

# Report of the Supervisory Board



of Rocket Internet SE for the Financial Year 2016

•— **Professor Dr. Marcus Englert,**  
Chairman of the Supervisory Board

Dear Shareholders,

In the financial year 2016, the Supervisory Board of Rocket Internet SE (“Rocket Internet”) fulfilled all duties in accordance with statutory law, the articles of association and the rules of procedure. It has regularly advised the Management Board on the strategic direction of the Company and oversaw its management. The Supervisory Board was directly involved in all fundamental decisions of the Company. The Management Board regularly, promptly and comprehensively reported to the Supervisory Board, both during the scheduled meetings and at other times as the situation required. As part of this process, the Management Board informed the Supervisory Board about all relevant matters regarding operative planning and the risks and rewards related therewith. This included matters on the development and pursuit of the business, questions on planned and current investments, the state of the group including its risk position, as well as risk management and compliance. Furthermore, the Management Board aligned the Company’s strategic focus with the Supervisory Board. In 2016, the Management Board reported extensively to the Supervisory Board on the Company in the four meetings of the Supervisory Board, including the development of the revenue and profitability of the Company, the selected companies and regional groups, as well as the state of the Company and its business policy. The reports were made available to absent members. The content of the reports was discussed intensely with the Supervisory Board. In this context, inter alia, potential deviations from the actual course of the business to the plan were discussed. The reports of the Management Board meet the legal requirements, good corporate governance standards and the requirements of the Supervisory Board with regard to their content and their scope. The Supervisory Board has dealt in depth with the Management Board’s reports and further information and has questioned, critically analyzed and evaluated and in certain instances supplemented by further information from the Management Board. Furthermore, the Supervisory Board, mainly through the Audit Committee, received regular reports from the Management Board regarding the internal control system implemented by the Management Board, group wide risk management and internal audit system, and dealt with its effectiveness.

There have been two changes to the members of the Supervisory Board during the reporting year. In the annual general meeting on June 9, 2016, Mr. Stefan Krause and Mr. Pierre Louette were elected to the Supervisory Board as successors of Mr. Lorenzo Grabau and Mr. Erik Mitteregger. The Supervisory Board thanks Mr. Grabau and Mr. Mitteregger for their support in the past.

The Supervisory Board has formed the following committees:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Executive Committee
- Investment Committee

## Key Activities

In addition to the Management Board reporting, and statutory regular reporting in particular, the following topics were comprehensively discussed and analyzed by the Supervisory Board:

- The annual financial statements and group financial statements for the financial year 2015, as well as the result for the first half of the year 2016
- Development of the business during the course of the year
- Rocket Internet's revenue and earnings budget (stand-alone basis) for the year 2017
- Strategic positioning and structuring of the group and business organization
- Development and strategy of Rocket Internet's material investments
- The uplisting to the Prime Standard of the Frankfurt stock exchange
- The audit planning and quarterly reports of the internal audit department
- The invitation to and the agenda of the annual general meeting 2016, including the proposals for resolution
- Granting of further stock options to the Management Board as part of their remuneration package and the introduction of a new employee participation plan
- Creation of an Internet sector growth fund and the Company's participation in the initial amount of USD 50 million at first closing and of approx. 14 percent of the total commitments of USD 1 billion at the fund's final closing
- Buyback of the Company's convertible bonds
- The amount of cash and cash equivalents, and the cash management strategy
- The sale of LaNeveraRoja and pizzabo to JustEat
- The sale of Lazada shares to Alibaba as well as the USD 500 million investment in Lazada by Alibaba
- The financing round in Home24 in the amount of EUR 20 million with the participation of Rocket Internet
- The financing round in Global Fashion Group in the amount of EUR 330 million with the participation of Rocket Internet
- The contribution of foodpanda into Delivery Hero
- Adaptions to the Supervisory and Management Board's rules of procedure
- Declaration of conformity to the German Corporate Governance Code and, in this context, the determination of further goals regarding the composition of the Supervisory Board
- The election of new members to the Supervisory Board: Stefan Krause and Pierre Louette
- Conclusion of a contract between the Company and an agency, in which a member of the Supervisory Board temporarily held a minority stake. The contract was concluded with a fixed-term and at market conditions

## Meetings and Attendance

In the financial year 2016, there were four Supervisory Board meetings in which all Management Board members participated, as well as four meetings of the Audit Committee in which the CFO of the Company participated. During these meetings, the Management Board informed the Supervisory Board in detail about the economic state and development of the Company and the group, as well as about material business events. The average attendance rate at Supervisory Board meetings was 89 percent. The attendance rate at Audit Committee meetings was 100 percent. All absent members voted on all agenda items in writing. In addition to the meetings, the Supervisory Board, Audit Committee and Nomination Committee held telephone conferences on particular topics and a multitude of resolutions were passed in circulation procedure. Furthermore, the Supervisory Board and the Management Board met for a strategy day.

## Corporate Governance

In the context of the up-listing to the Prime Standard of the Frankfurt stock exchange in 2016, the Supervisory Board assessed whether the recommendations of the German Corporate Governance Code (GCGC) were implemented in the Company for the first time. In the prospectus of September 2016, the predominant implementation was confirmed. In the second quarter of 2017, the Supervisory Board and Management Board jointly issued the declaration of conformity with the GCGC, according to section 161 of the German stock corporation act (Aktiengesetz), and published it permanently on the Company website. Any deviations from the GCGC are laid out in the declaration.

## Discussion of the Annual and Group Financial Statements 2016

The annual general meeting of Rocket Internet resolved on June 9, 2016 to appoint Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin branch, as auditor for the financial year 2016. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has audited the accounting, the annual financial statements according to German GAAP, the group financial statements according to IFRS, as well as the combined management report of Rocket Internet and the group, for the financial year 2016. As part of the audit by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, the early risk recognition system was audited and analyzed. No material weaknesses of the internal control system, early risk recognition system nor of the accounting process were detected. The auditor issued unqualified audit opinions. The Supervisory Board convinced itself of the independence of the auditor and obtained a written declaration thereon.

The listed documentation pertaining to the financial statements as well as the audit reports of the auditor were made available to all members of the Supervisory Board in due course. The Audit Committee and the Supervisory Board, during their Accounts Meeting on April 6, 2017, in detail discussed the reports. On both occasions, the auditor submitted a report and was present during the discussions. After its own examination, the Supervisory Board came to the conclusion that the annual financial statements, combined management report, group financial statements and reports of the auditor, as well as the assessments of the auditor on the internal control and early risk recognition system - especially concerning the accounting process - do not give rise to any objections. The Supervisory Board, with a resolution dated 6 April 2017, confirmed the annual financial statements and the group financial statements of Rocket Internet for the financial year 2016. The annual financial statements of Rocket Internet for the financial year 2016 are thereby approved.

The Supervisory Board thanks the members of the Management Board, as well as the employees of Rocket Internet and all group companies, for their successful work in the financial year 2016.

Berlin, April 19, 2017

On behalf of the Supervisory Board



**Professor Dr. Marcus Englert**  
Chairman of the Supervisory Board