



**Sustainability Report
2018**

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Note:

Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.).

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

Disclaimer

This report contains certain forward-looking statements which reflect the current views of United Internet's Management Board with regard to future events. These forward-looking statements are based on our currently valid plans, estimates and expectations and only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which United Internet often cannot influence but which might cause our actual results to be materially different from these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Annual Reports of United Internet AG. United Internet AG does not intend to revise or update such forward-looking statements.

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KEY

-  Internet link
-  Glossary, definition
-  Page reference

INTERVIEW WITH FRANK KRAUSE

Dear reader,

It is now more than 30 years since the United Internet Group set out on its successful path with the founding of 1&1 EDV Marketing GmbH. Today, with around 23.85 million fee-based customer contracts and 37 million users of ad-financed free accounts provided by our WEB.DE and GMX e-mail services, United Internet has developed into one of Europe's leading internet specialists.

In the previous year, United Internet published its first Sustainability Report, which focuses on the importance and our understanding of responsible corporate management geared to sustainability. Chief Financial Officer Frank Krause explains how the report was received by readers, what has happened since and where the journey is heading.

United Internet published its first Sustainability Report last year. How did employees and other stakeholders respond to the topic?

The response was consistently positive. Of course, the preparation of a Sustainability Report involves a great deal of effort in many different areas of the company. The processes were new for everyone involved. It is therefore all the more pleasing that many employees showed interest in the report also after its publication and contributed suggestions and further topics.

We have also noticed that external stakeholders are becoming increasingly interested in our position on sustainability. For example, we are being approached by an increasing number of sustainability-oriented analysts with regard to environmental, social and governance (ESG) issues. Our aim is to be able to respond to these questions with well-founded and targeted information.

All in all, our first Sustainability Report was a successful start which gave us a firm foundation to build on for this year's report.

What changes have there been in the meantime? Which sustainability issues have come into particular focus?

For our second Sustainability Report, we not only expanded and optimized data collection, but also included further companies in our reporting. This has made us even more transparent. At the same time, this means that the current figures are only comparable with those of the previous year to a limited extent, for example with regard to our key environmental figures. It is an important task for us to add further data so that we can make reliable comparisons. This enables us to monitor and steer the development of the various topics even better.

As an internet and mobile communications provider, data protection and information security are particularly important topics for us. Last year, for example, we played a key role in setting up the European netID Foundation. As an open industry standard, netID offers users the possibility to log in to every website in Europe securely and in compliance with data privacy regulations.



“Acting sustainably as a company is a constant and enduring process. And every year we take further steps to drive our efforts forward – both in terms of content and our reporting.”

Frank Krause
Frank Krause

We are also focusing on employee matters, for example, and are currently working hard on the Workplace of the Future. This was a specific feedback from last year’s employee survey. Projects to find solutions and measures for this topic have also been initiated in our internal cross-divisional development program. In our opinion, the topic of modern work not only refers to the technical equipment provided, but also to possibilities for connecting employees with each other, and promoting innovation and co-entrepreneurship. The interest in these topics is also evident when I hold roadshows in the company and discuss ideas with our employees.

What outlook can you give for United Internet with regard to sustainability?

Sustainability is not something static – on the contrary. Acting sustainably as a company is a constant and long-term process. And every year we take further steps to drive our efforts forward – both in terms of content and our reporting. For us, this includes constantly optimizing data collection and processing as the basis of our sustainability management. At the same time, we believe it makes sense to place our business activities in a broader social context. We are therefore constantly reviewing how we can consider further recognized frameworks and initiatives and thus better incorporate the wishes and expectations of a large number of stakeholders. An important starting point here are the Sustainable Development Goals (SDGs) developed by the United Nations, which the German Federal Government is also using as the basis for its sustainability strategy. Our goal remains to highlight how we, as a mobile communications and internet provider, are contributing to achieving society’s objectives.

CORPORATE MANAGEMENT

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Our mission is
to provide access to the benefits of

DIGITIZATION

for an ever greater proportion of society.

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Company Portrait	Stakeholder Dialogue and Materiality				
Responsible Corporate Management	Compliance				
Sustainability Management	Supply Chain Human Rights				

COMPANY PORTRAIT

Our vision

The internet has firmly established itself with private users and companies as a universal medium for information, entertainment, communication, organization and e-business.

Thanks to its permanent availability from any location and the relentless rise in access speeds, the internet is steadily developing into a universal infrastructure. It serves both our information and entertainment needs as well as providing us with private and business applications – via mobile or landline networks.

Our vision is to supply private and commercial users with market-oriented information and communication products, as well as cloud and e-business applications, from our "Internet Factory" via increasingly powerful broadband mobile or landline internet connections.

By expanding our network, United Internet is enabling an ever greater proportion of society to access the benefits of digitization and move safely in the digital world.

Our business model

With 23.85 million fee-based customer contracts (prior year: 22.57 million⁽¹⁾) and 37.00 million ad-financed free accounts (prior year: 35.67 million⁽²⁾), United Internet is a leading European internet specialist.

The Group's operating business is divided into the two divisions "Access" and "Applications", which in turn are divided into the reporting segments "Consumer Access" and "Business Access", as well as "Consumer Applications" and "Business Applications".

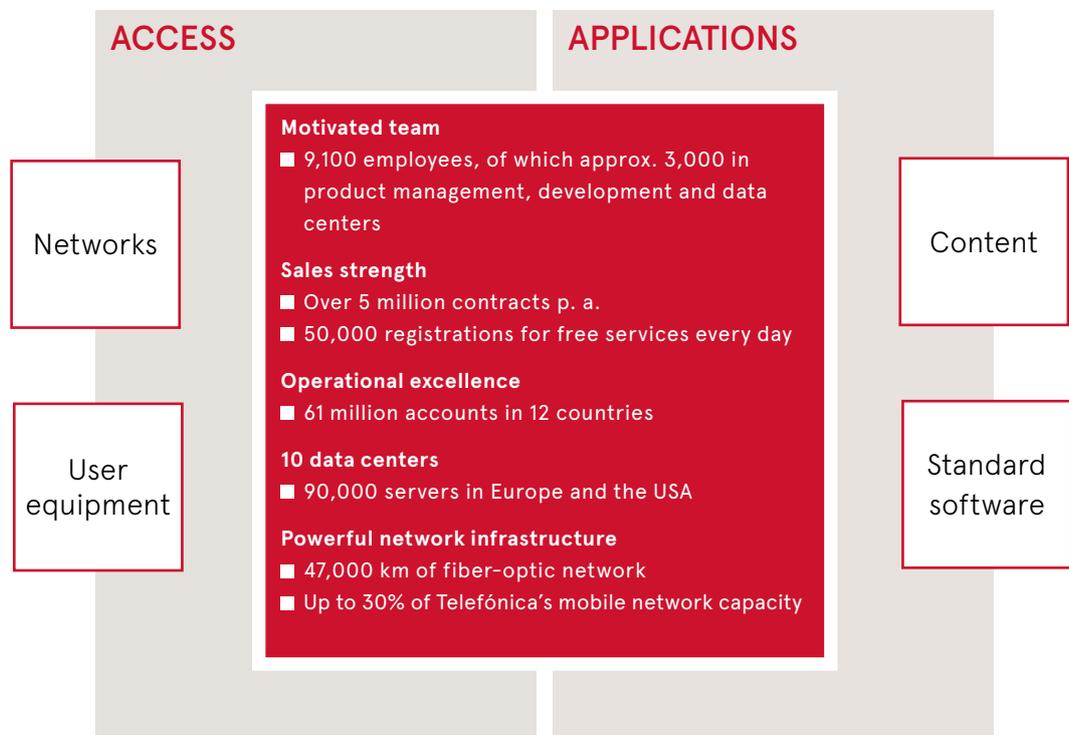
Access division

The Access division, with its two segments "Consumer Access" and "Business Access", comprises United Internet's fee-based access products for its consumer and business customers. In its consumer business, these include broadband and mobile access products with the respective applications (such as home networks, online storage, telephony, video-on-demand or IPTV), while the business segment offers data and network solutions for small and medium-sized enterprises (SMEs), as well as infrastructure services for large corporations.

(1) Figure for 2017 adjusted

(2) Figure for 2017 adjusted

With a current length of 47,013 km (prior year: 44,889 km), United Internet owns one of Germany's largest fiber-optic networks. Moreover, the company – indirectly via 1&1 Drillisch acquired in 2017 – is the only MBA MVNO in Germany with long-term rights to a share of up to 30% of the used network capacity of Telefónica Germany and thus extensive access to Germany's largest mobile network. In addition to its own landline network and privileged access to the Telefónica network, the company also purchases standardized network services from various pre-service providers. These wholesale services are enhanced with end-user devices, self-developed applications and services from the company's own "Internet Factory" in order to differentiate them from the competition.



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In its Access division, United Internet operates exclusively in Germany, where it is one of the leading providers.

Access products are marketed via well-known brands, such as 1&1, or the discount brands of Drillisch Online, such as winSIM, yourfone and smartmobile.de, which enable the company to offer a comprehensive range of products while also targeting specific customer groups.

Applications division

The Applications division, with its two segments "Consumer Applications" and "Business Applications", comprises ad-financed and fee-based application products for consumer and business customers. These applications include domains, home pages, webhosting, servers and e-shops, Personal Information Management applications (e-mail, to-do lists, appointments, addresses), group work, online storage and office software.

The applications are developed at the company's own "Internet Factory", or in cooperation with partner firms, and operated on around 90,000 servers at the company's ten data centers.

In its Applications division, United Internet is also a leading global player with activities in Europe (Germany, France, the UK, Italy, the Netherlands, Austria, Poland, Switzerland and Spain) and North America (Canada, Mexico and the USA).

Applications are marketed to specific home-user and business-user target groups via the differently positioned brands GMX, mail.com, WEB.DE, 1&1 IONOS, Arsys, Fasthosts, home.pl, InterNetX, Strato and united-domains. Via the Sedo brand, United Internet also offers customers professional services in the field of active domain management. Free apps are monetized via advertising run by the company's in-house agency United Internet Media.

RESPONSIBLE CORPORATE MANAGEMENT

Our foundation for responsible action

United Internet is committed to pursuing a sustainable business policy. In particular, the Management Board and Supervisory Board of United Internet AG regard it as their responsibility to ensure the continued existence of the company and sustainable value creation through responsible corporate governance with a long-term alignment. The company believes that its entrepreneurial activities are not solely restricted to the pursuit and implementation of economic objectives, but also involve a commitment and responsibility to society and the environment. As an access and applications provider, responsibility means ensuring that international networking and digitization benefit society while at the same time reducing the potential risks.

Our investors, customers, employees and the public expect United Internet to conduct its business according to the principles of transparency and sustainability. We therefore publish an annual Declaration of Conformity with the German Corporate Governance Code (GCGC).

The foundation for responsible corporate management are our corporate values, leadership principles and Code of Conduct, which apply to all companies within the Group. Each new employee receives a personal copy of this framework of rules during regular induction events.



<https://www.united-internet.de/en/investor-relations/corporate-governance/2018.html>

Corporate Values

Our values strengthen our self-image and shape our rules of behavior. Only a set of consistent beliefs can enable a common approach in word and deed. Our values apply when dealing with each other as well as when dealing with customers and business partners.

- Commitment to success
- Agility
- Solidity
- Fairness
- Openness
- Responsibility

Leadership Principles

"Making people successful" is our leadership philosophy. Our management guidelines include the following principles for our leaders:

- We take responsibility and display courage
- We are co-entrepreneurs
- We serve as role models
- We empower staff and challenge them to perform
- We lead via active dialogue
- We promote a strong team culture

Code of Conduct

Our Code of Conduct forms a bridge between the corporate values and our internal guidelines. It sets out briefly and concisely how to act in accordance with our values, laws and guidelines. It clarifies the key principles with the aid of examples and provides specific recommendations on how to behave when dealing with colleagues, business partners, investors, competitors, customers and the media.

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Accountability – recognizing and managing our impact on society and the environment

Our business activities, as well as our products and services, not only offer the opportunity to provide society with increasing access to digitization – they also involve risks and challenges. Our Risk Management System embraces the Precautionary Principle of the United Nations – the anticipatory handling of (environmental) risks and the reduction of the corresponding negative impacts. It enables United Internet AG to identify, evaluate, control and monitor potential risks at an early stage by means of assessments and early warning systems. We believe that responsible behavior involves recognizing and controlling the impact of our activities on society and the environment. In order to face up to this responsibility, we need to systematically examine the issues and tasks involved.

SUSTAINABILITY MANAGEMENT

Systematic expansion of accountability

The impact of our activities on the environment and society can be both positive and negative. It is our task to strengthen the positive effects and to reduce the negative effects.

With this in mind, we set up a team within the "Compliance & Sustainability" unit in 2016 to develop and improve our sustainability management and reporting. The Sustainability Team is headed by the Chief Financial Officer (CFO) of United Internet AG. The Supervisory Board of United Internet has pledged to perform its supervisory duty by conducting its own review of the Sustainability Report ("Non-Financial Statement") with regard to its legality, regularity and appropriateness.

