Sustainability Report
2019

KEY FIGURES

Details on the key economic, social, and environmental figures given below can be found in the individual sections of this report.

	2017	2018	2019
FINANCIAL/BUSINESS KPIS			
Revenue (in €m)	4,206.3	5,102.9	5,194.1
EBITDA (in €m)	979.6	1,201.3	1,265.7
Earnings per share (EPS) (in €)	2.02	1.96	1.99
Free cash flow (in €m)	424.4	254.6	496.0
RESPONSIBLE CORPORATE MANAGEMENT			
Number of confirmed incidents of corruption	0	0	0
Participation rate for Code of Conduct e-learning course (in %)	–	92.3	92.5
CUSTOMER-RELATED MATTERS/PRODUCT RESPONSIBILITY			
Number of customer contracts – Consumer Access (in millions)	12.6	13.5	14.3
Number of fee-based accounts – Consumer Applications (in millions)	2.2	2.3	2.3
Number of free accounts – Consumer Applications (in millions)	35.7	37.0	37.6
Number of customer contracts – Business Applications (in millions)	7.8	8.1	8.2
Length of fiber-optic network (in km)	44,889	approx. 47,000	approx. 48,500
Number of shipments by 1&1 Logistics (in million units)	5.1	5.4	6.9
CORPORATE DIGITAL RESPONSIBILITY			
Number of reports of data privacy violations under the GDPR	–	49	86
German internet users using GMX/WEB.DE as weekly news source (in %)	–	–	13 / 12
UNITED INTERNET AS AN EMPLOYER			
Number of employees	9,414	9,093	9,374
Employee turnover rate (in %)	–	8.9	9.0
Management positions filled internally (in %)	70	65	70.2
Women in management positions (in %)	13	14	16
Hours training and education per employee	8.5	9.9	11.9
Absence due to illness (in %)	5.5	5.7	5.8
CLIMATE AND ENVIRONMENTAL PROTECTION			
Energy consumption (in MWh)	224,083.4	234,107.4	218,118.8
thereof electricity consumption (in MWh)	213,052.1	216,556.5	201,789.2
Energy intensity – data centers (in Wh/€)	34.2	29.2	26.0
Business travel and company car trips (in km million)	–	40.2	37.4
CO_2 equivalents in tonnes (data capture was expanded substantially in the reporting period, e.g., in the areas of paper consumption and emissions from shipping)	37,376.7	37,522.1	40,443.4
UNITED INTERNET AS A BUSINESS PARTNER			
Cost of purchased services (in €m)	1,797.4	2,066.0	2,048.5
Cost of purchased goods (in €m)	389.5	703.0	734.6
OUR SOCIAL COMMITMENT			
Donations collected by United Internet for UNICEF (in €m)	3.9	3.5	4.7

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KEY

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Definition

Page reference

GRI [number]   Reference to GRI Disclosure

INTERVIEW WITH FRANK KRAUSE

Dear reader,

It is now more than 30 years since the United Internet Group's successful history began with the formation of 1&1 EDV Marketing GmbH. Today we are one of Europe's leading internet specialists, with roughly 24 million fee-based customer contracts and 37 million users of ad-financed free accounts with our GMX and WEB.DE e-mail services.

2020 sees the publication of United Internet's third Sustainability Report. Chief Financial Officer Frank Krause reports on developments over the past years and on future focus areas.

United Internet's Sustainability Report is now a firm component of the Company's reporting. How do you view the past three years?

Very positively. We have made strong progress from year to year – both in terms of individual sustainability measures and in capturing the data used in the report. We now have much more experience with our processes than at the beginning and we can see that employee interest in sustainability is clearly growing. Colleagues send us numerous ideas and suggestions, which we review and examine for feasibility.

In addition, more and more analysts and rating agencies are now asking us about ESG (environmental, social, and governance) issues. We used the past year to perform an in-depth analysis of capital market requirements and sustainability frameworks and standards with the goal of further improving our ability to satisfy growing demand and higher external and internal standards. Not only were we able to use the insights gained to define existing action areas in greater detail – we were also able to identify new ones. We are very satisfied with our progress overall.

What has happened in the action areas you mentioned? And what new aspects came out of the analysis?

To take one example: this third Sustainability Report is the first to include the official Sustainable Development Goals (SDGs) established by the United Nations. The SDGs set out 17 objectives for sustainable development, with the goal of achieving them by 2030. We document how we are contributing to this by displaying the SDG symbols in our individual action areas.

For us as an internet company, digitization will always be an essential component of our business, which is why we have added a new action area, Corporate Digital Responsibility, to our reporting. This covers data protection and information security – two particularly relevant topics for us that we already reported on in the past – plus new aspects such as data sovereignty and digital literacy. United Internet as an Employer – which focuses primarily on our employees' wellbeing – is another action area that continues to be a core topic for us.

"United Internet's Sustainability Report is now a firm component of our reporting and is being continuously enhanced."

Frank Krause

We intend to focus increasingly on the area of Climate and Environmental Protection and improve our transparency with respect to energy, emissions, and the climate – for example by calculating our carbon footprint. United Internet as a Business Partner, a new action area, aims to allow us to better accommodate interest in our supply and value chain from now on.

A lot has obviously happened between the first and the third Sustainability Report. What do you want to achieve in the coming year?

Making the Group's business sustainable is an ongoing process that we should never think of as being over. The whole topic of sustainability is clearly in flux, and new developments, standards, and ideas are coming thick and fast. Our ambitious goal is to match this pace.

For example, one concrete project for the coming year concerns the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). We shall analyze these in detail and examine how we can include them in our reporting. We are confident that we can leverage our potential to do business sustainably as a company to an even greater extent in the coming year.

ORGANIZATIONAL PROFILE
Our Vision

Today, the internet is an indispensable information, entertainment, communication, organizational, and e-business medium for consumers and companies alike.

Due to its unrestricted geographical availability and increasingly rapid access speeds, it is becoming a universal infrastructure, supplying information and entertainment offerings on the one hand, and mobile and fixed network-based applications for consumers and businesses on the other.

Our vision is to supply private and business users with attractive ways of meeting their information, communications, and entertainment needs, and with cloud applications from our "Internet Factory", and to deliver these via more and more powerful broadband internet access products that are based on both mobile and fixed network technology.

By expanding its network, United Internet is laying the groundwork for enabling society to participate in the digital transformation process and to move safely around the digital world.

Our Business Model

United Internet is one of Europe's leading internet specialists, with 24.8 million fee-based customer contracts (previous year: 23.9 million) and 37.6 million ad-financed free accounts (previous year: 37.0 million).

The Group's operating business is broken down into the Access Division, which comprises the Consumer Access and Business Access reporting segments, and the Applications Division, which consists of the Consumer Applications and Business Applications segments.

Access Division

The Access Division with its Consumer Access and Business Access segments covers United Internet's fee-based access products business for consumers and business customers. For our consumer business, this includes broadband and mobile access products including associated applications (such as home networking, online storage, telephony, video on demand, and IPTV), while our Business Access Segment offers data and networking solutions for SMEs and infrastructure services for large enterprises.

United Internet's fiber-optic network has roughly 48,500 km (previous year: roughly 47,000 km) of cables, making it one of the largest in Germany. In addition, the Company – indirectly via 1&1 Drillisch AG – is the sole MBA MVNO (Mobile Bitstream Access Mobile Virtual Network Operator[1]) in Germany with long-term rights to up to 30% of Telefónica Deutschland's used network capacity, giving it extensive access to one of Germany's largest mobile networks. What is more, United Internet was one of the successful bidders in Germany's 5G frequency auction in fiscal year 2019, acquiring two frequency blocks of 2 x 5 MHz in the 2 GHz spectrum and five frequency blocks of 10 MHz each in the 3.6 GHz spectrum. By acquiring these frequencies, the Company has laid the foundations for establishing its own high-performance mobile network. Apart from its proprietary fixed network and its privileged access to

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[1] A telecommunications services provider that does not have its own physical network but instead can use part of the network belonging to a mobile network operator (MNO), and that invoices this service in its own right.

Telefónica's network, the organization also purchases standardized network services from a number of wholesale service providers. It then enhances these wholesale services with end-user devices, proprietary applications, and services from its "Internet Factory", setting itself apart from its competitors.

United Internet's Access Division operates solely within Germany, where it is one of the leading suppliers in terms of customer contracts and revenues.

Access products are marketed both via well-known brands such as 1&1 and discount brands such as yourfone and smartmobile.de, allowing the organization to offer the market a comprehensive range of products while also addressing specific target groups.

ACCESS   APPLICATIONS

Networks

User Equipment

Motivated team
- 9,400 employees, approx. 3,000 of whom are in product management, development, and data centers

Sales strength
- Over 5 million contracts p. a.
- 50,000 registrations for free services every day

Operational excellence
- 62 million accounts in 12 countries

10 data centers
- 90,000 servers in Europa and the USA

Powerful network infrastructure
- 48,500 km of fiber-optic network cables
- Up to 30% of Telefónica's mobile network capacity

Content

Standard software

Applications Division

The Applications Division consists of the Consumer Applications and Business Applications segments and comprises ad-financed and fee-based applications for consumers and business customers. These include domains, homepages, web hosting, servers, and e-shops; personal information management applications (e-mails, to do lists, and appointments and address management); groupwork products, online storage, and office applications.

The applications are developed in the Company's own "Internet Factory" or together with partner organizations and operated on approximately 90,000 servers in its ten data centers.

Measured in terms of domains, customer contracts, and revenues, United Internet's Applications Division is an international leader with activities in Europe (Germany, France, the United Kingdom, Italy, the Netherlands, Austria, Poland, Switzerland, and Spain) and North America (Canada, Mexico, and the USA).

Its applications are marketed to specific consumer and business customer target groups using a variety of differently positioned brands: GMX, mail.com, WEB.DE, IONOS, Arsys, Fasthosts, home.pl, InterNetX, Strato, united-domains, and World4You. In addition, United Internet offers customers professional, active domain management services under its Sedo brand. Free applications are monetized through advertising by United Internet Media.

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RESPONSIBLE CORPORATE MANAGEMENT
The Basis for Acting Responsibly

Corporate Governance

United Internet AG's Management Board and Supervisory Board consider it their responsibility to ensure the Company's continued existence and create sustainable value through responsible corporate management that takes a long-term perspective. For United Internet, running a business involves more than pursuing economic goals – it also has an obligation to society, the environment, employees, and other stakeholders.

GRI 102-16
GRI 102-18

The Company's corporate governance activities are based on the German Stock Corporation Act (Aktiengesetz – AktG) and on the requirements of the German Corporate Governance Code (the "Code"). We publish an annual declaration of compliance with the Code in accordance with section 161 of the AktG.

Diversity of the Management Board and Supervisory Board

United Internet's objective in relation to diversity is for the Management Board and Supervisory Board to include a wide range of different people and, as a whole, to have a sufficient breadth of opinion and knowledge. Among other things, this requires the members of the individual bodies to complement each other with respect to their experience and their educational and professional backgrounds, so as to have a good understanding of the Company's current business activities and its longer-term opportunities and risks.

GRI 405-1

See the "Corporate Governance" section of United Internet's website.

At present, the two bodies are composed exclusively of men; however, the aim is to ensure as balanced a range of appointments as possible the next time new members are appointed to the Management Board and Supervisory Board. The principle is that both genders should be treated equally on the basis of their qualifications. The Supervisory Board is due to be reelected at the general meeting that resolves the approval of the actions of the Supervisory Board for fiscal year 2019. United Internet AG's Management Board and Supervisory Board intend to propose to the next general meeting that the size of the Supervisory Board be increased to six members. By doing so, the Company aims to increase the diversity of the Supervisory Board. If the proposal is approved, new candidate members will be proposed to the general meeting for election, two of whom will be women. In this way, United Internet intends to meet the 30% target quota for female Supervisory Board members.

For further information, please see the chapter of the United Internet Group's annual report entitled "Declaration on Company Management/Corporate Governance Report". The compensation paid to the Management Board and the Supervisory Board is set out in the Remuneration Report, which is also included in the annual report. Basic information can be found in the Articles of Association.

See the "Reports" section of United Internet's website.

See the "Articles of Association" section of United Internet's website.

Our Values and Guidelines

Our corporate values, which apply throughout the organization, our management guidelines, and our Code of Conduct are at the heart of what we do every day. All employees are made aware of these basic documents when they join the Company, and must abide by them. Our values and guidelines, and the Code of Conduct, can be accessed at any time on our intranet and, in some cases, the internet as well.

Corporate Values	**Leadership Principles**	**Code of Conduct**
Our values strengthen our self-image and provide a framework for how to act. Only a set of common beliefs enable us to think and act together. Our values apply in our dealings with one another and with customers and business partners. ■ A commitment to success ■ Agility ■ A sound approach ■ Fairness ■ Openness ■ Responsibility	Our leadership philosophy is based on making people successful. Our leadership guidelines define the following characteristics for our managers: ■ We take responsibility and display courage ■ We are co-entrepreneurs ■ We act as role models ■ We empower staff and motivate them to do their best ■ We lead through active dialog ■ We promote a strong team culture	Our Code of Conduct links our corporate values with our internal guidelines. It sets out shortly and succinctly how to act in compliance with our values, the law, and our guidelines. It uses examples to illustrate key principles and make concrete recommendations on how to deal with colleagues, business partners, investors, competitors, customers, and the media.

Risk Management

The United Internet Group's risk and opportunities management policy aims to preserve and enhance the organization's values by exploiting opportunities and identifying and managing risks at an early stage. By "walking the talk" in this way with our risk and opportunity management, we ensure that United Internet AG can do business in a controlled organizational environment. Our policy sets out a responsible approach to dealing with the uncertainties that are an inevitable part of doing business. It also reflects the basic idea behind the United Nations' precautionary principle, i.e., a forward-looking approach to (environmental) risks and the mitigation of any negative impacts.

Organizations are also increasingly being required to take a differentiated approach to risk in the context of sustainability and ESG topics. This is taken into account during our identification of the material topics.

Compliance and Anti-corruption

Materiality, Impact, and Risks

For United Internet, compliance means observing all statutory requirements and internal organizational guidelines, and acting in accordance with our corporate values. Compliance aims to ensure that all employees act in a legally and ethically acceptable manner. Compliance is an integral part of all Group activities at United Internet, as well as being a core prerequisite for long-term business success.

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Goals and Measures

United Internet AG's Management Board has set up a compliance management system to ensure ethical behavior that complies with the applicable laws throughout the Group. Group General Counsel, which reports directly to United Internet AG's CFO, is responsible for compliance management. Compliance is part of our end-to-end risk management approach, which comprises the Governance, Risk Management & Compliance (GRC), Corporate Audit, and Legal Department functions. Pooling these GRC functions allows a common management approach to be adopted, utilizing and linking thematic and process interfaces. Compliance managers have been appointed for the operating divisions and segments, and for the group's foreign companies. They perform this role in addition to their other responsibilities and help implement compliance measures, among other things.

The overarching objective of our compliance activities is to prevent compliance violations. We achieve this by taking appropriate measures that are aligned with the Company's risk position in keeping with the three-level activity hierarchy, "Prevent, Detect, and Respond". Compliance focuses primarily on the level of "Prevent": Transparent rules, clearly understandable processes, and well-informed employees are the keys to success here.

Our Code of Conduct is the foundation for legally and ethically acceptable behavior. It summarizes the main rules, explains them using examples, and gives concrete recommendations for dealing with colleagues, customers, business partners, competitors, shareholders, public authorities, and the media. At the same time, the Code refers to the key internal guidelines, offering employees a rapid overview.

Among other things, Our Code of Conduct contains rules on how to ensure fair competition and anti-corruption. It clearly states that we aim to outperform our competitors fairly and honestly, and that we will not employ any unfair practices aimed at preventing, restricting, or distorting competition. This principle is underlined in our corporate value of Fairness.

In addition, our Code of Conduct clearly sets out the measures that we take to prevent corruption, and uses concrete examples to explain what we mean by anti-corruption. We do not tolerate corruption, regardless of where it happens, whom it targets, or what the reason for it is. In line with this, directly or indirectly offering or granting any form of undue benefits (bribery) and requesting or accepting any such benefits (corruption) are prohibited.

These basic rules are set out in more detail in our internal guidelines on anti-corruption and on dealing with incentives[1] and conflicts of interest. The guidelines are supplemented by approvals processes and confidential reporting channels that allow employees to contact designated persons of trust outside their immediate working environments. In the reporting period, as in the year before, there were no incidents of corruption or indications of potential cases of corruption.

In fiscal year 2018, our Compliance department launched an e-learning course on our Code of Conduct in order to give employees an interactive way of familiarizing themselves with the Code's contents and to communicate its rules effectively. After successfully rolling out the course at our German locations in the previous year, we made additional upgrades to it before launching it at our foreign locations in the past fiscal year.

[1] Incentives are any inducements aimed at rewarding a company's own employees, or those of business partners, for their work and/or to motivate them to do more/better in future. This includes performance bonuses and customer events, among other things.

The e-learning course on our Code of Conduct is an integral part of the onboarding process for new staff. In addition, regular presentations by Compliance staff at the Welcome Day for new colleagues raise new colleagues' awareness of the topic.

Results and Assessment

We measure the success of our compliance activities in terms of both the measures we take and the maturity of our compliance management system. Measures-based performance indicators include training participation rates, the number of approvals issued in the course of compliance processes (e.g., anti-corruption), and the findings of internal investigations and compliance audits. We measure the maturity of our compliance management system using in-house surveys, among other things, and so identify room for improvement.

As of December 31, 2019, 803 employees at our foreign locations and 5,042 employees (2018: 4,640) at our German locations had successfully completed the mandatory e-learning course for our Code of Conduct. This corresponds to an overall participation rate of 92.5% (2018: 92.3%)[1].

Sustainability Strategy and Management

Approach

Definition of Sustainability

"Sustainability" – which can be defined in simple terms as ensuring that the needs of both current and future generations can be met – is now a more or less integral part of the social, political, and economic sphere. Associated social developments and "megatrends" such as digitization and climate change, and the transformation processes these are causing, are being discussed across all sectors, be it in connection with data protection, how to deal with (fake) internet news, the changing world of work, or the transition to a low-carbon economy. Companies can often have a material impact on these topics – both positively and negatively. And in turn, these issues also influence companies, e.g., due to changes in expected behavior (such as those triggered by the "Fridays for Future" movement), consumer and customer wishes, regulatory requirements, and increasing investor awareness of ESG aspects. This report shows how these and other sustainability topics relate to United Internet and how the Company deals with the resulting challenges and opportunities.

Our sustainability strategy and sustainability management activities are designed to address material current sustainability topics, challenges, and opportunities – in other words, the relevant impacts that our Company has on our stakeholders, the environment, and society and the impacts that the environment and society has on it. We ensure this is in fact the case by basing the action areas for our sustainability strategy on a materiality analysis.

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[1] The figures are not directly comparable with those for the previous year as the scope was extended in the reporting period. In the reporting period, the e-learning course was aimed at all employees in the United Internet Group with the exception of the independently managed companies; its group-wide rollout at the 1&1 Drillisch Group is planned for the current year. The rollout of the e-learning course at our foreign companies was largely completed in the reporting period; the plan is to extend it to Arsys in the current year.

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New Developments

A stakeholder survey was performed in 2016 for use in United Internet's first sustainability report in 2018. In the reporting period, we supplemented the results to include a comprehensive analysis of the current sustainability requirements placed on us by the capital markets, the regulatory framework, and initiatives. This resulted in a number of new points of reference being included in this report.

Based on this new analysis, we then reviewed and prioritized our material topics, adapting our action areas slightly as a result. For example, in our "Climate and Environmental Protection" action area, we increased our focus on energy, emissions, and the climate in view of these topics' growing relevance. Additionally, we included data protection and information security in our new "Corporate Digital Responsibility" action area, which also covers topics such as access to digitization, data control and sovereignty, and digital literacy. Equally, we expanded our "United Internet as a Business Partner" action area in order to address the growing interest in our supply and value chain[1].

Materiality Analysis: Topics and Action Areas

We provide details of the processes we use to determine our material topics, including our definition of materiality, the criteria examined, and our materiality matrix in the section entitled "About this Report."

We enhanced our sustainability action areas on the basis of the results of our materiality analysis. To do this, we analyzed the topics identified to determine where their impacts arise and what areas of United Internet offer suitable starting points for their management. In line with the CSR-RUG, we perform a risk assessment of these aspects with respect to our own business activities, our products and services, and our business relationships[2]. The following overview provides supplementary information on how the topics relate to the aspects contained in the CSR-RUG. The action areas are reflected in the structure of the report.

[1] Our supply and value chain presents the activities and actors involved in developing, producing, distributing, delivering, and providing support for a product or service. Generally speaking, this is not in fact a linear process as suggested by the image of a chain, but rather a complex network of actors and suppliers who are themselves interconnected. However, we largely use the term "value chain" in the following for reasons of simplicity.
[2] German Accounting Standard (GAS) 20 specifies that business relationships relate "in particular to the supply and subcontracting chains."

Material sustainability topics and identification of action areas

Non-financial aspects from the CSR-RUG	Material topics identified	Action areas: Where do impacts arise? Where are the starting points in the Company?		
		Own business activity	Products/ services	Business relationships
ENVIRONMENTAL MATTERS	Energy	Climate and Environmental Protection		United Internet as a Business Partner
	Materials			
	Emissions			
	Transport			
	Supplier environmental assessment, environmental responsibility in the value chain			
	Environmental impact of our products and services		Customer-related Matters/ Product Responsibility	
EMPLOYEE-RELATED MATTERS	Employment	United Internet as an Employer		United Internet as a Business Partner
	Occupational health and safety			
	Training and education			
	Diversity and equal opportunity			
	Equal pay for men and women			
	Equal treatment			
	Evaluation of suppliers by working conditions, social responsibility in the value chain			
RESPECT FOR HUMAN RIGHTS	Human rights	United Internet as an Employer, Corporate Digital Responsibility		
ANTI-CORRUPTION AND BRIBERY	Compliance and anti-corruption (including behavior in accordance with competition law, legally compliant marketing)	Responsible Corporate Management		
SOCIAL MATTERS/ CUSTOMER-RELATED MATTERS	Customer health and safety	Customer-related Matters/Product Responsibility[1]		
	Labeling of products and services[2]			
	Protection of customers' privacy	Corporate Digital Responsibility		
	Information security			
	Access to digitization[3]			
	Data control/sovereignty			
	Digital literacy			
	Our social commitment[4]	Our Social Commitment		

(1) Action area includes the topic of customer satisfaction, which was listed voluntarily in the previous report.
(2) This topic is also partly included in the chapter entitled "Climate and Environmental Protection" (e.g. in relation to customer hardware).
(3) This topic includes the topic of infrastructure, which was listed voluntarily in the previous report.
(4) This topic was not identified as material, but is reported voluntarily due to its importance for United Internet.

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Sustainability Strategy: Action Areas and Goals

Action Areas

We identified the following action areas by combining the material topics with the United Internet Group's structures and activities:

> **Overarching action area:**
> **Responsible corporate management**
>
> **(Core strategic elements of corporate management such as corporate governance, values and guidelines, compliance and anti-corruption, etc. plus the sustainability strategy and sustainability management)**

Customer-related Matters/Product Responsibility	Corporate Digital Responsibility	United Internet as an Employer	Climate and Environmental Protection	United Internet as a Business Partner	Our Social Commitment

■ **Customer-related Matters and Product Responsibility**
Customer demands in relation to Internet access and applications are increasing all the time, and we can only hope to persuade customers to stay loyal to us and our products in the long term if they are satisfied. This is why customer feedback and satisfaction are particularly critical for us: We focus on our customers in everything we think and do, and aim to provide compelling products and services. We use numerous initiatives to improve our customer satisfaction, including new products and tariffs, transparency, and an even more powerful and comprehensive offering. It is also why we are expanding our fiber-optic network and why we entering into business combinations such as those with Strato AG and Drillisch AG.

■ **Corporate Digital Responsibility**
As digitization gathers pace, so do both the opportunities and risks for users, such as improved, customized services on the one hand and the danger of data theft and vulnerabilities on the other. We aim to enable society to participate in digitization, and to ensure that this is done safely. We build on our geo-redundant data centers to constantly extend data protection and information security on the internet. In addition, we offer users tangible added value made in Germany in the form of innovations such as netID, the European login standard, and our "intelligent mailbox."

Geo-redundancy: A minimum of two copies of data are stored in data centers at different locations. This results in an average availability of 99.99%.

■ **United Internet as an Employer**
We also operate in a dynamic, fast-growing, and highly innovative environment in our role as an employer, and face a highly competitive market for specialists. We aim to be a fair and attractive employer and to help our employees grow. To do this, we want to create a working environment that enables each and every one of our staff to contribute what they know and to take advantage of development opportunities and the freedoms they have in their work. Our corporate culture is built on mutual support and flat hierarchies that facilitate fast decision-making.

■ **Climate and Environmental Protection**
As an internet specialist, our offering revolves around our network infrastructure and our data centers. The latter are responsible for by far the bulk of energy used within the Group, especially in view of our geo-redundant operations. This energy usage and the resulting CO_2 emissions impact the environment and the climate. We therefore aim to use resources efficiently and to contribute to climate protection. We have been investing in sustainable energy usage in key areas since 2007, and

are implementing a wide range of efficiency improving measures; in addition, we source renewable energy and offset non-renewable electricity.

- **United Internet as a Business Partner**
  We work with a large number of business partners in our capacity as a telecommunications and internet provider. These include network service and IT hardware providers, and sales and shipping partners. We aim to create value together with our business partners through strong, fair partnerships. The integrity of our business partners is extremely important for us – it is necessary on the one hand in order to avoid risks that could result from business relationships and on the other to establish the trust that is needed for long-term business relationships and for taking responsibility together. To achieve this, we are currently working on a Code of Conduct for Business Partners and a risk-based business partner review process.

- **Our Social Commitment**
  Business success is only possible in a functioning society. We are part of society, and are committed to helping ensure it is stable and can meet future challenges. This is why our United Internet for UNICEF foundation supports United Nations Children's Fund projects across the world. In addition, we have instituted and enhanced a number of measures designed to assist and integrate refugees, such as 1&1 Fit for Job, in the period since 2015. This training program lives from the voluntary commitment of our employees, who can spend up to 10% of their weekly working time on it.

Relevance to the UN Sustainable Development Goals (SDGs)

We refer to the UN SDGs in a number of appropriate places in this report. The 17 SDGs for sustainable development aim to end poverty, protect the Earth, and ensure prosperity for all. They were resolved in 2015 by the United Nations (UN) member states, with the goal being to implement them by 2030. We use the SDG symbols to indicate the action areas in which we can contribute the most to reaching specific SDGs. United Internet's sustainability strategy focuses on SDGs 8, 9, 12, and 13, with additional SDGs being relevant for our social commitment.

8 DECENT WORK AND ECONOMIC GROWTH	Promote inclusive and sustainable economic growth, employment and decent work for all.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation.	13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts.

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Enhancements to the Action Areas

We have identified starting points for the individual action areas and topics so as to develop goals and measures, and achieve progress.

