to transparent reporting and we endeavour to drive the economical, social and environmental performance at the level of our investments with the same diligence as the financial performance. We want to give an overview on the current status of our efforts, all material sustainability-related risks we have identified from the holding's perspective, how we aim to counter these risks and what we are striving for in the long-term.

The report content 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 does it mean being a responsible investment company, the step-by-step implementation of our sustainability principles and the increasing legal requirements on non-financial reporting.

In accordance with the principle of materiality this report focuses on the investment activities of Rocket Internet SE meaning new capital allocation to existing and new 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 G4 Guidelines and the EU Directive we decided to not apply any framework within our non-financial report for the year 2017. 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 April 4, 2018.

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A. Business model and profile of Rocket Internet

This section provides a general overview of Rocket Internet's profile based on the description of the business model as it is stated in our annual management report 2017. In order to bring more clarity in respect of this non-financial report and to sharpen the contextual focus some amendments and omissions are reasonably necessary.

Rocket Internet empowers technology companies to grow. We provide both capital and operational support to the entrepreneurs and companies that we partner with and help them establish defensible market-leading positions internationally.

We deploy capital based on our conviction 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 incubates, invests in and supports companies in the Internet sector worldwide and provides investors with a diversified exposure to the global Internet sector. We invest in existing companies by either participating in a financing round or purchasing stakes through secondary transactions. Our investments are geared towards long-term commitments, where we seek to create sustainable value by developing the business.

Typically Rocket Internet's control over many network companies is limited as it does not hold shareholding majority in many cases and as it is exposed to variable returns from its involvement with often restricted abilities to affect the network companies' returns.

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

We have established strategic partnerships that offer extensive financial, 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 sustainability

Rocket Internet's corporate culture is characterized by responsibility, respect and trust. Rightful behaviour is the basis for our daily work and ultimately for our success. Therefore, it is Rocket Internet's principle to firstly comply with local laws and regulations of each country we operate in and secondly deliver both shareholder value as well as social value. We believe that companies operating in a responsible and ethical manner will – without any doubt – be better able to offer products and services that meet the demands of their customers which will lead to a distinct competitive advantage in the long-term. That's why we strive to build and invest in well-governed companies making an impact that positively matters on the society.

In 2014 Rocket Internet initiated the establishment of a compliance organization. In 2015 we implemented a comprehensive Compliance Management System (CMS) consisting of concrete measures to mitigate and to remedy identified compliance risks and to react appropriately to any compliance incidents. Since then we successfully established company-wide acknowledged policies such as our Responsible Investment Policy and guidelines such as the Compliance Manual and the Code of Conduct. 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 CMS and hence within the company. Our RIGL process is controlled and monitored on a regular basis by our Compliance and Internal Audit Department.

This method has been developed by taking into account the specific characteristics of our business model in order to ensure optimum control of all compliance-related processes and is now firmly established in our everyday business. As for us sustainability is closely interlinked with governance and compliance structures, we decided to incorporate the leading function of our sustainability initiative into our Compliance Department and therewith using our RIGL as the initial point in order to effectively address sustainability-related topics.

We think that by evaluating investments additionally from a sustainability perspective, the investors will be rewarded with enhanced investments decisions which will at the same time lead to a more sustainable market and society.

C. Managing sustainability – Our responsible investment process

When looking at our investments we have to deal with the given constraints and boundaries of each and every minority investor. Nevertheless Rocket Internet strongly encourages its investments to expand their own efforts towards sustainable corporate governance in order to meet the requirements the investors are imposing. Therefore Rocket Internet has identified a number of non-financial KPIs that will help the companies to incorporate a sustainability-related perspective into their business activities. These KPIs have been compiled into a catalogue of non-financial key figures considering the various sectors the investments are operating in and can be applied on a voluntary basis. The catalogue is to be understood as operationalizing the Responsible Investment Policy and will be provided by the Investment Teams of Rocket Internet to each new investment as soon as a positive decision has been made.

The operating principles of RIGL are determined in Rocket Internet's internal Responsible Investment Policy. In addition to our sustainability criteria being defined in our policy, exclusion criteria are also integrated into Rocket Internet's investment approach. By applying these instruments this is to ensure that at the time of the decision making process new investments meet our expectations of a sound sustainability performance.

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 the activities that are being performed internally in order to ensure the operativeness of RIGL. We strive for doing our utmost that no funds provided by Rocket Internet can 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 standards.

The following activities are being performed when assessing a potential investment:

- **Undertake initial screening:** As a first step the investment opportunity undergoes an initial screening by the Investment Teams. This stage will generally involve a preliminary consideration as to whether the investment opportunity 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 investment opportunity 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 supports us when evaluating potential investments, 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.

In the future our Due Diligence Checklist will be applied as an additional measure. This questionnaire needs to be completed as part of the due diligence to ascertain sustainability-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 sustainability factors, in accordance with the severity level and risk evaluation for the respective target company, represent an important criterion to the ultimate investment 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 ensure that the Responsible Investment Policy is firmly established within Rocket Internet and that the RIGL process is conducted as described in the policy appropriate monitoring mechanism have been set up. This includes 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

The determination of materiality with respect to each aspect from the EU Directive is divided into Rocket Internet's core business headquartered in Berlin on the one hand and the business unit for investment decisions and activities on the other hand. Core business refers mainly to administration and supporting departments such as Human Resources, Finance and Legal. As a result out of this no aspects have been identified that require reporting with the exception of employee matters. In the area of employee matters the key topics are employee recruitment and motivation.