The Sustainability Team is in regular contact with the corporate functions and the relevant departments of our operating segments. These departments provide information from their fields, assess the sustainability issues involved in their respective operations, and work on sustainability-related issues aimed at implementing United Internet's corporate responsibility across the entire Group.

In addition to this internal perspective, a further important task of the Sustainability Team is to obtain the opinions and decisions of our external stakeholders. These are taken into account when formulating sustainability management policy and determining the content of this Sustainability Report.

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STAKEHOLDER DIALOGUE AND MATERIALITY

A prerequisite for our business activities is the successful collaboration with a variety of stakeholders. We maintain a dialogue with these groups via different platforms and formats and actively seek their feedback in order to strengthen communication and cooperation.

In order to determine our material sustainability topics, we conducted a separate dialogue with selected stakeholders.



See section "Stakeholder dialogue as part of our materiality analysis" page 16

Dealing with stakeholders

- **Customers:** We systematically focus on the needs of our customers and offer high product quality and safety. We conduct our dialogue with customers via various formats, such as service discussions and customer surveys. We invite test users and test buyers to give us valuable feedback on new products.
- **Investors:** Our investors represent an important stakeholder group for United Internet. The company's Investor Relations department regularly communicates with them via personal discussions and roadshows. We repay the trust of our shareholders with open and transparent reporting. Team Baetge of the Wilhelms University of Münster, Germany, has repeatedly rated our Annual Report as the best annual report in the TecDAX index.
- **Employees:** Our employees are the key to our success. We can only continue to develop and remain successful in the long term with the aid of their knowledge, skills and dedication. As employee feedback is important to us, we regularly conduct staff surveys, introduce appropriate measures based on the findings, and inform staff about the status of their implementation.
- **Business partners:** Our business requires collaboration with a wide variety of business partners and suppliers. These include telecommunication wholesalers, hardware suppliers, call center service providers and shipping companies. We conduct personal conversations with these partners or help call center service providers, for example, to organize and conduct staff training.
- **Non-governmental organizations:** We are happy to exchange views with NGOs. We have particularly strong ties with UNICEF. For over ten years now, our own United Internet for UNICEF Foundation has been helping to collect donations and enlist new sustaining members. We place the corresponding donation appeals on our online platforms. The money collected is used by UNICEF for selected development projects or emergency aid.



See chapter "Customers" page 29



See chapter "Employees" page 57



See section "Responsibility Along the Supply Chain" page 23



See chapter "Our Social Commitment" page 93

- **Politicians and associations:** We maintain a dialogue with political decision-makers and government authorities in order to work toward a legal and regulatory framework that facilitates a successful digital economy for the benefit of society. We attach particular importance to ensuring competition as a driver of innovation, investment, and consumer benefit. We are a member of various business associations, such as VATM (the German Association of Telecommunications and Value-Added Service Providers), Bitkom (the German Association for Information Technology, Telecommunications and New Media), BREKO (the German Broadband Association) and eco (the German Association of the Internet Industry). We work closely with the Federal Office for Information Security (BSI) within the framework of the Alliance for Cyber Security.
- **Communities at our sites:** We are open for discussions with local communities, especially where our facilities are located. As an internet company, our operations do not significantly impact the local environment or the well-being of communities. However, our facilities in Montabaur or Zweibrücken, for example, create numerous jobs outside the major German cities. We also support local communities by helping with the integration of refugees in those towns where our facilities are located.



See chapter "Our Social Commitment" page 93

Stakeholder dialogue as part of our materiality analysis

Our Sustainability Report aims to make our business more transparent and provide stakeholders with an opportunity to critically examine our information and activities. Our goal is to build relationships with our stakeholders and to engage with them in the form of an open dialogue built on mutual trust.

The content of this report was determined by a materiality analysis based on the "Sustainability Reporting Standards" of the Global Reporting Initiative (GRI) and incorporates the assessments of our stakeholders. The analysis covered the topics proposed by the GRI, which also include the non-financial aspects to be reported by United Internet pursuant to the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG). In selecting the content of this report, we applied the Reporting Principles of the GRI Standards ("Stakeholder Inclusiveness", "Sustainability Context", "Materiality" and "Completeness").

Our first materiality analysis in 2016 consisted of a two-step process. In a first step, 42 executives from various departments of the United Internet Group made an assessment based on their respective expertise of which sustainability topics were relevant for United Internet. In addition to this internal, staff-oriented perspective, we then conducted an online survey among our external stakeholders in a second step to gain an external perspective on the topics. We based the selection of our stakeholders on the AA1000 Stakeholder Engagement Standard (SES) 2015. The survey participants included representatives of the relevant stakeholder groups: investors / analysts, business partners / customers (including wholesale telecommunications partners and outsourcing service providers), other suppliers, and industry associations. Moreover, we took into account recent studies, initiatives and recognized frameworks relating to corporate sustainability which led us to include the perspectives of other stakeholders, such as the media, policymakers and non-governmental organizations ("Stakeholder Inclusiveness" and "Sustainability Context" GRI principles).

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Material sustainability topics of the United Internet Group⁽¹⁾

Non-financial aspects of the CSR-RUG	Material topics identified	Section of the report
ENVIRONMENTAL MATTERS	■ Energy	■ Energy Consumption
	■ Materials	■ Material Consumption and Logistics
	■ Emissions	■ Responsibility Along the Supply Chain ■ Energy Consumption ■ Material Consumption and Logistics ■ Employee Mobility
	■ Environmental impact of our products and services	■ Responsibility Along the Supply Chain ■ Energy Consumption ■ Material Consumption and Logistics
	■ Transport	■ Material Consumption and Logistics
	■ Supplier environmental assessment	■ Responsibility Along the Supply Chain
	■ Labeling of products and services	■ Material Consumption and Logistics, esp. Customer hardware
EMPLOYEE MATTERS	■ Employment	■ Employees
	■ Non-discrimination	■ Diversity
	■ Training and education	■ Training and Education as Success Factor
	■ Diversity and equal opportunities	■ Diversity ■ Compensation and Benefits
	■ Equal pay for men and women	■ Compensation and Benefits
	■ Occupational health and safety	■ Occupational Health and Safety
SOCIAL MATTERS	■ Infrastructure ⁽²⁾	■ Company Portrait
	■ Social commitment ⁽²⁾	■ Our Social Commitment
RESPECT FOR HUMAN RIGHTS / EMPLOYEE MATTERS / ANTI-CORRUPTION AND BRIBERY	■ Supplier assessment with regard to working conditions	■ Responsibility Along the Supply Chain ■ Human Rights
ANTI-CORRUPTION AND BRIBERY	■ Compliance and anti-corruption	■ Compliance
	■ Anti-competitive behavior and legally compliant marketing	■ Compliance
CUSTOMER MATTERS	■ Customer health and safety	■ Information Security and Data Privacy ■ Customers, esp. Protection of Minors
	■ Protecting customer privacy	■ Information Security and Data Privacy
	■ Labeling of products and services	■ Customers, esp. Protection of Minors ■ Information Security and Data Privacy
	■ Customer satisfaction ⁽²⁾	■ Customers

(1) Contains multiple references to aspects and topics, if these can be assigned several times

(2) These topics were not identified as being material, but are reported voluntarily due to their importance for United Internet

In order to determine the materiality of the individual sustainability topics for reporting, we defined two guiding criteria in accordance with the GRI Standards ("Materiality" GRI principle):

- influence of the topic on the assessments and decisions of stakeholders and
- significance of the economic, environmental and social impacts of United Internet's business activities.

The sustainability topics we identified were then supplemented by the topic customer satisfaction and Social Matters, which are also material for United Internet. The overview on the previous page shows how the identified topics correspond to aspects of the CSR-RUG, and in which sections of the report we discuss these topics and their Boundaries ("Completeness" GRI principle).

Our sustainability action fields

We compared the results of the materiality analysis with our business strategy and identified the following action fields: Customers, Information Security and Data Privacy, Employees, Environment, Business Partners, and Social Commitment.



See chapter "Customers"
page 29

- **We treat our customers in a fair and transparent manner – delighting them with our performance and service**

Customer demands regarding internet access and applications are growing steadily. The broadband connections made possible by our growing fiber-optic network ensure ever-faster data traffic. In order to provide increasingly powerful and comprehensive services, we are steadily expanding our investment portfolio – for example via the mergers with Strato AG and Drillisch AG in 2017. The feedback and satisfaction of our customers is particularly important to us as it helps us to monitor product and service quality and invest in the right trends. We strive to raise customer satisfaction via numerous initiatives, such as new product and tariff offerings and improved service. Only satisfied customers provide us with the long-term relationships we need to ensure the sustainability of our business model. Our aim is to conclude contracts with enlightened customers and to provide them with clear and understandable information during the ordering process without any further intermediate steps.



See chapter
"Information Security
and Data Privacy"
page 45

- **We are enhancing information security and data privacy throughout the network – with responsible technologies which minimize risks and dangers**

As the trend toward digitization progresses, the technical and legal risks for every user, such as data loss or theft, also increase – necessitating ever more reliable and efficient connections for large data transfers and security mechanisms for the internet. In order to ensure the safe transfer of data, we have been using end-to-end encryption for e-mails since 2013 and introduced end-to-end encryption for the cloud content of our customers in 2017. Our geo-redundant data centers ensure that the data entrusted to us remains available even in the event of an outage at one particular site. We strive to steadily improve security within our organization and for our customers.

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■ **We promote the development of our employees – enabling growth through change and responsibility**

Our employees meet the company’s demands for growth and innovation with their high level of commitment and dedication. They are assisted by a corporate culture characterized by mutual support and flat hierarchies to accelerate decision-making processes. We strive to create a work environment that allows each individual to contribute their expertise, while giving them the necessary space and opportunities to develop their skills.



See chapter “Employees” page 57

■ **We protect the environment – with efficiency measures designed to reduce our environmental impact**

United Internet’s energy consumption and the associated CO₂ emissions affect our environment and the climate. Our data centers and fiber-optic network are the largest consumers of energy within our organization. United Internet operates energy-efficient data centers and uses electricity from renewable sources to reduce the impact of its operations on the environment and the Earth’s climate. We have been investing in the sustainable use of energy and the reduction of CO₂ emissions since 2007 – for example with measures to increase energy efficiency, the use of renewable electricity, and compensation of non-renewable electricity. Our aim is to constantly reduce the environmental impact of our business activities.



See chapter “Environment” page 77

■ **Strengthening our business relationships – fair partnerships to create a common added value**

As an Internet Service Provider (ISP), we work together with a large number of business partners. These include IT hardware manufacturers, as well as sales and shipping service providers. It is of fundamental importance to us that we ensure the integrity of our business partners in order to avoid potential liability risks or reputational damage, while at the same time establishing trust for long-term partnerships. We strive to treat our business partners fairly and to make both sides accountable for their actions.



See section “Responsibility Along the Supply Chain” page 23

■ **Our commitment to society – contributing to stability and future viability**

Entrepreneurial success is only possible in a functioning society. As part of society, we feel obliged to contribute toward its stability and future viability. To this end, the United Internet for UNICEF Foundation supports the global projects of UNICEF – the United Nations Children’s Fund. In addition, we have established and adapted a number of measures to help refugees integrate into German society since late 2015, e.g. our 1&1 Fit for Job training program. This relies on the voluntary commitment of our employees, who can devote up to 10% of their weekly working hours to refugee aid measures.



See chapter “Our Social Commitment” page 93

Developments in our action fields

As part of our commitment to responsible corporate management, we have planned the following measures and targets for the years 2018 and 2019:

Measures/targets	Status ⁽¹⁾
SUSTAINABILITY MANAGEMENT	
Conduct a new materiality analysis	Preparation
Expand stakeholder dialogue: conduct customer survey	Implementation
CUSTOMERS	
Intensify and strengthen cross-functional cooperation	Ongoing
INFORMATION SECURITY AND DATA PRIVACY	
Further development and expansion of our Information Security Management System	Ongoing
Further development of security measures in internal IT service	Ongoing
EMPLOYEES	
Diversity:	
Implement our 5-point plan to reach a share of 18% women in the top two management levels	Implementation
Expand our concept on handling and promoting diversity	Implementation
Training:	
Standardize monitoring of our training measures	Implementation
Health management:	
Continue and expand our health program	Implementation
ENVIRONMENT	
Implement further energy efficiency measures	Ongoing
Reduce CO ₂ emissions caused by fuel consumption	Ongoing
Identify further potential savings in electricity and materials	Ongoing
BUSINESS PARTNERS	
Implement business partner review on the basis of our Business Partner Code	Implementation

(1) Further information is provided in the respective chapters or sections

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COMPLIANCE

Acting in accordance with rules and values

For United Internet, compliance means adhering to both legal requirements and our own internal guidelines, as well as acting in accordance with our corporate values. Compliance therefore targets the legally and ethically compliant behavior of all employees.