In some action areas, e.g., for United Internet as a Business Partner, we need first of all to draw up a comprehensive overview of the status quo. This first step aims to map our supply and value chain – including the relevant actors and topics – as comprehensively as possible. The results are also included in the Climate and Environmental Protection action area: Our aim here is to calculate our carbon footprint (also known as a CO_2 footprint or greenhouse gas footprint), an area in which emissions along the value chain play a key role. We then aim to use these analyses to identify substantive steps that need to be taken. The following table shows additional goals and measures:

Goals/measures	Deadline	Status[1]
SUSTAINABILITY STRATEGY AND MANAGEMENT		
Update materiality analysis	2020	In preparation
Adopt systematic approach to data capture for sustainability reporting	2020 onwards	In preparation
CUSTOMER-RELATED MATTERS/PRODUCT RESPONSIBILITY		
Intensify and permanently strengthen cross-functional cooperation	Ongoing	Implementation
CORPORATE DIGITAL RESPONSIBILITY		
Raise our corporate digital responsibility profile	2020 onwards	Implementation
Enhance and extend our information security management system	Ongoing	Implementation
Enhance the security measures in our internal IT service	Ongoing	Implementation
UNITED INTERNET AS AN EMPLOYER		
Diversity:		
Implement our road map to achieve our target quota of 18% women in the organization's top two management levels	Ongoing	Implementation
Expand our policy for managing and promoting diversity	Ongoing	Implementation
Professional development:		
Standardize monitoring of our training measures	Ongoing	Implementation
Health management:		
Expand our health program	Ongoing	Implementation
CLIMATE AND ENVIRONMENTAL PROTECTION		
Calculate our carbon footprint	2020 onwards	In preparation
Implement additional energy efficiency measures	Ongoing	Implementation
Reduce carbon emissions from fuel consumption	Ongoing	Implementation
Identify additional potential electricity and materials savings	Ongoing	Implementation
UNITED INTERNET AS A BUSINESS PARTNER		
Map our supply/value chain	2020 onwards	In preparation
Introduce business partner review process	2019 onwards	Implementation

(1)   Additional information is provided in the relevant chapters and sections.

Sustainability Management

Organization of Sustainability Management

Group-wide sustainability management at the United Internet Group is coordinated by a team from the Compliance & Sustainability department. The tasks involved include strategic development, reporting, and answering ESG rating agency queries, along with ensuring and optimizing the quality of the data needed for this. The Sustainability Team liaises with core functions and relevant units in the segments, and supports these in assessing non-financial topics in their various business activities, providing information, and ensuring that the entire Group complies with its business responsibilities.

The Sustainability Team reports to the CFO, who is also responsible for preparing the sustainability report. In addition, United Internet AG's Management Board addresses current sustainability-related topics and decisions in the course of the fiscal year. United Internet's Supervisory Board discharges its responsibility of oversight by independently examining the sustainability report ("non-financial statement") for compliance with the law, propriety, and appropriateness.

Stakeholder Dialog

Our ability to do business depends on our successful cooperation with a wide range of stakeholders. We liaise with these groups using a variety of different platforms and formats, with the aims of reinforcing communication and cooperation, and taking our stakeholders' interests into account.

- **Customers:** We focus systematically on customer needs and satisfaction. We collect feedback in numerous areas and liaise with customers via surveys and during service calls, among other things. Test users and test buyers provide valuable feedback on new products.

- **Investors:** Investors are a key stakeholder group for United Internet. Our Investor Relations department and our Management Board are in regular contact with them in the form of one-on-one discussions and road shows. We repay investors' trust in us by ensuring open, transparent reporting.

- **Employees:** Our employees are the key to our success. Only by leveraging their knowledge, skills, and dedication, can we continue to develop and to achieve long-term success. Employee feedback is important for us, which is why we regularly perform employee surveys, identify measures to be taken from these, and inform staff of the progress made. In addition, the Management Board is in regular direct contact with employees, e.g., in the course of internal roadshows and "Ask the Board" events.

- **Business partners:** Our business requires us to work together with a large number of business partners and suppliers. This includes wholesale service partners, hardware suppliers, call center service providers, and shipping partners. Among other things, we conduct one-on-one discussions with these partners and help call center service providers to train their employees.

■ **Politicians and associations:** We aim to maintain a dialog with political decision-makers and government authorities so as to create a framework for a successful digital economy in Germany. One particular issue for us is ensuring competition, which acts as a driver for innovation, investments, and consumer benefits. This is why we are a member of associations such as VATM[1], Bitkom[2], BREKO[3], and eco[4]. In addition, specialist departments are active in relevant associations and bodies.

■ **Non-governmental organizations:** Our United Internet for UNICEF foundation has worked with the United Nations' Children's Fund for more than a decade now to collect donations and recruit new sustaining members.

■ **Local communities:** We welcome dialog with local communities and the population at large at our locations. Since we are a telecommunications and internet provider, our operating locations do not have a significant impact. On the contrary: We create jobs outside major German cities at locations such as Montabaur or Zweibrücken. We are also supporting the integration of refugees at our locations with our "1&1 Fit for Job" program.

In addition, our stakeholders' opinions and decisions are a key factor both in shaping our sustainability management activities and in determining what goes into our sustainability report. We have introduced a separate dialog with selected stakeholders for this.

[1] Verband der Anbieter von Telekommunikations- und Mehrwertdiensten e. V.
[2] Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e. V.
[3] Bundesverband Breitbandkommunikation e. V.
[4] Verband der Internetwirtschaft e. V.

CUSTOMER-RELATED MATTERS AND PRODUCT RESPONSIBILITY
Management Approach

Materiality, Impact, and Risks

GRI 103-1

As an internet and telecommunications provider, we operate in an extremely dynamic market environment. The United Internet Group's success is based on its core competency: the ability to identify and systematically develop customer wishes, trends, and hence new markets at an early stage. Since we already have business relationships with millions of customers and users, we have our ear close to the ground. In addition, our in-house product development capability, highly flexible approach, and strong marketing and sales operations help us to launch innovations on the market independently of, and often more quickly than, other players.

> We focus on our customers in everything we think and do, and aim to provide compelling products and services.

Our relationships with our customers are based on trust. Data protection, information security, and round-the-clock access to highly skilled contact staff make us a reliable partner at all times. The reason is simple: Customer satisfaction is a unique selling proposition on the market and hence a core component of our competitive ability and long-term success. This is why we give the continuous assessment and management of customer satisfaction an extremely high priority, since it is not just important to our customers but is also relevant to our investors and employees.

Potential risks in connection with customer satisfaction and the sales market include the need to make any adjustments to our business model or our pricing policy (political or legal risks). In addition, new developments might hit the market too late, or might not find the expected acceptance among the intended target group. Equally, new competitors entering the market could pose a risk to our market share, growth objectives, or margins (technology, market, or reputational risks). What is more, United Internet occasionally enters upstream or downstream markets when diversifying its business model or expanding its value chain. One example is its purchase at auction of mobile frequencies during the reporting period and its plans to build its own 5G mobile network.

Goals and Measures

GRI 103-2

The purpose of our management approach is to focus on our customers in everything we think and do, and to provide them with compelling products and services. By doing this, we aim to systematically and permanently increase customer satisfaction.

United Internet manages more than 62 million customer accounts worldwide. Since customers in the different segments have different requirements, customer satisfaction is measured using segment-specific metrics and performance indicators (such as the customer sentiment score and net promoter score (NPS)), and is managed by dedicated teams using specifically tailored structures and processes. We use regular customer surveys, market research, and analyses to obtain customer feedback. Our customer satisfaction figures are used in our managers' performance reviews and to determine their variable compensation components, with the relevant segment board members being involved regularly and in detail. These generally report directly to the CEO of either United Internet AG or the companies concerned.

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In addition, customer service is extremely important to us. This function is not only strongly represented within the organization itself, but is also supported by approximately 4,000 external service agents who assist in customer care.

Other customer-related matters apart from customer satisfaction include health questions relating to mobile frequencies and youth protection. Details of these can also be found in this chapter.

Results and Assessment

Please see the following sections on the individual segments for details of how we measure and manage customer satisfaction and other customer topics.

GRI 103-3

Contribution to the SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.

Customer Satisfaction in the Consumer Access Segment: 1&1 Drillisch

Managing Customer Satisfaction Using the Customer Sentiment Score

The Consumer Access Segment had 14.3 million contracts as of the 2019 year-end (2018: 13.5 million). Of this number, 10.0 million (2018: 9.2 million) were attributable to the mobile internet business and 4.3 million (2018: 4.3 million) to broadband connections. The topic of customer sentiment is firmly anchored in our company and a key part of our daily work, both for our 1&1 premium brand and for Drillisch Online's discount brands.

We capture and measure customer sentiment in the Consumer Access Segment using the customer sentiment score. Key units involved in managing customer satisfaction are Customer Experience, which establishes customer needs by conducting customer surveys and observing the market and competitive environment, and then actively makes the results known within the organization (1&1), along with Business Process Management (BPM) and Quality Management (QM Development) (Drillisch Online).

These are more than mere figures for us: They are core values that we use to guide our daily work. Satisfied, enthusiastic customers are the basis for our success and spur us on to do our best every day. Our core goal is to increase customer satisfaction and create compelling customer experiences.

Measuring Customer Satisfaction

We constantly measure customer sentiment for all relevant customer contact points and customer journeys throughout the customer life cycle. These measurements are mostly event-driven, i.e., they are made immediately after a customer journey (e.g., a change in tariffs) or following some other form of contact with the organization (e.g., Customer Service). In total, roughly 75,000 customer feedback items per month are received for 1&1 and 16,000 or so for Drillisch Online's brands. We use this information to identify potential for improvement and to develop measures designed to specifically increase customer satisfaction.

We also monitor external assessments and awards such as the Service Champions prize awarded by German newspaper "Die Welt" and analysts and consultants ServiceValue. In 2019, our 1&1 brand won the "Number 1 customer service experience" prize in the telecommunications sector. In addition, our network quality received another "very good" rating: 1&1 took third place among the nation's "big players" in the well-known broadband and fixed network test run by specialist magazine "connect", scoring 872 out of a maximum of 1,000 possible points.

Drillisch Online commissions TÜV Saarland every two years to perform customer surveys to obtain satisfaction ratings. In the most recent TÜV survey, which was conducted in 2018 for all Drillisch Online brands, roughly 90% of respondents said they were "satisfied" or "very satisfied" with the service quality offered by Drillisch Online's brands in the areas of friendliness, specialist expertise, and understandability. This was the same average percentage as in the previous survey.

In addition, smartmobil.de took first place in the review of discount mobile providers that was also run by "connect", based on an examination of tariffs and network quality and a test of the hotline and service app. yourfone followed in second place. 1&1 ("very good") and the Drillisch Online brands yourfone and smartmobil (both "good") also all did well in the hotline test conducted by "connect". Criteria examined during test calls included accessibility, hold times, friendliness, and the quality of the statements made by hotline staff.

Managing and Enhancing Customer Satsifaction

Customer satisfaction doesn't stop atdepartmental boundaries, which is why our teams from different areas work together to permanently enhance it.

Clear responsibilities for improving customer sentiment exist for all customer journeys and contact points. Measures designed to enhance customer experience are developed together with 1&1's Customer Experience unit, and their impact on customers is then assessed. Drillisch Online includes our customers' ideas and suggestions in the ideas management activities of the quality management and project management units, and both units work to enhance customer satisfaction and enable customers to get even stickier with their Personal Service World. Suggestions are reviewed and then introduced, and modifications to IT projects are documented and implemented.

Trends in customer sentiment, the status of the measures identified, and new ways of enhancing customer satisfaction are discussed in a range of regular group meetings at 1&1 Drillisch, up to and including at Management Board level.

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Uncompromising Customer Orientation at 1&1

We focus squarely on customer needs in order to ensure a high level of customer satisfaction. One way in which we achieve this is to test and evaluate the impact on customers of ideas for new products, campaigns, service concepts, and the like before they are introduced using qualitative and quantitative market research. All in all, we conduct more than 50 ad hoc market research studies a year. In addition, we actively engage with our customers on a variety of topics using quarterly customer dialogs and customer focus groups. This allows us to ensure across departmental boundaries that we remain close to our customers and understand their needs even better.

Our **Customer Guidelines** help our staff to think and act in a customer-oriented way in their daily work, and hence to anchor this perspective permanently within the Company:

- **"We recognize and understand customer needs"**
  We hear, see, and understand our customers and their needs. And we interact with them empathetically.

- **"We implement customer needs"**
  We focus on our customers' needs in our daily work and develop appropriate products, services, and service offerings for them. We work together as a team and as partners to serve our customers, and are fair and transparent.

- **"We delight our customers"**
  We ensure satisfaction by meeting our customers' needs, and delight them by exceeding their expectations. This delight is the driving force behind our daily work and one of the key factors determining our long-term success.

The 1&1 Principle

The 1&1 Principle is another key driver for customer satisfaction, as well as a way of differentiating ourselves in the market. We have made five clear performance promises:

"1 click … and you've reached us"
Our website is also our shop and how to contact us. We're only one click away and you can contact us on any channel you want – seven days a week, 24 hours a day.

"1 night … and your order's with you"
Our overnight service guarantees that the products you order will be with you on the next working day.

"1 month … to test all products"
We give our customers 30 days to test our broadband and mobile products.

"1 call … and you'll speak to an expert"
Our service specialists are available day and night to provide rapid, solutions-driven answers to your queries – 24 hours a day, 365 days a year.

"1 day … to replace faulty equipment at your premises"
We offer customers an on-site replacement service for faulty devices the next working day.

Continuous Development Leads to More Customer Experiences

We aim to offer our customers the best possible experience and to do our best for them at all times. This is why we constantly develop new service products that add value for our customers. These include:

- **The 1&1 WLAN Promise**
  One call is all it takes for a 1&1 expert to help you with the WLAN installation for all your devices.

- **The 1&1 Replacement Service**
  If your smartphone gets damaged, the 1&1 Replacement Service will replace it within 24 hours, no matter how it happened.

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CUSTOMER-RELATED MATTERS/
PRODUCT RESPONSIBILITY

Management Approach	Customer Satisfaction: Consumer Applications
Customer Satisfaction: Consumer Access	Customer Satisfaction: Business Applications
Customer Satisfaction: Business Access	Product Responsibility

Uncompromising Customer Orientation at Drillisch Online

Drillisch Online also aims to delight customers with the service it provides: our motto here is "One customer, one contact, one solution". Even though they are price-sensitive, our customers will not compromise on our first-rate, award-winning customer service that focuses on their needs:

- **Cost-effective online sales**: A tried-and-tested, safe way of making purchases online.

- **Inexpensive network access:** Although we don't have our own network, we can always use Telefónica Deutschland's state-of-the-art technology.

- **Customer recommendations are worth it:** We offer a bonus for recruiting new customers.

- **Customer Service:** Available until 10 p.m. every day and round the clock via the Service World.

We tell the world how proud we are of our daily successes and our customer service, and have these confirmed externally by auditors – our brands have been tested by TÜV SÜD ("s@fer-shopping"), while our customer service is certified as complying with the ISO 9001:2015 quality management standard.

Customer Satisfaction in the Business Access Segment: 1&1 Versatel

Measuring Customer Satisfaction

1&1 Versatel, the business-to-business (B2B) provider of fiber-optic gigabit connections, has more than 50,000 business customers and more than 100 carrier (network operator) customers. The company measures the satisfaction of these customers using a five-point customer satisfaction scale and the NPS, an established way of measuring readiness to make recommendations. The semi-annual survey of existing customers is performed on an anonymous basis by an external market research institute.

Satisfaction is polled for specific customer groups and customer segments, including large customers, wholesale customers (i.e., other telecommunications providers such as mobile phone and fixed network carriers, cable network operators, national and international B2B telecommunications providers, resellers, and city and regional carriers), and small and medium-sized enterprises (SMEs). Overall satisfaction is calculated using the weighted average of the individual results for the three customer segments.

The Company conducts an in-depth poll of all existing customers twice a year in order to obtain a comprehensive overview of customer satisfaction (wholesale customers are surveyed once a year). Large customers and wholesale customers are contacted by phone. Since this approach results in a higher response rate than e.g., online surveys, we also started polling SME customers by phone at the beginning of the current year. In addition, we use panel surveys to establish how satisfied our competitors' customers are so as to obtain a comparative benchmark.

Equally, a large number of contact points – such as the service hotline for SEM customers and commercial support for large customers – measure customer satisfaction on an ongoing basis. In December 2019, a phone-based customer satisfaction survey that is conducted following the successful implementation of a fiber-optic link was introduced. Customers reacted positively to the opportunity for discussion.

Managing and Enhancing Customer Satisfaction

Surveys are designed and coordinated by 1&1 Versatel's Quality & Knowledge Management department. This unit, which reports to the Chief Operating Officer (COO), was established in December 2018 to pool all customer satisfaction issues at a cross-departmental level.

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**CUSTOMER-RELATED MATTERS/
PRODUCT RESPONSIBILITY**

Management Approach	Customer Satisfaction: Consumer Applications
Customer Satisfaction: Consumer Access	Customer Satisfaction: Business Applications
Customer Satisfaction: Business Access	Product Responsibility

Based on the results of the customer surveys, the Quality & Knowledge Management department identified a need for action in relation to customer-centric communication, among other things, which led to guiding principles for communication being formulated for use in dealings with customers:

- We are solutions-driven.

- We listen to our customers and answer their questions directly.

- We are reliable.

- We communicate rapidly and flexibly.

- We take responsibility – including for our mistakes.

In addition, the department is continuing its analysis of key customer-centric processes and introducing measures to optimize them.

We also track external assessments. In the reporting period, as repeatedly in the past, 1&1 Versatel achieved compelling rankings in the analysis of the most popular service providers for German SMEs conducted by business magazine "WirtschaftsWoche" and ServiceValue. More than 9,000 decisions-makers, purchasing agents, and users in SMEs were polled in the course of the survey. Seven criteria were used in addition to general customer satisfaction, including the quality of the advice provided, the price-performance ratio, and service quality. Customer responses were obtained for a total of 356 suppliers in 33 sectors. 1&1 Versatel did very well in two categories – telecommunications telephony/internet and telecommunications telephony/internet/mobile – coming second in both cases.

Customer Satisfaction in the Consumer Applications Segment: GMX and WEB.DE

Managing and Increasing Customer Satisfaction

At the end of 2019, the Consumer Applications Segment had 39.9 million (2018: 39.3 million) customer contracts and accounts. Of these, 37.6 million (2018: 37.0 million) were free accounts and 2.3 million (2018: 2.3 million) were fee-based customer contracts. We use detailed surveys to measure customer satisfaction and NPS scores every month in this segment, which includes our portal brands GMX and WEB.DE. These are key performance indicators (KPIs) for all product areas.

We ask roughly three million customers every year for feedback in the e-mail, homepage, and editorial content areas. For example, we ask them about usability, storage space, and loading speeds, as well as about the editorial selection of topics covered and the content produced. We lifted the NPS from 19 to 25 points in 2019. User satisfaction was stable at the high prior-year level of 80%. In addition, we added a third core KPI in the reporting period – the continuous measurement of customer trust. In 2019, this was an excellent 87%. At segment board level, the CEO and the Chief Product Officer (CPO) are closely involved in customer satisfaction measures.

As part of our customer-centric focus, we developed a customer value pyramid as a model to depict our three core KPIs: customer satisfaction, recommendations, and customer trust:

Our internal results are regularly validated in independent studies. For example, "WirtschaftsWoche" concluded that, once again, GMX was the e-mail provider with the highest customer trust in 2019. The business magazine has produced Germany's most extensive trust ranking together with ServiceValue and Frankfurt's Goethe University. A total of 1,619 companies from 131 sectors were assessed using an online survey of more than 474,000 internet users. It should be noted that the respondents were actually past or present customers (consumers and contract partners). Four out of five respondents

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(81.1%) said that they trusted GMX. GMX received the "highest customer trust ranking" award for the fifth year in a row. WEB.DE had a trust index score of 78.7%, resulting in a "very high trust" award.

In addition, magazine "Focus-Money" conducted a study on customer recommendation rates, also together with ServiceValue. Between April and May 2019, researchers collected half a million customer ratings of more than 1,200 organizations. The survey focused on the frequency with which the organizations were actually recommended. GMX's recommendation rate of 39.6 won it the "Focus-Money" seal of approval for the "highest recommendation rate" in the e-mail provider sector. Overall, it produced the second-highest score in the entire ranking. At 38.2, WEB.DE received a "high recommendation rate" accolade.

WEB.DE also won an award from Stiftung Warentest. Issue 5/2019 of the German consumer organization's consumer magazine, "test" reviewed 11 cloud storage offerings. WEB.DE took first place in the test, with an overall score of "good (2.0)". The test group comprised 11 "popular German-speaking cross-system cloud services with free versions". Deutsche Telekom's offering took second place, while US providers Dropbox and Google only ranking equal third. GMX did not take part in the test. One key focus for the testers was on data security in the cloud. WEB.DE's online storage offering scored highly here, since it complies with Germany's strict data protection legislation. All data are located on servers in German data centers. The testers also found the company's transparent terms and conditions of use compelling: Both its general terms and conditions and its privacy policies are 100% error-free. WEB.DE also scored points for its freemail app's impeccable performance on both iOS and Android. According to the testers, data transfer between smartphones and the servers is "unproblematic".

Customer Satisfaction in the Business Applications Segment: IONOS by 1&1

The number of fee-based contracts in the Business Applications Segment had risen to 8.2 million at the end of the reporting period (2018: 8.1 million). Of this figure, 3.9 million (2018: 3.8 million) were in Germany and 4.3 million (2018: 4.2 million) abroad. Following the relaunch of our 1&1 IONOS brand in 2018, we aim to position ourselves as a reliable partner in the digital space with our values of "fairness and transparency" and our individual consulting options. In our hosting business, the various Customer Experience Management teams work together to assess research results and market insights, collect customer feedback, develop training material for our service staff, and design clear, transparent, and attractive customer communications. This collaborative approach allows us to identify issues and processes with which customers have trouble, and rapidly develop solutions for them. Other units such as Product Management or IT are regularly involved in their implementation. Our enterprise-wide programs implement initiatives aimed at simplifying the use of our products for customers and hence avoid unnecessary customer queries.

GRI 417
GRI 417-1

We regularly ask our customers about their experiences with our products and customer service. One key performance indicator for customer satisfaction is the net promoter score (NPS). We report the current NPS regularly – at weekly to monthly intervals – to the COO together with recommended measures to be taken.

Our product and service quality is confirmed both by the various types of customer feedback we receive and by external awards. In 2019, these included a prize from "PC-Magazin", the Spanish service award "Elegido servicio de atención al cliente" in the hosting category (for the sixth time in a row) and the "Élu Service Client de l'Année" prize for the best customer service in France, also in the hosting category. In addition, in 2019 IONOS received the prestigious award for Europe's best customer engagement initiative at the European Contact Center & Customer Service Awards (ECCCSA) for ist

„Personal Consultant" Initiatives. Strato and IONOS also came first and second in the webhosting provider category of the 2019 "Service Champions" study.

Transparency Initiative at 1&1 IONOS

We regularly conduct studies to ascertain, and react to, customers' current needs. Among other things, we have performed a number of such studies in recent years to establish the drivers for customer satisfaction. These show that, in addition to the product itself and our customer service, price is one of the main drivers for customer satisfaction. In other words, customers want to know exactly what they are buying for what price.

In line with this, IONOS has worked consistently to enhance transparency in recent years. Since customer demands in this area can comprise a number of different aspects, we used a variety of methods to gain insights on price transparency:

- **Customer proximity:** Employees from central departments such as Product Management and Customer Experience spend a lot of time with Customer Service so as to understand in practice as well as in theory what motivates our customers and why they contact us. This ensures that all areas of our organization put our customers at the heart of what we do, and that we take them into account when developing products and services.

- **Active dialog with internal experts:** We regularly hold round table discussions with customer service staff and specialists from the central departments to evaluate useful information from a large number of actual customer conversations, and to use these to identify improvements to our products and customer service.

- **Being a customer ourselves:** IONOS staff are encouraged to gain their own experience of our products by taking customer journeys, and to contribute ideas for enhancing our products and services.

- **Gemba Walk methodology:** Gemba Walks are a way for management representatives or the COO to engage in regular, direct dialog with customer service agents on the ground. In other words, they take place directly at the employees' "workplace". The objective is to understand what improvements can be made to direct customer service workflows, and what customers' needs are. The discussions serve as the basis for identifying measures and recommended activities, and for arranging their implementation. The aim is to increase customer satisfaction and make internal workflows more staff-friendly.

- **Customer community:** We have launched an online customer community that provides customers in Germany with an opportunity to discuss relevant topics with us and to participate in studies and product testing. The results are fed directly into product development, customer communication, and process optimization.

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These methods have allowed us to gain important insights and identify a number of issues and potential improvements. The following examples have been successfully implemented at IONOS:

- **Small print:** Previously, a lot of detailed price information was given as small print in footnotes. This practice has now been abolished. In other words, we communicate prices and associated terms and conditions clearly and transparently. Prices are displayed directly next to the products in our online shop.

- **Contract renewal reminders:** Customers may end up renewing contracts unintentionally if they forget to give notice of termination before the relevant deadlines. We help customers keep track of when contracts are up for renewal by sending them a reminder mail 45 days before the scheduled renewal date.

- **Rounded prices:** Since some customers find non-rounded prices (e.g., €0.99) on invoices irritating, we have replaced them by rounded ones (e.g., €1).

Implementing these transparency measures has allowed us to consistently increase the NPS for new customers. In our core markets, implementation led to a rise of 30% to 40% in the NPS in the period between the first and the fourth quarters of 2019.

Personal Consultant

As the world becomes increasingly digitized and more and more technical tools are deployed, a trend in the opposite direction is also becoming visible. Customers want to talk to real people – and not just with anonymous agents who have been randomly selected by some call center system, but with someone they know, who recognizes them again after the first time, and with whom they can build up a relationship of trust.

Many IONOS customers are small businesses such as craftsmen who want to be online with an internet presence but do not necessarily have in-depth technical knowledge in this area. The goal of our personal consultants is to provide these customers with the knowledge they need and support them as their businesses grow. This is why IONOS has offered to assign a dedicated personal consultant to customers since the start of November 2018.

How does this work?
All customers can activate a personal consultant in their control center or directly by phone in a support call. Within seconds, they are then allocated a personal agent whose skills suit their needs. They are also given the agent's direct extension number and from then on can route inquiries to him or her directly via e-mail or phone, or in online chats.

What happens if my personal consultant isn't there?
Naturally, personal consultants are human beings and, as such, are sometimes on vacation, sick, or in the middle of a discussion with another customer. To deal with this, we use table groups staffed by multiple personal consultants who know each other. When a customer calls, they are told that their personal consultant is unavailable. After this, depending on how urgent their problem is, they are either provided with immediate assistance from a well-informed team colleague or an arrangement is made for their personal consultant to call back.

How skilled is my personal consultant?
Our selection process guarantees that personal consultants have a high level of expertise and quality. Thorough training and education aims to ensure they can not only explain products and functions to

customers and translate technical jargon, but also recommend suitable solutions and advise them on online strategies.

So far, there are very few organizations in Germany that have consistently implemented this approach, making it a key USP for IONOS on the market. We have seen customers responding positively to this service since the program was launched, with satisfaction scores and NPSs rising significantly.

Product Responsibility

Responsibility for Health

In the summer of 2019 1&1 Drillisch AG, a United Internet Group company, acquired the frequencies needed to build a state-of-the-art, high-performance network in the 5G auction conducted by the Bundesnetzagentur (the Federal Network Agency). Our goals in establishing our own mobile network are to open up new areas of business and to help make Germany a leading 5G market.

This new mobile network standard is considered to be the key to a wide range of forward-looking technologies, such as autonomous driving or the Internet of Things. In addition, private customers will benefit in future from extremely fast data transfer speeds and increased capacity.

Our plans to construct our own network are squarely focused on the benefit to our customers. In line with this, we track the state of the art in mobile network usage – and particularly 5G – continuously and closely. A large number of studies have addressed the question of electromagnetic radiation from mobile networks, meaning that its effects on humans are already well understood.

