

## Report of the Supervisory Board for Fiscal Year 2017

The members of the Supervisory Board are:

- Kurt Dobitsch, Chairman of the Supervisory Board of United Internet AG, Markt Schwaben
- Kai-Uwe Ricke, Member of the Board of Directors of Delta Partners / Dubai, Stallikon/Switzerland
- Michael Scheeren, Chairman of the Supervisory Board of 1&1 Drillisch AG, Frankfurt

In fiscal year 2017, the Supervisory Board of United Internet AG fulfilled its legal and statutory duties to regularly advise the Management Board and monitor its management of the Company. The Supervisory Board was directly involved in all decisions of fundamental significance for the Company. The Management Board provided the Supervisory Board with regular and comprehensive reports, both written and oral, and also between meetings, about all relevant questions concerning corporate strategy and planning, as well as the associated risks and opportunities, the development and progress of business, planned and current investments, the status of the Company, its exposure to risk, the risk management system, and issues of compliance. The Management Board discussed the Company's strategic alignment with the Supervisory Board and presented it with a comprehensive report every quarter about the state of business, the development of sales and earnings, and the position of the Company and its business policy. This also included information about deviations between planned and actual figures. With regard to both content and scope, these reports met all statutory requirements, the standards of good corporate governance, and the criteria set by the Supervisory Board. The Management Board's reports were made available to all members of the Supervisory Board. The Chairman of the Supervisory Board was also kept regularly informed by the Management Board on all business activities, also between the meetings, and gave advice on questions of business policy. The Supervisory Board examined the plausibility of the reports provided by the Management Board, discussed their content in detail and gave a critical assessment.

The Supervisory Board comprises three members and has formed no committees.

The Supervisory Board was regularly informed by the Management Board about the internal control system, the group-wide risk management system and the Internal Audit system which it had introduced. On the basis of its own reviews, the Supervisory Board came to the conclusion that the internal control system, the group-wide risk management system and the internal audit system are fully functional and effective.

None of the Supervisory Board members holds any executive body or advisory positions with major competitors of the Company. There was no indication of any conflicts of interest involving Supervisory Board members.

In addition to the regular statutory reports, the Supervisory Board discussed and reviewed the following issues in greater detail:

- The annual financial statements and consolidated financial statements for fiscal year 2016
- The Report of the Supervisory Board to the Annual Shareholders' Meeting for fiscal year 2016 and the updated Declaration of Conformity with the German Corporate Governance Code

- Determining the Management Board's target achievement for fiscal year 2016 and approving the payment of variable compensation components, as well as agreeing new targets for the Management Board for fiscal year 2017
- The invitation to the Annual Shareholders' Meeting 2017, as well as the agenda and motions for resolutions
- The dividend proposal for the Annual Shareholders' Meeting
- Audit planning and the quarterly reports of the Internal Audit department
- The Compliance Report 2016
- The quarterly reports on risk management and the risk management strategy
- Sustainability reporting within the Group
- The setting of dates for the Supervisory Board's meetings and the financial calendar for fiscal year 2018
- The development of the proportion of women and the setting of new targets
- The regular examination of efficiency in the Supervisory Board
- The conclusion of important rental agreements
- The extension of the Management Board mandates of Mr. Ralph Dommermuth and Mr. Jan Oetjen
- The assumption of Management Board mandates for Drillisch AG by Mr. Ralph Dommermuth and Mr. Martin Witt
- The development of the company during the year
- The placing of a promissory note loan with a total amount of EUR 500 million for general company funding and the structuring of the company's funding as a whole
- The adoption of a resolution regarding the approval of the overall transaction with Drillisch AG, especially the contribution of 1&1 Telecommunication SE to Drillisch AG and the voluntary public tender offer to the shareholders of Drillisch AG
- The conclusion of a loan agreement to finance the purchase of shares tendered in the course of the voluntary public tender offer to the shareholders of Drillisch AG
- The acquisition of a further share package in Tele Columbus

#### Meetings and participation:

The Supervisory Board held four meetings during fiscal year 2017 during which the Management Board presented detailed information about the business situation and the development of the Company and Group, as well as about significant business events. The meetings were each attended by all members. In addition to the meetings, further resolutions on current topics were adopted by means of circular written consent.