In order to guarantee ethically compliant behavior across the entire Group in accordance with the respective local legislation, the Management Board of United Internet AG has set up a Compliance Management System. Responsibility for compliance management lies with the Group General Counsel, who in turn reports directly to the CFO of United Internet AG. Compliance is part of a holistic Risk Management System which not only includes the functions Corporate Governance, Risk Management & Compliance (GRC), but also the Corporate Audit and Legal Department. By pooling these GRC functions, a common management can utilize and link the various content-related and process-related interfaces. Compliance managers are appointed for the operating business divisions and segments, as well as for foreign companies. They assume this compliance role in addition to their normal responsibilities and provide support, for example, with the implementation of compliance measures.

The overarching objective of our compliance activities is to prevent compliance violations. We aim to integrate compliance into our business processes and reduce liability risks for the company. This objective is achieved by means of a risk-oriented Compliance Management System – along the three action levels “Prevent”, “Detect”, and “Respond”. The focus of our compliance work is on “Prevention”, whereby the keys to success are transparent rules, clearly understandable processes, and well-informed employees.

As the foundation for legally and ethically compliant behavior, our Code of Conduct summarizes the most important rules, clarifies them with the aid of examples, and gives specific recommendations on how to deal with colleagues, customers, business partners, competitors, shareholders, government authorities, and the media. At the same time, the Code provides links to the most important internal guidelines and thus provides quick orientation for all employees.

Our Code of Conduct includes rules on fair competition and anti-corruption. It clearly specifies that we aim to outperform our competitors in a fair and honest way and do not undertake any unfair practices aimed at preventing, restricting or distorting competition. This rule is underlined by our corporate value “Fairness”. The Code of Conduct also makes our anti-corruption requirements transparent.

We do not tolerate corruption – no matter where, to whom, or for what reason. The direct or indirect offering or granting of undue benefits (bribery), as well as demanding or accepting such benefits (corruption), is therefore prohibited. These rules are laid down in our anti-corruption guidelines. United Internet has also introduced processes aimed at avoiding corruption. These include approval procedures for dealing with gifts and reliable reporting channels for employees with trustworthy contact persons outside their immediate working environment. In the reporting period, and the year before, there were no incidents in which corruption was confirmed following examination of initial suspicion.

In the fiscal year 2018, the Compliance department introduced an e-learning course on the Code of Conduct in order to communicate its contents and rules of behavior to employees in a more interactive and effective manner. As of December 31, 2018, the number of employees at our German sites who had completed the mandatory training course and passed the final test stood at 4,640 – corresponding to an attendance rate of 92.3%. The e-learning program is due to be rolled out for staff at our non-German sites in 2019.

We measure the success of our compliance efforts both in terms of the measures taken and the maturity level of our Compliance Management System. The measures-based performance indicators include, for example, attendance rates for training, the number of approvals as part of compliance processes, such as anti-corruption, and the findings from our internal investigations and compliance audits. The maturity of our Compliance Management System is measured, for example, via in-house surveys in which we also identify potential for improvement.

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Company Portrait	Stakeholder Dialogue and Materiality				
Responsible Corporate Management	Compliance				
Sustainability Management	Supply Chain				
	Human Rights				

RESPONSIBILITY ALONG THE SUPPLY CHAIN

Impact of our activities along the supply chain

As an access and application provider, we offer internet-based applications for consumers and business clients – both as stand-alone products in the Applications division and in combination with landline and mobile access products in the Access division. The purchase of wholesale services places high demands on the corresponding business relationships.

United Internet's business partners supplied goods and services worth approximately € 2,769,030k in 2018 (prior year: € 2,186,888k).

Goods and services purchased (€k)	2016	2017	2018
Cost of services ⁽¹⁾	1,636,460	1,797,412	2,066,047
Cost of goods ⁽²⁾	396,276	389,476	702,983
Total	2,032,736	2,186,888	2,769,030

(1) The scale of the item "cost of services" illustrates the extent to which United Internet places sales-relevant orders with third parties

(2) All goods purchased with a direct relationship to sales revenue are included in the item "cost of goods"

Simplified overview of United Internet AG's supply chain:



United Internet procures both physical and virtual pre-services in its upstream supply chain. The physical pre-services include terminals and servers, while virtual pre-services include network services, domains and licenses. United Internet meets its sales and customer service needs via its own call centers as well as by using external service providers. A further group of downstream business partners are the shipping service providers, who are responsible for delivering devices to the customer. In order to recycle old equipment or ensure its environmentally sound disposal, United Internet has also entered into partnerships with specialist providers.

There are various effects on the environment and society along the supply chain: the provision of infrastructure and telecommunications services, as well as the related transportation, and the use of products and services all have an impact on the environment via energy consumption and the resources used. The outsourcing of sales and customer services has social implications and places high demands on our service providers with regard to data privacy and information security, as well as labor standards.

Dealing with business partners

The United Internet Group has established various processes for selecting, auditing and rating its business partners. Our aim is to unify these procedures and implement a risk-oriented business partner review process.

In fiscal year 2018, we designed a business partner review process, as well as identifying and evaluating possible solutions. We also conducted an initial risk analysis of active existing suppliers, the final result of which is still pending at the time of preparing this report. On this basis, we intend to drive the implementation of our risk-oriented business partner review process in fiscal year 2019.

Measures and instruments for call center service providers

In the reporting period, United Internet expanded the reporting channels in order to give external call center agents the opportunity to report any violation of the law. The new reporting channel offers employees of our outsourcing service providers (external call center service providers) the opportunity to report any cases of fraud they observe as part of their support and sales activities.

In 2016, United Internet's Access division introduced a systematic review of its outsourcing service providers. The main feature of this review is a self-assessment by the provider based on topic-related question catalogues and United Internet's subsequent analysis and evaluation of the responses. The standardized audit focuses on the organizational, financial and legal situation of the contracted service providers. This enables the acquisition of data on compliance and the internal control system. In the reporting period, this audit was extended to all business divisions with outsourcing activities.

In order to avoid fraud among providers of outsourced support and sales services, we have defined binding rules which have been agreed with our partners. We have also implemented an internal control function to check for suspicious activities of both external and internal call center employees.

The results of the audit are documented in an audit report and addressed to the management team responsible for implementation in the form of specific recommendations. In the fiscal year 2018, a total of 6 (prior year: 6) outsourcing providers were audited. No evidence of any negative effects was detected with regard to the social aspects: labor practices, human rights and compliance.

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CORPORATE MANAGEMENT				
Company Portrait	Stakeholder Dialogue and Materiality			
Responsible Corporate Management	Compliance			
Sustainability Management	Supply Chain Human Rights			

HUMAN RIGHTS

Respect for human rights at United Internet

United Internet is committed to observing the United Nations Universal Declaration of Human Rights. In order to address adverse human rights issues, we have established measures to prevent, mitigate and make amends for any such issues. In doing so, United Internet follows the UN Guiding Principles on Business and Human Rights.

United Internet takes every perceived injustice very seriously. We have taken the principles for protecting human rights into consideration in our corporate values and Code of Conduct. In addition to these preventive measures, established grievance mechanisms are a central component of our investigative procedures. The company provides employees with trustworthy contact points outside their immediate working environment in the form of corporate and local compliance managers, as well as "persons of trust". These mechanisms ensure that United Internet effectively carries out its duty of care with regard to human rights. The overriding objective is to gain knowledge of any incidents and to clarify any complaints regarding human rights violations.

Within United Internet AG, the risk of human rights violations is very low: United Internet employs 7,567 people in Germany for whom no human rights risks have been detected. In addition, United Internet employs 1,526 people outside Germany – mostly in the European Union or OECD countries – for whom no human rights risks have been detected either.

As of December 31, 2018, United Internet employed 351 people in the Philippines. This corresponds to 23% of all staff employed outside Germany. The facility in Cebu provides technical support for 1&1 in the UK and USA. According to Amnesty International, only 13% of workers in the Philippines are paid the minimum wage. United Internet conducts regular salary reviews to ensure that its employees in Cebu receive more than the minimum wage.

All in all, there were no indications of violations with actual or potentially adverse human rights effects in the fiscal year 2018. As a result, United Internet has not detected any need for a dedicated management system – beyond the established measures – to deal with risks regarding human rights violations.



https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf



<https://www.amnesty.org/download/Documents/POL-1048002017ENGLISH.PDF>

Respect for human rights along the supply chain

Our objective is to strengthen the accountability of our suppliers regarding their respect for human rights and to make this the basis for our cooperation.



<http://www.un.org/en/universal-declaration-human-rights/>

With regard to our supply chain, we consider appropriate working conditions – from pay to working hours to occupational safety – as a fundamental risk area. In addition to aspects such as “business integrity and compliance”, “health and safety”, and “the environment”, we therefore focus on “human and labor rights” in our Business Partner Code.

<https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/>

With regard to human rights, the code is based on the UN Charter of Human Rights and the conventions of the International Labor Organization (ILO) and underlines our commitment to the UN Guiding Principles on Business and Human Rights. We intend to implement the new Business Partner Code step-by-step in 2019, together with the implementation of the business partner review process.

<u>CORPORATE MANAGEMENT</u>	<u>CUSTOMERS</u>	<u>INFORMATION SECURITY</u>	<u>EMPLOYEES</u>	<u>ENVIRONMENT</u>	<u>SOCIAL COMMITMENT</u>
Company Portrait	Stakeholder Dialogue				
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We place the **CUSTOMER**
at the
CENTER
of everything we think and do.

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OUR APPROACH

Inspiring products and services

“Deliver quality. Delight customers.” This objective is firmly anchored in our customer guidelines. And we plan to do it justice by always putting the customer at the center of everything we think and do. Customer satisfaction is what makes us stand out so clearly in the marketplace and is thus the source of our competitiveness and our sustainable success.

As our customers in the Access and Applications divisions have different requirements, the topic of customer satisfaction is managed by dedicated teams in each division. We have established structures and processes in both divisions to continuously and sustainably improve satisfaction. In order to receive feedback from our customers, we regularly conduct surveys, market research and analyses, e.g. of postings on social media platforms. In both divisions, the Management Board members responsible for this topic are regularly involved in detail with its ongoing development.

The number of fee-based customer contracts and the number of active free accounts are key performance measures for United Internet. In addition to 23.85 million fee-based contracts, we host 37.00 million active free accounts. In total, United Internet manages over 60 million customer accounts around the world. In order to measure the satisfaction of the customers behind these contracts, we employ segment-specific indicators and performance parameters, such as the customer sentiment score in the Consumer Access segment and the recommendation rate (net promoter score - NPS) in the Consumer Applications and Business Applications segments.

Over 2,000 employees of the United Internet Group are engaged in customer service activities. In addition, around 4,000 external service agents are deployed to support our customers in the business divisions. However, not only service employees, but all areas of the company, e.g. Product Development and Technology, must work together to increase customer satisfaction. This is why customer satisfaction results are incorporated into the performance reviews and variable salary components of our managers. A performance component of our employee stock ownership plan was also based on the level of customer satisfaction achieved.

CUSTOMER SATISFACTION IN THE ACCESS DIVISION

Using customer sentiment scores to manage customer satisfaction

The topic of “customer sentiment” is firmly anchored within the company and plays an important role in our daily work.

In the Consumer Access segment, we measure and steer customer sentiment via the customer sentiment score. For us, this is not just a KPI but one of the central values on which we base our daily activities. Satisfied and enthusiastic customers are the basis of our success and drive us on to constantly give our best.

The Customer Experience unit is central to the management of customer satisfaction in the Consumer Access segment. It conducts customer surveys and monitors our market and competitive environment in order to determine customer needs and actively carry them into the company. The key objective is to increase customer satisfaction and create inspiring customer experiences.

Measuring customer satisfaction

Customer satisfaction is surveyed monthly for all relevant customer contact points and customer journeys (customer experiences when contacting and dealing with the company), and the resulting trends are measured. We receive around 30,000 customer feedbacks in total each month. These are used to identify areas where we need to improve and help us develop measures to increase customer satisfaction.

Steering and developing customer satisfaction

Customer satisfaction does not stop at the boundaries of our various departments. We therefore work together in cross-functional teams to achieve a sustainable increase in the satisfaction of our customers.

For each customer journey or contact point, there are clear responsibilities for the positive development of customer sentiment. Measures to enhance the customer experience are developed together with the Customer Experience unit and their impact on customers is evaluated.

The development of customer sentiment, the status of current measures, and new approaches to improve sentiment are discussed in various regular committees up to Management Board level.

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Systematic customer orientation

In order to ensure a high level of customer satisfaction, we focus strictly on the needs of our customers. Amongst other things, this is achieved by adopting the following measures:

- Ideas for new products, campaigns and service concepts, for example, are tested and evaluated in qualitative and quantitative market research studies with regard to customer impact before being launched. We conduct more than 50 ad-hoc market research studies in total each year.
- We actively engage with our customers in quarterly customer dialogues and customer focus groups on various topics. This ensures that we remain in close contact with our customers across all divisions and understand their needs even better.
- Our customer guidelines help employees live our customer-oriented approach in their daily work, thus anchoring them sustainably throughout the Group:

“We recognize and understand customer needs”

We hear, see and understand our customers and their needs. We treat our customers with empathy.