The Bundesamt für Strahlenschutz (Federal Office for Radiation Protection) has confirmed that, at present, there is currently no reliable information to suggest that the new mobile network standard could impact our health. For 5G, as for all previous mobile network standards, the basic principle is that no impact on health at levels below the applicable limits has been proven.

United Internet will continue to closely track research on mobile network usage, and will act responsibly should this be necessary.

Responsibility for Youth Protection

As a company, we are not just responsible for customer satisfaction, but also for those customers and internet users who still have to learn how to use our products and services. In line with this, we advocate youth protection and educating people about online behavior.

The internet is now a key part of children and young people's everyday lives, be it for communication, researching lessons, or entertainment. However, these groups are often not media-literate enough to deal on the internet with issues with which they are unfamiliar or with content that is inappropriate for them, and lack the experience needed to assess the risks and protect themselves. Depending on their level of development, suitable measures and education on possible dangers and risks are therefore needed to guarantee adequate protection and ensure they can use the internet without having to worry. United Internet AG is aware of the responsibility it has here as a provider of internet and telecommunications services.

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Consequently, United Internet, and especially its Consumer Applications Segment, takes care to ensure that both its own products and its partner offerings comply with legal requirements in the area of youth protection. Internal reviews are performed during product development and launches, and any necessary modifications are made, to ensure that children and young people are not confronted with inappropriate content. Our GMX, WEB.DE, and 1&1 portals also take care to comply with youth protection legislation in relation to both editorial content and advertising. Among other things, we find the right balance between providing a comprehensive range of information and ensuring we live up to our responsibility towards children and young people by managing the information presented and the transmission times.

We have appointed a Youth Protection Officer who acts as the central point of contact for youth protection. She advises the various departments and functions internally, handles external contacts on this issue, liaises regularly with other youth protection officers, and represents the organization in its dealings with associations and supervisory authorities. Youth protection e-mail addresses have been set up for all portals; these are given in the legal notices for the relevant sites and allow people outside the organization to contact the Youth Protection Officer and the Youth Protection Team with any questions or complaints.

Above and beyond this contact information, the portals' youth protection sections provide explanations and tips and tricks designed to educate children, young people, and their parents and improve their media literacy. The information provided includes links to youth protection programs and information about advisory services and contacts for specific topics and problems associated with internet usage.

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Materiality, Impact, and Risks

Customers trust us with the data for their more than 62 million accounts with us. It goes without saying that this data must be protected, and its security ensured, if customers are to use our services. In line with this, guaranteeing strict security and systematically preventing unauthorized access to customer data are part of our DNA. However, digitization brings more than just the risks that we protect customer data and our own data and information from: It also offers new opportunities (e.g. for product development) that we, as an internet and telecommunications company, want to exploit.

> **We aim to enable society to participate in digitization, and to ensure that this is done safely.**

Digitization is transforming both the economy and society. Currently countless initiatives, conferences, studies, and charters addressing the framework for digital transformation are being produced at the political, civil society, and business levels. Many of those involved stress the need for everyone to be able to participate in digitization. In addition, members of society need enhanced digital literacy skills if they are to engage with the new opportunities independently and responsibly. The internet and digitization also play a key role in respect for human rights. After all, topics such as freedom of opinion and information, privacy, and the right to participate in cultural life are now inextricably linked with the digital arena.

In the political sphere, digitization is often discussed as a means of enabling sustainability and achieving climate goals that can play a decisive role in implementing climate protection measures. The links between digitization and sustainability can be seen, among other things, from the fact that Germany's presidency of the EU Council in the second half of 2020 intends to look at them together. The infrastructure provided by the information and communications sector, and particularly data centers, are essential for this sustainability-oriented digitization process.

For the United Internet Group as an internet and telecommunications company, the ability to leverage the opportunities offered by digitization in the form of new products and processes for its own benefit and that of its customers is a critical success factor. This creates new challenges that the Company needs to address – especially with regard to data and information security. Our heavy focus on Corporate Digital Responsibility – the reason for numerous measures we are taking – aims to ensure we meet our responsibility to protect customer data and address the process of digital transformation with all its new opportunities and risks.

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Goals and Measures

We aim to enable society to participate in digitization, and to ensure that this is done safely. Data protection and information security at our Group are aligned in all cases with the current requirements of, and strict standards applicable in, European and German data protection, which are fundamental to our business success. Closely related topics include data sovereignty and digital literacy for our customers, but naturally for our employees as well.

Due to the importance and multifaceted nature of this topic, responsibility for it has been assigned to a number of different members of management boards. Generally speaking, it is the preserve of the Chief Technology Officer (CTO), Chief Information Officer (CIO), or CPO of the segments, who report directly to the CEO of United Internet AG or the company concerned.

The numerous measures, systems, and goals in the Corporate Digital Responsibility area are described in more detail in the following sections.

GRI 103-2

See also "United Internet as a Business Partner" on page 52ff.

Results and Assessment

A large number of KPIs relevant to the specific areas concerned are used to monitor success. Further details can be found in the following sections.

GRI 103-3

| 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | Build resilient infrastructure, promote sustainable industrialization and foster innovation. |

Data Protection

Data Protection means Protecting Privacy

As the process of digital transformation increases, so does the information and the number of digital footprints we leave online. The need to protect personal data – and the associated questions of whom the data belongs to and who has what rights in it – is becoming more and more of an issue with the public at large and with individual users.

GRI 418

Our customers are aware of dangers such as data abuse and insufficient data security, and take data privacy factors into account when selecting products. This can also be seen from the large number of customer queries we receive on data privacy (2019: 1,686[1]; 2018: 35,445; 2017: 22,573). Since we aim to enable customers to take free, independent decisions on what to do with their data, protecting personal data is both a basic part of how we see ourselves and a prerequisite for our business. In line with this, our products and services naturally comply with the strict data privacy standards in force in Europe and Germany.

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[1] The sharp decline is due to a change in the query. Since 2019, only adjusted data privacy queries are recorded; previously all incoming and outgoing customer queries were logged.

The General Data Protection Regulation (GDPR)

Following the entry into force in May 2018 of the EU's General Data Protection Regulation and the associated revision of the German Data Protection Act (BDSG – Bundesdatenschutzgesetz), companies have to comply with stricter requirements regarding personal data and its processing.

In 2019 – as in the previous year – providing information about and implementing the data privacy requirements contained in the new EU rules and in national standards was a main focus of the work performed by United Internet's data privacy departments. These developed practical solutions for addressing the statutory requirements in the course of the implementation projects performed in the individual segments. Examples here include creating and maintaining records of processing activities and performing data protection impact assessments for processes that are likely to result in a substantial risk to the rights and freedoms of natural persons. In addition, forward-looking provisions of the GDPR are always taken into account by incorporating data privacy at a technical and organizational level when developing new technologies and products ("privacy by design") and by implementing data privacy-friendly user service settings ("privacy by default").

Ensuring Data Privacy at United Internet

We aim to ensure data privacy throughout the Group and to embed it in our systems and processes. Our data privacy departments ensure compliance with a uniform approach throughout the Group. At an operational level, we have strengthened data privacy by establishing data privacy coordinators. In addition, the Consumer Access and Consumer Applications segments have each appointed their own data protection officers. The data protection officers in the segments and the Group Data Protection Officer report to the segment management boards and to United Internet AG's CFO respectively.

We have embedded data privacy in the enterprise using the following instruments:

- **Inclusion of data privacy experts in the product development process**
  The Data Privacy department and data privacy coordinators serve as internal consultants for data privacy questions such as may arise during product design or development (privacy by design) or when entering into contracts.

- **Comprehensive, easy-to-understand rules**
  We help make it easy to comply with data privacy requirements using internal guidelines and processes that make them more understandable and more transparent. Our "Information Security and Data Protection" brochure explains to staff in clear, comprehensible language how to deal responsibly with personal data and information. This includes telling them the basic data privacy rules that they must observe, how to use e-mail and the Internet securely, and what to do when there are visitors to the Company.

- **Regular data privacy training helps prevent problems**
  We want each and every employee to help ensure that data is only processed lawfully, that it is not lost, and that it does not fall into the wrong hands. We do this by training staff on data privacy requirements, using both face-to-face and e-learning formats. In 2019, we held a wide range of training events on data privacy and data security, especially in relation to the GDPR. In addition to basic training for employees, we held classroom-based courses for data privacy coordinators, among other people, along with events that focused specifically on managers' responsibilities in this area.

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■ **Regular dialog with the supervisory authorities**

United Internet's Data Privacy department is in regular contact with the competent supervisory authorities, particularly in relation to customer submissions that these pass on to the Company. We also forward notifications of breaches of GDPR data protection requirements – of which there were 86 in 2019[1] (2018: 49) – to the competent data protection supervisory authorities. The staff in our Data Privacy department also maintain regular contact with the authorities to discuss and agree on topical data privacy issues.

GRI 418-1

■ **Complaints procedures ensure effective detection**

Customer queries and complaints about data privacy are handled by trained staff in special data privacy departments in close cooperation with the data protection officers for the areas concerned. We respond internally to any incidents by adapting our guidelines and raising employee awareness, if necessary. In addition, our employees can contact the Compliance and Data Privacy departments in confidence to discuss data privacy issues arising in the course of their work.

■ **Effectiveness checks**

The Data Privacy department performs internal ad hoc data privacy checks. In addition, it is involved in ensuring data privacy at service providers, where it performs checks.

■ **1&1 Service-PIN offers enhanced security**

Customers entrust their data to us for processing. We have enhanced our safety standards and introduced our 1&1 Service PIN in mid-December 2019 so as to protect this data even better in future. The Service PIN is a personal five-digit code that our customers can access and modify independently in their 1&1 Control Center. During calls, customer service staff ask customers for three digits of the PIN but do not know the entire number. Going forward, the 1&1 Service PIN will become the central means of authentication, replacing the previous "three-factor authentication" method used in the Consumer Access segment. Additional measures such as the Support PIN are being implemented in the Business Applications and Consumer Applications segments to enhance security.

■ **Cookie Layer**

Like almost all websites and apps, 1&1's applications use cookies – small text files that are stored on a customer's computer or in their mobile device's app cache and that allow the application to recognize users it has seen before. We worked together with the office of the Rhineland-Palatinate Commissioner for Data Protection and Freedom of Information (LfDI) to revise the cookie settings on our website. The multilevel consent procedure allows visitors to protect their privacy as optimally as possible by determining for themselves what information should be stored. In future, the plan is to extend the measures currently applicable to the Consumer Access segment to the Applications division segments as well.

[1] Including Consumer Access, Consumer Applications, and Business Applications segments, excluding independently managed companies. The rise in notifications compared to the previous year is due to the GDPR's strict notification requirements.

Information Security

Expanding Internet Security

For United Internet, information security is a core component of acting responsibly in the digital world. Customer trust in the measures we take to ensure information security is the basis for ensuring that they feel able to entrust us with personal digital information such as photos, documents, and e-mails, up to and including traffic and payment data.

The information that we have to protect is not limited to our customers: it also comprises employee data. This information is processed in internal systems as part of business processes that are in turn part of products. We aim to protect information against unauthorized access and misuse throughout the entire, complex product environment. In the process, we ensure we comply with the goals of preserving confidentiality, availability, and integrity. Our security strategy aims to achieve and continuously enhance our protection goals throughout the Group at an appropriate and uniform level.

We align ourselves here with international standards: for example, we have implemented an information security management system (ISMS) in accordance with ISO 27001. Establishing and expanding our efficient, scalable security organization is particularly important here.

Management Using the Information Security Management System

Apart from ensuring customer data security, the main objective of information security is to maintain United Internet's ability to do business and to reduce negative impacts on its business operations.

The cross-segment ISMS is managed, in coordination with the participating companies' business strategies, in the Information Security department. This comprises two teams: Organizational Security and Technical Security. Among other things, Organizational Security comprises the management of information security guidelines, security instructions, staff training, communication with government authorities, and security risk management. Technical Security covers advisory tasks relating to security architectures, and systems and network security. This unit trains employees in how to ensure secure development and operations, performs security tests, and handles any security incidents together with the departments concerned. The Head of Information Security – who is also one of the Group's telecommunications security officers under the German Telecommunications Act (Telekommunikationsgesetz – TKG) reports regularly to the chief technology officers in the relevant segments. Reporting covers the key security trends, any relevant security incidents that have occurred, measures taken, the results of security audits, and the information security risk portfolio.

Information Protection Measures

Vulnerabilities can have far-reaching consequences, both for United Internet's assets and for customers. United Internet takes the following technical and organizational security measures to prevent them.

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Information Security | Digital Literacy

Product Security

Technical Measures

■ **Secure software development**
The best measures are ones that prevent security vulnerabilities from arising in the first place. All segments use various maturity levels of the Secure Software Development Lifecycle (SSDLC), which consistently includes security in the software development process from a methodological level right from the start. Generally speaking, a number of different measures are an integral part of product development – from threat analyses and dual-control source code reviews through automated checks and wikis of development/security best practices, down to application penetration tests.

■ **Proxy servers combat DDoSs**
We use a proprietary anti-DDoS proxy server for customer systems to protect against distributed denial of service attacks (DDoSs) designed to reduce the availability of our services. This system cleans the incoming datastream on an event-driven basis in the event of a DDoS, only letting through legitimate customer queries.

■ **Systematic use of encryption – Transport Layer Security (TLS)**
We use TLS, which is also known under its former name of SSL ("Secure Socket Layer"), for encrypted transmission of customer data. We also make TLS functionality available to customers to protect their data traffic, e.g., for entering passwords or payment information such as in online shops.

■ **Geo-redundancy**
We operate data centers in multiple, geographically discrete locations in Europe and the USA. This allows us to store information at a variety of different locations and minimize the risk of business interruptions and data losses caused by external factors.

■ **Data centers certified in accordance with ISO/IEC 27001**
The ISMS used in our data centers is certified annually in accordance with ISO 27001 so as to ensure we are offering our customers the highest possible security standards. In 2019, we expanded the scope of this certification to include parts of our IT operations.

Organizational Measures

■ **Staff training**
In addition to the technical measures taken, humans are an important part of all aspects of the security chain. Basic training and refresher courses (both face-to-face and e-learning offerings) are used to provide employees with information. In 2019, our previously voluntary e-learning course became mandatory, and must be repeated every two years. Only employees who have been made aware of the dangers can effectively address the risks arising from e.g., phishing or social engineering. Developers and administrators receive special face-to-face technical training that is tailored to their particular requirements. In addition, managers are given special training on data protection and compliance issues.

■ **Information security rules**
Our comprehensive rulebook, which is based on ISO 27001, is designed to provide employees in all departments with guidance. Our mandatory information security guidelines serve as the formal basis for this. We use a variety of different communications channels to tailor these rules to different groups and make them easily accessible for employees. In addition to the abovementioned training courses, our intranet provides tips and tricks and explanations of the rules for key employee roles. These include our internal brochure on information security and data protection, which gives clear explanations of the most important rules governing how to handle information and data. Bound

Phishing: The attempt to obtain passwords using fraudulent e-mails or websites.

Social engineering: The attempt to obtain access to confidential information or IT systems by pretending, e. g. that a personal relationship exists, or that a superior has issued instructions to this effect.

copies of this brochure are handed out at our regular onboarding events. The brochure and our intranet also list the contact points to which employees must report potential or suspected security incidents – i.e., violations of the rules or other threats to the Company – without undue delay.

■ **Security audits**
Information Security conducts product, process, and system audits in order to ensure the effectiveness of the ISMS. These are supplemented by audits and checks within the departments and by external audits. One increasingly common tool here are maturity models. In particular, the technical departments that are responsible for customer data use a security maturity model developed by Information Security. The departments' development activities benefit from clear position finding, while the model also provides a tool for independent, focused, comparable improvements alongside our audits.

■ **Continuous monitoring**
We also continuously monitor various IT systems in order to discover any data vulnerabilities as quickly as possible. In addition to local monitoring, our Security Incident and Event Management System (SIEM), which has been customized and enhanced internally to fit our environment, allows us to detect any incidents and can trigger appropriate responses. To ensure continuous improvement, we measure the time taken to distinguish between security incidents (e.g., attacks) and non-security incidents (e.g., interrupted power circuits). We also capture our response times from the point at which we receive notification of a problem to its resolution. In addition, we have defined internal targets for certain security-related goals, such as availability.

■ **Security incident handling**
All business segments have defined standardized processes for handling security incidents. Once an incident is detected, a trained incident manager is responsible for pushing forward with its resolution. Where necessary, he or she also consults the Security Team or external experts.

Integrating Business Acquisitions

We perform a thorough review of existing technical and organizational information security measures before entering into business combinations with other companies, and at key points in the integration process that follows. A maturity analysis based on international standards is used for this. Information Security then expands on the level of maturity found by conducting a risk assessment and recommending actions. A variety of integration measures are then resolved and implemented, depending on the results and on our business strategy. Where it makes sense to do so, acquired companies are included in United Internet's Information Security Management System (ISMS). The goal is to establish an appropriate, Group-wide security standard.

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Product Security

United Internet offers European users solutions for secure, data privacy-compliant communication and cloud services on the internet. As a co-founder of the "E-Mail made in Germany" and "Cloud made in Germany" initiatives, the Group has a reputation for the secure sending and receipt of private e-mails, and for protecting digital privacy in the cloud.

GRI 417

GRI 417-1

E-Mail Made in Germany

In 2013, United Internet, Deutsche Telekom, and freenet launched the "E-Mail made in Germany" initiative. Its member companies offer customers high standards of security and data privacy. These include encrypted transmission of all e-mails across all routes operated by members, the processing and storage of all data in Germany in accordance with German data privacy requirements, and the identification of secure e-mail addresses within the e-mail applications. Since April 2014, "E-Mail made in Germany" has only used SSL keys certified in Germany and all transmission routes have been fully encrypted. It goes without saying that all partners' processes comply with the GDPR. In 2015, GMX and WEB.DE – e-mail services belonging to United Internet – significantly enhanced the "E-Mail made in Germany" security standard by developing an encryption solution based on the globally recognized Pretty Good Privacy (PGP) standard.

https://www.e-mail-made-in-germany.de/ (German only).

Cloud Made in Germany

In fiscal year 2017, GMX and WEB.DE introduced free end-to-end encryption of cloud content for all users. Customers can use this "safe" to encrypt their data locally before uploading, hence protecting it from third-party access. Sensitive content that has left the customer's device is saved online only as an illegible data set. The data is only decrypted again once it has been downloaded from the cloud to one of the user's device. This move by the GMX and WEB.DE portal brands strengthens their "Cloud made in Germany" initiative, which was launched in 2016, and improves internet security.

https://www.gmx.net/cloud-made-in-germany/ (German only).

De-Mail-Standard

Since 2012, the De-Mail standard has offered legally valid e-mail communication that can be used for online registration and notification processes involving public authorities, and for legally binding digital transactions. GMX, WEB.DE, and 1&1 have been accredited De-Mail service providers since 2013. In 2016, GMX, WEB.DE, and 1&1 were certified as complying with the European Union's eIDAS ("Electronic Identification and Trust Services") Regulation. Based on this certified infrastructure, they will also be able to offer their users a legally valid method of communication with all other EU Member States in future. The eIDAS Regulation creates an EU-wide standard for the unique identification of all participants and the digital signature of cross-border electronic data transmissions. This creates uniform conditions in all EU Member States for the trusted, verifiable exchange of documents and legally valid communications between citizen, public authorities, and enterprises.

https://www.e-mail-made-in-germany.de/De-Mail.html (German only).

Security and Encryption of E-mails, etc.

In addition to the above-mentioned security features such as TLS, end-to-end encryption using PGP, and the "safe" function for cloud storage, all user data and content are subject to Europe's and Germany's strict data privacy requirements as set out in the GDPR, and are stored on German servers. User consent is paramount. At the same time, GMX and WEB.DE take care to ensure data minimization and hence differ from many US providers, who reserve substantial personalization and targeting rights for themselves when users join their ecosystems. The two-factor authentication process introduced in June 2019 provides additional protection for user accounts. The procedure permits accounts to be protected by an additional security code that has to be entered during the log-in process, as well as a password. This second factor makes it harder for attackers to access accounts, even if they have guessed the passwords or obtained them through the use of malware.

Secure E-commerce

Customer trust is a critical factor in e-commerce. In addition to concerns about the security of their personal data, consumers also have questions regarding the reliability of online transactions, on providers' delivery capability, and on online services. This is why we take the measures necessary to allay any consumer concerns and to build up their trust.

Among other measures designed to achieve this goal, well-known technical services provider TÜV SÜD regularly audits the online shops run by Drillisch Online's core brands (maxxim, smartmobil.de, simply, DeutschlandSIM, PremiumSIM.de, winSIM, yourfone, galaxy EXPERTE, and handyvertrag.de). The annual certification and review process caters to our customers' wishes: Security and quality are just as important to them as the price of our products and services. For us as an online retailer, certification with the well-known s@fer-shopping seal of approval offers an opportunity to reduce aborted transactions, positively impacting online sales. The requirements that have to be met to obtain the seal cover issues relating to data security and systems security, data privacy, and online content and processes. The comprehensive, multistage process needed to gain TÜV SÜD's seal of approval includes an on-site audit. Not only is order processing checked for reliability as part of this process, but the way in which customer service deals with customer queries is also reviewed, and the security of customers' personal data and payments processing are verified.

After successfully completing the certification process, we are entitled to use the s@fer-shopping seal of approval for Drillisch Online's online shops. This demonstrates our commitment to offering customers a secure, satisfying experience online shopping experience and to undergoing thorough, systematic audits to assess whether we comply with this commitment. In addition, this certification helps us implement the GDPR's technical and organizational security requirements.
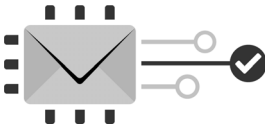
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Development of "Intelligent" Products

Security and user-friendliness are also core issues for us when enhancing our products and services. We are also making increasing use of data science, artificial intelligence (AI), and machine learning here.

Intelligent Mailbox Function

GMX and WEB.DE's intelligent mailbox provides customers with a handy way of categorizing and grouping e-mails, allowing these to be identified more quickly and effectively in a clear overview. Key e-mails can be found more rapidly and additional useful administration functions are provided for handling mass mailings. This saves time and makes the process more user-friendly. For example, the "parcel tracking" function allows the standard information about a shipment's status to be displayed above users' e-mails, and to group all orders together in an overview. In addition, users can customize offerings to suit their own specific interests, and decide themselves which extra functions should be enabled in their mailboxes.

The intelligent mailbox function is self-learning, and by training the systems we will soon be able to offer the technology to create and offer additional e-mail categories. This will provide customers with even more clearly structured mailboxes.

It goes without saying that established data privacy rules also apply to "intelligently captured" data at GMX and WEB.DE. Security is always our top priority. This is why we ensure the highest possible level of protection for e-mail communications and comply with Europe and Germany's strict data privacy rules (GDPR).

Artificial intelligence (AI): A subfield of information technology dealing with the reproduction using computers of certain aspects of human thought and activity. Machines learn how to solve problems by observing their environment. The objective is to build on this knowledge to solve similar new problems independently.

Improved Spam Recognition Enhances E-mails' Relevance and Security

We work continuously to improve our recognition and filtering of spam – unsolicited or even harmful e-mails – so that these do not reach our users in the first place. In the reporting period, we used data science to substantially increase the proportion of spam mails that we detect and filter out. Spam can be anything from dangerous or harmful e-mails aimed at distributing viruses or at phishing down to unsolicited mails such as frequent mass mailings for advertising purposes.

We achieved this result by deploying new virus scanners, optimizing configurations, and implementing a standard procedure that makes it much easier for customers to unsubscribe from newsletters. This last option is based on Internet Standard RFC 8058 (One-Click Unsubscribe), which allows recipients to unsubscribe from newsletters directly in their e-mail mailboxes using a single click. Since the "Unsubscribe from newsletter" link is always located directly next to the sender's e-mail, it is unnecessary either to search for an unsubscribe link or to access the sender's homepage. The Certified Senders Alliance (CSA), an initiative launched by industry association eco – Verband der Internetwirtschaft e. V., has added this standard to its rulebook, meaning that it is widely observed by leading senders. Our customers are responding positively to the service.

Roughly 150 million unsolicited newsletters were canceled in the reporting period. All in all, we were able to significantly increase both the relevance of incoming mails and the security of e-mail usage for our customers' benefit.

User Feedback and AI Used to Further Enhance Spam Recognition

Incoming e-mails at GMX and WEB.DE are checked for whether they comply with spam criteria as a matter of course. If an e-mail is identified as spam, it is moved to a separate folder. However, new and constantly changing spam attack methods may lead to unwanted e-mails landing in customers' in-boxes. Conversely, desirable e-mails may end up in the spam folder. Many users already address this issue by manually moving e-mails to the correct folders, training their personal spam filters in the process.

GMX and WEB.DE now want to also use this individual user feedback for their general spam filters and for training their AI systems. This will allow us to protect users faster and more effectively against new types of spam. It goes without saying that users must have agreed to this. They can do this in their e-mail settings by activating the "Spam recognition using moved e-mails" option. In this case, GMX and WEB.DE can analyze and categorize content such as the subject lines or URLs of the e-mails that have been moved, plus associated traffic data such as the senders or IP addresses. The analyses are largely performed automatically by computer systems, and only in isolated cases by hand. The data are used strictly for their intended purpose and processed in accordance with the provisions of European data privacy law. Users can revoke their consent at any time by changing their spam recognition settings.

In addition, we are using machine learning to improve our identification of e-mail accounts that are controlled by botnets, so as to prevent spam mails from being distributed in this way.

Using Machine Learning to Identify Fraud

In our hosting business, we have developed a machine learning-based method of using domain names to predict whether the domain itself could be used fraudulently or misused.

Many security attacks today, such as spam mails and phishing, use domain names that make a serious impression on recipients. For example, e-mails may be sent from addresses or contain links to websites whose names are highly similar to well-known, trustworthy domains. Users often do not recognize such tricks immediately. This type of fraud focuses on (or attacks) recipients, but can also impact our hosting customers, whose domains can be blocked by other providers as a result of such fraudulent activity. Our own organization can also be negatively impacted by this if the customer does not pay the costs incurred for registering the domain.

The data product that we have developed learns from previous domain registrations that have been identified and flagged by our fraud experts, and can assess pending domain registrations within milliseconds. One result is that customers may be offered a restricted range of payment options that require additional authentication, among other things, in order to minimize the risk for our Company. This function was added to our processes in the reporting period and has already led to a reduction in the fraud rate.

The next step we are planning is to roll out the analysis to other markets and drive forward its use at the other Group companies that are active in the hosting area. Machine learning is an excellent way of identifying attempted fraud – the methods for which constantly change – and we are confident that we will be able to develop and provide additional useful services going forward.

Botnets: Networks running automated malware.

Machine learning: A subfield of AI that generates knowledge by identifying patterns in existing data. This is achieved using algorithms and is known as "learning". The knowledge, which generally takes the form of rules, can be used to optimize and automate products and processes.

Algorithm: Unambiguous, step-by-step instructions on how to solve a problem or a task. Algorithms have always been used to solve problems in the field of computer science.

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The New European Log-in Standard: netID

Within the Group, United Internet uses a number of measures to ensure internet users retain data sovereignty, such as the netID log-in standard that provides them with greater control over their data and enhanced user-friendliness. Users have to register for, and provide profile names and passwords to access, almost all internet offerings – from online shops through social media down to app stores. Trying to manage this flood of IDs and passwords is a major challenge for customers. Single sign-on services offer a solution that not only enables users to retain control over their data but is also more user-friendly: Users can register with a large number of online services using a single, secure combination of their user name or e-mail address and password. In March 2018, United Internet, the RTL Deutschland media group, and ProSiebenSat.1 founded the European netID Foundation (EnID) in order to provide a European alternative to US offerings in this area.