## Corporate Governance

The Supervisory Board once again discussed in detail the standards of good corporate governance in fiscal year 2017, and in this connection also the German Corporate Governance Code. The Management Board and Supervisory Board issued an updated Declaration of Conformity pursuant to Sec. 161 AktG on February 20, 2018 which is permanently available on the corporate website and in the Federal Newsletter (Bundesanzeiger). Declarations of previous years can also be viewed here.

## Discussion of the annual financial statements 2017 for the Company and the Group

The Annual Shareholders' Meeting of United Internet AG on May 18, 2017 elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, based in Eschborn/Frankfurt am Main, as auditors for the fiscal year 2017. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the accounting system, the annual financial statements of United Internet AG, the consolidated financial statements according to IFRS and the combined management report for United Internet AG and the Group for the fiscal year 2017. As part of its audit of the annual financial statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft also audited and analyzed the Company's risk management system. The auditor did not detect any major weaknesses in the internal control system, Group-wide risk management system or Internal Audit system. The auditor awarded an unqualified certificate in each case.

The Supervisory Board satisfied itself as to the independence of the auditors and received a written declaration to this end.

The aforementioned annual financial statement documents, the proposal for the appropriation of profit and the auditor's report were presented to all members of the Supervisory Board in due time. The chief auditor attended the relevant meeting of the Supervisory Board on March 21, 2018, where he reported on his audits and their results, elaborated on the audit report, and answered the Supervisory Board's questions. Following its own inspection, the Supervisory Board came to the conclusion that the annual financial statements, the combined management report, the consolidated financial statements and the auditor's report gave no cause for objections. The Supervisory Board concurs with the auditor that there are no major weaknesses in the internal control and risk management system, especially with regard to the accounting process. With a resolution on March 21, 2018, the Supervisory Board approved the annual financial statements of United Internet AG, as prepared by the Company on March 21, 2018 and the consolidated annual financial statements according to IFRS for fiscal 2017, also prepared by the Company on March 21, 2018. The annual financial statements are therefore adopted pursuant to Sec. 172 AktG. The Supervisory Board supports the proposal of the Management Board concerning the allocation of retained earnings.

## Audit of the Management Board's report on relations with affiliated companies

The Management Board presented its report on relations with affiliated companies (Dependent Company Report) for fiscal year 2017 to the Supervisory Board in good time.

The report prepared by the Management Board about relations with affiliated companies was also audited by the external auditors. The following certificate was awarded in this respect:

“On the basis of our statutory examination and evaluation, we can confirm that

1. the details made in the report are accurate,
2. the Company was compensated adequately for each transaction mentioned in the report,
3. in the case of those measures mentioned in the report, there is no evidence to suggest a significantly different assessment to that provided by the Management Board.”

The external auditors submitted the audit report to the Supervisory Board. The Dependent Company Report and Audit Report were made available to the Supervisory Board in good time. The Supervisory Board reviewed the Management Board’s Dependent Company Report and the Audit Report. The Supervisory Board performed the final review at its meeting on March 21, 2018. The external auditors attended this meeting and reported on their audit of the Dependent Company Report and their main audit results, explained their Audit Report, and answered questions from members of the Supervisory Board. On the basis of our final examination, we concur with the Management Board’s Dependent Company Report and the Audit Report and have no objections to raise regarding the Management Board’s declaration at the end of the Dependent Company Report.

#### Reporting for the Sustainability Report

United Internet AG has submitted its first non-financial statement for fiscal year 2017, which will be published as part of a separate non-financial report (Sustainability Report).

The Supervisory Board of United Internet already discussed the Sustainability Report during the course of the year. As part of its own final review, the Supervisory Board dealt in detail with the non-financial statement in its entirety. The Supervisory Board scrutinized the contents of the non-financial statement and discussed it at length with the Management Board, whose members were on hand to answer additional questions and provide further information. Following its own review, the Supervisory Board came to the conclusion that the non-financial statement did not give rise to any objections.

The Supervisory Board thanks the Management Board and all employees for their outstanding commitment to the Company in fiscal year 2017.

Montabaur, March 21, 2018

For the Supervisory Board  
Kurt Dobitsch

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This document is a convenience translation of the German original. In case of discrepancy between the German and the English version, the German version shall prevail.