“We implement customer needs”

In our daily work, we align our activities with the needs of our customers and develop the appropriate products and services. We work together as a team and as a partner to serve our customers. We are fair and transparent.

“We delight our customers”

We create satisfaction by meeting customer needs, and delight them by exceeding their expectations. Delighting customers is the driving force for our daily work and an important pillar for the long-term success of United Internet.

- The 1&1 Principle is a further driver of customer satisfaction and means of differentiating ourselves in the marketplace. We stand for five clear performance promises:



“1 Click ... and you’ve reached us”

Our website is also our shop and point of contact. We are just a click away and can be contacted via all channels. Seven days a week, around the clock!



“1 Night ... and your order’s there”

Our overnight service guarantees delivery of the ordered product 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 ... to speak to an expert”

Our service experts are available around the clock for our customers to provide fast and solution-oriented answers to their inquiries. 24/7 and 365 days a year.



“1 Day ... for a defective device to be exchanged”

If a device is defective, we offer our customers an on-site replacement service the next working day.

We continuously develop our performance promises for our customers.

1&1 Replacement Service

In addition to the performance promises of the 1&1 Principle, our customers have been able to benefit from the 1&1 Replacement Service since 2018. This new 1&1 Replacement Service offers all-round protection: in the event of damage, customers receive a new – and identical – mobile phone within 24 hours. If – in exceptional cases – the specific model is not available, an equivalent smartphone is immediately delivered. Since September 2018, this premium service has been free of charge for customers and included in all Mobile 1&1 All-Net Flat tariffs with smartphone when signing a new contract. The special feature is that the 1&1 Replacement Service goes beyond the usual device warranty and also covers self-caused damage, such as water damage or screen breakage. This all-round protection is valid for the entire minimum term.

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CUSTOMER SATISFACTION IN THE APPLICATIONS DIVISION

Managing and raising customer satisfaction

We attach great importance to the satisfaction of our customers in both the Consumer Applications and Business Applications segments. We aim to ensure sustainable growth by not only providing high-performance and top-quality products, but in particular by gaining the trust of our customers. Following the brand relaunch of 1&1 IONOS in 2018, we want to position ourselves as a reliable partner in the digital space by focusing on the values Fairness & Transparency, and by giving customers the possibility to contact a personal consultant.

For our hosting business in the Business Applications segment, various teams work together in Customer Value Management to evaluate research findings and market insights, to collect feedback from our customers, to create training courses for our service employees, and to design understandable and compelling communication tailored to our customers. This interaction enables us to identify areas and processes where customers have difficulties, and to swiftly develop solutions for them. Other areas such as Product Management and IT are regularly involved in the further implementation.

In order to find out the specific experiences and needs of our customers, we ask for feedback at various contact points, e.g. directly after activities in their Control Panel or following a phone call with a service employee. A key indicator for customer satisfaction is the recommendation rate or net promoter score (NPS). This is calculated and regularly reported – weekly to monthly – to the Chief Operations Officer (COO), together with recommendations for action.

In the Consumer Applications segment, we conduct detailed monthly surveys to determine customer satisfaction and the NPS, too. These are the central KPIs for all product areas. Every year, we invite around three million customers to provide us with feedback on our mail services, website and editorial content. For example, participants are asked about usability, storage space, loading speeds, advertising, the selection of editorial topics, and the presentation of content. In 2018, user satisfaction was increased from 77% to 80% and NPS from 13 to 19 points. Our investment in quality is therefore paying off (details provided in the section “Quality drive for advertising media”). These findings are also reported regularly to the Management Board.

Thanks to our range of services, successful security initiatives such as “E-Mail made in Germany”, and continuous enhancements, our portals enjoy great trust among our customers.

Transparency initiative of 1&1 IONOS

We regularly conduct surveys to identify and respond to the current needs of our customers. Among other things, we have conducted various surveys on which factors drive customer satisfaction in recent years. These surveys show that after the main driver of customer satisfaction, namely the product itself, price is ranked second. Only then does customer service follow in third place. This means that customers want to know exactly which service they are buying at what price and which costs they can expect if the contract is extended.

In recent years, 1&1 IONOS has therefore worked hard on improving transparency. As customer requirements with regard to transparency may include various aspects, we used a number of methods to gain insights on the subject of price transparency:

- **Customer proximity:** various Customer Management employees have spent time in Customer Service in order to learn more – not only in theory but also in practice – about the concerns of our customers and why they contact us.
- **Active exchange with internal experts:** we regularly hold round table discussions with Customer Service staff who provide valuable insights from a variety of real customer conversations.
- **Be a customer yourself:** we regularly test products ourselves in order to experience the customer journey at first hand.
- **Gemba walk method:** during so-called Gemba walks, management representatives or the COO hold regular on-site talks with service agents in order to learn about key issues and difficulties and thus gain a direct insight into what customers want. Understanding and appreciating each other better helps us to derive valuable and targeted recommendations for future action.
- **Comprehensive analysis:** we carefully analyze all aspects of the information provided during customer contacts in order to understand what transparency means and where it might be lacking (data mining).

These methods have enabled us to gain important insights and identify various issues and opportunities for improvement. These are some of the improvements successfully implemented by 1&1 IONOS in 2018:

- **Small print:** in the past, a lot of detailed price information was communicated as small print at the foot of the page. We have now abolished these "asterisk texts". This means that we offer clear, understandable and transparent communication on prices and conditions. The price is displayed directly next to the product in the online shop.
- **Contract renewal prices:** we also communicate the contract renewal price in the shop more clearly and transparently than before, for example if the contract price increases after the first year.
- **Reminder before contract renewal:** if customers fail to cancel or update their payment details before the agreed deadline, the contract may be renewed unintentionally. By sending a reminder 45 days before the contract renewal date, we help customers find out when a renewal is due.
- **Price rounding:** some customers find prices like € 0.99 irritating. These have therefore been replaced by round numbers (e.g. € 1).

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Personal consultant

In an increasingly digitized world with more and more technical tools, there is also a discernible trend in the opposite direction: customers want to talk to real people – and not just an anonymous agent randomly selected by a call center system, but with a person they know, who recognizes the customers and can develop a relationship with them built on mutual trust.

Many of our 1&1 IONOS customers are small businesses, such as tradesmen, who want an online presence but do not necessarily have any specialist knowledge in this field. By providing these clients with their own personal consultant, we aim to supply this know-how and accompany them as they continue to grow their business. Since the beginning of November 2018, 1&1 IONOS has been offering its clients a 1-to-1 assignment of customer to personal consultant.

How does the allocation work?

Every customer can activate a personal consultant in their Control Center. Within seconds, a consultant is allocated who matches their respective technical needs. At the same time, the customer receives a direct contact number and can then address all inquiries to the consultant via e-mail, phone or online chat.

What if your personal consultant is not on duty?

Obviously, personal consultants are only human and are therefore sometimes on vacation, sick or talking to another customer. For these situations we have set up so-called table groups, where several personal consultants sit together and know each other. This means that the absence of the particular consultant can be explained and the customer can choose to either receive immediate assistance or ask for "their" personal consultant to call them back.

How competent are these personal consultants?

We ensure a high degree of expertise and quality for our personal consultants by means of a targeted selection process. This is supplemented by systematic training and education so that our consultants are not only able to explain products and functions to their allocated customers and translate technical jargon, but can also recommend the right solutions and advise them on online strategies.

There are currently very few companies in Germany which have fully implemented this approach – making this service a unique selling point (USP) for 1&1 IONOS in the marketplace. Since introducing the program, we have noticed that customers are responding positively to the service and rewarding us with significantly higher satisfaction scores.

Quality drive for advertising media

In the first six months of 2018, the portal brands WEB.DE and GMX cooperated with the Group's in-house marketing company United Internet Media to conduct a quality drive for advertising media. The aim was to satisfy the customer wish for less advertising while at the same time providing the advertising industry with an optimized range of advertising space and formats. As a result, users now enjoy a better product experience, which in turn results in more traffic for the portals. For advertisers, the quality drive has led to higher quality advertising space and thus to improved awareness of their advertising.

For example, users logging in to WEB.DE and GMX were previously shown ads from our advertising partners in addition to their inbox. Following the quality drive, these home pages are now free of advertising except for a few references to useful services of WEB.DE and GMX. Customers of both mail providers can use the free space to tailor the page to their personal needs. They can choose between different designs and applications (widgets) such as an address book, TV guide, photo album, the latest WEB.DE and GMX tips, birthdays, horoscope, personal messages, search function, calendar appointments, clock or weather.

A further measure taken by GMX and WEB.DE to reduce advertising is to offer users the possibility of unsubscribing from newsletters directly from their e-mail inbox. The basis for this option is the internet standard RFC 8058 (One-Click-Unsubscribe), which defines that a recipient must be able to cancel a newsletter with a single click. The new service makes this much easier, as the "unsubscribe newsletter" link is always located in the same place next to the e-mail sender. This means that users no longer have to search for an "unsubscribe" link in the respective newsletter or on the sender's website. The standard was defined by the Certified Senders Alliance (CSA), an initiative of eco - Verband der Internetwirtschaft e. V. (Association of the Internet Industry), which ensures high distribution among the leading senders. As a rule, newsletters created according to the RFC 8058 standard are canceled by WEB.DE and GMX immediately after clicking.

The measures taken as part of the quality drive for advertising media are a key driver for improving customer satisfaction and our net promoter score.

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OUR AWARDS

The effectiveness of our investments in service and product quality is underlined by the excellent ratings we achieved again in various tests during our fiscal year 2018.

Service quality

As in previous years, the German newspaper DIE WELT, together with ServiceValue, systematically examined the service quality of German companies from the customer's point of view in 2018. ServiceValue is an analysis and consulting company specializing in relationship management between companies and stakeholders. The service ranking is based on the scientifically proven Service Experience Score (SES) and the survey's academic advisor is Goethe University Frankfurt, Germany. As part of the Service Champions 2018 study (published in October 2018), customers were asked to rate their top companies with regard to service experienced from a total of 3,016 companies from 327 different industries. The United Internet brand 1&1 (Consumer Access segment) was ranked "No. 1 in Customer Service Experience" in both the Telecommunications and Internet Provider (DSL) sectors. Other sector winners were the United Internet brands GMX (Consumer Applications segment) in the E-mail Provider sector and Strato (Business Applications segment) – for the fifth time in a row – in the Webhosting Provider sector.

The United Internet brand 1&1 Versatel (Business Access segment) is one of the most popular telecommunications service providers for SMEs. This was proven by a ranking of the German magazine WirtschaftsWoche in cooperation with ServiceValue (published in February 2018). More than 6,000 decision-makers, buyers and users of SMEs were surveyed. In addition to general customer satisfaction, seven other categories – such as advice, value for money and service quality – were evaluated. Overall, customer ratings were obtained for 267 providers from 28 industries. 1&1 Versatel achieved very good results in two categories (Telecommunications Telephony/Internet and Telecommunications Telephony/Internet/Mobile), finishing second in each category.

The test results for 1&1's customer service in Spain and France (Business Applications segment) illustrate that these excellent service ratings are not limited to Germany. In Spain, the 1&1 hotline won the coveted service award "Elegido servicio de atención al cliente" in the Hosting category for the fifth time in a row in October 2018. The 1&1 hotline in France also won the "Élu Service Client de l'Année" award for the best customer service in the Hosting category in October 2018.

Product and network quality

In 2018, the 1&1 IONOS Cloud Server was named winner in the benchmark test of the US analysts Cloud Spectator. In this test, the cloud offerings of the largest and most important providers in North America, such as IBM Cloud, Amazon Web Services and Microsoft Azure, were examined with regard to the value for money they offer. 1&1 IONOS was the overall winner with the highest possible CloudSpecs Score of 100 and won in North America for the third time in a row. In Europe, 1&1 IONOS achieved second place with a CloudSpecs Score of 82.

In terms of network quality, the United Internet brand 1&1 came second in the prestigious broadband and landline network test of the respected German specialist magazine "connect" (published in August 2018) with a score of 441 from a maximum 500 points (prior year: first place). 1&1 was the only nationwide provider – apart from Deutsche Telekom with 447 points – to receive an overall rating of Very Good, putting it ahead of competitors such as Unitymedia, O2/Telefónica and Vodafone, who were all rated Good. connect holds its test annually and in 2018 checked the test connections of all well-known providers in the categories Voice, Data, Web Services and Web TV.

Customer trust and recommendation behavior

GMX is the e-mail provider which Germans trust most. This was the result of a survey conducted by the German magazine WirtschaftsWoche in conjunction with the analyst firm ServiceValue (published in September 2018). Starting in 2014, the survey "Germany's Largest Trust Ranking" has been examining the trust of German consumers in various companies once a year. In 2018, around 330,000 customers of 1,134 companies in 88 sectors were interviewed. 81.3% of all respondents stated that they trusted GMX, thus handing the United Internet brand the Highest Customer Trust award – for the fourth year running. In the Webhosting category, 1&1 took first place – with Strato and united-domains in places three and four, respectively.