This independent foundation developed the netID open standard – a central log-in that is "made in Europe" and with which customers can currently log in to more than 70 partner offerings. The United Internet Group's freemail portals, GMX and WEB.DE, are among the netID account providers. Users can use netID to log on to participating partner offerings by entering a combination of their e-mail-address and password. Equally, new users can set up a free netID account with a mix of their e-mail address and a password.

The initiative is also interesting for marketers: netID partners can use the service to obtain user consent for relevant data processing purposes, including a stable identifier. This means that data-driven business models can be designed in a way that is both future-proofed and legally valid in future. Users benefit from storing their consent data in a stable, cross-device form – i.e., consent forms do not have to be displayed to users so frequently.

netID is subject to Europe's strict data privacy requirements (GDPR). In addition, the foundations reviews all standards, partners, and account providers that are members of the initiative. It also sets high store by transparency and focuses on user data sovereignty. For example, users can independently consent to the use of their data, or revoke such consent, at any time using a "privacy center". This improves data control in the internet.[1]

https://enid.foundation/
(German only).

Cooperation Aims to Improve Data Sovereignty for Hosting

At the beginning of 2020 IONOS, Europe's largest cloud and hosting provider, and Nextcloud, the supplier of the world's most common open source collaboration platform, signed an exclusive strategic partnership. Its goal is to combine the two companies' offerings to offer users the maximum possible data sovereignty. Nextcloud customers can use their data and applications on IONOS's infrastructure, allowing them to customize them independently and to add supplementary functionality.

For many customers, data sovereignty is an absolute precondition for using cloud services. As German providers that are only subject to German law, IONOS and Nextcloud guarantee their users that they have sovereignty over their data – access by third parties such as is allowed by the U.S. CLOUD Act is

[1] The opinion published by the German Data Ethics Commission (DEK) in October 2019 also recommended promoting the use of standards – such as netID – to enable individuals to track and manage the persons and entities to which data access has been granted and to which data has been transferred, so as to be able to assert their rights effectively.

not permitted. The two companies intend to extend their partnership in the course of the year and to make the case for more data sovereignty, for example with companies and public authorities that have previously used U.S. providers to store their data. IONOS and Nextcloud also differ from these providers in that they use Open Source products. The systematic use of open standards ensures transparency.

Gaia-X – the European Cloud Project

See the [Federal Ministry for Economic Affairs and Industry.](#)

The idea behind Gaia-X is to build a hybrid cloud using European security and data privacy standards that meet the highest digital sovereignty standards. The idea is for the numerous successful local clouds in Europe to cooperate and standardize their operations to create a common "hypercloud" that will allow both large enterprises and SMEs on the European and German markets to exchange and process data in a trusted, secure, and transparent manner. Customers can choose between multiple hosting providers and – thanks to the planned standards – can switch at any time.

IONOS aims to help with the rapid construction of a European cloud by contributing its many years of experience in developing and operating cloud infrastructures to the Gaia-X project. Our employees are providing their knowledge in working groups focusing on a number of issues, e.g., one defining standards and the reference architecture, and establishing certifications.

GRI 102-12

The objective is for Gaia-X to offer a European alternative to the large U.S. and Asian cloud providers known as hyperscalers. Numerous European and German cloud providers are also working on the project in addition to IONOS.

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Participating in and Shaping Digitization

The United Internet Group's business model is built on access to communication, information, and entertainment. Thanks to the frequencies bought at auction by 1&1 Drillisch AG in summer 2019, we are now able to take the next step and establish our own state-of-the-art, high-performance 5G infrastructure.

Following the successful 5G auction in the reporting period, 1&1 Drillisch AG and the established network operators signed an agreement with the Federal Ministry of Transport and Digital Infrastructure (BMVI) and the Federal Ministry of Finance (BMF) to build mobile phone base stations in "white spaces." In this way, the company will help close gaps in coverage in rural areas in particular: constructing large number of masts will improve reception in the country. In return, 1&1 Drillisch can transfer the license fees payable to the federal government in installments until 2030. This step illustrates the benefits of cooperation for both consumers and network operators.

In addition, the Consumer Access Segment enables a wide range of customers to participate in digitization thanks to 1&1 Drillisch AG's broad portfolio, which covers everything from premium to discount tariffs. Additionally, the Consumer Applications Segment with the GMX and WEB.DE portals' freemail variants offer free e-mail and cloud services, plus associated innovations such as our intelligent mailbox function or the netID log-in standard. These measures contribute to the idea of "digital participation". Today, the availability of affordable internet access options is seen as being vital for achieving economic and social development, and even for exercising human rights.[1]

Free Access to News

The Company's GMX, WEB.DE, and 1&1 portals offer users not only e-mail and cloud services but also unrestricted access to content from their own, independent editorial team. A total of 13% of German internet users use GMX, and 12% use WEB.DE, as a source of news on a weekly basis, while 9% and 8% respectively use the two freemail portals to obtain information at least three times a week. This is documented in the Reuters Institute's Digital News Report 2019. In addition, the German-language MedienVielfaltsMonitor for the first half of 2019 shows that GMX and WEB.DE are among the top 30 media in the German opinion market. The two portals therefore contribute significantly to social discourse.

In order to do justice to the responsibility that this entails, we have set ourselves clear guidelines which are set out in an editorial mission statement. Among other things, we want to offer content that is relevant for users, that we always comply with strict data privacy standards, and that we aim to provide rapid, but above all correct reporting in acute news situations. If we nevertheless make errors, we rectify these transparently in line with a clear set of rules by drawing readers' attention to the corrections beneath the article.

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[1] See e.g., Bitkom article (German only), November 24, 2019.

In addition, the editorial team uses a wide range of mechanisms to ensure transparency for users about our sources. We also regularly invite readers to visit our editorial officers to stay close to our users, and to learn from them personally what they expect from us.

We have also abided voluntarily by the rules set out by the German Press Council for many years, and went a step further in the reporting period by officially undertaking to comply with the German Press Code. Apart from the classic media brands, our portals are the first major pure-play online media in Germany to take this step.

Fake News – or Just an Error?

The term "fake news" is becoming more and more common in criticism of the media. However, not every error made by the news media falls within this category. Rather, this term refers to deliberately false or bogus reports that are circulated in order to manipulate readers. In extreme cases it can even be used to discredit the work of journalists who have not made any errors. In addition, it is used sometimes as a political catchphrase for unconscious errors made by news media, which is why correcting these is highly important in journalism. GMX, WEB.DE, and 1&1 therefore put special emphasis on ensuring that corrections are made transparently.

The news services for users are not limited to the German market: The GMX brand also has localized national portals in the United Kingdom, France, and Spain. The offerings comprise both fee-paying models and freemail variants. Strict rules apply to partner adverts in order to protect customers from misleading advertising or offerings from the tobacco industry, for example.

Association Work and Cooperative Ventures

United Internet lives up to its responsibility to help develop the digital economy. For example, many employees work free of charge during working hours with a variety of European and national associations, joint industry committees (JICs), and foundations in order to help shape the future, ensure transparency, and create standards that benefit users.

Equally, since network security does not stop at the walls of a company's data centers, United Internet is active in a number of associations such as Bitkom and the Alliance for Cyber Security founded by the Federal Office for Information Security (BSI). Its goals here are to promote both increasing digitization and the development of new security standards. In addition, we announce the results of our information security research within industry associations, or make them publicly available. For example, we provided the Internet Engineering Task Force (IETF) with our work on the Inter Mail Provider Trust protocol (which was conducted as part of our "E-Mail made in Germany" activities).

In addition, the Group supports the Interactive Advertising Bureau (IAB) Europe and the German Association for the Digital Economy (BVDW), among other organizations. The members of these two digital associations are developing the framework for technology that will enable pages to load more rapidly and enhance the user experience. This also involves defining concepts and uniform processes so as to enable members to work more efficiently together. In addition, political and social frameworks are being developed – for example, members developed AI guidelines for the digital economy that also address ethical aspects and that are designed to provide long-term guidance on the use of AI.

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Equally, United Internet Group employees are contributing their working time, experience, and commitment to the German Digital Dialog Marketing Association (DDV) so as to support the sector and shape the market to benefit users. One example of the work that the committees perform is to agree on e-mail marketing measures designed to make spamming even harder.

In addition, our employees work in joint industry committees (JICs) such as agof, the German Association for Online Research. These JICs measure neutral performance criteria such as the reach of various internet offerings, providing the market with a "currency". In turn, this data makes it easier for website operators to obtain advertising finance, and can then invest more money and offer their users a better service as a result.

Last but not least, United Internet employees support the work of the European netID Foundation via the foundation board and the advisory boards. This independent foundation is responsible for the netID log-in standard (see above) and is continuing to develop it together with the sector.

Basic Research

United Internet Media (UIM), a Group subsidiary and the exclusive media marketer for United Internet's portal brands, regularly conducts research on basic topics that are of relevance to the sector. By doing so, it not only performs an educational function, but also provides the marketing sector with key data permanently and free of charge. Once a year, UIM conducts the Digital Dialog Insights study together with the Stuttgart-based Hochschule der Medien (HdM); in 2019, this addressed the topic of AI in digital marketing. The experts surveyed think that AI will become increasingly important in dialog marketing going forward, especially when it comes to customizing advertising messages. However, the use of AI depends primarily on the quality of the underlying data. These key insights from the study are becoming more and more critical for the marketing sector in view of the ongoing "death of the cookie".

In line with this, e-mail and of e-mail marketing continue to be highly relevant. The can be seen from two studies by UIM in Germany, Austria, and Switzerland. The second edition of the "E-Mail für Dich" ("E-mail for you") study in 2019 clearly shows that e-mail is indispensable in these countries. It is the basis for many internet services: Respondents use their e-mail addresses to log on to online shops, social networks, and app stores, for example. In addition, there is strong approval for a central log-in: Almost three-quarters of the respondents would use such a service. Central log-ins such as those provided by the European netID Foundation provide users with an overview of, and allow them to control, their personal data. The second study – "Deep Dive: Newsletter-Nutzung im DACH-Raum" ("Deep Dive: Newsletter Usage in Germany, Austria, and Switzerland") underscores the importance of e-mail marketing. Roughly 70% of respondents have registered for newsletters. A further 70% also use them when making purchases; exclusive discounts and offers for newsletter subscribers are particularly useful in closing sales. Companies engaging in advertising should take care to ensure that news articles are easily understood and that the text can be displayed easily on mobile devices, since German, Austrian, and Swiss subscribers prefer to read newsletters on their smartphones.

Marketers can use the insights from UIM's basic research to invest more selectively, e.g. in the "artificial intelligence" on which many future hopes are pinned, in offering customized sales pitches by enhancing their newsletters and other services, and in increasing the transparency of the contents. Users also benefit from this by receiving relevant information, content, and advertising messages.

Digital Literacy

Digital Guide and Startup Guide Knowledge Databases

Our "Digital Guide – IT-Fachwissen für alle", which we have been producing since April 2016, provides freely accessible, internally developed content on websites, hosting, online marketing, IT, and how to be successful on the internet. It is supplemented by our "Startup Guide – Der Ratgeber für Gründer, Selbstständige und KMUs", which offers useful information on how to found and manage a business. The two IONOS guides currently comprise roughly 12,000 articles in German, English, Spanish, Italian, and French that are aimed at a broad target group in Germany, Austria, France, Italy, Spain, the United Kingdom, the U.S.A., Canada, and Mexico.

They offer a wide range of information on IT topics, from "how-tos" on internet, e-mail, and password security, down to explanations of and tips on data privacy and online law. Equally, new digital topics such as artificial intelligence, "deepfakes" or the U.S. CLOUD Act are explained in easily understandable terms. Where appropriate, references are made to product recommendations.

IONOS also offers numerous useful tutorials and webinars that are freely accessible on YouTube. Examples of topics covered include how to delete cookies, how to successfully optimize search engines, and how to recognize untrustworthy hosting providers.

Our "Sicher im Netz" Internal Initiative

Despite all their knowledge as users, children and young people do not automatically know how to use the internet – and especially social media – responsibly, but have to learn how to do this. As an internet company, we have substantial expertise in the areas of social media, data privacy, and the like, as well as a responsibility to society. We live up to the latter with a program for children and young people for schools near our Karlsruhe and Montabaur locations.

In 2017, employees founded an internal initiative, "Sicher im Netz," as part of a development program. The Group produced a presentation with workshop elements designed to raise awareness among school students of how to behave on the internet. Since personal contacts are the best way of putting information across, the project group created the role of "ambassadors," in which employees give the presentation. Including staff in this way also raises awareness internally, and all employees can take part in the program.

In schools, the current focus is on seventh graders in Germany, who are taught about social media guidelines during normal school hours. Particular focus areas include security settings in social networks, picture rights, and – in the discussion following the presentation – negative experiences in networks and how to deal with them. The feedback from schools on this offering is highly positive. At our Montabaur location, the initiative is now in its fourth year and will be expanded in 2020 to include two other presentations: one focusing on prevention for fifth graders and one for the parents of children in the target age group.

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Not only does this social commitment by our employees enhance our presence at the schools at our locations; it is also an expression of our social responsibility towards internet users. This initiative combines social and local commitment with our core business.

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Materiality, Impact, and Risks

United Internet is a telecommunications and internet company, and as such shares the features that are typical for this sector: a rapidly changing environment, short innovation cycles, and intense competition. One key factor in mastering these challenges are our dedicated and highly skilled employees and managers.

United Internet aims to be a fair and attractive employer.

This means we place great value on a sustainable, balanced strategy encompassing all core human resources areas: from recruitment through customized onboarding and training formats for specific target groups, job-specific qualification programs, and support for individual career paths, down to the development and long-term retention of managers, high potentials, and top performers.

Our staff and applicants expect nothing less. Highly qualified, well-trained employees are the cornerstone of United Internet's business success. It is therefore vital for us to meet our short-, medium- and long-term staffing requirements and ensure that our workforce has the necessary specialist skills. If we fail to do this, United Internet might not be able to do business effectively or to achieve its growth targets.

Goals and Measures

In line with this, United Internet aims to be a fair and attractive employer. Our goal is to recruit managers and employees with specialist skills and technological know-how, to support their continuing development, and to retain them at the Company.

One core principle of our human resources work is always to see our staff as individuals first, and not just as employees. We create a high-performance culture by ensuring our corporate values are reflected in strategic human resources issues such as compensation, continuing education and training, and work safety.

We work constantly to enhance and expand employees' skills and managers' leadership qualities alike. We do this using focused professional development training, mentoring and coaching programs, and special offerings for high potentials, among other things.

We are also convinced that the diversity of our workforce creates the conditions needed for creativity and productivity. We leverage this wealth of potential ideas and innovations by using various formats to promote diversity and equal opportunities.

We also aim to use our employee health management program and our occupational safety and preventive measures to promote staff health.

Personnel issues are the responsibility of the head of Human Resources (HR) at United Internet and the other companies concerned, who report regularly to their management boards.

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Results and Assessment

We use a range of performance indicators to measure the effectiveness of our human resources work in different areas; these are generally calculated by HR Control and reported regularly to the Management Board. Indicators include employee satisfaction with professional development opportunities and measurement of our "return on education". Further details can be found in the following sections.

GRI 103-3

Contribution to the SDGs

Promote inclusive and sustainable economic growth, employment and decent work for all.

Our Human Resources Strategy and HR Organization

In addition to our general, overarching strategy, our Access and Applications divisions and the individual segments within them require specific human resources strategies. We have established centers of competence for specific issues, allowing requirements and staffing levels for the Group and the divisions to be coordinated. Examples include People & Organizational Development, and HR Marketing. This ensures a coordinated approach and equal treatment throughout the Group, while freeing up the segments to focus squarely on their operational business. The central HR units work closely together with the divisions and segments to exchange information about trends and market requirements and provide tailor-made offerings for the areas concerned. Strategies, milestones, and staffing requests are coordinated together, and decisions reached on how to implement overarching requirements.

GRI 401

Examples of overarching goals and targets are our aim of offering appropriate staff development formats, recruiting managers from within the organization, and retaining employees for the long term. Metrics used to track effectiveness include the number of management positions that have been filled internally (2019: 70.2%; 2018: 65%; 2017: 70%)[1] and staff turnover (2019: 9.0%; 2018: 8.9%)[2].

GRI 401-1

The following tables give a breakdown of the workforce by location (Germany or abroad) and segment.

Employees by location[1]	2017	2018[2]	2019
In Germany	7,890	7,567	7,761
Abroad	1,524	1,526	1,613
Total employees	**9,414**	**9,093**	**9,374**

(1) Figures refer to our active employees as of December 31 of each fiscal year.
(2) The decline in the domestic headcount is mainly due to the sale of the yourfone shops.

GRI 102-7
GRI 102-8

[1] Active core employees, i.e., employees including apprentices and trainees, but not including staff with inactive employment contracts (mainly employees on parental leave), interns, student workers, school students, thesis students, or temporary staff.
[2] Annual average headcount (active core employees).

Employees by segment[1]	2017	2018[2]	2019[3]
Consumer Access	3,457	3,150	3,163
Business Access	1,069	1,095	1,184
Consumer Applications	961	947	1,007
Business Applications	3,586	3,355	3,416
Corporate HQ	341	546	604
Total employees	**9,414**	**9,093**	**9,374**

(1)   Figures refer to our active employees as of December 31 of each fiscal year.
(2)   The decline in headcount in the Consumer Access segment was mainly due to the sale of the yourfone shops, whereas the increase in headcount at Corporate HQ was mainly due to the transfer of employees who previously performed corporate functions in the segments and who have been allocated to Corporate HQ; in addition, apprentices were allocated to Corporate HQ since 2018.
(3)   The increase in headcount is due to organic growth in all areas.

Our Values and Corporate Culture

Our corporate values and management guidelines comprise our Company's value system. Our Code of Conduct shows how to act in line with these values. All employees receive a bound version of our values and the Code of Conduct when they join United Internet.

Our managers act as role models, ensuring that our values are visible in our daily work. This responsibility is also a core component of our management guidelines. The members of our management boards present our values and the management guidelines at our onboarding events for new managers, which take place several times a year. We then build on this with the managers, working together in small groups to elaborate what this means for our daily work.

Our proactive, open feedback culture supplements our values and our Code of Conduct to provide a framework for a respectful working environment that facilitates high performance.

We also try to create a working environment that encourages inspiration and creativity, enabling our employees to develop and flourish with us. This includes, for example, constructing new buildings and making structural alterations to the existing premises at our locations. In addition, flat hierarchies permit unbureaucratic communication channels and rapid decision-making. This allows us to be agile and react flexibly to new challenges.

Our Feedback Culture

We can only actively practice values such as openness and fairness in an environment in which colleagues provide feedback to one another respectfully and constructively. Only such an environment allows continuous improvements that benefit individual employees, the team, and the Company alike. This is why high-quality feedback play a key role for us when establishing an open, supportive corporate culture.

In 2016, we aligned our human resources development instruments to focus on this topic and introduced a "360 degree feedback" system. This process revolves around our annual feedback and performance reviews, in which employees and managers alike give each other direct feedback. In addition, employees always have the opportunity to obtain feedback themselves, both from their direct superiors and from colleagues. This takes the form of a digital, documented, uniform process and can be used in relation to project tasks, for example. This option raises awareness of the need for openness and reflection throughout the entire organization, and makes staff more confident about giving and requesting feedback. As a result, feedback becomes a natural part of everyday work and can be used for continuous improvement.

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Other feedback methods are described on our intranet and can be deployed by teams and individuals as needed in specific situations. We offer training for both employees and managers to assist teams in creating and maintaining a strong feedback culture, increasing the assurance with which they give and receive feedback. In addition, obtaining feedback from colleagues is a mandatory part of the process employed when employees want to take on positions with greater responsibility.

Employee Communication

Ensuring we listen to our employees and providing them with appropriate communication channels are challenges for a rapidly growing company such as United Internet. At the same time, there is a growing need to tell them about our strategy and how the Company is developing. This is why we have developed successful employee communication channels over the years.

- An annual enterprise-wide management kick-off at the beginning of the year offers managers and experts information about United Internet's overall development.

- This is followed by an annual CFO roadshow that informs interested staff at our locations about the Company's financials, current developments, and corporate strategy, as well as giving attendees the opportunity to ask questions themselves.

- Equally, the Management Board members responsible for the individual segments use staff meetings and roadshows to provide information on business trends in their areas several times a year. Here, too, employees have the chance to ask any questions they have. Since many of our employees also own shares in our Company, this ensures that they are kept informed in the same way as investors.

- Our "Ask the Board" format facilitates open, direct dialog between the Management Board members responsible for the individual segments and the employees concerned. It permits employees to ask Board members directly and face to face about the Company's current performance, management issues, and other important topics in an informal setting. The events take place every eight weeks at all German locations. In 2019, a total of 14 (2018: 15) were held.

Employee Satisfaction

We started conducting employee surveys in 2009 in order to obtain feedback and identify room for improvement, after which we take appropriate measures to implement our findings. The surveys have been a regular fixture since 2016.

The most recent survey way performed in October 2019, and internal communication of the results in departmental meetings started in December 2019. The findings are now being used to identify action areas for which concrete Group-wide measures will be identified and developed in fiscal year 2020. As in 2018, the measures will primarily focus on the following topics:

- Health

- Human resources development

- Workplace equipment

- Our attractiveness as an employer

- Work-life balance

Employees' survey responses are the most important indicator of whether our human resources work is a success.

In order to obtain as objective a view of ourselves as possible, we evaluate not only internal surveys but also assessments by external institutions and independent sector rankings. In the last fiscal year, the Top Employers Institute again awarded us the status of a "Top Employer" – an accolade we have held every year since 2008. This certification is given to companies that offer their employees attractive working conditions. Criteria used in evaluation are career opportunities, employer benefits, working conditions, and training and development opportunities.

Training and Education

Development and Prospects

One of the basic principles for People & Organizational Development is "we make people successful". In our dynamic, constantly changing market, our employees have to take responsibility both for their work and for their personal development. We are convinced that their motivation and determination to succeed depends on their ability to see and pursue individual prospects for themselves. Individual employees' knowledge also grows our organizational knowledge as a whole. For example, keeping up with the state of the art in information security and software development protects our technology lead, while professional customer care enhances customer satisfaction.

We therefore invest in wide-ranging learning and development measures and help grow our employees in line with the functions they perform. Activities here are based on our employees' individual "development journeys"; these are agreed during annual staff performance reviews and their implementation is then checked over the course of the year.

Among other things, staff development plans include acquiring skills needed to perform pending tasks, suitable on-the-job or off-the-job measures, and employees' personal development wishes and preferences. This reinforces employees' readiness to take responsibility for themselves and willingness to learn, and ensures they can acquire new skills at every stage of their development. Our proactive feedback culture and 360 degree feedback process supports continuous learning and development. A large proportion of the workforce has the opportunity to take part in these performance reviews using a structured, systematic process and to obtain additional feedback themselves. The results of the annual performance reviews are collated centrally by Corporate People & Organizational Development (POD). In addition, managers hold individual development reviews with employees in the independently run companies in particular.

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Success is measured using a mix of satisfaction with development opportunities, by measuring our "return on education", by evaluating how measures have been implemented at the individual employee level during the next performance review, and using cost control measures.

Personal Development Opportunities

■ 1&1 Campus

Our central training portal, 1&1 Campus, bundles internal training and e-learning offerings, giving staff quick, easy access to development opportunities within the organization. 1&1 Campus offers employees from all areas of the organization a wide range of training options in the areas of methodologies, soft skills, and professional knowledge. We assess all courses for participant satisfaction and recommendation rates to ensure we are continually improving our offering. These KPIs suggest the courses are of an extremely high quality. In addition to courses provided by People & Organizational Development, the range also includes training designed for segment-specific customer care units, and seminars taken from our technical training catalog, our TEC Campus, and our Online Marketing Campus.

■ TEC Campus

Our technical staff have extremely specific, in-depth knowledge. Our goal is to promote information sharing and joint learning, which is why we have expanded our 1&1 Campus to include a platform offering training in tools, processes, and methodologies, along with e-learning material and presentations by staff for staff. The TEC Campus focuses on specialist technical training and presentations, including development practices, developer onboarding, and agile methodologies. This allows topics such as information security and business process management to reach a broader target audience. The TEC Campus also hosts internal conferences such as the TEC DAY or the PASK (Project/Agile/Scrum/Kanban) conference.

■ Talent management (Navigate, Senior+, MyWay+, Women explore, and MOVEforward)

We use our talent management programs to proactively develop entrepreneurially-minded employees. Individual development plans are aligned with the target positions concerned (e.g., experts or managers). Partly as a result of these measures, we were able to fill 70.3% of management positions internally in 2019 (2018: 65%; 2017: 70%). MOVEforward is a one-year program in which employees, managers, and experts implement projects across departmental boundaries, raising their awareness of end-to-end, innovative corporate development. The Women explore program gives high-potential female employees an opportunity and a dedicated environment to focus on career issues and their own strengths and development areas, and to network with each other as well as with role models and top management. At the same time, Women explore provides an opportunity to showcase high-performing women in the organization, to support them in the early stages of their careers, and to retain them within the organization. Among other things, this has allowed us to identify lessons learned and development areas for the entire organization in the area of gender diversity.

■ Individual offerings

In addition, POD offers personalized consulting for employees and managers plus a large number of customizable on-the-job measures, and helps staff implement specific activities such as mentoring and shadowing. Since 2019, our revamped internal information sharing platform makes it even easier for staff to find and read up on the entire POD offering. This can be done using target group-specific or thematic searches, or simply by consulting the glossary from A–Z.

Function-specific Development Measures for Customer Care

- **Access Division**
  Our strong customer focus means we rely on skilled employees to provide a professional service. In keeping with this, we regularly train both our (internal) employees and staff at our (external) service providers on our products and services. The more our employees know, the more confident and self-reliant they will be in dealing with customers, guaranteeing high-quality customer care. This is why our Coach-the-Coach project provides a set development coaching process for all customer care staff, among other things. We introduced a learning objectives matrix for this in 2019. This tool is used to simply and efficiently structure and implement coaching and on-the-job training situations. In addition, transfer management ensures that support staff's knowledge is systematically disseminated within the teams.

- **Applications Division**
  Customer care staff who provide advice on our hosting and portal products have to have substantial technical expertise. And since the technologies involved are undergoing rapid development, they also need to keep up with the state of the art. Our training courses therefore focus primarily on customer communication, sales training, and product and process expertise.

Outlook

Our training program aims to meet the training and education needs of the various areas of our organization. Going forward, we plan to further increase our flexibility in terms of locations, timing, and delivery media. We want our staff to be able to take advantage of offerings outside the office, break down courses into small units they can spread across several days, and choose between classroom-based training, online media, and apps. By doing this, we hope to be able to offer appropriate lifelong learning options for all learning types, regardless of their previous knowledge or personal circumstances (e.g. if they are undergoing vocational training or working part-time). This is already possible in the case of language learning, for example. In addition a pilot project for soft skills offerings has already been performed and implemented at 1&1 Drillisch's Customer-Care unit. Digital training options are also being tested at the moment, and we intend to introduce the ones that prove successful.

Training and Education in Figures

GRI 404-1

We are moving to centrally document the training offerings available in the individual areas, so as to make them available to a broader public and further enhance their quality. In future, this central list should also permit fuller reporting on the extent and type of training offered. The following table shows the figures for training and education recorded for the last three years.