In the business unit for investment decisions and activities we potentially invest in every Internet company with a proven business model that can achieve a significant scale, independent of the region and sector the company is operating in or size or maturity level. In principal, with reference to each of the material thematic areas from the EU Directive reportable matters may arise. Due to the early stage, in which most of our newly-started companies are happen to be and taking into consideration the industry sectors they are operation in, no notable adverse effects are to be expected by their business activities and can therefore be neglected throughout the analysis. This will be examined on a case-by-case basis for each target company in consideration of the likelihood of occurrence and the extent of possible negative consequences.

E. Reporting on non-financial matters

Core business at the headquarter

We believe that diverse teams from different sectors of society have a broader outlook and are better equipped to originate attractive investment opportunities and to support our companies. This diversity relates to different characteristics such as nationality, culture, mindset, gender or professional background. Rocket Internet created a unique culture where each person is empowered to take initiative and great responsibilities.

Rocket Internet is active in many regions of the world and also our headquarter in Berlin is staffed internationally: The employees come from 35 different countries, with only 60 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 latest 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 very 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 by providing access to various conferences and workshops (Rocket Tech Hackathon, Dev-Bootcamp for developers, Tech Talks dealing with different key topics) on an ongoing basis to encourage learning. Additionally, our employees can attend general training courses on core competencies such as leadership and time management. Thereby we do not only encourage the individual development of each employee but also the interdisciplinary mutual learning.

Rocket Internet powers a unique and global network of companies. Strongly performing employees are offered careers across the entire network. Employee resources and talent are optimally allocated between Rocket Internet and its network of companies leading to transfers to and from

our network of companies. This exchange of talent strengthens Rocket Internet and its companies alike and helps us to develop the entrepreneurs, technology and functional experts of tomorrow.

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 40 percent of our employees are women and without the IT department, for which we tend to receive only few female applications, women represent 57 percent of Rocket Internet's employees.

With regard to diversity in Rocket Internets' Management Board and Supervisory Board a report on the developments will annually be submitted as part of the Management Declaration pursuant to Section 289f HGB which is included in the Corporate Governance Report.

Investment decisions and activities

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

We are well aware that we as an investor 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 firstly due to the given constraints and boundaries of each and every minority investor and secondly due to the often difficult general conditions of the respective region our investments are operating in, especially in developing and emerging countries.

Investment 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 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.

In this way, within the initial screening any investments in businesses producing environmentally hazardous substances or having a massively polluting impact can be ruled out by applying our exclusion list. The investment activities of Rocket Internet are currently limited to sectors having a relatively low or no direct environmental impact. We tend to invest in technology-driven, in most cases smaller-sized, newly-started service companies. Therefore no notable environmental damage caused by our investments is to be expected.

During the second step which is called the in-depth due diligence our standardized checklist containing all our material sustainability criteria is applied. We want to point out that due to our

business model and due to the broad range of investments 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. If that's 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 investment companies shall be performed in compliance with all local 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 paying the local minimum wage and respecting the health, safety and wellbeing of those adversely affected by their business activities.

Social matters – Core of our activities is that by our investments basic consumer needs are being satisfied across various sectors such as Food & Grocery and Fashion, 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 investments 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 – Responsible investing means for us to only invest in businesses that comply with all applicable laws and regulations in particular with regard to anti-bribery, anti-fraud and anti-money laundering. Our investments 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 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 investment 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 of investment 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 investment.

The aim of applying our RIGL method is to identify significant adverse effects at the very first level when selecting and evaluating a target company and thereby reducing potential risks. For Rocket Internet responsible investment means to examine and to shape the entire investment portfolio in the future in line with our sustainability criteria.

Independent Auditor's Limited Assurance Report

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German PDF version of the group non-financial statement 2017 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 group non-financial statement of Rocket Internet SE according to § 315b HGB ("Handelsgesetzbuch": German Commercial Code) which disclosures are made in the group non-financial report 2017 for the reporting period from 1 January 2017 to 31 December 2017. Our engagement did not include any disclosures for prior years.

A. Management's responsibility

The legal representatives of the Company are responsible for the preparation of the group non-financial statement in accordance with § 315c HGB.

This responsibility includes the selection and application of appropriate methods to prepare the group non-financial statement 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 group non-financial statement that is free from material misstatement, whether due to fraud or error.

B. Auditor's declaration relating to independence and quality control

We are independent from the entity 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)].

C. Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the group non-financial statement 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 group non-financial statement of the Company has been prepared, in all material respects, in accordance with § 315c 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 December 2017 and April 2018, we performed amongst others the following assurance and other procedures:

- Inquiries of employees regarding the selection of topics for the group non-financial statement, the risk assessment and the concepts of Rocket Internet SE for the topics that have been identified as material,
- Inquiries of employees responsible for data capture and consolidation as well as the preparation of the group non-financial statement, 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 group non-financial statement,
- Inspection of relevant documentation of the systems and processes for compiling, analyzing and aggregating data in the relevant areas, e.g. environment and employees in the reporting period and testing such documentation on a sample basis,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
- Analytical procedures at group level regarding the quality of the reported data,
- Evaluation of the presentation of disclosures in the group non-financial statement.

D. 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 group non-financial statement of Rocket Internet SE for the period from 1 January 2017 to 31 December 2017 has not been prepared, in all material respects, in accordance with § 315c HGB.

E. 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.

F. 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 ([see attachment](#)). 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, April 4, 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter	Jan Kaiser
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)