Together with ServiceValue, Focus Money conducted a large-scale customer survey in 2018 on the recommendation behavior of customers across 78 industries and over 1,000 companies (published in June 2018). ServiceValue applied its scientific method to evaluate some 460,000 customer opinions. The recommendation rates for GMX and WEB.DE not only put them in first and second place by far in the category E-Mail, but also second and third in the global ranking of all 1,000 companies.

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PROTECTION OF MINORS

Helping to protect young people

As a company, we are not only responsible for the satisfaction of our customers, but also bear responsibility for those customers and internet users who still have to learn how to use our products and services. We are therefore committed to the protection of minors and to educating them about online behavior.

For children and young people, the internet has become a firm fixture of their everyday lives – whether for communication, research at school, or entertainment. However, they often lack the necessary media literacy to deal with unfamiliar issues or inappropriate content on the web and the experience to assess the risks and protect themselves. Depending on the current stage of their development, suitable measures and information on the possible dangers and risks are therefore required in order to guarantee adequate protection and enable carefree use of the internet. As a provider of internet and telecommunications services, United Internet AG is aware that it shares this responsibility.

In its Consumer Applications segment, United Internet therefore pays particular attention to compliance with the legal requirements for the protection of minors – both for its own products and for those of its partners. Product developments and launches are accompanied by internal reviews and, where necessary, the appropriate adjustments in order to ensure that children and adolescents are not confronted with inappropriate content. We ensure that our portals WEB.DE, GMX and 1&1, as well as our editorial content and advertising, comply with the legal requirements for the protection of minors and that the balance between a comprehensive range of information and responsibility towards children and adolescents is achieved by controlling the presentation and transmission times.

Our Youth Protection Officer is the central contact point for the protection of minors and as such advises the various internal departments and functions, deals with external inquiries, shares insights with other youth protection officers, and represents the company in its work with associations and supervisory bodies. Youth protection e-mail addresses have been set up for each portal. These are specified in the respective imprint and youth protection section and can be used by external parties to contact the Youth Protection Officer and her team in the event of any questions or complaints.

In addition to this contact information, the youth protection sections of the various portals provide explanations and information aimed at educating and strengthening the media skills of children, young people and parents. These include references to youth protection programs and information on advisory services and contact points for specific topics and problem areas in connection with using the internet.



See our guideline:
<https://www.united-internet-media.de/en/downloadcenter/general-guidelines/>

Internal initiative: “Safe on the Net”

Many of our own employees are also aware that – despite all their application know-how – the responsible use of the internet and especially social networks is not self-evident for children and adolescents and is something that needs to be learned.

As an internet company, we have great expertise in social media and data protection, and want to shoulder our social responsibility by directly addressing children and young people at our locations.

In the course of a development program in 2017, employees therefore joined forces to form the internal initiative “Safe on the Net”. The group developed a lecture with workshop elements that makes schoolchildren more aware of their online behavior. As the best way of communicating this is via personal contact, the project group created an “ambassador role” which employees assume when giving their presentation to selected schools at our locations in Karlsruhe, Montabaur and Zweibrücken. Getting employees involved in this way also increases awareness of the issue within the company.

The presentation is designed for seventh- and eighth-grade classes and informs them during regular school time about social media guidelines, and in particular about the security settings in social networks, image rights, and cyberbullying. The response from the schools involved has been consistently positive.

By engaging with the community in this way, our employees are not only raising awareness of our company at its various locations, but helping us fulfill our social responsibility for internet users. The initiative therefore combines social and local commitment with our core business.

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We are committed to making digitization
SAFE AND SECURE,
and effectively protecting
data against unauthorized access.

OUR APPROACH

Data privacy and information security as the basis for company success

With our 23.85 million fee-based contracts and 37.00 million ad-financed free accounts, many millions of customers trust us to handle their data securely. The protection and security of this data is the basis and prerequisite for customers to use our services.

As a responsible internet service provider, we are committed to guaranteeing maximum security for our customers and effectively protecting their data against all unauthorized access.

DATA PRIVACY

Data privacy is personal protection

As digitization spreads ever further, so too does the amount of information and digital footprints we leave on the internet. The protection of personal data – and thus the question of who owns this data and who has which rights to it – is growing increasingly important for individual users and as a topic of public debate.

Our customers are aware of dangers such as data abuse or lack of data security and have made data privacy a key factor for their choice of product. This is proven by the numerous inquiries we receive from them on the topic of data privacy (2018: 35,445, 2017: 22,573). We are committed to protecting personal data. It is also a prerequisite for our business activities. Our products and services therefore comply with the high data privacy standards established in Germany and the EU. We want to give our customers the power to determine themselves how their data are treated.

Ensuring data privacy at United Internet

Our aim is to ensure data privacy throughout the Group and to anchor it in our systems and processes. The Privacy department and Group Data Privacy function monitor compliance with standard Group-wide data procedures. In our operating business, we have strengthened data privacy with the installation of Data Privacy Coordinators. In the Consumer Applications and Consumer Access segments, for example, we have appointed Data Privacy Officers. The Data Privacy Coordinators in the segments and Group Data Privacy Officer report to the management boards of the segments and business divisions as well as to the CFO of United Internet AG.

Data privacy is anchored throughout the company with the aid of the following instruments:

- **Involving data privacy experts in the product development process**

The Privacy department and Data Privacy Coordinators give advice on issues concerning data privacy legislation, for example, in the field of product design and product development, or with regard to contractual agreements.

- **Extensive and clearly understandable rules**

We promote compliance by designing our guidelines and processes in a way that makes data privacy requirements more transparent and easier to understand. Our information brochure Information Security and Data Privacy provides clear explanations on how to handle data and information in a responsible way. Among other things, this includes questions on compliance with the basic rules of data privacy, how e-mail and the internet can be used securely, and which aspects have to be observed when welcoming visitors to the company.

■ **Prevention via regular data privacy training**

We aim to ensure that every employee plays an active role in protecting data – against loss or unauthorized access. We therefore train employees personally on data privacy regulations. In 2018, we held a variety of training sessions on data privacy and information security, especially in connection with the EU's new General Data Protection Regulation (GDPR). In addition to basic staff training, there were classroom sessions which specifically addressed the responsibilities of our managers with regard to data privacy.

■ **Regular dialogue with the regulatory authorities**

The Privacy department is in regular contact with the relevant data privacy authorities, above all to process concerns from clients that have been forwarded by the regulatory authorities. We also pass on reports of data privacy violations in accordance with GDPR (49 in the reporting year) to the Federal Network Agency (Bundesnetzagentur) and to the Federal Commissioner for Data Protection and Freedom of Information (Bundesbeauftragter für den Datenschutz und die Informationsfreiheit – BfDI). In addition, members of the Privacy department regularly engage in discussions with the BfDI regarding the latest data privacy issues.

■ **Effective detection via complaint mechanisms**

Customer inquiries and customer complaints about data privacy are processed by the trained staff of a special Customer Care department in close coordination with the Privacy department. We respond to any incidents internally by adapting guidelines and sensitizing employees where necessary. Employees also have the possibility to confer in confidence with the Compliance and Privacy departments in order to review any questions relating to data privacy which may arise during their activities.

■ **Monitoring effectiveness**

The Privacy department conducts internal data privacy checks which are event-driven. It is also involved in conducting audits to ensure that our service providers comply with data privacy regulations.

General Data Protection Regulation (GDPR)

The new General Data Protection Regulation (GDPR) came into force in the EU in May 2018. As a consequence, companies now have to treat and process personal data even more responsibly.

Communicating and implementing the data privacy requirements of the new EU regulation was a major focus of the Privacy department's work in 2018. Within the framework of various implementation projects in the segments, we developed practice-oriented solutions for dealing with the new GDPR. Further key measures included the preparation of procedural lists and the introduction of a data privacy impact assessment for procedures likely to pose a high risk for the rights and freedoms of natural persons. The technical and organizational consideration of data privacy during the development of new technologies and products (Privacy by Design) and the implementation of privacy-friendly preferences (Privacy by Default) are two examples of how future-oriented requirements of the GDPR have already been put into practice.

INFORMATION SECURITY

Enhancing the security of our network

Information security is a vital element of United Internet's approach to acting responsibly in the digital world. Customer trust in our information security measures is a prerequisite for them to entrust us with their personal data – from photos, documents and emails, to traffic and payment information.

The information to be protected not only includes electronic data relating to customers and employees, but also information about company processes, systems and products. We are committed to protecting these assets effectively against unauthorized access and abuse by ensuring confidentiality, availability and integrity.

Information Security Management System

The ultimate aim of our information security efforts is to maintain the operational activities of United Internet and reduce all influences which might damage its business.

In order to fulfil these requirements, we have set up an Information Security Management System (ISMS) according to ISO 27001 to protect the confidentiality, availability, and integrity of our data and effectively prevent abuse. Our security strategy aims to establish these security objectives throughout the Group at an appropriate and consistent level and to continuously develop them further. Of particular importance are the establishment and expansion of our efficient and scalable information security organization.

The cross-segment ISMS is headed by the Information Security department and its two teams, Organizational Security and Technical Security. The Organizational Security team deals with such topics as information security guideline management, safety warnings, staff training, communication with official bodies, and security risk management. The Technical Security team comprises advisory tasks relating to IT security architectures, as well as system and network security. Employees are trained in secure development and secure operation, security tests are conducted, and security incidents dealt with together with the respective departments. The Head of Information Security, and at the same time IT Security Officer, regularly reports to the chief technology officers of the various segments. Reporting includes the most important security trends, as well as internal and media-relevant security incidents, measures taken, results of security checks, and the information security risk portfolio.

Measures taken to protect information

Vulnerabilities can have far-reaching consequences for the assets of United Internet and its customers. In order to avoid such vulnerabilities, United Internet has implemented the following technical and organizational security measures.

Technical measures

■ Secure software development

The best development is one which prevents any possible vulnerabilities from occurring. Our software development department follows the Secure Software Development Lifecycle (SSDLC), which systematically considers security issues from the beginning to the end of software development. Various measures, from threat analysis tests to application penetration tests, are an integral part of product development.

■ Proxy server against DDoS

To combat so-called Distributed Denial of Service (DDoS) attacks, i.e. distributed and concentrated attacks from the internet aimed at reducing the availability of our services, we use a self-developed anti-DDoS proxy server for customer systems. This system cleans the incoming data stream in the event of a DDoS attack on a per-incident basis, allowing only legitimate customer requests to pass.

■ Consistent use of encryption – Transport Layer Security (TLS)

Better known under its previous name SSL (Secure Socket Layer), we use Transport Layer Security (TLS) for the encrypted transmission of our customer data. We also provide TLS protection for our customers to protect their data traffic, such as the use of passwords or payment information e.g. in online shops.

■ Geo-redundancy

Our data centers operate geo-redundantly, i.e. all customer data are stored in parallel at two or more data centers at different locations. This enables us to guarantee the permanent availability of stored information.

■ Certification of our data centers according to ISO/IEC 27001

In order to guarantee the highest security standards for our customers, our data centers are certified annually according to ISO 27001.

■ Account security: introduction of two-factor authentication (2FA)

In order to implement two-factor authentication for our customers and our employees, we have introduced the Time-based One-time Password (TOTP) procedure. This global standard was developed by the Internet Engineering Task Force (IETF), an international association of volunteers dedicated to the technical development and improvement of the internet and how it works. The procedure protects user accounts by requiring a password and a second factor during log-in. In addition to the user name and password, a six-digit code is requested which is displayed to the user for 30 seconds via a so-called authenticator app. This additional hurdle makes it difficult for attackers to access accounts – even if passwords are guessed or acquired by malware. As part of our MySecureWorkday initiative aimed at protecting our internal systems, we also introduced this method for when our employees access online company services. This also enables secure external access to our systems and ensures that attackers cannot access sensitive data by using stolen employee user names and passwords. In this way, the second factor – which is displayed on a separate device such as a smartphone, smart card or USB token – also protects our own infrastructure.

Organizational measures

■ Staff training

In addition to technical measures, humans are an important and ever-present part of the security chain. Employees are therefore given basic training and refresher courses in both face-to-face sessions and e-learning. Only staff who have been made aware of the dangers can deal effectively with risks such as phishing (i.e. "fishing for passwords" via fraudulent e-mails or websites) or social engineering (i.e. pretending to be a personal acquaintance or client of a manager in order to gain access to confidential information or IT systems). Developers and administrators receive special technical face-to-face training according to their specific needs. Managers are also trained on specific aspects of data privacy and compliance.