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Training and Education

Training and education hours[1]	2017	2018	2019[2]
Training and education hours (employees)	67,221	74,715	111,634
Per capita training and education hours (employees)[3]	8.5	9.9	11.9
Training and education hours (service providers)	180,356	70,346	66,481

(1) Data collection was significantly expanded and optimized in 2018. Among other things, this explains the increase in hours especially for our own employees. In addition, the figures also reflect combinations with other companies. The hours for employees of our service providers vary, e.g. depending on whether new service providers are currently being deployed or new products being offered, thus necessitating time-consuming basic or product training.

(2) The year-on-year increase in training hours for our employees is due to the introduction of enterprise-wide e-learning courses (e.g., on the GDPR and information security). Since not all these e-learning courses are offered every year, the figures will fluctuate over time.

(3) Figures refer to the number of employees of the United Internet Group in Germany; 2017: 7,890; 2018: 7,567; 2019: 7,761.

In addition, our employees attended a total of over 1,000 external training courses, seminars, and conferences of varying lengths in the reporting period.

Recruiting and Retaining Young Talent

Despite an extremely competitive market for IT specialists, United Internet is able to recruit top performers to key positions and hence ensure that the Company can grow its business. Our successful recruitment strategy is based on a competitive, applicant-friendly acquisition and selection process, flanked by targeted employer marketing, partnerships with education and training providers, and our products' halo effect.

Design your Career – A Wide Range of Opportunities in a Growing Company

As a growing company, we offer our staff secure jobs, exciting projects, personalized training opportunities, and attractive prospects. Our motto in this area – Design your Career – puts this promise in a nutshell. It says that each and every employee can have a hand in growing their own development, which can largely be tailored to their personal situation.

Education

Initial vocational training has a high priority for United Internet. We train future staff and give young people a successful start to their careers. At present, we offer apprenticeships for the following commercial and technical career profiles: computer science specialists (application development/systems integration), computer systems specialists, dialog marketing specialists, marketing communications specialists, digital and print media designers, office specialists, and wholesale/foreign trade specialists. In addition, United Internet and Baden-Württemberg Cooperative State University (DHBW) offer degrees in computer sciences; business information systems; law, tax and business/accounting & financial control; business administration/marketing management; and business administration/digital business management at the university's locations in Karlsruhe, Stuttgart, and Mannheim.

GRI 102–12

All program participants work in a wide range of different departments within the organization during their three-year apprenticeship or DHBW degree. They are fully integrated with the teams and day-to-day workflows during their time there. Our apprentice workshops at our Karlsruhe and Montabaur locations are particularly successful. These are mainly used by technical apprentices, who spend an early part of their vocational training here to learn the basic skills that they will need later on when seconded to different departments within the organization. In addition to teaching specialist skills and methodologies, United Internet puts a priority during training on behavior that is in line with its system of values. This mix of technical know-how, methodological expertise, and conduct that adheres to the Company's values are the basis for a successful transition to the working world once apprentices are

qualified. As a result, many of our apprentices are excellently positioned to subsequently take on permanent positions.

As of December 31, 2019, there were 227 (2018: 239; 2017: 230) young people in apprenticeships or studying throughout the Group. In fiscal year 2019, 48 (2018: 58; 2017: 51) freshly-qualified apprentices and students who had completed dual studies degree with us were offered permanent positions.

University and School Students

GRI 102-12

We work together with universities and colleges to attract fresh talent at an early stage. We have developed a variety of trainee programs for dual degree studies or to help fresh graduates find their feet in our corporate environment.

See „Deutschlandstipendium".

United Internet is currently sponsoring three students at Ludwig Maximilian University in Munich as part of the Deutschlandstipendium system, in which companies and the German government share the cost of scholarships equally. Students not only receive financial aid but are also mentored by colleagues in our departments.

See "Fair Company Initiative" (German only).

We also have a special responsibility to our interns. We have signed up to the Fair Company Initiative, whose members commit to providing fair conditions such as appropriate compensation and personal support. The interns who join our Company every year for placements in the IT, Product Management, Online Marketing, Finance, and HR departments, regularly highlight how much they have learned from the time at United Internet.

We also offer school students short internships that give them a chance to get to know our organization and the world of work in general. In addition to initial partnerships and events with schools, United Internet provides one-on-one careers advice – something that is becoming increasingly popular with our employees' children. Finally, at our Information Days, our apprenticeship supervisors provide information about the apprenticeships and other training opportunities on offer with our organization, and are available to provide advice.

Diversity and Equal Opportunities

GRI 405
GRI 405-1
GRI 406

We want all United Internet employees to be treated with respect, regardless of their nationality, ethnic origin, religion, ideological beliefs, gender and gender identity, age, disability, or sexual orientation and identity. Each employee should be able to find the area of activity and function in which they can make the most of their individual potential and talents.

To underscore the importance of this topic, an interdisciplinary United Internet team developed a diversity statement in the course of the reporting period.

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United Internet's Diversity Statement

Respect for diversity is a core aspect of United Internet's corporate culture. The reason for this is simple: Only a workforce that mirrors the many different facets of society offers the best possible conditions for creativity and productivity, and makes employees – and the organization itself – unique. This unique diversity creates an incomparable wealth of potential ideas and innovations, increasing the Company's competitiveness and providing opportunities for all.

Diversity is a factor influencing employee satisfaction and one of the key decision-making criteria used by job applicants when selecting employers. To reflect our approach to diversity, our employee survey asks whether respondents agree with the statement that "The organization treats all employees equally, regardless of their age, gender, or religion, etc." The responses received to this question are very positive and strengthen our commitment to treating one another respectfully.

Equally, United Internet's customers have a wide range of needs and appreciate a business partner who can match their own diversity. We aim to fulfill customer wishes by offering a variety of product ranges and pricing models, and by serving different foreign markets as an expression of our international approach.

We protect diversity as an innovation factor by refusing to tolerate any form of discrimination, harassment, or bullying in the workplace. United Internet has a number of different contacts who can be approached confidentially, such as Human Resources, Compliance, and designated persons of trust. We take any indications of discrimination extremely seriously and are committed to clarifying all issues reported to us. As in the previous year, there were no cases of discrimination or reports of suspected discrimination in fiscal year 2019.

GRI 406-1

We started a pilot project in 2019 that is testing an interactive online training course from the "Initiative Chefsache" network on the topic of "unconscious bias: how to ensure impartial HR decisions" in conjunction with our onboarding event for managers. Other awareness-raising measures for employees and managers are planned and will be included in our onboarding events and leadership development offerings.

GRI 102-12

In addition, we took the internal communications opportunity offered by the 7th German Diversity Day to further sensitize employees to the importance of diversity.

Since 2018, United Internet and the entire 1&1 Group has also been a partner in the "Komm, mach MINT." network, Germany's national pact for women in MINT (mathematics, informatics, natural sciences, and technology). This initiative, which is sponsored by the Federal Ministry of Education and Research, aims to encourage girls and women to study and have careers in MINT subjects, so as to combat the looming shortage of specialists in these areas. In 2019, we took part in the "meet.me" career kickoff event for female MINT students and graduates in Leipzig. We also organize meet-ups designed to facilitate information sharing and networking at career fairs aimed specifically at women.

Diversity – Best Practice

The PROUT AT WORK foundation and the Uhlala Group use the "Germany's Top 20 Future Leaders" award to set an example for diversity at work. The award is given to LGBT+ (lesbian, gay, bisexual, transgender, and transsexual plus) staff who act as role models within their companies and who are particularly committed to ensuring equality at work for these groups.

We are very proud that Michelle Thiele, one of our staff members, was among the award winners in 2019. Michelle has had a successful career at 1&1 Telecommunication SE for 11 years. Although born with a man's body, she felt she was female from an early age. Since 2018, she has been an openly transgender woman at work as well as in her private life. Before taking this step, she actively discussed it with selected people within her department. She met with tolerance and respect for her courage, and her superiors supported her plans to come out as transgender in the workplace.

Quote:

"It means a great deal to me to be one of 'Germany's Top 20 Future Leaders'. It is a further vindication of my decision to openly and naturally "be myself" at work as well as outside it. The unqualified support and encouragement that I have received from 1&1 in the past year were extremely important for me. My wish is that people can choose their gender identity themselves, that they can live it openly and – like everyone else – that they can be accepted in all their diversity at work and elsewhere. The Group's clear commitment to diversity makes this possible."

Employee Diversity

GRI 102–8
GRI 401–1

The following table provides a breakdown of our staff by gender and age. In addition, 10.7% (2018: 10.0%) of our core employees worked part-time in 2019.

Employees by gender[1] in %	2017	2018	2019
Women	31.0	32.0	31.9
Men	69.0	68.0	68.1

(1) Figures refer to our active employees as of December 31 of each fiscal year.

Women accounted for 32.9% of new hires and 19.1% of newly recruited managers in the reporting period.

Employees by age[1] in %	2017	2018	2019
under 30	23.8	25.5	23.4
30–39	36.2	38.1	34.0
40–49	27.3	25.2	27.0
50 years and above	12.7	11.2	15.6

(1) Figures refer to our active employees as of December 31 of each fiscal year.

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The average age of our employees as of December 31, 2019, was 38.1 (2018: 38.0; 2017: 38.6). The average age of newly recruited core employees in the reporting period was 33.2 (2018: 32.2).

Positive Action for Women

Women are still underrepresented in technology companies. This is why we set ourselves the target in 2016 of having 18% women in the organization's top two management levels.

In 2018, we established a new function that specifically addresses how to promote diversity in general and positive action for women in particular. Important steps in recent years have been to improve our understanding of organizational drivers and action mechanisms using analyses and reports, to align the measures we take with these, and to combine these in an overarching road map.

The Company has taken measures in the following areas to achieve our target quota for women in management:

1. **Recruitment**

When recruiting employees, we aim to market the diversity topics established by Human Resources, to take part in appropriate events, and hence to increase the number of contacts to, and applications from, qualified female candidates.

2. **Development**

We aim to take positive action for women in relation to, and in, management positions and to support them in their personal development.

3. **Networking/information sharing and communication**

The "Women explore" development program for high potentials that was launched in 2019 enables women to focus on career issues and on their own strengths and development areas. We also provide specific mentoring support for high-potential female staff and offer a number of networking events to facilitate information sharing and contacts among female managers and employees.

4. **Framework**

We aim to further enhance diversity by creating appropriate conditions for it to flourish within our organization. For example, the Group's Employee Assistance Program (EAP) aims to promote a better work-life balance.

As of December 31, 2019, there were 37 (2018: 33; 2017: 27) women in the top two levels of management, corresponding to a quota of 16% (2018: 14%; 2017: 13%). This means we are 6 women short of the 18% target (2018: 10; 2017: 10), a decrease in the gap compared to the previous year.

Outlook

We are below target with our figure of 16% women in the top two levels of management at the Group companies and therefore see further room for improvement in 2020. We shall continue to step up our development measures at the top and second levels of management, and to increase our communications efforts using a number of different channels, as well as providing networking and information sharing formats. We aim to introduce a gender-neutral language policy in the organization as one way of encouraging a successive change in our culture. In addition, we are continuing to work on concepts and policies for improving employees' work-life balance and promoting diversity. Among other things, we shall expand the EAP that we successfully launched in 2019 – the external, independent family service – as needed.

We will also take part in the German Diversity Day again next year and will continue to raise awareness of this issue within the Company, and of diversity in the corporate context, with our campaigns.

Fair Pay

GRI 102-41
GRI 405-2

Paying our employees fairly and in line with performance is an important part of our human resources strategy. We aim to provide staff with market-driven, fair and transparent compensation and benefits in line with our corporate strategy. Our internal compensation guidelines form the basis for our comparable, fair, and legally compliant compensation system. They clearly define the rules and procedures to be observed throughout the Group when making salary adjustments.

Some positions and levels of responsibility offer performance-based variable compensation components. The United Internet Group offers employees a number of additional benefits above and beyond the financial compensation it pays; these include a company pension, capital formation benefits, prevention programs forming part of our occupational health program, and discounts on our products.

The salaries we pay, and the way in which these progress over time, are independent of employees' gender or other factors that are not related to the position in question or the skills required. We compare positions internally every six months, keep up to date with market developments and analyses, and track external benchmarks in order to guarantee fair, appropriate compensation.

See "Amnesty Report".

United Internet's foreign staff are based among other places in Cebu in the Philippines (2019: 360; 2018: 351; 2017: 366); this is the technical support center for IONOS in Great Britain and the USA. Civil society organizations and NGOs have noted that companies in the Philippines frequently do not pay the minimum wage. United Internet reviews salaries in Cebu regularly to ensure that its staff are paid more than the minimum wage.

Changes to the law governing employee compensation, such as minimum wage legislation, are fully implemented in all companies' compensation practice in all countries. We ensure that the compensation we pay our employees complies at all times with all local statutory requirements.

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Occupational Health and Safety

Ensuring health and safety in the workplace is part of our duty of care towards our employees. Our goal as a responsible employer is to minimize accidents, illness, and risks as far as possible and to promote the health of our employees. We focus on two areas to do this:

GRI 403

- Occupational health management, including preventive measures designed to reduce the risk of psychological and physical stress

- Occupational safety in our data centers

Occupational Health Management

Our health management activities focus on four areas, which are largely aimed at prevention:

- Facility Management regularly performs hazard analyses at our premises and holds fire safety drills, including evacuations.

- We work together with an occupational safety specialist and company medical staff to provide occupational health care. Since many of our employees mainly work sitting down, workplaces are regularly checked and adjusted, and seated workstations replaced by standing desks where necessary. When fitting out new buildings, we take care to ensure that meeting areas in particular offer space for both sitting and standing. In addition, advice on ergonomic seating options is provided at regular intervals. We also have a mobile massage service in Karlsruhe that employees can use at the office. Additionally, we aim to reduce employee stress in our call centers by providing anti-stress training, and teaching them how to ensure conversations remain calm and to deescalate.

- Above and beyond this, all sites provide professional health promotion measures that are performed by third parties. These include flu vaccinations, support from our occupational medicine staff, check-ups, and a wide range of courses teaching relaxation techniques and back-strengthening exercises. We also performed a hazard assessment for the first time in 2018 that looked at potential stress factors in the workplace. The survey of all workplace types was completed in 2018 and a structured follow-up process to implement the resulting measures was launched in 2019. For example, we developed and tested a training format for managers to support employees suffering from psychological stress that will be rolled out in 2020.

- One of the findings to clearly emerge from our employee survey was the wish for even more health promotion offerings. To achieve this, the Health team is liaising with departments such as People & Organizational Development to continuously extend the concept of occupational health management to incorporate strategic aspects and expand the offering. Key focal points here are exercise, nutrition, and resilience in coping with stress.

- Since June 1, 2019, United Internet has helped all employees in Germany achieve a positive work-life balance even in challenging situations through its EAP, an external, independent family service. Service provider contacts are available by phone around the clock to provide confidential advice on three core topics: childcare, care for relatives, and personal emergencies. Childcare advice covers everything from tips about the German statutory parental allowance through finding age-appropriate vacation childcare down to school counseling and emergency childcare. Advice on caring for relatives addresses financing issues associated with care and other background information on this topic, as well as finding household help and shoppers. The family service also supports employees by finding medical assistance and looking for therapists or clinics in emergency situations, among other things.

Occupational Safety in our Data Centers

Only authorized employees have permanent access to our data centers. All such employees are obliged to attend training on the following subjects:

- How to behave if there is a fire

- How to behave in an emergency

- First aid courses run by the DGUV (Germany's statutory accident insurance scheme) that are specially tailored to data center environments

- First aid emergency training in the use of automated external defibrillators (AEDs)

- Fire prevention training that is specially tailored to data center environments

- Safety training for electrical equipment

In addition, we organize appropriate training for those employees who are responsible for powering up and booting servers. We work together with German occupational health and safety agency Verwaltungs-Berufsgenossenschaft to train safety officers for each operations team, who attend regular courses. In addition, we are supported by an external specialist for occupational safety and physical fire protection. We use an internal communications platform to provide employees with emergency manuals, work instructions and rules to be followed. Signature logs ensure that the relevant safety regulations have been taken on board.

Employee Absences in Figures

The goal of the measures described above is to reduce stress-related absences and accidents at work. We want to continue analyzing the causes of absences and accidents with our occupational medicine specialists to identify any other measures that may be necessary.

Absentee rate[1]	2017	2018	2019
Absence due to illness (in %)	5.5	5.7	5.8
Number of accident reports	36	36	33
thereof on the way to and from work (in %)	98	83	21.2[2]

(1) Figures for 2017 refer to our core employees in Germany without associated companies; as of 2018 to all our core employees in Germany.
(2) Fluctuations in accidents on the way to and from work are due to the weather, among other things.

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Energy Consumption

Material Consumption
and Logistics

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Materiality, Impact, and Risks

The internet and telecommunications services that we offer are based on our network infrastructure and data center operations. These are responsible for by far the bulk of energy used within the Group, and this energy consumption and the resulting CO_2 emissions impact the environment and the climate. Other, lesser, contributory factors include the use of power in our office buildings, of fuel for vehicles, and of materials in our logistics operations in particular, as well as of our own IT hardware. Given our plans to build a 5G network, our energy consumption can be expected to increase further in future.

In addition, our business relationships have a material impact on the environment, especially from the use of our business partners' mobile networks and fixed networks, and the energy consumption associated with this. Environmental impacts also result from the use of energy and resources, and from potential pollution along the value chain for the devices and products (especially smartphones, tablets, and routers) that we offer customers. Factors here range from their manufacture through their shipping to customers down to their eventual disposal.

Above and beyond this, the role of digitization as an enabling technology for greater climate protection should be emphasized, both in our own business and in relation to products and business relationships[1]. One precondition for such a positive effect is that the additional energy requirements are not met from fossil fuels but from renewable energies, since otherwise the use of digital technologies, algorithms, blockchain, and the like would be accompanied by larger carbon footprints. In addition, it can be expected that the new 5G mobile network standard will lead to an increase electricity consumption, among other things because it offers new technological opportunities, such as ways of networking machinery and vehicles (the "Internet of Things").

Environmental and climate protection are relevant for a large number of stakeholders. This can be seen both at the level of society as a whole, e.g., in the Fridays for Future movement, and with our employees, whose interest in environmental protection can be seen in many areas of their daily work. The topic is also increasingly being addressed at a political level, e.g., through Germany's Climate Protection Program, CO_2 pricing, the Paris Agreement, and the UN Climate Change Conferences (Conference of the Parties – COP). It is also becoming more and more of an issue for investors and analysts making investments, while customers emphasize the importance of using green energy e.g., for cloud products, as is the case for IONOS.

In addition to the physical risks posed by climate change – especially rising temperatures, which lead to the need to cool data centers more, but also increasingly extreme/poor weather conditions that could cause infrastructure damage – the topic also has an indirect impact on United Internet. As a major energy user, the organization needs to reduce its carbon emissions if it is to avoid potential market and reputational risks. In addition, political and technological risks that could increasingly result from the urgency of the topic must be borne in mind; one potential example here is stricter legislation that takes a corresponding level of effort and expense to implement. If the

GRI 103-1
GRI 201-2

See also "Customer-
related matters and
Product Responsibility"
on page 20ff.

See also "United Internet
as a Business Partner" on
page 81ff.

See also „Corporate
Digital Responsibility" on
page 34ff.

We aim to use resources efficiently and to contribute to climate protection.

[1] e.g., Bitkom article, October 2019.

expectations of our various stakeholders are not met, this could negatively impact our reputation or revenues; conversely, positioning ourselves positively here could offer opportunities[1].

Goals and Measures

The management approach aims to promote the efficient use of resources, enabling us to cut costs and contribute to climate protection. Particularly in view of our energy consumption, our goal is to continuously increase the efficiency of our infrastructure, and especially of our data centers. Although a reduction in our absolute consumption would be desirable, this is not a realistic goal given the increasing digitization of the economy and society. This applies both to our data centers, which in their role as the backbone for digital applications are experiencing increasing demand, and to our fiber-optic network which, as by far the most powerful transmission technology, is especially sought-after.

Our main consumers of energy deploy management systems to optimize its usage, among other things. The data centers operated by IONOS and Strato are certified in accordance with ISO 50001, while an ISO 14001-based environmental management system (EMS) is used for the fiber-optic network. 1&1 IONOS Holding's data center operations are climate-neutral, since we both source electricity generated from renewable energy ("green electricity") and offset the proportion of electricity from non-renewable energy sources that we use. We also reduce the impact of our fiber-optic network operations by using green electricity. In addition, we aim to minimize the consumption of resources and materials, e.g., in our logistics operations, and to enable our customers to dispose of their products and hardware in an environmentally friendly manner. Please see the following sections for further details.

1&1 IONOS Holding's data centers are managed by the TechOps Hosting and Data Center units, which report directly to 1&1 IONOS SE's CTO. The specialists in these units work together with Technical Control to manage electricity consumption and energy efficiency.

Results and Assessment

Energy consumption is measured in all relevant areas and, where this makes sense, is also examined on a relative basis (e.g., per employee or in proportion to revenue), e.g., to take growth effects into account. In addition, management systems are used to constantly optimize consumption, particularly in data center and fiber-optic network operations. We aim to use this and other data in future to calculate our carbon footprint that will document and quantify material sources of greenhouse gas emissions ("hot spots") increasingly comprehensively. Please see the following sections for further details.

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[1] Regardless of the importance of climate and environmental protection shown, the EU Guidelines recommend reporting on climate issues even if only one of the two perspectives (either "environmental and social" or "financial") are material.

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Contribution to the SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts.

Energy Consumption

Our network infrastructure and the server capacity provided by our data centers are necessary to supply our internet and telecommunications services to our customers. At the same time, their operation accounts for most of our emissions. Roughly half of the Group's expenditure on electricity comes from our global data center operations. Most of the other half results from operation of our fiber-optic network, plus a small proportion that is attributable to our office buildings. Further details on the information given in the following tabular overview can be found in the relevant sections.

GRI 302
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GRI 302-2
GRI 302-3
GRI 302-4
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GRI 305-1
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Energy consumption[1]	2017	2018[2]	2019
Electricity consumption - data centers in MWh	143,885.1	149,012.5	135,154.0
Electricity consumption - fiber-optic network in MWh	61,824.0	60,113.4	59,599.2
Electricity consumption - office buildings in MWh	7,343.0	7,430.6	7,068.8
Total electricity consumption in MWh	**213,052.1**	**216,556.5**	**201,822.0**
Heating consumption (natural gas and heating oil) in MWh	**2,588.8**	**2,886.6**	**2,859.0**
Gasoline consumption in MWh	31.2	285.3	607.1
Diesel consumption in MWh	8,411.4	14,624.4	13,223.9
Total fuel consumption in MWh[3]	**8,442.5**	**14,909.7**	**13,831.0**
Total energy consumption in MWh	**224,083.4**	**234,352.8**	**218,512.0**
Revenue in € million	4,206.3	5,102.9	5,194.1
Energy intensity (ratio of energy consumption to revenue) in Wh/€	53.3	45.9	42.1

(1) Data capture was expanded and enhanced in many areas in 2018 and further companies were included. This resulted in an increase in the figures. The figures were adjusted in some cases.
(2) The prior-year figures were adjusted in some cases, since final consumption data was not always available by the editorial deadline for last year's report. In addition, data capture was extended retroactively in some cases.
(3) Umrechnungsfaktoren/Heizwerte: Benzin: 8,5 kWh/l; Diesel: 9,7 kWh/l

Electricity Consumption in our Data Centers

1&1 IONOS Holding's high-performance data center operations are geo-redundant, making the services we provide to our customers as secure and reliable as possible. This approach ensures that applications can be run regardless of restrictions caused by power outages or environmental influences and gives our customers unrestricted, permanent access to them. This added security comes at the cost of

increased electricity consumption, which we combat by using renewable energy and constantly improving our energy efficiency.

Climate Neutrality and the Use of Renewable Energy

We have used electricity from renewable energy sources for our data centers in Germany for more than 10 years now. In the meantime, all countries in which we operate data centers use a mix of renewable energy sources and carbon offsets. This enables climate-neutral operation of 1&1 IONOS Holding's data centers. We also attach importance to using renewable energy produced in nearby geographical areas – i.e., mostly in the same country or an adjacent region.

The following table shows the electricity consumed in our data centers and other data centers belonging to the Group, along with the carbon emissions we avoided.

Electricity consumption and carbon emissions for data centers[1]	2017	2018	2019[2]
Electricity consumption in MWh	143,885.1	149,012.5	135,154.0
Energy intensity (ratio of electricity consumption to revenue) in Wh/€[3]	34.2	29.2	26.0
CO_2 equivalents in tonnes[4] (Scope 2)	0	0	0
Avoided CO_2 equivalents in tonnes[5]	64,589	65,642	58,301

(1) The figures refer to our 10 own, plus our rented, data centers; the figures for 2017 relate to the data centers for IONOS, Arsys, Fasthosts, and (pro rata) Strato, while as from 2018 they also include Strato as a whole plus the newly added data centers for 1&1 IONOS Cloud, home.pl, InterNetX, and World4You. Electricity consumption for 1&1 Drillisch's data centers is included under the electricity consumption data for its office buildings (see page 74), since it is not currently possible to capture consumption separately.

(2) The reduction in electricity consumption in the reporting period is due to a number of factors; see the section entitled "Increased energy efficiency" on page 71.

(3) The figure for 2018 was adjusted.

(4) Climate-neutral thanks to the mix of renewable energy sources and carbon offsets. The figures for CO_2 equivalents show the contribution made to the greenhouse gas effect. In addition to CO_2 itself, they comprise other greenhouse gases such as methane and dinitrogen monoxide.

(5) Approximate figure calculated on the basis of the average annual and country-specific CO_2 emissions per kilowatt-hour of electricity consumed; emissions from the electricity mix in the various countries are falling over time, due among other things to the growing proportion of renewable energy used.

Managing Consumption with an ISO 50001-compliant Energy Management System

In 2018, we took the decision to introduce an energy management system (EnMS) complying with ISO 50001. This EnMS covers the IONOS and Strato data centers that we operate ourselves and in which we can therefore manage energy consumption. Using it allows us to continuously pursue our goals of increasing energy efficiency and ensuring transparency. As a result, the EnMS helps identify and remedy potential energy wastage, hence cutting costs, and to identify and comply with external requirements such as regular energy audits. In this way, it makes an important contribution to sustainability management and can have a positive impact on our reputation and market position. The EnMS was successfully introduced and certified during the reporting period.

The head of TechOps Hosting at IONOS, and the Data Center unit manager at Strato are responsible for the EnMS and its strategic focus. In addition, a designated energy manager ensures that the EnMS is aligned with our targets and manages the Energy Team. The latter comprises the regional staff responsible for this topic at the IONOS and Strato data centers in the various countries concerned (Germany, France, Spain, the United Kingdom, and the USA). In addition, a management system manager has been appointed.

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Increased Energy Efficiency

Electricity consumption by our data centers fell by roughly 10% during the reporting period. This was due among other things to the comparatively mild summer, to the consolidation of IT operations, and to the modernization of a number of infrastructure systems. In 2017 and 2018, the data centers at Baden Airpark and in Lenexa (USA) were extensively modernized. In particular, the cooling systems and the uninterruptible power supply (UPS) units – which like the servers themselves use substantial amounts of energy – were upgraded. These now rely on free cooling, something that was not the case before the upgrade. Among other things, cooling water warmed by the waste heat from the servers is pumped onto the roof of the data center, where it is cooled by the outside air. The air conditioning system at the Baden Airpark data center is due to be replaced in the coming year.

In addition, we implement a continuous stream of projects and measures to reduce electricity consumption and increase energy efficiency:

- We are steadily increasing capacity utilization per server, thus reducing the total number required.

- We replace old servers with more modern and more energy-efficient hardware in good time.

- Some server hardware is built to order for United Internet, allowing us to avoid unnecessary components and deploy, among other things, energy-saving processors and power supply units designed to minimize heat losses.

- United Internet's web hosting system is a highly optimized, proprietary, Linux-based system that allows data from thousands of customers to be managed on a single server, and hence optimizes our use of resources.

- Virtualization is increasingly enabling us to replace dedicated servers by cloud servers.

- The use of containers avoids the need for redundant operating system kernel operations; the kernel is shared by all instances, enabling even more elastic, load-based scaling of the IT resources provided.

- A new, modular data center that was commissioned in 2013 allows particularly energy-efficient operations.

First Experiences of Using Machine Learning for Optimizing Server Cooling

We have been analyzing big data to ensure efficient operation of our IONOS data centers for some time now. Among other things, temperature and humidity data and the number of cooling devices in operation are constantly evaluated for insights and, where necessary, data center settings are adjusted to save energy. In addition, we are planning a pilot project to test the use of artificial intelligence in fully automated management that maximizes energy efficiency. Another project is analyzing data and using machine learning algorithms to predict customers' storage requirements. This approach can improve the service we provide to our customers even further, make more efficient use of resources, and hence reduce energy and hardware requirements. Our data scientists are also continuously using pilot projects to test other potential applications for data analysis and AI, such as in hardware procurement.

Energy audits can also identify levers for improving energy efficiency and reduce the Group's energy costs. The German Energy Services Act (Energiedienstleistungsgesetz – EDL-G) requires energy audits to be performed by an independent auditor every four years.

Dedicated servers are used exclusively by a single customer.

Cloud computing is the provision of IT infrastructure elements such as storage space, processing power, or applications software as a service over the internet.

See also "Corporate Digital Responsibility" on page 34ff.

Balanced Design – The New Standard for all Future Data Center Projects

The demands placed on data centers are increasing all the time – in terms of both performance and environmental aspects. The challenge for operators is to find a balance between ensuring high-availability, secure operations on the one hand, and cost and energy efficiency on the other. When it became clear that capacity requirements at one of the Group's data centers in Spain would be exceeded, expanding our own data center soon emerged as a cost-effective solution. The next step was to design this to offer the right combination of availability, energy efficiency, construction time, and simple, flexible operation. Structured project planning allowed IONOS to implement an extremely cost-effective data center. This focuses on the elegant arrangement of the technical components and is based on the concept of distributed redundancy. In addition, the data center features adiabatic free cooling, in which the evaporation chill produced by air and water are used to cool the latent heat.

The new data center design also features a "pay as you grow" approach. The center has been constructed in such a way that it can be extended on the fly at any time if needed. Only essential components are installed and operated to start with – a highly cost-effective approach. As a result, there are no excess units that have to be replaced at some point because they are showing signs of age even though they have never been used. This conserves valuable resources and saves on maintenance costs, while equipment that has not yet been installed also does not consume any power. IONOS uses this approach for large components such as UPS units, cooling generators, and cooling units. The design of the new data center gives IONOS a scalable, energy-efficient, state-of-the-art server and cloud infrastructure that offers high availability and an attractive price-performance ratio to match. The success of the design means it will be used as the new standard for all future data center projects at IONOS.

Electricity Consumption by Our Fiber-optic Network

Our fiber-optic network ensures economic efficiency and enables society to benefit from increasingly powerful, rapid data transfer. Today's technology permits internet speeds of up to 100 GBit/s and represents the most powerful transmission technology by far. What is more, demand for higher bandwidth is constantly rising. However, since fiber optics are not available everywhere in Germany yet, 1&1 Versatel is continuing to constantly expand our fiber-optic network. In 2019, extensive additions were made to 1&1 Versatel's network, which was further optimized for our customers using more powerful network technology. At the end of the reporting period, our fiber-optic network was approximately 48,500 km long, compared to roughly 47,000 km the previous year. This makes it one of the largest and most powerful fiber-optic networks in Germany and already provides a large number of cities and municipalities with high-speed internet services.

Since 2012, 1&1 Versatel has managed energy consumption using an ISO 14001-based EMS. We also make a point of reducing our electricity consumption and associated environmental impacts when operating our fiber-optic network. The measures that need to be taken to achieve this are developed on the basis of the data from the EMS.

1&1 Versatel's environmental management activities are centered on its major technical locations, which were identified in an ABC analysis as being the largest consumers of electricity. A substantial 44.8% of total electricity consumption was attributable to 1&1 Versatel's 30 largest locations in the reporting period. The remaining 55.2% was distributed across roughly 2,330 own and rented locations.[1] This is why the EMS is deployed at these major locations in order to hit optimization targets, and manage

[1] The figures for individual locations for which no readings are currently available are based on estimates.

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consumption and cost trends. The air conditioning technology in use at our major locations in Dortmund, Dresden, Mainz, and Essen was optimized in the reporting period. We installed direct free cooling systems here that utilize cool outside air where possible for air conditioning. In addition, we installed more effective UPS systems at a number of locations.

In addition to the electricity sourced at its 30 largest and other locations, 1&1 Versatel is linking its fiber-optic network with fiber-optic networks and colocation sites belonging to well-known regional city carriers and network operators and, successively, with Deutsche Telekom's BNGs (Broadband Network Gateways). In these cases, 1&1 Versatel does not manage electricity purchasing itself.

The following table shows 1&1 Versatel's electricity consumption and the locations where 1&1 Versatel is a user.

Electricity consumption and carbon emissions for the fiber-optic network[1]	2017	2018[2]	2019
Own electricity consumption in MWh[3]			39,707.2
Electricity consumption at business partners caused by 1&1 Versatel[3] in MWh			19,892.0
Total electricity consumption in MWh	**61,824.0**	**60,113.4**	**59,599.2**
CO₂ equivalents in tonnes (Scope 2; own electricity consumption)[4]			18,821.2
CO₂ equivalents in tonnes (Scope 2; own electricity consumption)[4]			9,428.8
Total carbon emissions in metric tonnes	**30,231.9**	**28,493.8**	**28,250.0**

(1) The figures cover electricity consumption for all 1&1 Versatel's technical locations and office locations (these were previously not reported separately), plus locations where 1&1 Versatel is a user. Electricity consumption did not increase despite the expansion of the network, as it is being steadily reduced by efficiency measures.

(2) The figures for individual locations for which no readings are currently available are based on estimates; there is a delay before the data for energy consumption given for the years in question is allocated to specific time periods due to fluctuations in the reading and billing dates. Consequently, figures for prior periods may change after the report is published; as a result, the figures for 2018 have been adjusted.

(3) The figures have only been available in this form since the current reporting period. Although a proportion of the electricity consumption is green electricity, this cannot be quantified exactly; as a result, no figures for this have been given.

(4) Presentation changed compared to the previous report; estimate based on the data provided by the Umweltbundesamt (the Federal Environmental Agency) in 2019 for CO₂ emissions per kilowatt hour in the German electricity mix (2017: 489 grams; estimate for 2018: 474 grams). Actual emissions are lower due to the use of green electricity, although the proportion attributable to the latter cannot be quantified exactly.

Energy Consumption by Our Office Buildings

Relatively speaking, our office buildings account for a very small proportion of our energy consumption. In addition, a significant share of the electricity purchased in the reporting period was certified green electricity, something that reduces the potential environmental impact.

Energy consumption an carbon emissions office buildings	2017[1]	2018[2]	2019
Electricity consumption[3] in MWh	7,343.0	7,430.6	7,068.8
Heating consumption (natural gas and heating oil)[4] in MWh	2,588.8	2,886.6	2,859.0
Total energy consumption in MWh	**9,931.8**	**10,317.2**	**9,927.8**
CO_2 equivalents from electricity consumption in tonnes (Scope 2)	2,401.1	1,367.9	451.3
CO_2 equivalents from heating consumption in tonnes (Scope 1)	529.9	593.4	587.5
Total carbon emissions in tonnes[5]	**2,931.0**	**1,961.3**	**1,038.8**

(1) The figures are based in some cases on estimates.
(2) The prior-year figures were adjusted as final consumption data was not available by the editorial deadline for last year's report. In addition, data capture was extended retroactively in some cases.
(3) The figures relate to the offices and related infrastructure at United Internet's locations in Montabaur, Karlsruhe, and Munich, which are supplied directly by the utilities concerned. For 2018 onwards, they also include Vienna and the 1&1 Drillisch locations in Maintal, Krefeld, Dresden, Nuremberg, Munich, and Münster, and from 2019 onwards the United Internet locations in Düsseldorf and Hamburg as well. The figures for the 1&1 Drillisch companies also include electricity consumption by the 1&1 Drillisch data centers (this data has not been disclosed separately to date). Not all figures were available by the editorial deadline for this report.
(4) The figures relate to the Montabaur location including the logistics center plus the 1&1 Drillisch locations in Maintal, Krefeld, and Münster (natural gas) and one location in Karlsruhe that uses heating oil. Not all figures were available by the editorial deadline for this report.
(5) Calculated using the utilities' data on CO_2 emissions per kilowatt hour, the conversion factors provided by DEFRA (the UK's Department for Environment, Food and Rural Affairs) for 2018 and 2019, and the data provided by the Umweltbundesamt (the Federal Environmental Agency) in 2019 for CO_2 emissions per kilowatt hour in the German electricity mix (forecast for 2018: 474 grams). Green electricity, which does not result in any CO_2 emissions, was used in some cases.

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As an access and applications provider, we use physical products, and especially electronic devices and hardware, to conduct our business. The applications are developed in our "Internet Factory" or together with partner organizations, and are operated on approximately 90,000 servers in our 10 data centers. In contrast, the Consumer Access Segment primarily provides our customers with information and communications technology hardware in the form of devices such as smartphones and routers, tablets, web surfing hardware, and accessories, along with tariffs for using our mobile network and broadband services. In addition, our employees use IT hardware to perform their duties.

Customer Hardware

Device Disposal

GRI 417-1

See 1&1 Collection Points (German only).

Smartphones, routers, and other devices that we provide our customers may contain components that cannot be disposed of as household waste. We have to take responsibility for these products' entire life cycle, and to recycle materials professionally after use so that no pollutants are released into the environment. We have signed a waste disposal contract with our partner, specialist waste disposal service provider Interseroh, to ensure that the devices that we supply can be disposed of in an environmentally friendly manner. We inform customers about how to dispose of their mobile and landline hardware professionally every time we make a delivery, and list Interseroh's collection points on our website. This ensures that all customers have the opportunity to return their old equipment for recycling or disposal.

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European Directives and Germany's Electrical and Electronic Equipment Act (Elektronikgerätegesetz – ElektroG) ban old equipment and all electronic parts included in deliveries from being disposed of as household waste and require them to be disposed of professionally to permit recycling. The goals are to protect the environment and health, and to conserve resources.

According to industry association Bitkom, there were roughly 124 million old cellphones and smartphones in circulation in Germany in 2018 that were no longer in use but still worked or could be recycled. The average period of use is not much more than a year. Valuable raw materials such as precious metals and rare earths can be recovered from these devices – if they are recycled.

Reusing Smartphones

1&1 and two Drillisch online brands launched campaigns during the reporting period to remarket smartphones that still work. 1&1's trade-in campaign offered customers who signed a new contract including a new iPhone up to €700 if they sent in their functioning old one. In addition, Drillisch online brands yourfone and maXXim added refurbished cellphones to their offerings in 2019. These devices, which come from returns within 30 days, are marketed at a significant discount to the price of new ones. They are in good working order, have been quality assured, and come complete with accessories, original packaging, and a 24-month guarantee.

Hardware in Data Centers and Office Buildings

For over a decade now, we have ensured used servers and network equipment are recycled in an environmentally appropriate way by passing them on to recycling specialist AfB gGmbH. This organization recycles them professionally or reclaims them for reuse, prolonging the life of the hardware and conserving resources. AfB is a disability inclusion company; according to its own figures, roughly 43% of its current employees are people with disabilities. This means that not only do we ensure our hardware is dealt with by environmental and recycling experts, but we also improve employment opportunities for people with disabilities.

GRI 102–12
GRI 301–1

AfB reclaimed or recycled the following volumes of old IT equipment for us over the past three years:

GRI 305–3

Old IT equipment	Number of devices			Reclaimed and reused in %			Raw materials recovered through recycling in %		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
PCs	912	1,022	650	43.6	82.5	87.4	56.4	17.5	12.6
Notebooks	676	900	1,355	93.0	94.4	97.0	7.0	5.6	3.0
Flat-screens	1,067	1,216	858	91.5	62.5	45.0	8.5	37.5	55.0
Mobile devices	477	670	620	34.6	59.1	44.2	65.4	40.9	55.8
Servers	6,623	8,436	8,882	21.7	29.4	42.0	78.3	70.6	58.0
Printers	9	18	5	0.0	27.8	0.0	100.0	72.2	100.0

In 2019, we delivered 183.4 tonnes (2018: 179.3 tonnes; 2017: 158.5 tonnes) of hardware to AfB, helping to save 146.7 tonnes (2018: 143.4 tonnes; 2017: 106.2 tonnes) of CO_2 equivalents. All in all, our 10-year partnership has already saved 803.9 tonnes of CO_2 equivalents from 1,548.8 tonnes of IT and mobile devices.

Logistics and (Secondary) Packaging

Part of our business involves providing our customers with products such as smartphones and routers so they can use our services. This task is performed for all 1&1 Drillisch Group brands by our own logistics center in Montabaur. (Secondary) packaging and information materials are needed to protect and dispatch these products. In addition, we send access data, for example, by post for security reasons. The (secondary) packaging materials that we use largely comprise paper, paperboard, and cardboard (PPC) with a high recycled content of 75–80%. We aim to continuously optimize our use of materials, e.g., by reducing transport packaging.

Materials Used for Shipments

GRI 301-1
GRI 305-3

The number of shipments made by our logistics center increased by a clear 28% or so year-on-year (2019: 6.9 million; 2018: 5.4 million; 2017: 5.1 million). At the same time, the use of packaging materials (both plastic and PPC) declined in the reporting period. The main reason for this was a change in the law in the reporting period.

We report the amount of (secondary) packaging used in shipping and selling products both to our waste disposal partner and in parallel to the packaging register, LUCID (an online platform run by the Foundation for the Central Agency Packaging Register (Zentrale Stelle Verpackungsregister – ZSVR)). The process was modified compared to the previous year as a result of the introduction of the new German Packaging Act (Verpackungsgesetz – VerpackG). Organizations introducing packaging covered by the system onto the market for the first time on a commercial basis in Germany ("initial introducers") must register with LUCID and report the amounts of packaging involved. As a result of the change in the law, 1&1's logistics operations are now considered to be the initial introducers for fewer packaging materials than was previously the case. Instead, the manufacturers themselves have to pay the packaging fees, and to report the amounts, in a larger number of cases.

As a result, 1&1's logistics operations only reported approximately 0.5 tonnes of plastic in 2019, whereas the comparable figure for 2018 was 2.7 tonnes. PPC consumption also fell to 485.1 tonnes in 2019, down from 575.4 tonnes in 2018. Since the number of shipments rose at the same time, the amount of packaging material per shipment also fell substantially. The volume of materials required depends on, for example, the relative proportions of devices or SIM cards shipped, and can therefore fluctuate over the years.

Packaging materials[1]	2017	2018	2019
Total paper, paperboard, and cardboard (PPC) consumption in tonnes	446.4	575.4	458.1
Total plastic consumption in tonnes	3.8	2.7	0.5
Number of shipments in millions	5.1	5.4	6.9
Amount of PPC per shipment in grams	88.2	106.5	70.4
Amount of plastics per shipment in grams	0.8	0.5	0.1
CO_2 equivalents in tonnes[2] (Scope 3)	9.5	12.1	10.4

(1) The figures for 2017 relate to 1&1 Telecommunication SE and its subsidiaries; from 2018 onwards, the shipment figures also include Drillisch Online and from 2019 they include the entire 1&1 Drillisch Group.
(2) Calculated on the basis of the conversion factors published by DEFRA for 2018 and 2019.

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Recycling by our service providers of (secondary) packaging materials led to the equivalent of 210 tonnes of CO_2 being saved in 2018.[1]

Our logistics operations also aim to reduce the use of transport materials when servicing is required (e.g., when a faulty piece of equipment has to be replaced for a customer). Where rental devices have to be exchanged, customers receive the new device from a selected delivery service, which replaces the device directly on site. The new device is delivered in reusable shipping packaging that was specially developed for this purpose and that can be used to return the old device directly. This method not only reduces material costs but also saves customers time.

1 night... and your order's with you

Our 1&1 Principle includes an overnight promise: Customers who place orders by 10 p.m. during the week and by noon on Saturdays will receive their delivery on the next working day. What is more, this service is free for all mobile products. Our goal with this and the other measures that form part of our 1&1 Principle is to meet our customers' expectations. Up to 40,000 (2018: 30,000) letters and parcels leave our logistics center every day. Ensuring same-day processing of express shipments at all times depends on well-oiled procedures at our logistics center in Montabaur:

In a first step, all incoming orders are sorted by the system so that overnight orders can be given priority. After this, the products concerned – which include routers, smartphones, tablets, mobile accessories, and WLAN sticks – are retrieved from the high-bay warehouses and scanned into the system, and the appropriate cover letters and customer information are then added. Among other things, this includes the access data for 1&1 broadband products. In line with data protection legislation, this information is printed and sealed elsewhere to protect it against unauthorized access. Assigning a customer and equipment serial number helps make problem handing in the case of any warranty claims easier. After the products from the warehouse and the relevant customer information have been combined, the shipments are packaged using two large packaging machines. The packages, which are now ready to ship, are then loaded onto large trolleys, which are collected several times a day by a variety of logistics services providers. The latter then transport the packages to depots, from where they are delivered to customers.

Emissions from Shipping Distances

In keeping with our aim of reporting more and more of our greenhouse gas emissions, we are including the shipping distances associated with our logistics operations as from this reporting period.

GRI 302-2
GRI 305-3

Packages destined for our customers are delivered by our logistics services providers (these include DHL, Hermes, and GLS). An internal estimate suggests that, all in all, our packages traveled approximately 875.4 million km in 2019. Based on the information and estimates provided by our logistics services providers, this generated approximately 1,779.0 tonnes of greenhouse gas emissions. These emissions were not generated by our organization itself, but are the result of our business activity and therefore count towards our Scope 3 emissions.[2]

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[1] The figures for the reporting period were not available by the editorial deadline for this report.
[2] The Greenhouse Gas Protocol (2011) requires purchased transportation and distribution services for products sold to be assigned to upstream Scope 3 emissions (category 4).

Shipping distances	2019
Kilometers traveled for package deliveries in millions[1]	875.4
CO_2 equivalents in tonnes[2] (Scope 3)	1,779.0

(1) Estimate based on the distances between the target locations and the logistics center in Montabaur; the figures do not include upstream journeys to depots, detours, any multiple deliveries, or returns; mean figures were calculated in some cases.
(2) The figures are based on the information and estimates supplied by our logistics services providers.

In addition, we source our packaging and printed materials from local suppliers, avoiding transporting them for long distances and reducing carbon emissions.

Paper Consumption

The following table shows paper consumption at our locations in Germany, which are supplied centrally with paper. The data captured was expanded substantially in the reporting period to include both additional companies and other types of paper. This led to a sharp rise in the figures. In addition, the figures vary from year to year, since in many cases a large amount of paper is ordered and distributed once a year. If, for example, an order is placed for a large amount at the end of a year, the quantity ordered in the following year will decline. In addition, the papered ordered in a particular year is not used up entirely in that same year. The vast majority of copy paper used in the Group has been certified in accordance with the EU Ecolabel, which is used to denote products and services with a lower environmental impact than comparable options.

Paper consumption[1]	2017	2018	2019
Total paper consumption in tonnes	457.2	294.3	3,406.6
Paper consumption per employee[2] in kilograms	95.1	57.2	417.6
CO_2 equivalents in tonnes[3] (Scope 3)	417.6	268.8	3,104.7

(1) The figures relate to our companies and locations in Germany, which are supplied centrally with paper. Up to and including 2018 they do not include 1&1 Versatel, Strato, and Drillisch, or letterhead and specialty paper; as of 2019, these are included.
(2) Arithmetic average; the figures relate to the employees at the companies and locations listed in (1).
(3) Approximate figure calculated on the basis of the conversion factors published by DEFRA for 2018 and 2019.

Employee Mobility

Environmentally Aware Business Travel and Fuel Usage

Our Group is distributed across more than 30 locations in eleven countries – a fact that makes high demands on employee mobility. Carbon emissions are produced when our employees travel.

We aim to reduce travel-related emissions, both by avoiding business trips and by using climate-neutral options such as rail travel.

Corporate Procurement and Human Resources work closely together to manage employee mobility. Responsibility for this topic ranges from business trip management through vehicle fleet monitoring down to defining the terms on which company cars are awarded and can be used.

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Energy Consumption

Material Consumption
and Logistics

We have taken the following measures to promote eco-friendly mobility:

- **Avoiding business trips**
  Equipping our meeting rooms with conference call and videoconferencing technology means we avoid the need for many business trips. In addition, instant messaging services improve internal communications and can help reduce trips between locations even further.

- **Climate-friendly travel**
  Our approvals process is designed to encourage employees to use the train as their preferred means of transportation. This allows climate-neutral travel for long-distance trips. In addition, employees can use the car pool service on our intranet to travel together. Local rules exist in some areas of the organization, but these are similar to the general Group rules.

- **Vehicle fleet**
  Our company car rules limit the impact our fleet has on the environment, e.g., by restricting the available engine options. In addition, we track the market constantly to ensure our fleet is always state of the art from both an environmental and an economic perspective. We are also examining the use of alternative technologies (e.g., electric drives), with our goal in all cases being to take both economically and environmentally acceptable decisions. United Internet Corporate Services manages vehicle fleet management for the Company, 1&1 Versatel, and 1&1 Drillisch. In addition, local rules exist in some cases.

- **Paperless travel expense claims**
  Following a successful pilot project, the United Internet Group introduced a workflow for submitting paperless travel expense claims that also offers improved transparency as to alternative means of transportation and travel expenses.

Fuel Consumption and Carbon Emissions

We work together with external partners on the use of rental and company cars. These partners provide us with regular information on vehicle fleet usage and evaluate fuel cards, enabling us to monitor trends in fuel consumption and associated greenhouse gas and carbon emissions. Air travel is organized by travel agents who also provide us with regular information on carbon emissions, among other things. German rail network operator Deutsche Bahn supplies us with an annual client environmental data report ("Umweltbilanz"). This also quantifies the carbon emissions that our employees have avoided by traveling by rail as opposed to by car. In 2018, for example, this amounted to over 800 tonnes of CO_2.

Our employees traveled more than 37.4 million kilometers in the reporting period (2018: 40.2 million kilometers), generating 6,259.0 tonnes of carbon emissions (2018: 6,786.1 tonnes). The following tables provide a detailed breakdown of the Group's travel activity. Data capture was expanded and enhanced in many areas last year, which resulted in an increase in the figures.

Rail travel[1]	2017	2018	2019
Passenger kilometers (pkm) for long-distance travel	6,084,799	6,010,148	6,162,620
Pkm for long-distance travel per employee[2]	771.2	794.3	743.8
CO_2 equivalents from long-distance travel in tonnes (Scope 3)	0.0	0.0	0.0
Pkm for short-distance travel	535,032	501,531	508,710
CO_2 equivalents from local travel in tonnes (Scope 3)	40.2	27.4	27.6
Climate-neutral rail travel in % of total	91.9	92.3	92.4

(1) The figures up to and including 2018 relate to the United Internet Group in Germany without Strato and Drillisch; as from 2019 they relate to the entire 1&1 Drillisch Group. The figures are taken from Deutsche Bahn's annual client environmental data report ("Umweltbilanz").
(2) The figures relate to the United Internet Group's employees in Germany; 2017: 7,890; 2018: 7,567; 2019: 7,761.

Rental cars[1]	2017	2018	2019
Fuel consumption (gasoline and diesel) in liters[2]	118,159.1	172,037.3	127,652.3
Fuel consumption per employee in liters[3]	15.0	22.7	16.4
Total kilometers driven	1,641,098	2,324,829	1,725,031
CO_2 equivalents in tonnes[4] (Scope 3)	200.7	312.2	256.8

(1) The figures relate to the United Internet Group in Germany, in some cases without the 1&1 Drillisch Group's companies; data capture was expanded and optimized in 2018 to include another external partner.
(2) Calculated on the basis of the average fuel consumption data for passenger cars and station wagons per 100 km provided by the Umweltbundesamt (the Federal Environmental Agency); 2017: 7.2l; as from 2018: 7.4 l.
(3) The figures relate to the United Internet Group's employees in Germany; 2017: 7,890; 2018: 7,567; 2019: 7,761.
(4) The figures are based on service provider data.

Company cars[1]	2017	2018	2019
Fuel consumption (gasoline and diesel) in liters	870,878.8	1,541,316.1	1,434,708.2
Fuel consumption per company car in liters[2]	2,118.9	2,120.1	2,029.3
Total kilometers driven[3]	13,255,315	22,494,492	21,799,020
Total kilometers driven per company car	32,251.4	30,941.5	30,833.1
CO_2 equivalents in tonnes[4] (Scope 1)	2,297.9	4,049.9	3,750.1

(1) The figures for 2017 relate to the United Internet Group in Germany without 1&1 Versatel, Strato, and Drillisch; as from 2018, they also include 1&1 Versatel and the 1&1 Drillisch Group, plus new orders by Strato; additionally, in the case of the 1&1 Drillisch Group they include long-term rental cars and fuel for rental cars in some cases; data capture was substantially expanded and optimized in 2018.
(2) Presentation adjusted in the reporting period, including for previous years; number of vehicles reported as assets as of December 31 of the reporting period in question: 2017: 411; 2018: 727; 2019: 707; the number of cars in the fleet may vary over the course of the year.
(3) The figures are based on manual data input by users when refueling.
(4) The figures are partly based on service provider data and partly calculated using the conversion factors published by DEFRA for 2018 and 2019.

Air travel[1]	2017	2018	2019
Kerosene consumed in liters[2]	182,083.6	317,144.4	268,548.8
Kerosene consumed per employee in liters[3]	34.0	41.1	36.0
Total kilometers flown	5,086,133	8,858,783	7,501,364
CO_2 equivalents in tonnes[4] (Scope 3)	1,247.9	2,396.6	2,226.0

(1) The figures for 2017 relate to the United Internet Group in Germany without 1&1 Versatel, Strato, and Drillisch; as from 2018, they also include 1&1 Versatel and Strato, plus relevant foreign companies; data capture was substantially expanded and optimized in 2018.
(2) Calculated on the basis of the average kerosene consumption data per passenger and 100 km provided by the Bundesverband der deutschen Luftverkehrswirtschaft (German Aviation Association – BDL); as from 2017: 3.58 l.
(3) The figures relate to the employees of the companies mentioned under (1).
(4) The figures relate partly to travel agent data and partly to calculations based on the conversion factors published by DEFRA for 2018 and 2019.

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UNITED INTERNET AS A BUSINESS PARTNER
Management Approach

Materiality, Impact, and Risks

Based in Germany and with business activities in Europe and North America, United Internet has to comply with strict standards in the areas of environmental protection, and labor and human rights. At the same time, expectations are growing that the organization will use these high standards as the basis for working with its business partners and suppliers. This is required both by frameworks such as the UN SDGs and the GRI Standards and by the German government in its National Action Plan for the Implementation of the UN Guiding Principles on Business and Human Rights ("NAP")[1], and is also being discussed in the context of a possible German Supply Chain Act (Lieferkettengesetz). These initiatives are flanked by proposals to make human rights and the supply chain a focus of Germany's presidency of the EU Council in the second half of 2020. Comparable action plans are also under development in other countries, or have already been implemented (e.g., in the form of the UK Modern Slavery Act). Equally, investors and analysts are joining consumers, civil society players, and the media in looking more closely at the issue of value chains.