■ Information security rules

We aim to provide orientation for employees in every department by providing them with a comprehensive set of rules based on ISO 27001. Our mandatory information security guidelines serve as the formal basis for these rules. United Internet uses a variety of communication channels to tailor these rules for different target groups and make it easier for various employees to access them. In addition to the training courses already mentioned, information and explanations on rules for the most important employee roles are provided on the intranet. These include the internal brochure Information Security and Data Privacy, which clearly sets out the most important rules of behavior when dealing with information and data. A bound copy of this brochure is handed out at regular induction events. Employees are also informed in this brochure, as well as on our intranet, about the designated contact points where they have to immediately report possible or suspected security incidents, i.e. events that violate the existing regulations or could pose any other form of threat to the company.

■ Security audits

The Information Security department conducts product, process and system audits to ensure the effectiveness of our ISMS. These audits are supplemented by internal and external checks.

■ Continuous monitoring

In order to detect as quickly as possible where data may be exposed to any dangers, we continuously monitor various IT systems. In addition to local monitoring, an internally adapted and enhanced Security Incident and Event Management System (SIEM) helps detect such incidents and can trigger appropriate responses. Continuous improvement is ensured by measuring the time it takes us to distinguish between security incidents (such as attacks) and non-security incidents (such as interrupted power circuits). We also measure our response time from notification to resolution of a problem. We have also defined internal targets for certain security-relevant protection goals, such as availability.

■ Dealing with security incidents

Every product unit has a standardized process for dealing with security incidents. Following detection, a specially trained member of the product team is the first to react and, if necessary, this person contacts the Information Security team or external experts.

Integration of associated companies

In the case of business combinations with other companies, we generally review the technical and organizational information security measures in place at such companies prior to, and at key points during, the integration process. A standardized maturity level analysis based on international standards is conducted. The maturity level which is ascertained is supplemented by a risk assessment with recommendations for action by the Information Security department. Depending on the results and the business strategy, various integration measures are decided on and implemented. Where it makes sense, we integrate the acquired company into United Internet's Information Security Management System (ISMS).



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

Security standards of our products



Examples of the high security standards of our products include the E-Mail made in Germany initiative we co-founded for the secure sending of private e-mails, Cloud made in Germany for the security of cloud content, and De-Mail for legally binding e-mail communication. We already provided details on these products in the Sustainability Report 2017.



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

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



<https://www.united-internet.de/en/investor-relations/publications/reports.html>

The new European log-in standard: netID



Many online shops, services and offerings can be used conveniently by means of a personal log-in consisting of the user name and password. In March 2018, United Internet established the European netID Foundation (EnID) together with the media group RTL Deutschland and ProSiebenSat.1 so that customers no longer have to memorize numerous different passwords for an

increasing number of user accounts, and so that they can access their data independently and gain transparency about the use of their data.



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

The initiative aims to establish netID as a European single sign-on and an alternative to US providers. The foundation has therefore developed an open standard that enables users to access all online offerings of the European netID Foundation's partners with the same log-in details. The foundation checks all standards, partners and providers of user accounts within the initiative.

With its open log-in standard netID, the foundation gives priority to the data sovereignty of each individual user. By using netID, users can organize their consent to the use of online services in a privacy-compliant and transparent manner within the so-called Privacy Center. The netID feature is available to GMX and WEB.DE customers, as well as to customers of other netID partners, with the previous access details. New users can create a netID account free of charge with a combination of e-mail address and password. 35 million accounts of the initiators are already netID-ready as of the launch date.

Two-factor authentication for 1&1 IONOS customers

Since May 2018, 1&1 IONOS customers have been able to set up two-factor authentication for their accounts – the same system we use to protect our internal systems from access via employee accounts (see above). To be able to use this procedure for their accounts, customers need a freely available authenticator app on their smartphone or tablet. Customers can activate two-factor authentication themselves in the Control Center. From this point on, 1&1 IONOS customers will be asked for a code – displayed by the app – in addition to their access data when logging in to their accounts. Log-in is only possible if the access data and code match. As with our internal systems, this makes it much more difficult for potential attackers who have obtained access data from a 1&1 IONOS customer to log in to the respective customer account.

Cooperation expands network security

Network security does not end at the borders of our own data centers. United Internet is a member of various national and European associations, such as Bitkom or the Alliance for Cyber Security of Germany's Federal Office for Information Security (BSI). In addition to promoting further digitization, we also support the development of new security standards. In addition, we share our research findings on information security with industry associations or make them publicly available. For example, we have made our work on the Inter Mail Provider Trust Protocol (as part of E-mail made in Germany) available to the Internet Engineering Task Force (IETF).

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United Internet aims to be
a **FAIR** and **ATTRACTIVE**
EMPLOYER.

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OUR APPROACH

Growth through change and responsibility

As an internet company, United Internet is also subject to the defining characteristics of the industry: rapid change, short innovation cycles, and global competition. A key factor in mastering these challenges are our dedicated and highly skilled employees and managers. We therefore attach great importance to a sustainable and balanced strategy across all core areas of our human resources (HR) activities: from recruitment to target group-oriented onboarding and training offers, task-based qualification courses, support for individual career paths, as well as tailored and sustainable development and retention measures for managers as well as employees with high potential.

The guiding principle of our HR work is that we regard our employees first and foremost as individuals and not just as employees. United Internet aims to be a fair and attractive employer.

Our objective is therefore to remain an employer of choice so that we can attract, develop and retain talent over the long term. In order to create a performance-enhancing corporate culture, we take account of our corporate values in strategically important HR issues such as compensation, training and occupational safety and thus live our values in the daily work of our employees.

CORPORATE CULTURE

HR strategy

In addition to our overall corporate HR strategy, the two business divisions Access and Applications require specific strategies. In order to coordinate these requirements and staffing needs at Group and business division level, we established corporate "centers of competence" in 2015. These include, for example, HR and Organizational Development, as well as HR Marketing. This ensures a Group-wide approach and equal treatment, while also relieving the divisions and segments from such work so they can focus fully on their operating business. Close cooperation with the central HR units at Corporate Headquarters (HQ) ensures a steady supply of tailored offerings for the respective divisions, in addition to the current trends and market requirements. They also discuss the implementation of key policies, and coordinate strategies, milestones and HR requirements for the divisions and segments.

Examples of overarching objectives are the desire to offer appropriate formats for personnel development, to recruit managers from within the Group, and to achieve a sustainable level of employee retention. Performance measures include the ratio of management positions filled internally (2018: 65%, 2017: 70%, 2016: 68%)⁽¹⁾, and the employee turnover rate (2018: 8.9%)⁽²⁾.

The following table presents a breakdown of total employees by location and segment.

Employees by location ⁽¹⁾	2016 ⁽²⁾	2017	2018 ⁽³⁾
Employees, total	7,897	9,414	9,093
thereof in Germany	6,322	7,890	7,567
thereof abroad	1,575	1,524	1,526

Employees by segment ⁽⁴⁾	2016 ⁽⁵⁾	2017	2018 ⁽⁶⁾
Employees, total	7,897	9,414	9,093
thereof Consumer Access	2,401	3,457	3,150
thereof Business Access	1,077	1,069	1,095
thereof Consumer Applications	978	961	947
thereof Business Applications	3,243	3,586	3,355
thereof Corporate HQ	198	341	546

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

(2) Figures for 2016 adjusted after deconsolidation of affilinet

(3) The decline in domestic headcount mainly results from the sale of yourfone shops

(4) Figures refer to our active employees as of December 31 of each fiscal year; presentation acc. to the new segmentation implemented in 2018

(5) Figures for 2016 adjusted after deconsolidation of affilinet

(6) The decline in headcount of the "Consumer Access" segment mainly results from the sale of yourfone shops; the increase in headcount of "Corporate HQ" mainly results from the transfer of employees from the segments who already worked in corporate functions and are now allocated to "Corporate HQ"; in addition, apprentices are allocated to "Corporate HQ" as of the reporting period

(1) Figures refer to our active core employees, i.e. employees including apprentices and trainees, but without inactive employment contracts (mainly employees on parental leave) and without interns, working students, pupils, graduands and temporary staff

(2) Figures refer to the annual average headcount of active core employees, without Drillisch companies



A detailed multi-period table, also for the individual countries, is provided in the Annual Report, section "Employees": <https://www.united-internet.de/en/investor-relations/publications/reports.html>

Our Approach	Training and Education
Corporate Culture	Diversity
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Our Values and Management Culture

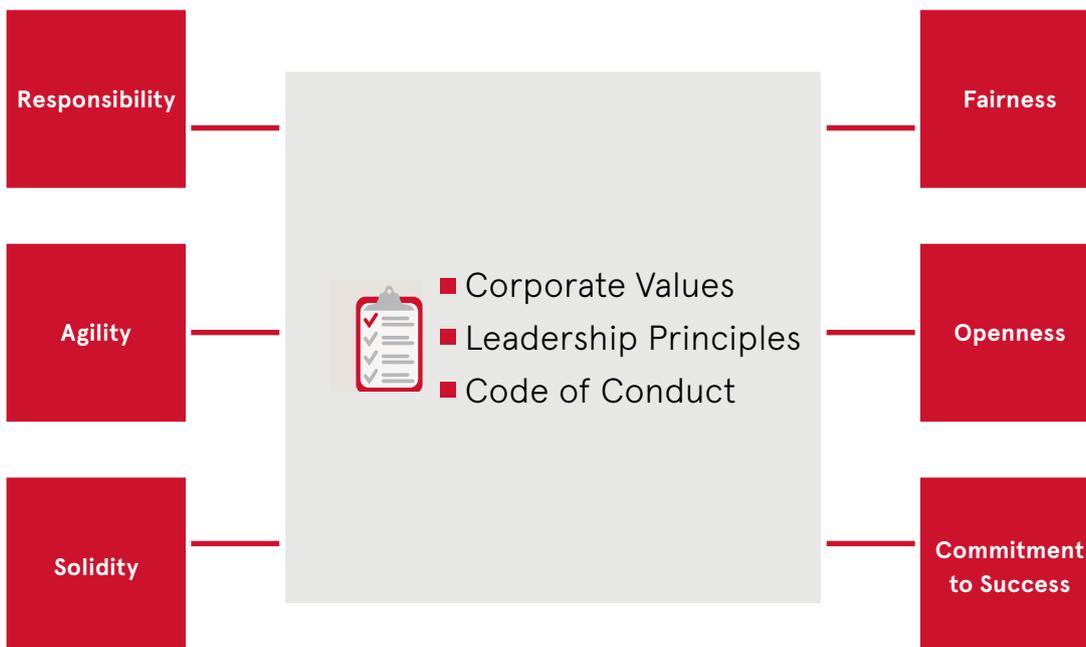
Our corporate values and leadership principles provide a firm foundation and orientation for our approach to business. The Code of Conduct describes how to act in accordance with these values. Each employee receives a bound copy of our corporate values, leadership principles and Code of Conduct when joining United Internet.

To ensure the development and growth of our employees, we strive to create a work environment that encourages inspiration and creativity, e.g. with new buildings or modifications to the existing buildings at our sites. Flat hierarchies promote unbureaucratic communication channels and quick decision-making. This ensures we have the necessary agility and adaptability to react to new requirements.

In their function as role models, our managers ensure that these values are lived in our daily work. This responsibility is a central component of our leadership principles.

In addition to our value system and the Code of Conduct, we promote an open and honest feedback culture as the basis for a performance-enhancing and mutually respectful work environment.

United Internet AG value system



Feedback culture

Values such as openness and fairness can only be actively lived in an environment in which colleagues give each other respectful and honest feedback. And only such an environment is conducive to continuous improvement for the benefit of the employee, the team and the company. This is why we believe that constructive feedback plays a major role in shaping an open, supportive and performance-based corporate culture.

In 2016, our personnel development tools focused on the topic of feedback and we introduced a 360-degree feedback system. The main focus is on the annual performance review and development discussion, in which employee and manager give each other feedback. With the aid of digital support, each employee has the opportunity at all times to obtain feedback via a documented and standardized process – both from their direct superior as well as from temporary colleagues, for example during project work. This possibility raises awareness throughout the organization for openness and self-reflection, and encourages a more relaxed approach to giving and receiving feedback. In this way, feedback becomes a natural part of everyday work and can be used to achieve continuous improvement.

Further feedback methods are presented on our intranet and can be used by teams and individuals according to their specific needs on a case-by-case basis. The iterative development of this process and multi-strategy approach (various communication formats and offers), established specifically to strengthen feedback and mutual respect, also impressed the jury of the HR Excellence Award. As a result, our HR work ranked higher than several DAX 30 companies in the category “Corporate Culture and Feedback Culture (Groups)” in 2016 and was honored for its cutting-edge implementation of this topic.

Staff communication

As a fast-growing company, it is a challenge for United Internet to provide employees with an open ear and sufficient channels for communication. At the same time, there is a growing need to communicate information on strategy or corporate development to staff. We have therefore established a number of successful channels for staff communication over the years.

An annual management meeting for all segments at the beginning of the year gives managers and experts the opportunity to learn more about the overall development of United Internet. Every two years, a global roadshow involving all Management Board members is held at which local employees are informed about the development of their respective company. Staff are informed about the business development of their respective segment at employee events and roadshows held several times a year. At these events, employees also have the opportunity to ask questions.

Our “Ask the Board” format facilitates an open and direct exchange of views between staff and Management Board members. Employees have the opportunity to address their questions on current business developments, corporate management or other important topics directly to Board members. These events are held every eight weeks at all German locations. In fiscal year 2018, a total of 15 such events (2017: 13) were held.

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Staff satisfaction

Since 2009, we have been conducting staff surveys to receive general feedback from our employees and discover potential for improvement. The feedback and findings from these surveys are converted into corresponding measures. As of 2016, this survey is conducted on a regular basis.

Based on the results of our 2017 staff survey, we defined five action areas in the fiscal year 2018 which we have been working on continuously since 2018. These are:

- **Health:** We are responding to the wish for more health-related services by offering more places in our sports and health courses and by rolling out our offerings to other sites. We offer advice on nutrition, for example, as part of our Health Days, during which we also offer check-ups and talks on health issues.
- **Personnel development:** Among other things, the main focus is on training courses – especially for employees working part-time (proportion of part-time staff to total core staff: 10.0%) – as well as increasing the transparency of our existing offers.
- **Workplace equipment:** We pay special attention here to technical equipment and the offering of e.g. hardware.
- **Work-life balance:** In response to the wish for more flexible working models, e.g. for commuters, we have set up the "Cover Day". We are currently analyzing the model with regard to its use and possible further development.
- **Employer attractiveness:** In the field of recruitment, our main focus is on strengthening the employer brand(s), e.g. conveying a "tech image".

Awards

The most important performance indicator for our HR activities is the feedback we receive from our employees in the staff survey.

In order to get a more objective view of our performance, however, we not only consider internal feedback but also that of external institutions and independent industry rankings. Since 2008, the Top Employers Institute has rated us as a top employer every year – including the reporting period. This certification is awarded to companies that offer their employees attractive working conditions. The assessment is made on the basis of career opportunities, employer benefits, working conditions, training and development possibilities.



<https://www.top-employers.com/en/company-profiles/de/united-internet-ag/>

COMPENSATION AND BENEFITS

Fair pay

Commensurate and fair remuneration of our employees is an important element of our HR strategy. Our aim is to provide a competitive, fair and transparent compensation and benefits system for our employees that is embedded into the corporate strategy. Our internal compensation policy forms the basis for a comparable, legally compliant and fair remuneration system. It clearly defines Group-wide regulations and the procedures for salary changes.

Variable compensation components are paid according to performance. Depending on position and responsibility, variable components are an integral part of the overall compensation package. In addition to financial remuneration, United Internet offers various additional benefits, such as a company pension, capital-building benefits, prevention programs as part of our occupational health system, and subsidized company products.

The size and progression over time of our salaries is determined without any regard to gender or other factors unrelated to the position or skills required. In order to ensure fair and appropriate pay, we prepare internal comparisons according to function every six months. These take account of market developments and analyses, as well as external benchmarks.

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TRAINING AND EDUCATION AS SUCCESS FACTOR

Life-long learning

“We make people successful” is one of the principles of our People & Organizational Development work. In our dynamic and constantly evolving marketplace, this means our employees are required to assume responsibility –shaping not just their work, but also their own personal development. We are convinced that it is essential for the motivation and the will to succeed of our employees to identify and pursue perspectives for themselves. At the same time, expanding the knowledge of the individual means expanding the knowledge of the organization as a whole. Cutting-edge knowledge secures our technological edge in information security and software development, for example, just as professional customer service pays dividends in customer satisfaction.

We therefore invest in extensive learning and development measures and help our employees grow in line with their respective tasks. The basis for our people development efforts is the individual Development Journey, which is agreed during the annual performance review and monitored throughout the year with regard to its current implementation status.

The development plans include, for example, the skills required for upcoming tasks, tailored on-the-job and off-the-job measures, and the development wishes and preferences of the particular employee. This strengthens their sense of responsibility and willingness to learn, and ensures that employees continue to learn something new at every stage of their development. Our strong feedback culture and 360-degree review process provide effective support for this life-long learning and development journey. Nearly 96% of our core employees in Germany⁽¹⁾ have the opportunity to conduct these development discussions via a structured and system-supported process or to obtain further feedback themselves. The results of the annual performance review meetings are stored centrally by the Corporate People & Organizational Development department (POD). In addition, managers at our associated companies in particular conduct individual development interviews with their employees.

The main performance measures include satisfaction with the vocational training opportunities, measurement of the “return on education”, the implementation status of measures at the next performance review meeting, and cost controlling.

(1) Without our associated companies

Individual development paths

■ 1&1 Campus

Our internal training courses and e-learning opportunities are pooled on the company's central training portal, 1&1 Campus. This gives staff fast and easy access to the training and education possibilities offered by the company. 1&1 Campus offers employees from all departments a varied range of training opportunities, including methodology skills, soft skills and specialist knowledge. In order to continuously improve the portfolio, we evaluate each course based on the participant satisfaction and the recommendation rate. These ratings indicate a very high quality of the courses. In addition to the offerings of the Corporate People & Organizational Development department, there are also segment-specific training courses for Customer Care staff and the seminars of our technical training catalog, the TEC Campus, or Online Marketing Campus.

■ TEC Campus

Our technical staff have very specific and in-depth knowledge. We aim to promote the mutual exchange of knowledge and learning and have thus expanded our 1&1 Campus program with a platform on which employees can offer training on tools, processes, methods and e-learning for other employees. The main focus of the TEC Campus is on specialist technical training and presentations, including development practices, onboarding for developers and agile methods. It also enables topics such as information security, business process management and lectures of the Business Academy to reach a wider audience. The TEC Campus also hosts internal conferences, such as TEC DAY and PASK (Project/Agile/Scrum/Kanban methods).

■ Talent development (Junior+, Senior+, MyWay+ and MOVEforward)

Our talent development programs include the forward-looking and sustainable development of employees with entrepreneurial talents. Individual development plans are geared to the target position, e.g. as an expert or manager. Thanks to these measures, we were able to fill 65% of our management vacancies from within the company in 2018. MOVEforward is a one-year program we created in which employees, managers and experts implement cross-departmental projects and thus gain greater awareness of the company's holistic and innovative development.

■ Tailored offerings

The POD department offers tailored advisory services for employees and managers, as well as numerous customizable on-the-job measures, and supports staff development with specific measures such as mentoring and shadowing.

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Job-specific training: development in the field of Customer Care

■ Access division

Our strong customer orientation requires competent staff to provide professional service. We therefore regularly train our own employees, as well as those of our service providers, with regard to our products and services. The more these employees know, the more confident and self-reliant they are when dealing with customers, and the higher the quality of the advice they can give. In 2015, we initiated and implemented a coach-the-coach project in which, for example, each customer care employee is given development coaching according to a predefined process. In 2016, a transfer management system was introduced for support staff aimed at systematically sharing knowledge within the team.

■ Applications division

Providing advice on our hosting products and portals calls for a high degree of technical expertise. As these technologies are changing fast, it is important for our staff to be constantly up-to-date. Our training courses therefore focus on customer communication, product knowledge, process expertise and sales training.

Training in figures

The training offered by individual departments or segments is increasingly being recorded centrally in order to make it available to a broader audience and improve quality. In the future, the central recording of data will also make reporting on the number of training sessions offered faster and easier, as well as increasingly comprehensive. The following table shows the training figures recorded for the past three years.

Training and education hours ⁽¹⁾	2016	2017	2018
Number of training and education hours			
thereof for our employees	33,622	67,221	74,715
thereof for the employees of our service providers	13,876	180,356	70,346
Number of training and education hours per employee			
thereof for our employees ⁽²⁾	5.3	8.5	9.9
thereof for the employees of our service providers ⁽³⁾	14.6	48.9	11.1

(1) Data collection was significantly expanded and optimized again in the previous year and the reporting period. 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) Figures refer to employees of the United Internet Group in Germany; 2016: 6,322; 2017: 7,890; 2018: 7,567; figures for 2016 and 2017 were adjusted

(3) Figures refer to the number of training participants of our service providers; 2016: 953; 2017: 3,692; 2018: 6,364

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

Outlook

Our vocational training program aims to meet our own demands for professional training and education. We plan to make the measures more flexible in the future, in terms of location, time and medium. Employees should also be able to attend courses outside their office, divide their training into short sessions over several days, and choose between face-to-face courses, online media and apps. In this way, we aim to offer the right opportunities for life-long learning to every learner type – regardless of their previous experience or current life situation, such as apprenticeship or partial retirement.

Securing the supply of young talent

In the fiercely contested market for IT specialists, United Internet is able to fill key positions with top people and thus maintain the momentum of its business expansion. In addition to targeted employer marketing, cooperation with training providers, and the halo effect of our product brands on candidates, our successful recruitment strategy focuses on ensuring a candidate-friendly and competitive acquisition and selection process.

Education

United Internet attaches great importance to apprenticeships and initial vocational training. The company trains young people to meet its future needs and offers them a successful start to their professional lives. The company currently offers apprenticeships in commercial and technical professions, including IT specialist (application development/systems integration), IT systems clerk, dialogue marketing clerk, marketing communication clerk, and office management clerk. In cooperation with Baden-Wuerttemberg Cooperative State University (Duale Hochschule Baden-Württemberg - DHBW), United Internet also offers degree courses in Computer Sciences, Business Information Systems, Accounting, Tax & Law/Accounting & Controlling, Business Administration/Marketing Management, and Business Administration/Digital Business Management at the universities of Karlsruhe, Stuttgart and Mannheim.

During their three-year training or DHBW studies, all participants experience a wide variety of different company departments. During these periods, they are fully integrated into the respective teams and daily processes. The apprentice workshops at the facilities in Karlsruhe and Montabaur have proved especially successful. Technical apprentices in particular spend part of their training period in the workshops in order to learn the basics for their later careers as early as possible. In addition to the provision of technical and methodological skills, United Internet attaches great importance during training to behavior which is compliant with its values system. Technical expertise, methodological skills and behavior in line with our corporate values form the basis for a successful transition to the post-training period. Many of our trainees are thus ideally prepared for the offer of full-time employment.

Our Approach	Training and Education
Corporate Culture	Diversity
Compensation and Benefits	Occupational Health and Safety

As of December 31, 2018, around 239 (2017: 230⁽¹⁾; 2016: 164) young people were doing apprenticeships or dual study programs throughout the Group. In the fiscal year 2018, 58 (2017: 51) apprentices and DHBW students were subsequently hired as full-time employees.

Students and school-leavers

To attract young talent as early as possible, we work closely with universities and colleges. We have developed a variety of junior management programs which enable dual study periods or help integrate graduates into our business world. These include the 1&1 Junior+ Program and the Master+ Program.

As part of the "Deutschlandstipendium", in which companies and the German state share the cost of student scholarships, United Internet is currently supporting five students at TU Munich and Ludwig-Maximilians-Universität Munich. The students receive financial support and personal mentoring from colleagues in the respective departments.



<https://www.deutschlandstipendium.de/de/english-1700.html>

We also have a special sense of responsibility for our interns. As members of the "Fair Company Initiative", we are committed to providing fair conditions, such as adequate financial compensation and personal support. The interns we employ every year, for example in our IT, Product Management, Online Marketing, Finance and HR departments, regularly emphasize how much they were able to learn during their time at United Internet.



<https://www.faircompany.de/>
(German only)

We offer school students the opportunity to get to know our company and different professions during short internship periods. In addition to collaborations and events with schools, United Internet offers one-on-one career counseling – a service which is becoming increasingly popular with the children of our employees. On special Information Days, our training supervisors inform young people about the apprenticeships and training opportunities which the company offers and are available to provide advice.

(1) The increase in 2017 resulted in part from the consolidation of new companies, e.g. Strato and Drillisch

DIVERSITY

United Internet's corporate culture is based on mutual respect and a positive attitude toward individual differences with regard to culture, nationality, gender, age, religion, sexual orientation and disability – in other words, everything that makes the company's employees unique and distinctive. A workforce composed of diverse personalities offers ideal conditions for creativity and productivity. The resulting potential for new ideas and innovation strengthens United Internet's competitive position and enhances its opportunities in future markets. The company strives to find the field of activity and function for each employee which allows them to fully exploit their individual potential and talents.

Diversity is a factor which influences employee satisfaction and a key reason for many applicants to select their future employer. In order to reflect our approach to diversity, we included a question in our staff survey in 2017 which asked whether they agreed with the statement: "The company treats all employees equally – regardless of age, gender, religion, origin, etc.". The results were very positive and confirm our mutual respect for each other.

As United Internet's customers also have a wide variety of needs and wishes, they appreciate a business partner who can live up to their own diversity.

In order to protect the impact of diversity on innovation, we do not tolerate any form of discrimination, harassment or bullying in the workplace. United Internet provides a variety of trustworthy contact points for staff to turn to in our HR and Compliance departments, as well as special "confidential intermediaries". We take all hints very seriously and are committed to investigating and clarifying all discrimination complaints. In the fiscal year 2018, and the year before, no cases of discrimination or suspected discrimination were reported.