In principle, the same topics are relevant in our supply and value chain as in our own business. In other words, they are topics that are included in our sustainability strategy and this report, such as climate and environmental protection, and human rights. Human rights comprise not only fundamental rights such as the rights to life, freedom, and equality, but also a wide range of aspects from the world of work, such as the prohibition on discrimination and ("modern") slavery and the right to rest. Other rights included relate to the internet and the digital arena, such as freedom of opinion and information, and protection of privacy.

As regards business partnerships and supplier relationships, companies in Germany are subject to the same strict statutory requirements as United Internet itself. In addition, telecommunications is largely a regulated market and many suppliers have also introduced voluntary commitments. This means that there is a very low risk of child labor or forced labor, for example, in the domestic links in our value chain. However, such risks can take on a different dimension abroad in view of the legal, political, and social frameworks there. In addition, business partners' specific activities may give rise to other relevant topics, depending on how far up the value chain an examination goes (it may extend as far back as the extraction of raw materials). This means that other stakeholders may be affected indirectly by the way we behave as a business partner. Among others groups, these may include business partners' employees and those of their suppliers, residents living near production sites, and people or groups affected by potential environmental impacts.

The ability to work together reliably with wholesalers and business partners is crucial for United Internet. For example, collaborating with specialized partners and outsourcers, and sourcing wholesale services are decisive for our business success. Successful partnerships are based firstly on partner screening, but above and beyond that on the close cooperative exchanges that come from personal support. Another reason why the integrity of our business partners is essential for us is that negative events could impact United Internet (market and reputational risk). In addition, due diligence

GRI 103-1

See the online version of the NAP.

See 1&1 IONOS UK and fasthosts for the slavery and human trafficking statements by our companies in the United Kingdom.

See also "United Internet as an Employer" on page 52ff. and "Corporate Digital Responsibility" on page 34ff.

> We aim to create value together with our business partners through strong, fair partnerships.

[1] According to the NAP (page 4), "few countries' economies are so internationally entwined as that of the Federal Republic of Germany".

requirements in the value chain are currently attracting political attention (see above), which could result in political and legal risks.

Goals and Measures

The purpose of the management approach is to create value together with our business partners through strong, fair partnerships. On the one hand we want to avoid any liability and reputational risks that could arise from business relationships, while on the other we aim to establish the trust needed for long-term partnerships, and to reinforce our joint assumption of responsibility.

Relevant guidelines include our Code of Conduct and, in particular, the United Internet Group's Code of Conduct for Business Partners. The latter is a major component of ensuring that partners observe the duties of care that are relevant for compliance, and a key way of reducing compliance risks within the value chain. The Code builds on our corporate values to define minimum social and environmental standards, and lays down rules on how to comply with them. The Code of Conduct for Business Partners has been incorporated into the contracts entered into with business partners by including it in the General Terms and Conditions for Procurement.

In parallel, we are establishing a business partner review process that will also include sustainability aspects. The background to this is that our demand for products and services and the contractual arrangements associated with this enable us to exert a certain influence on our business partners in the upstream and downstream portions of the value chain. This means we are in a position to encourage responsible value chain design. In this context, the first thing we aim to do is to map our supply and value chain, including the players and topics involved, as fully as possible.

We source significant volumes of wholesale services for the Access Division in particular. The areas entrusted with procuring wholesale services such as network services and devices also see themselves as "partner managers". They ensure that the products and services concerned are of a high quality and fit for the future, and manage reliable business relationships on the basis of trust. Carrier Management performs end-to-end management and coordination of the relationships with wholesale telecommunications partners, both for fixed networks and for mobile accounts. Partner Account Management Access is responsible for hardware procurement (information and communications technology (ICT) products and devices) for our customers in the case of both fixed networks and mobile accounts. Ultimate responsibility lies with the management board members for Product Management and Partner Management in the Access Division. In addition, special areas coordinate network procurement at 1&1 Versatel and the outsourcing of customer care services. The general Corporate Procurement unit, which purchases a large number of products and service for the Group, is part of Corporate Finance and reports to United Internet AG's CFO.

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Results and Assessment

We are currently working both to map our value chain and to establish our business partner review process. These topics will be included in the Sustainability Report as soon as we have meaningful data with which to present them.

GRI 103-3

Contribution to the SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation.

Description of Our Supply and Value Chain

We are an access and applications provider that supplies private customers and organizations with internet-based applications – both as independent products in the Applications Division and in combination with fixed network and mobile access products in the Access Division.

GRI 102-9

The following graphic shows a simplified overview of the United Internet Group's supply and value chain:
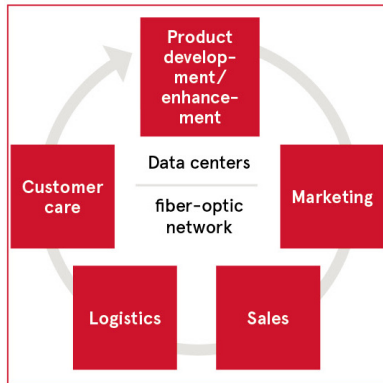
| **Raw materials** | **Wholesale services** Devices/products, network services | **Our value added** Access and applications (information, communication, entertainment) | **Distribution** Sales, shipping, servicing | **Use of products and services** | **End of use** Disposal/recycling |

Upstream

United Internet sources network services, domains, licenses, and ICT products such as devices and servers from the upstream value chain[1]. In turn, these wholesale services are based in part on a multistage upstream value chain stretching all the way back to raw materials extraction.

The wholesale services provided for the Access Division – and especially network services (mobile and fixed network) – represent a significant component of total wholesale services, with devices and ICT products for customers and services provided by specialized partners and outsourcers coming second by some margin. Taken together, these items make up the bulk of our procurement volumes. All in all, we sourced revenue-related services and goods worth approximately €2.8 billion (2018: €2.8 billion) from our business partners in 2019. Sourcing wholesale services places high demands on the business relationships involved.

[1] The upstream value chain comprises cradle-to-gate goods and services (Greenhouse Gas Protocol, 2011).

Our Value Added

United Internet primarily adds value in the areas of product development and enhancement, marketing, sales, and customer care; in addition, the organization has its own logistics capabilities. Our products and services build on our data center and fiber-optic network operations.

The graphic breaks down the "Our Value Added" link in the earlier value chain in more detail.

Downstream

United Internet also uses service providers in some cases for its sales and customer service operations. Downstream[1] activities can be highly relevant, since in many cases the long-term customer relationships resulting from fee-based subscriptions (roughly 24 million) and ad-financed free accounts (roughly 37 million) can facilitate growth. This means that the use phase for our products is a material part of our business – including from a sustainability perspective. Other business partners in the downstream value chain are shipping partners, who are responsible for delivering devices to customers, and partners who ensure that waste devices are recycled/disposed of in an environmentally friendly manner.

Impacts on the Value Chain

Upstream

We primarily source network services and ICT products from the upstream value chain. These must mainly be seen from the perspective of their environmental impact, since network operation involves the consumption of substantial energy and resources. To a lesser extent this also applies to domains, for example, the provision of which also requires energy and the underlying hardware.

Servers and devices such as smartphones and tablets have environmental impacts that can be relevant, especially with respect to their electronic components up to and including the extraction of the raw materials concerned. A social perspective is becoming important here, since raw materials in particular are frequently mined in countries in which the standards for working conditions and environmental protection are lower than in Germany, for example. In addition, the issue of "conflict minerals" must be addressed. The extraction of minerals such as tin, tantalum, tungsten, and gold – which are used among other things in smartphones as well as for various applications in the automotive sector – sometimes involves forced labor or helps finance armed conflicts. We address this risk in our Code of Conduct for Business Partners.

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[1] Downstream activities cover goods and services following their sale/distribution by the reporting enterprise and transfer of control to another unit or organization.

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**Supply Chain/Value
Chain**

Cooperation with
Business Partners

Our Value Added

We add a large proportion of the value we create – from product development down to customer care – in Germany or other EU or OECD countries. Impacts on the environment and society, such as the energy consumed by our data centers or our responsibility as an employer, are examined in detail in the various chapters of this Sustainability Report.

Downstream

Services that we commission from specialized partners and outsourcers include parts of our customer service and sales operations, and shipping products to customers. Social impacts in the form of data protection, data security, and working conditions must be taken into account here, and we expect our service providers to comply with the strict requirements in these areas.

Equally, environmental topics are relevant. Deliveries by our service providers use fuel and emit greenhouse gases. In addition, recycling or disposing of retired devices and IT equipment in an environmentally friendly manner is a relevant environmental factor, which is why we work with specialized partners in this area.

Cooperation with Our Business Partners

We aim to ensure our business partners also take responsibility and make this the basis of our cooperation, so as to be able to build reliable, long-term relationships and assume responsibility together. In addition to our existing close cooperation and personal contacts with our business partners, especially in the wholesale area, the contracts we have agreed with major suppliers of smartphones and other ICT devices in particular specify that ethical principles and working standards must be observed. Partner Management is in close contact with our major wholesalers here.

Responsibility for Human Rights Due Diligence

The NAP for Business and Human Rights expects large enterprises to take responsibility throughout their value chain, to perform a risk analysis, and then on this basis to introduce an appropriate corporate due diligence process to ensure respect for human rights. The five core elements of the NAP are:

- A human rights **policy statement** (public commitment plus expectations made of employees and business partners)

- **Procedures for the identification** of actual or potential adverse impacts on human rights (relating to the organization's own activities, supply chains, business relationships, etc.)

- Measures to **ward off** potential adverse impacts and to review the **effectiveness** of these measures

- **Reporting** (on the approach to due diligence and the effectiveness of the measures taken)

- A **grievance mechanism** (provision of and participation in appropriate channels for making complaints, so as to give affected individuals access to remedies)

GRI 308-1
GRI 414-1

GRI 414
GRI 414-2

Policy Statement

For United Internet, respect for human rights is an integral component of its corporate culture. The Company has commited itself to observing the United Nations' Universal Declaration on Human Rights. We have taken measures to prevent, mitigate, and redress any potential adverse human rights impacts. In this context, United Internet complies with the UN Guiding Principles on Business and Human Rights. We have included principles designed to ensure respect for human rights in our corporate values and our Code of Conduct.

Procedures for the Identification of Adverse Impacts, and Grievance Mechanism

We have established grievance procedures in the form of confidential reporting channels to enable adverse impacts to be identified at an early stage. By appointing central and local compliance managers and designated persons of trust, the organization has created confidential points of contact for employees outside their immediate working environments. These grievance mechanisms ensure that United Internet can effectively meet its corporate due diligence requirements with regard to human rights. United Internet takes all perceived injustices extremely seriously. Our overarching goal is to become aware of any incidents at an early stage and to get to the bottom of all complaints regarding human rights violations. There were no indications in fiscal year 2019 of any violations suggesting actually or potentially adverse human rights impacts.

Measures to Ward off Adverse Impacts, Effectiveness Reviews, and Reporting

The risk of human rights violations within the United Internet Group is very small: As of the 2019 year-end, United Internet employed 7,761 (2018: 7,567) members of staff in Germany; no human rights risks were established for these employees. In addition, United Internet employed 1,613 (2018: 1,526) members of staff outside Germany, mostly in the EU or OECD countries with strict labor law standards; no human rights risks were established for these employees either. Appropriate measures have also been taken.

As regards our business partners, we consider appropriate working conditions – from the remuneration paid through working times down to occupational safety – to be a relevant topic. In view of these and other topics affecting the supply and value chain, United Internet has drawn up a Code of Conduct for Business Partners that formulates its expectations of business partners regarding human rights topics, among other things. Reporting on due diligence with regard to human rights is mainly performed in connection with the Sustainability Report.

Code of Conduct for Business Partners

Our Code of Conduct for Business Partners builds on our corporate values to define minimum social and environmental standards in the areas of business integrity and compliance, human rights and labor rights, health and safety, and the environment. The Code specifies how the requirements are to be met and provides information on suitable channels for reporting any indications of problems. For example, United Internet provides employees at its business partners who want to notify it of potential violations of the law or of the Code of Conduct for Business Partners with a confidential reporting channel. At the same time, its business partners must ensure that employees are aware of this confidential reporting channel and that they can use it without any fear of reprisals.

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Business Integrity and Compliance

The Code of Conduct for Business Partners requires business partners to take appropriate measures to comply with all applicable laws, regulations, and orders (compliance). No undue benefits may be requested or offered; anti-corruption laws and regulations, and competition law and antitrust regulations must be observed; and sanctions and embargoes that have been imposed must be complied with (fair competition). In addition, suitable technical and organizational measures must be taken to protect the confidentiality, availability, and integrity of all information transmitted by United Internet, and in particular of sensitive corporate data and personal data (information security and data protection).

Human and Labor Rights

With respect to human rights, the Code is based on the UN Guiding Principles on Business and Human Rights. The Code of Conduct for Business Partners stipulates that appropriate measures must be taken to prevent, mitigate and, if necessary, redress adverse human rights impacts, and that it also expects business partners to do this.

In concrete terms, the Code contains requirements to comply with the rules governing working times, wages, and social security benefits (such as the minimum wage in Germany) (wages and working times). In addition, business partners may not use any form of forced, prison, slave, or compulsory labor, and the use of conflict minerals must be examined and prevented, especially during the procurement and manufacture of goods (voluntary labor). Business partners may not employ children under the minimum age specified by the International Labour Organization (ILO) or national legislation (no child labor). Above and beyond this, business partners must ensure working environments that are free from psychological, physical, sexual, or verbal abuse, intimidation, threats, or harassment, and must undertake to ensure equal opportunities in their human resources decisions. Discrimination on the basis of nationality and national origin, ethnicity, political affiliation, gender, religion or belief, disability, age, or sexual identity is prohibited (prohibition on discrimination).

Health and Safety

Business partners must ensure safe, healthy working environments in order to prevent accidents and sickness. Among other things, this includes holding regular training courses and providing suitable protective clothing.

Environment

Business partners undertake to comply with all applicable environmental legislation and to ensure the conservation of natural resources. Business partners whose activities have significant impacts on the environment should have effective environmental management policies in place to reduce the adverse impacts of their products and services on the environment.

Implementation

The Code of Conduct for Business Partners has been incorporated into the contracts entered into with business partners by including it in the General Terms and Conditions for Procurement. In the course of the current year, United Internet aims to harmonize the Group's various different procedures for selecting, evaluating, and assessing business partners to produce a uniform approach, and to implement a risk-based business partner review process. We designed the review process in fiscal year 2018, and identified and evaluated potential approaches for solutions. We also performed an initial risk analysis of

GRI 408
GRI 408-1
GRI 409
GRI 409-1
GRI 414-2

See „ILO Conventions and Recommendations".

GRI 308-1
GRI 414-1

See the General Terms and Conditions for Procurement. (German only).

active current suppliers. We aim to build on this in the coming year and to drive forward implementation of our risk-based business partner review process.

Measures and Tools Relating to Call Center Service Providers

In 2018, United Internet expanded its reporting channels. As in the past, this provided a basis during the reporting period for external call center staff to draw attention to any cases of fraud of which they became aware in the course of their support and sales activities.

In 2016, United Internet's Consumer Access Segment introduced a systematic review of the outsourcing service providers with which it interfaces (due diligence outsourcing or DDO). This due diligence is built around self-reporting by the service provider using lists of questions on specific topics, plus a subsequent analysis and assessment by United Internet. The standardized review focuses on the organizational, financial, and legal position of the outsourcing service providers with whom contracts have been signed. This allows information about compliance and the internal control system (ICS), among other things, to be captured. The review was widened in the reporting period to include all segments with outsourcing activities (in addition to Consumer Access[1] these are Consumer Applications and Business Applications).

We have established binding rules to prevent fraud in the support and sales functions at our outsourcing service providers and have agreed them with our partners. We have implemented an internal control function to review conspicuous behavior by both external and internal call center employees.

The results are documented in a review report and addressed, in the form of concrete recommendations for measures, to Compliance, Legal, and the management of the operating segments responsible for implementing the measures, among other instances. In fiscal year 2019, a total of 10 outsourcing service providers were reviewed. This means that three years after the DDO process was introduced, a large proportion of integrated call centers have been reviewed. There were no material indications of adverse impacts in relation to the social aspects of working practices, human rights, and compliance.

[1] To date, this comprises 1&1 Telecommunication SE and its subsidiaries.

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Management Approach

Materiality, Impact, and Risks

As an Internet and telecommunications supplier, we operate in a dynamic and highly competitive market. However, our economic activities aren't the whole story: We are also part of society and we can only be successful if this functions properly, too. This explains why we are committed to helping ensure a stable society that can meet future challenges.

GRI 103-1

Our products are targeted at a broad range of people in society and help them connect with each other. We also expect our business partners to show responsibility for society and their stakeholder groups.

For many stakeholders, initiatives and projects that look beyond our day-to-day business and see the bigger picture are extremely important. Potential customers increasingly look at companies' social and environmental commitment and include this as a factor when choosing suppliers and products. Staff also increasingly want to be able to identify with their employer – and relevant criteria here include a company's social commitment and whether it supports its employees in performing voluntary work.

Goals and Measures

We take good corporate governance to mean that we should not lose sight of the impact our various business activities have on people and the environment, and that we should help ensure that society functions efficiently.

GRI 103-2

Our goal is to contribute to people's prosperity both within Germany's borders and beyond. We do this not only by creating jobs and traineeships, and through our products, but also through our social commitment. Our activities here comprise two key initiatives:

- **United Internet for UNICEF**
  Co-initiator Ralph Dommermuth, United Internet's CEO, laid the foundations for this consistently successful initiative back in 2006 in order to help children throughout the world. The United Internet for UNICEF Foundation supports projects run by UNICEF – the United Nations Children's Fund – worldwide. By doing so, it contributes to improving equal opportunities for, and the well-being of, children around the world.

- **1&1 Fit for Job**
  Additionally, a number of integration measures for refugees have been established and enhanced at the Company since the end of 2015. For example, our "1&1 Fit for Job" qualification drive helps refugees enter the German job market. We are convinced that speaking the language and jobs are essential to finding one's feet in German society, which is why we are focusing our support on these areas. "1&1 Fit for Job" depends crucially on the volunteer work by our staff, who help with organizational issues or are active as trainers. United Internet supports this by giving them the freedom they need to contribute to the initiatives. Staff involved in the scheme can spend up to 10% of their weekly working time on measures designed to assist refugees.

> We are part of society and are committed to helping ensure its stability and fitness to meet future challenges.

Results and Assessment

The success of these measures can be seen from the increase in donations received and in the number of sponsor members for the Foundation. In addition, we were able to build on the numerous different measures for refugees by giving several of them permanent positions at Group companies.

Contribution to the SDGs

Contribution to the SDGs made by
United Internet for UNICEF

1 NO POVERTY	End poverty in all its forms everywhere.
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages.
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls.
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all.

Contribution to the SDGs made by Fit for Job

8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development.

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**United Internet
for UNICEF**

Support for Refugees

United Internet for UNICEF

Focused on Helping Children in Need

Our United Internet for UNICEF Foundation has been at the heart of our corporate social responsibility (CSR) activities for more than a decade. In UNICEF, the United Nations Children's Fund, we have a globally recognized, experienced, and qualified partner. This organization's professional approach allows us to enhance the effectiveness of our own activities.

Among other things, UNICEF supports projects that enhance educational opportunities, health, and child protection, improving children's living conditions worldwide. In addition, it provides humanitarian aid for natural disasters and their protracted long-term consequences.

Our Foundation helps raise donations and acquire sustaining sponsors by running appeals for donations on our online platforms. The high visitor frequency enjoyed by our GMX, WEB.DE and 1&1 portals increases the reach and awareness of these appeals for donations. This broad coverage makes us UNICEF's largest German corporate partner.

The United Internet Group employs a permanent staff member to centrally manage the Foundation's activities, with the assistance of volunteer colleagues. This staff member works closely together with United Internet's CEO, with the other members of the foundation's Board of Directors, and with UNICEF. The Foundation's performance is monitored through the regular reports to the Management Board.

GRI 102-12
GRI 203

How we Help Raise Donations

Once the Foundation has decided to launch an appeal for donations to help with current crises or catastrophes, we deploy a variety of instruments to support this goal.

- An interdisciplinary team of editors, graphic designers, and marketing experts comes together to design appeal mailshots and a range of different news formats. The team members pool their knowledge and skills to draft informative, compelling e-mails and prepare their dispatch. Sending mailshots via our GMX, WEB.DE and 1&1 online portals and to IONOS customers allows us to rapidly reach over 30 million people and call on them to donate.

- In addition, we provide free editorial and advertising space on our online portals for donation appeals. Once again, this allows us to react quickly in urgent cases and provide assistance at short notice.

- Links to the Foundation's home page offer donors rapid, easy payment options.

- In addition, United Internet pledges additional financial support for selected donation appeals and for attracting sustaining sponsors: The Company's "Double It" campaigns match donations by private individuals up to a set limit. Thanks to this additional incentive, the Foundation was able to recruit over 1,000 new sustaining sponsors for UNICEF as a result of its 2019 Christmas mailshot (2018: 539).

The single and regular donations raised via United Internet's portals can be passed on to UNICEF in full because all Foundation staff are either volunteers or are not paid from the donations made to United Internet for UNICEF.

More Than a Decade of Successful Work

According to preliminary figures, the Foundation's appeals in fiscal year 2019 resulted in a further € 4.7 million or so being donated to UNICEF (2018: € 3.8 million[1]). This brings the total volume of donations raised via the portals and by mailshots to GMX, WEB.DE, 1&1, and IONOS customers since the Foundation was set up in 2006 to over € 47.8 million.

Total donations per year in € million

2019	4.7
2018	3.8
2017	3.9

In 2019, the Foundation's efforts focused on the crisis-torn areas of South Sudan, Somalia, and Yemen, as well as on sponsoring projects in India and Venezuela. It also sent out two appeal mailshots for the victims of cyclones Idai and Kenneth in Mozambique. As a result, United Internet for UNICEF was able to provide € 1.2 million in emergency aid for the country. In October 2019, members of the Foundation traveled to Mozambique to see what the situation was like on the ground and to check on how donations are being spent.

Project Trip to Mozambique

Tessa Page co-founded United Internet for UNICEF together with Ralph Dommermuth and is the Foundation's chair. In the following she give us an insight into the situation in Mozambique six months on from the catastrophic cyclones.

A total of 2.2 million people, including over one million children, have been impacted by cyclones Idai and Kenneth. We traveled to areas of Mozambique affected by the catastrophe – Beira, Pemba, and Ibo – in October. Our goal was to see what things are like there now and to ensure that the donations for UNICEF are reaching the people who need them most.

The United Internet for UNICEF Foundation was the first organization whose donations reached UNICEF in Mozambique, enabling it to provide efficient help in these devastated areas of the country.

For example, the island of Ibo off Mozambique's eastern coast was flattened by Cyclone Kenneth. Three schools and the local health center were destroyed. UNICEF provided the local population with tents and is helping them with the reconstruction process.

Among the people I got to know on the island were Ussene and his family. They lost everything: Their house was completely destroyed, with the roof being ripped off by the cyclone. The only thing that he and his brothers and sisters have left is a bedstead. At present they're living in temporary accommodation – but with UNICEF's help they can build a new future for themselves.

[1] Prior-year figure has been corrected.

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MANAGEMENT

CUSTOMER-RELATED
MATTERS/PRODUCT
RESPONSIBILITY

CORPORATE DIGITAL
RESPONSIBILITY

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We were able to support UNICEF's large-scale operation in Mozambique in a number of different ways. For example, 900,000 people were successfully vaccinated against cholera, preventing a major outbreak of the disease. Another important contribution was lifesaving special nutrition for children who had been left severely malnourished by the total collapse of food supplies.

UNICEF was involved every step of the way in the efforts to help the population. Children living in overcrowded emergency shelters or away from their own homes are exposed to the risk of illness, exploitation, and abuse. The progress made with reconstruction following the cyclones has been impressive, but the road back to normality will still be a long one: Since more than 80 percent of the population depends on agriculture as their main source of income, there is a risk that food supplies will remain uncertain until the next harvest season in 2020.

Support for Refugees

Social Integration Through Labor Market Integration

Integrating people who have fled from war or destruction continues to pose challenges for our society: providing them with what they need, overcoming language barriers, and ensuring their cultural and economic integration. United Internet's integration measures focus on refugees' current requirements, which is why they have repeatedly been adapted in recent years.

The initiative started back in 2015, when staff provided a variety of "1&1 Welcome" offerings (e.g. music, sport, leisure activities, and redecorating lodgings) to refugees in initial accommodation centers to help make the transition to their new surroundings go more smoothly. Shortly afterwards we launched "1&1 Language", which set up contact points near the accommodation centers to enable them to learn German. Once the accommodation centers closed, demand for these initiatives also changed.

This is why we have focused since March 2016 on "1&1 Fit for Job". This qualification program helps refugees get ready for the German labor market, supplementing state and local measures. Our offices in Montabaur, Karlsruhe, and Munich offer a module range of courses that provide participants with a general overview of office work, the cultural environment and job profiles in our Company, plus practical training on how to apply for jobs and on PC skills. The lecturers and trainers are qualified Company staff who can spend up to 10% of their working time on this. In addition to the core team, more than 190 volunteers have participated to date in our "1&1 Fit for Job" initiative.

Almost 400 refugees and migrants have now taken part in "1&1 Fit for Job". More than 130 of them did internships in United Internet Group companies after graduating from the program.

Continuously Changing Commitment

In 2017, the focus of our work changed again to accommodate participants' changing needs. In line with this, we held more follow-up events, which increasingly centered around working with PCs and job application courses.

2018 saw yet another adjustment in the number of participants and the formats used (training program, follow-up events, internship programs, customized internships, mentoring program, employer events, network creation), since both the previous target group and the general political and social situation have changed. Today there is much less need for serial training courses and much more for focused job preparation, and for assistance in entering the job market.

Whereas internships can provide an impression of the working world in Germany, we feel that only vocational training actually allows participants to establish careers. This is why 30 refugees are currently undergoing vocational training with us, flanked by in-depth learning support, language training, and mentoring. The success of the initiative can be seen from the fact that, in 2019, seven refugees successfully completed their vocational training and six of them were subsequently given jobs in United Internet Group companies.

We also continued expanding our networking activities and cooperation with other companies in 2018. We reported on the positive experiences from our refugee training activities at networking events held together with Germany's Chamber of Industry and Commerce (IHK) and the Federal Employment Agency, among other organizations, and discussed the next steps to be taken together. We further intensified this fruitful cooperation in 2019, and aim to continue it in 2020 with the goal of optimizing

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the integration of refugees not only at our own enterprise, but also at public authorities and other companies.

In addition, we shall increasingly dovetail our offerings with existing standard processes in 2020. This will involve selectively expanding the latter on a needs-driven basis where it appears necessary and sensible to do so. For example, we feel that language training is a real value driver, since language skills are often the deciding factor as to whether an intern or vocational trainee is subsequently offered a permanent position and hence has a real chance of a job.

We shall therefore continue to focus our offering in 2020 on three core areas that are currently needed: assistance in preparing for vocational training, support for vocational training, and support in entering the job market:

- The first core area is assistance in preparing for vocational training and helping refugees to find work and becoming integrated on the job market. Among other things, we offer courses on Microsoft Office programs and beginner-level programming. In addition, we aim to establish a careers advice service and provide more long-term internships.

- The second core area consists of needs-driven on-the-job support during vocational training. For example, colleagues support school student by acting as business studies mentros.

- The third core area is designed to assist qualified refugees become established on the job market. One special internal offering here takes the form of long-term internships plus additional language training.

This strategy was developed together with our existing and new partners and network contacts for our Montabaur, Karlsruhe, and Munich locations. In addition, we have extended parts of our offering to people without a migrant background; this promotes joint learning and hence facilitates integration.

ANNEX

GRI Content Index and CSR-RUG Disclosures (I)

The GRI Content Index maps all GRI disclosures made to the relevant sections of this report. This report has been prepared in accordance with the GRI Standards: Core option. All GRI disclosures relate to the 2016 GRI Standards. The topic-specific disclosures in part (II) of the table have been assigned to the aspects in the German CSR Directive Implementation Act (CSR-Richtlinien-Umsetzungsgesetz – CSR-RUG).

GRI 102: General Disclosures

GRI Standard number	GRI Standard title	Reference to relevant sections of the report / other sources, comments	Page number
ORGANIZATIONAL PROFILE			
GRI 102-1	Name of the organization	Company profile	6
GRI 102-2	Activities, brands, products, and services	Company profile	6ff.
GRI 102-3	Location of headquarters	Publication Details	107
GRI 102-4	Location of operations	Company profile	6ff.
GRI 102-5	Ownership and legal form	AR: Business development	
GRI 102-6	Markets served	Company profile; AR: United Internet at a glance; Business development; General economic and sector conditions; Opportunity Report	6ff.
GRI 102-7	Scale of the organization	Company profile; Our Human Resources Strategy and HR Organization	6ff. 53ff.
GRI 102-8	Information on employees and other workers	Our Human Resources Strategy and HR Organization; Employee Diversity	53ff. 62
GRI 102-9	Supply chain	Description of Our Supply and Value Chain	83f.
GRI 102-10	Significant changes to the organization and its supply chain	Company profile; AR: Business model; Business development	6ff.
GRI 102-11	Precautionary Principle or approach	Risk Management; Compliance and Anti-corruption; AR: Declaration on Company Management /Corporate Governance Report; Risk, opportunity and forecast report	10 10ff.
GRI 102-12	External initiatives	Stakeholder Dialog; Corporate Digital Responsibility (Gaia-X); United Internet as an Employer (Top Employers Institute; Fair Company Initiative; Deutschlandstipendium; Diversity Day; Komm, mach MINT); Our Social Commitment (UNICEF)	18f. 46 56 59ff. 75f. 91ff.
GRI 102-13	Membership of associations	Stakeholder Dialog;	19

STRATEGY

| GRI 102-14 | Statement from senior decision-maker | Interview with Frank Krause | 4f. |

ETHICS AND INTEGRITY

| GRI 102-16 | Values, principles, standards, and norms of behavior | The Basis for Acting Responsibly; Compliance and Anti-corruption; Our Values and Guidelines; Our Values and Corporate Culture | 9 10ff. 54ff. |

GOVERNANCE

| GRI 102-18 | Governance structure | The Basis for Acting Responsibly; AR: | 9f. |
| GRI 102-20 | Executive-level responsibility for economic, environmental, and social topics | Sustainability Management | 18 |

STAKEHOLDER ENGAGEMENT

GRI 102-40	List of stakeholder groups	Stakeholder Dialog; Process Used to Define Material Topics	18f. 103ff.
GRI 102-41	Collective bargaining agreements	Fair Pay	64
GRI 102-42	Identifying and selecting stakeholders	Stakeholder Dialog; Process Used to Define Material Topics	18f. 103ff.
GRI 102-43	Approach to stakeholder engagement	Stakeholder Dialog; Process Used to Define Material Topics	18f. 103ff.
GRI 102-44	Key topics and concerns raised	Definition of Materiality: Topics and Action Areas; Stakeholder Dialog; Process Used to Define Material Topics	13f. 18f. 104f.

REPORTING PRACTICE

GRI 102-45	Entities included in the consolidated financial statements	Our Vision; About this report: Reporting Period, Reporting Cycle, and Scope of Application	6ff. 106
GRI 102-46	Defining report content and topic Boundaries	Definition of Materiality: Topics and Action Areas; Process Used to Define Material Topics	13f. 101ff.
GRI 102-47	List of material topics	Materiality Analysis: Topics and Action Areas	13f.
GRI 102-48	Restatements of information	New Development; In addition, new representations are marked at the respective places.	13
GRI 102-49	Changes in reporting	New Developments	13
GRI 102-50	Reporting period	About this Report: Reporting Period, Reporting Cycle, and Scope of Application	106
GRI 102-51	Date of most recent report	About this Report: Reporting Period, Reporting Cycle, and Scope of Application	106
GRI 102-52	Reporting cycle	About this Report: Reporting Period, Reporting Cycle, and Scope of Application	106
GRI 102-53	Contact point for questions regarding the report	Publication Details	107
GRI 102-54	Claims of reporting in accordance with the GRI Standards	GRI Content Index	96ff.
GRI 102-55	GRI Content Index	GRI Content Index	96ff.
GRI 102-56	External assurance	About this Report: Preparation, Publication, and Examination of the Sustainability Report	106

GRI Content Index and CSR-RUG Disclosures (II)

Topic-specific Standards 2016 (GRI 200 – Economic, GRI 300 – Environmental, GRI 400 – Social) and Management Approach (GRI 103)[1]

GRI Standard number	GRI Standard title	Reference to relevant sections of the report / other sources, comments	Page number
SOCIAL MATTERS			
GRI 103	**Management Approach**	**OUR SOCIAL COMMITMENT**	**89ff.**
GRI 203	**Indirect Economic Impacts**		
GRI 203-1	Infrastructure investments and services supported	Company profile	6ff.
GRI 203-2	Significant indirect economic impacts	United Internet for UNICEF	92
ANTI-CORRUPTION AND BRIBERY			
GRI 103	**Management Approach**	**Compliance and Anti-corruption**	**10ff.**
GRI 205	**Anti-corruption**		
GRI 205-2	Communication and training about anti-corruption policies and procedures	Compliance and Anti-corruption	11
GRI 205-3	Confirmed incidents of corruption and actions taken	Compliance and Anti-corruption	11
ENVIRONMENTAL MATTERS			
GRI 103	**Management Approach**	**CLIMATE AND ENVIRONMENTAL PROTECTION**	**67ff.**
GRI 201	**Economic performance**		
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Climate and environmental protection	67f.
GRI 301	**Materials**		
GRI 301-1	Materials used by weight or volume	Material Consumption and Logistics; Employee Mobility	74ff. 78ff.
GRI 302	**Energy**		
GRI 302-1	Energy consumption within the organization	Energy consumption; Employee Mobility	69ff. 78ff.
GRI 302-2	Energy consumption outside of the organization	Energy consumption; Emissions from Shipping Distances Employee Mobility	69ff. 77f. 78ff.
GRI 302-3	Energy intensity	Energy consumption	69ff.
GRI 302-4	Reduction of energy consumption	Energy consumption	69ff.
GRI 305	**Emissions**		
GRI 305-1	Direct (Scope 1) GHG emissions	Energy consumption; Employee Mobility	69ff. 78ff.
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Energy consumption; Employee Mobility	69ff. 78ff.
GRI 305-3	Other indirect (Scope 3) GHG emissions	Material Consumption and Logistics; Employee Mobility	69ff. 74ff. 78ff.
GRI 308	**Supplier Environmental Assessment**	**UNITED INTERNET AS A BUSINESS PARTNER**	
GRI 308-1	New suppliers that were screened using environmental criteria	Cooperation with Our Business Partners	85ff. 87f.
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Impacts on the Value Chain	84ff.

EMPLOYEE MATTERS

GRI 103	**Management Approach**	UNITED INTERNET AS AN EMPLOYER	**52ff.**
GRI 401	**Employment**		
GRI 401-1	New employee hires and employee turnover	Our Human Resources Strategy and HR Organization; Employee Diversity	53f. 62
GRI 403	**Occupational Health and Safety**		
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety; Employee Absences in Figures	66
GRI 404	**Training and Education**		
GRI 404-1	Average hours of training per year per employee	Training and Education: Training and Education in Figures	58f.
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Training and Education: Development and Prospects; Personal Development Opportunities	56f. 57f.
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Training and Education: Development and Prospects	56ff.
GRI 405	**Diversity and Equal Opportunity**		
GRI 405-1	Diversity of governance bodies and employees	Corporate Governance; Diversity and Equal Opportunities	9; 60ff.
GRI 405-2	Ratio of basic salary and remuneration of women to men	Fair Pay	64
GRI 406	**Non-discrimination**		
GRI 406-1	Incidents of discrimination and corrective actions taken	Diversity and Equal Opportunity	60ff.

RESPECT FOR HUMAN RIGHTS

GRI 103	**Management Approach**	**Compliance and Anti-corruption;**	**10ff. 83ff. 86ff.**
GRI 408	**Child labor**		
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Cooperation with Our Business Partners: Human and Labor Rights	87
GRI 409	**Forced or compulsory labor**		
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Cooperation with Our Business Partners: Human and Labor Rights	87
GRI 414	**Supplier Social Assessment**		
GRI 414-1	New suppliers that were screened using social criteria	Cooperation with Our Business Partners	85ff.; 87
GRI 414-2	Negative social impacts in the supply chain and actions taken	Impacts on the Value Chain; Responsibility for Human Rights Due Diligence; Code of Conduct for Business Partners	84f. 85f.; 87

CUSTOMER MATTERS

GRI 103	**Management Approach**	Customer-related Matters and Product Responsibility	**20ff.** **34ff.**
GRI 416	**Customer health and safety**		
GRI 416-1	**Assessment of the health and safety impacts of product and service categories**	Product Responsibility	**32f.**
GRI 417	**Marketing and Labeling**		
GRI 417-1	Requirements for product and service information and labeling	Transparency Initiative at 1&1 IONOS; Responsibility for Youth Protection; Information Protection Measures; Product Security; Material Consumption and Logistics, particularly Customer Hardware	29ff. 32f. 38ff. 41ff. 74ff.
GRI 418	**Customer Privacy**		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Ensuring data privacy at United Internet	37

(1) The description of the management approaches in accordance with GRI 103 covers GRI Standards 103-1, 103-2, and 103-3. In addition to the GRI requirements, the description of the management approaches complies with the statutory requirements for the presentation of the policies pursued in relation to the non-financial aspects.

Overview of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Element	Recommendation	Chapter/section, cross-reference
Governance	Governance around climate-related risks and opportunities	Climate and environmental protection management approach
Strategy	Actual and potential impacts of climate-related risks and opportunities on the business (areas), strategy, and financial planning	Climate and environmental protection management approach
Risk Management	How the organization identifies, assesses, and manages climate-related risks	Climate and environmental protection management approach; "Risk Management" (AR)
Metrics and Targets	Metrics and targets used to assess and manage relevant climate-related risks and opportunities	KPIs in chapter entitled "Climate and Environmental Protection"

About This Report

This Sustainability Report is addressed to all United Internet stakeholders. These comprise in particular investors, analysts, customers, employees, business partners, NGOs, political representatives, and the general public.

Report Structure, Methodology, and Frameworks

This Sustainability Report contains United Internet's consolidated non-financial statement as required by the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG) (sections 315b and 315c in conjunction with section 289c of the German Commercial Code (Handelsgesetzbuch – HGB)). The consolidated non-financial statement and the non-financial statement for the parent company, United Internet AG, have been combined in this separate non-financial report.

This report contains the statutory and supplementary disclosures for the material aspects for United Internet: environmental matters, employee-related matters, social matters, respect for human rights, and anti-corruption and bribery matters. This list of the minimum aspects required by the CSR-RUG has been supplemented by "customer-related matters". These are material for United Internet and must therefore be reported. In addition to customer satisfaction, customer-related matters include information security, data protection, and digital transformation in general – all of which are particularly relevant to the sector. This is why these topics are presented in a separate chapter entitled "Corporate Digital Responsibility."

The disclosures on diversity required by the CSR-RUG can be found in the Management Report in the United Internet Group's Annual Report.

In addition to the CSR-RUG, our reporting is based on the internationally recognized Sustainability Reporting Standards published by the Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI Standards: Core option. Both the CSR-RUG and the GRI Standards expect information to be presented on how the material topics and their impacts are managed, and in particular the associated goals and measures, and the procedures used for risk identification and mitigation. The CSR-RUG uses the term "policy" ("Konzept") in this context, whereas the GRI talks about the "management approach." The latter term is used in this report, as our objective is to prepare a sustainability report that complies with the GRI Standards and that contains the non-financial statement. Consequently, the "management approaches" in this report include the CSR-RUG's "policies." In addition, we have applied the European Commission's Guidelines on non-financial reporting, which build on Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups – the European Directive underlying the CSR-RUG.

Process Used to Define Material Topics

We applied the Materiality principle when defining the report content and considered the expectations of our stakeholders. The main requirements used to define the material topics were those set out in the GRI Standards, the CSR-RUG, and the abovementioned EU Guidelines. We observed the GRI Reporting Principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness during the definition process.

GRI 102-46

Definition of Materiality

Since these frameworks are based on different definitions of "materiality", the analysis takes a variety of viewpoints into account (see also the figure).

Sustainability reports prepared in accordance with the GRI Standards must define material topics using the following two dimensions:
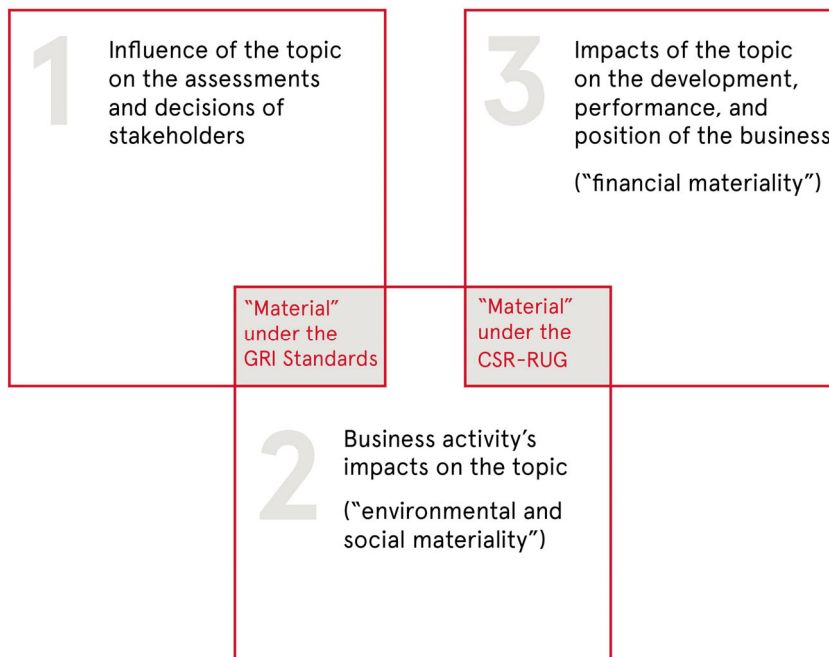
■ Their influence on the assessments and decisions of stakeholders and/or

■ The significance of the economic, environmental, and social impacts of the organization's activities

The CSR-RUG and the EU Guidelines require at a minimum disclosures to be made on the non-financial aspects of environmental, social and employee matters, anti-corruption and bribery, and respect for human rights that are necessary to understand

■ the development, performance, and position of the organization's business and

■ the impact of its operations on the abovementioned aspects.

The term "double materiality" is used to describe this combination of financial materiality on the one hand and environmental and social materiality on the other.

Definition of Materiality in the GRI Standards and the CSR-RUG

1 Influence of the topic on the assessments and decisions of stakeholders

3 Impacts of the topic on the development, performance, and position of the business

("financial materiality")

"Material" under the GRI Standards

"Material" under the CSR-RUG

2 Business activity's impacts on the topic

("environmental and social materiality")

In order to do justice to both definitions, we evaluated the following criteria to define the material topics at the United Internet Group.

1. Influence on the Assessments and Decisions of Stakeholders

Stakeholder Survey
Our 2016 stakeholder survey consisted of two phases. In a first step, more than 40 managers from different areas of the United Internet Group pooled their expertise to assess which sustainability topics are material for United Internet. The analysis used the topics suggested by the GRI, which also include the non-financial aspects from the CSR-RUG.

In a second step, this internal, employee-oriented viewpoint was then supplemented by an online survey of external stakeholders. Stakeholder identification was based on the AA1000 Stakeholder Engagement Standard (SES). The survey polled representatives of our relevant stakeholder groups: investors/analysts, business partners/customers (including wholesale partners and outsourcing providers), other suppliers, and industry associations.

The results allowed us to identify topics that our internal and external partners consider to be material.

Supplementary Analysis of Capital Market Requirements and Frameworks
In the reporting period, we also analyzed what sustainability expectations United Internet currently has to meet to satisfy investors, ESG ratings, and analysts, along with recent frameworks, standards, and initiatives. Firstly, this ensures that we can meet the requirements of the capital markets – which are becoming increasingly interested in ESG topics and which are a key target group for the Sustainability Report. Secondly, it helps ensure that our materiality analysis remains up to date, since innovations are often rapidly reflected in capital market decisions and in initiatives.

The following new key reference items have been included in this Sustainability Report: a number of ESG ratings, assessments, and investor queries; the United Nations' Sustainable Development Goals (UN SDGs, also referred to as the "Global Goals"); the European Commission's revised Guidelines on non-financial reporting, which form part of the EU's Sustainable Finance Action Plan (including the Supplement on reporting climate-related information that was published in 2019); and the 2017 recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on linking climate-related reporting with financial information.

As a result, we were able to expand the list of topics derived from our direct stakeholder survey and identify those topics that are particularly relevant at present.

2. Business Activity's Impacts

The GRI Standards, the CSR-RUG, and the EU Guidelines all define "impacts" as the economic, social, and/or environmental effects that an organization's activity has on the goal of sustainable development. This represents "environmental and social materiality," which can be of interest to consumers, employees, business partners, municipalities, civil society organizations, and society as a whole.

We adopted as broad a social perspective as possible on our organization and our sector when defining United Internet's potential impacts on society and the environment. To do this, we analyzed frameworks, standards, initiatives, agreements, studies, and research results, among other things – including materials with a sector-specific focus, where applicable. Examples include the UN SDGs (which we also examined from a sector-specific perspective), the UN Global Compact, the Paris Agreement,

and studies and discussion papers produced by civil society organizations and research institutions. We comply with the CSR-RUG in the process and examine the potential impacts of our own business activity, products and services, and business relationships.

3. Impacts on the Development, Performance, and Position of the Business

The main criterion that we used to assess business relevance was whether a particular topic is included in the United Internet Group's financial reporting. We focused primarily on the Report on Risks and Opportunities in this context, although we also looked at other areas of the annual reporting. The sustainability topics identified in this way are considered to be directly relevant to the business.

See TCFD Report.

We then widened this analysis by consulting the expanded definition of risk used in the EU Guidelines. Our objective is to ensure a broader time frame along the entire value chain. The risk types included in the TCFD recommendations – which cover political, legal, technological, market, and reputational risk in addition to physical risk – can be used for this.

Next, we started the process of identifying such risks by taking a look at regulatory developments. Among other things, these include the EU Sustainable Finance Action Plan, along with Germany's decision to introduce carbon pricing and its National Action Plan to implement the UN Guiding Principles on Business and Human Rights, followed by the federal government's plans to make human rights and the supply chain a core focus of Germany's presidency of the Council of the European Union in the second half of 2020.

See Global Risks Report 2020.

We also examined overarching data and research results on risks. For example, the top five global risks in terms of likelihood listed in the World Economic Forum's Global Risks Report 2020 are by now all environmental and climate-related. For the fourth year in a row, the top five risks in terms of severity of impact include four from the environment and society categories (with the number one risk being "failure of climate change mitigation and adaption"). By contrast, economic risks have declined in importance over recent years.

Finally, the expectations of investors, ESG ratings, and analysts as to the transparency and management of ESG topics are used as an indicator of business relevance. According to the GRI Standards and EU Guidelines, financial materiality is particularly interesting to these stakeholders[1].
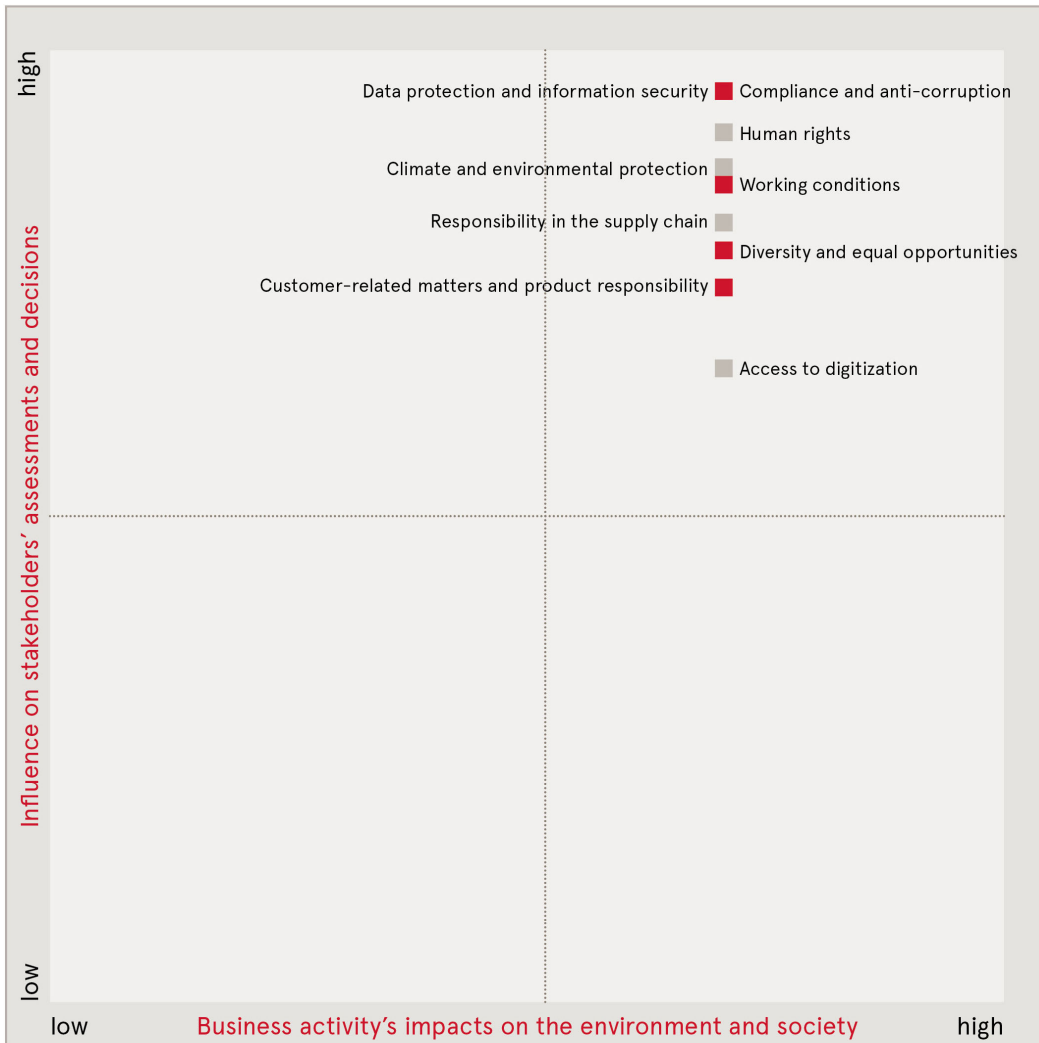
Results: Materiality Matrix

GRI 102-44

The materiality matrix shows the results of the analysis. The horizontal axis shows the impacts of United Internet's business activity on the environment and society; this dimension is common to both the GRI Standards and the CSR-RUG. The vertical axis shows the relevance of topics for stakeholders in line with the GRI Standards. The top right quadrant shows (in descending order) topics that not only represent relevant impacts by United Internet but are also important to our stakeholders. The renewed analysis of capital market players' wishes has led to a particular emphasis on these stakeholders.

The square boxes show the business relevance of the topics as defined by the CSR-RUG. Topics that have been assigned red boxes are directly relevant to the business, as can be seen from the fact that they are included in financial reporting, e.g., as part of the Risk Report. Grey boxes are used to denote

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[1] The EU Guidelines, among other things, draw attention to the fact that the various (risk) perspectives may overlap, and that the probability of their doing so is likely to increase even further in future.

Materiality Matrix: United Internet's Sustainability Topics

Data protection and information security ■ Compliance and anti-corruption
■ Human rights
Climate and environmental protection ■ Working conditions
Responsibility in the supply chain ■
■ Diversity and equal opportunities
Customer-related matters and product responsibility ■

■ Access to digitization

Influence on stakeholders' assessments and decisions — high / low

Business activity's impacts on the environment and society — low / high

■ subjects with direct business impact
■ subjects with indirect business impact

An overview of how the topics identified are linked to the non-financial aspects under the CSR-RUG and of the action areas they are addressed in is given in the section entitled "Materiality analysis: Topics and Action Areas".

In addition, the table entitled "GRI Content Index and CSR-RUG Disclosures" links the statutory requirements with the GRI requirements.

Other Reporting Requirements

The CSR-RUG also requires the principle risks to be reported that are linked to the Group's operations or to its business relationships, products, and services that are highly likely to cause material adverse impacts on the abovementioned aspects, to the extent that these risks are necessary for an understanding of the organization's development, performance, and position, and of the impacts on the abovementioned aspects. Please see the Risk Report in the Group's Annual Report, which presents the centrally managed risk management system.

In addition, there are reporting requirements relating to the most important non-financial performance indicators. Please see the chapter of the Group's Annual Report entitled "Significant Non-financial Performance Indicators", which we have used for several years to report voluntarily on our responsibility to society and the environment.

Reporting Period, Reporting Cycle, and Scope of Application

GRI 102-45
GRI 102-50
GRI 102-51
GRI 102-52

United Internet's Sustainability Report is published annually. This report covers the fiscal year from January 1, 2019, to December 31, 2019. Where appropriate, prior-period figures for fiscal years 2017 and 2018 are presented or outlooks are given, as required under the GRI Standards. Such places are specifically indicated.

Since this is the Sustainability Report for the United Internet Group, the statements it contains apply in principle to all divisions and locations, and to all subsidiaries in which United Internet holds a majority interest. Where individual disclosures do not yet apply to all companies, locations, and areas covered by this report, this is indicated. We intend to continuously expand the data pool on which the reporting is based. The previous report was published in April 2019.

Preparation, Publication, and Examination of the Sustainability Report

GRI 102-56

The non-financial statement taking the form of this Sustainability Report is prepared and published by United Internet AG's Chief Financial Officer on behalf of the Company's Management Board. In the course of its subsequent independent examination, the Supervisory Board addressed the Non-financial Report as a whole in depth and examined it for compliance with the law, propriety, and appropriateness. The Supervisory Board critically reviewed the context of the non-financial statement and discussed it with the Management Board, which was available to answer supplementary questions and provide additional information. Following its own examination, the Supervisory Board came to the conclusion that there were no grounds for any objections to the non-financial statement.

This report will be publicly available in German and English in early April 2020 as a PDF download on United Internet AG's website.

PUBLICATION DETAILS

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Note:
For technical reasons, rounding differenc compared to mathematically exact values (monetary units, percentages, etc.) may occur in tables and references.

This report is available in German and English. Both versions can be downloaded from www.united-internet.de. In cases of doubt, the German version shall prevail.