In order to make greater use of the diversity of our employees, we developed the module "Success Factor Team – Utilizing Diversity in Teams" for our Leadership Development Program in 2017. This module focuses on the diversity of personality traits, values and behavioural patterns, and how knowledge about them can be used in everyday life. Our managers and experts reflect on the motives which might guide the actions of their own team members, based on insights into the attitudes and impressions of employees. They then use this to develop new perspectives and options for (re-)activating resources and potential. The module was offered for the first time in 2018.

The company's Internal Communications team used the 6th German Diversity Day as an opportunity to raise awareness for the topic of diversity. In an article posted on the intranet, we asked how diversity is perceived in the company and actively encouraged discussion of the topic among staff.



<https://www.komm-mach-mint.de>
(German only)

As of 2018, 1&1 is also a partner in the "Komm, mach MINT." network – the National Pact for Women in MINT Occupations (Mathematics, Informatics, Science and Technology). The initiative is funded by the German Ministry of Education and Research and aims to inspire girls and women to take up MINT courses and occupations – thus also helping to counter the impending shortage of skilled workers in these professions.

EMPLOYEES	
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Diversity of our employees

The following table shows the composition of our employees by gender and age. In addition, 10.0% of our core employees were working part-time.

Employees by gender ⁽¹⁾ in %	2016	2017	2018
Women	33.6	31.0	32.0
Men	66.4	69.0	68.0

(1) For the year 2016, the figures refer to our core employees as well as employees on parental leave; as of 2017, they refer to all active employees; in each case, as of December 31 of the respective fiscal year

Women accounted for 35.8% of all new hires and 29.5% of newly hired managers in the reporting period.

Employees by age ⁽¹⁾ in %	2016	2017	2018
under 30 years	27.8	23.8	25.5
30-39 years	41.1	36.2	38.1
40-49 years	23.3	27.3	25.2
50 years and over	7.8	12.7	11.2

(1) Figures refer to our active employees as of December 31 of the respective fiscal year

The average age of our employees as of December 31, 2018 was 38.0 (2017: 38.6; 2016: 37.6). In the reporting period, the average age of newly hired core employees was 32.2 years.

Diversity of our Management Board and Supervisory Board

United Internet aims to ensure that the Management Board and Supervisory Board are composed of many different types of people and that the bodies as a whole have a sufficiently wide variety of opinions and knowledge. Amongst other things, this means that the members of the Management Board and Supervisory Board should complement each other within their respective committees with regard to their experience, education and professional background in order to develop a good understanding of the current status and the longer-term opportunities and risks associated with the company's business activities.

For the reference period up to the expiry of the Annual Shareholders' Meeting that decides on the discharge of the Supervisory Board for the fiscal year 2019 (probably May 2020), the Management Board and Supervisory Board have each set a target value of "0" for the share of women, since at present both bodies are composed exclusively of men and no changes in personnel or size are currently planned or envisaged. In principle, however, both sexes should be treated equally on the basis of their qualifications, and in the case of new appointments the aim is to achieve a balanced composition of the Management Board and Supervisory Board.

With the exception of an age limit of 70, no differentiation is made according to age for the members of the Management Board and Supervisory Board, and the sole differentiation should be according to the required knowledge and experience. In view of the current size of the Management Board and Supervisory Board, each consisting of two to three members, no targets have been set with regard to geographical origin. In order to ensure international experience, the Supervisory Board already stipulates that at least one member of the Supervisory Board should have several years of experience abroad or have gained operational experience with an internationally active company.

Advancement of women

Women are still significantly under-represented in technology companies. In 2016, we therefore set ourselves the target of reaching an 18% share of women in our first two management levels.

In 2018, we established a new function that focuses on promoting diversity in general and the advancement of women in particular. A further important step during the reporting period was to improve our understanding of the active mechanisms by means of corresponding analyses, reporting and scientific findings, in order to align our measures accordingly and to integrate them into an overarching roadmap. In our recruitment efforts, we also tested the use of formulations in job ads which, according to research, are thought to appeal more strongly to women.

In order to reach our targeted share of women in management positions, we introduced a 5-point plan:

1. Filling management or expert vacancies with external applicants

The headhunter briefing stipulates that at least 25% of the profiles they supply must be female and at least two women must be among the candidates for the selection process. This means that several suitable profiles of female candidates must be submitted by the headhunters for the shortlisting process.

2. Filling management or expert vacancies with internal applicants

For each vacancy, the possibility of filling the position with a female high potential candidate from a different department must be examined and considered. Reasons for non-nomination are documented. In the case of equal qualifications, skills and professional suitability, female applicants are given greater consideration.

3. Developing our female high potentials

We aim to support our female high potentials with special mentoring. At the same time, we encourage the exchange of insights between female managers by means of networking events. We also develop special offers for promoting women and diversity among junior staff, managers and experts.

4. Coaching for women in leadership roles

This includes a selection of coaches from different industries, backgrounds and positions, depending on the type of sparring being sought. The pool comprises both male and female coaches who also have a special focus on the advancement of women.

5. Staff retention measures

We attach great importance to staff retention and staff returning to the company after family leave periods.

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As of December 31, 2018, a total of 33 (prior year: 27) women were employed in the first two management levels – corresponding to a ratio of 14% (2017: 13%). The difference to the targeted 18%-mark was 10 (prior year: 10) women.⁽¹⁾

Outlook

With a share of 14% in the top two management levels, the number of women is still well below our target and we see room for further improvement in 2019. In addition to steadily intensifying our development measures on the first and second management levels, we will continue our communication efforts together with various formats for networking and sharing experience. In order to promote a gradual change in culture, we also want to introduce a directive on gender-neutral language within the company. In addition, we will continue to work on concepts to help reconcile work and family life and promote diversity.

For 2019, we aim to map and work through our 5-point plan in the form of a roadmap for the future. In the coming year, we will once again take part in the German Diversity Day and continue to sensitize the organization for the topic with various campaigns aimed at strengthening diversity throughout the company.

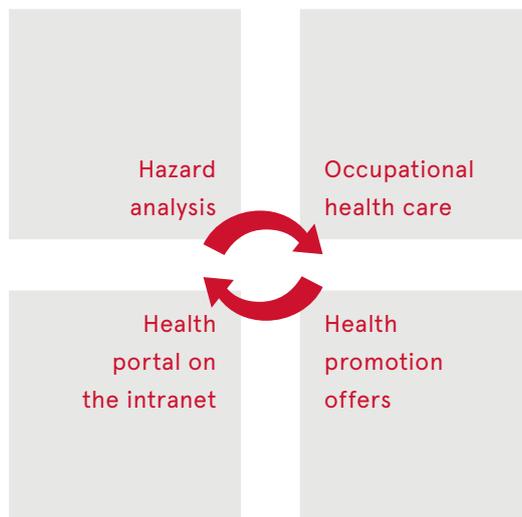
⁽¹⁾ Figures refer to our core employees; prior-year figures adjusted after deconsolidation of affilinet

OCCUPATIONAL HEALTH AND SAFETY

Health and safety in the workplace is part of our duty of care for our employees. As a responsible employer, we are committed to reducing accidents, illnesses and risks as far as possible, as well as promoting the health of our employees. We focus on three areas to minimize health hazards:

- Occupational health management, including ergonomics in the workplace
- Work safety at our data centers, including fire protection measures
- Prevention measures to reduce the risk of psychological stress for our call center staff

Occupational health management



Our occupational health management focuses on four main areas, which are mainly aimed at prevention.

Our Facility Management department conducts regular hazard analyses of our company buildings as well as fire safety drills, including evacuations.

We work together with an occupational health and safety expert and a company medical specialist. Since many of our employees spend most of their working day seated, the workplaces are regularly checked and adjusted. Where necessary, seats are also replaced with standing desks. When furnishing new buildings, we pay particular attention to the spatial conditions for standing and sitting

options in meeting areas. In addition, we provide advice on ergonomic sitting at regular intervals. We also have a mobile massage service in Karlsruhe that employees can use within the office building for a small fee.

Furthermore, we offer professional health-promoting measures carried out by external service providers at all our sites. These include flu vaccinations, occupational health support and check-ups, as well as a wide range of courses on relaxation techniques and exercises for strengthening the back muscles. In 2018, we also carried out our first risk assessment of possible stress factors in the workplace. The survey was conducted for all workplace variants in 2018 and will continue in 2019 with a structured follow-up process to implement the measures.

One of the findings of our staff survey was that employees wanted an even wider range of offerings in the field of health care. We have therefore set up an internal working group consisting of our health team and employees who wish to play an active role in shaping and expanding our offerings. The topics of nutrition, stress and prevention will be given main priority.

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Work safety at our data centers

Only authorized employees are granted permanent access to our data centers. Each of these employees is required to attend training courses on the following topics:

- How to behave in the case of fire
- How to behave in emergency situations
- First aid courses according to DGUV (German Social Accident Insurance) with special consideration of the data center environment
- First aid emergency training with automated external defibrillators (AED)
- Fire protection training with special consideration of the data center environment
- Safety training on the use of electrical equipment

In addition, we organize courses and training for employees who are responsible for the electrical and technical start-up of servers. Together with the Employer's Liability Insurance Association (VBG), we nominate safety officers for each "Operation Team", who receive regular training. Moreover, an external specialist provides support on occupational health and safety as well as physical fire protection. In addition to emergency manuals, we provide employees with work instructions and regulations via various "wikis". We ensure that the relevant safety regulations have been read by means of signature protocols.

Prevention measures at call centers

Many of our customers require personal service for their individual wishes and concerns. This can also lead to controversial discussions. We therefore support our call center staff with the aid of specific measures. These include anti-stress training and courses on how to de-escalate discussions and achieve consensus, thus reducing the burden on our employees. Sound-absorbing ceilings, special headsets, silent keyboards and generous freedom of motion are also standard for all workstations at our call centers.

Absentee figures

The measures described above aim to continuously reduce work-related absence and accidents in the workplace. We will continue to analyze the causes of the absentee rate and accidents with our occupational health practitioner in order to derive further necessary measures.

Absentee rate ⁽¹⁾	2016	2017	2018
Absence due to illness (ratio in %)	5.5 ⁽²⁾	5.5	5.7
Number of accident reports	18	36	36
thereof on the way to and from work (in %)	90	98	83

(1) Figures for 2016 and 2017 refer to our core employees in Germany without associated companies; as of 2018 to our core employees in Germany without ProfitBricks / 1&1 IONOS Cloud and Drillisch companies

(2) Figure for 2016 was adjusted

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We regard the conservation
of natural **RESOURCES**
as an essential element
of responsible and sustainable
corporate management.

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OUR APPROACH

Efficiency measures to reduce our environmental impact

United Internet regards the conservation of natural resources and the reduction of pollution as an essential element of responsible and sustainable corporate governance.

Our main focus is on those areas with the highest energy consumption and the highest potential greenhouse gas emissions: our data centers and our network infrastructure.

By enhancing our efficiency, we can save electricity and reduce the CO₂ emissions potentially caused by electricity consumption. By purchasing electricity from renewable energy sources ("green electricity") and compensating for our share of non-renewable energy, our data centers are climate neutral. We also reduce the impact of operating our network infrastructure by using green electricity.

In our Access division, we offer landline and mobile internet access products. The resulting shipping and disposal of smartphones and DSL routers have an impact on the environment. We therefore attach great importance to reducing waste and using professional recycling processes.

We deal with packaging materials ourselves via our logistics department. With regard to the environmentally compliant disposal of these materials and our devices, we have entered into partnerships with recycling and disposal specialists.

In addition, we take measures to ensure the climate-friendly mobility of our employees by encouraging them to avoid business trips and by using climate-friendly travel options.

ENERGY CONSUMPTION

Our energy consumption and the associated CO₂ emissions have an impact on the environment. Our aim is to continuously reduce the extent to which our business activities impact the environment and climate, and we are systematically working on reducing our electricity and fuel consumption, as well as making more efficient use of energy.

We need our network infrastructure and the server capacity of our data centers to provide our customers with internet services and telecommunication solutions. At the same time, their operation is responsible for the majority of our electricity consumption. Our data centers around the world account for approximately half of the Group's total expenditure on electricity consumption. And a large proportion of the other half is for the operation of our fiber-optic network and, to a lesser extent, our office buildings. Details on the information provided in the following table can be found in the respective sections of this chapter.

Energy consumption ⁽¹⁾	2016	2017	2018
Electricity consumption in MWh	191,014.7	213,052.1	212,983.4
thereof data centers	130,245.6	143,885.1	149,012.5
thereof fiber-optic network	60,769.1	61,824.0	58,501.3
thereof office buildings	-	7,343.0	5,469.6
Heat energy consumption (natural gas) in MWh	-	2,588.8	1,980.7
Fuel consumption vehicle fleet in MWh ⁽²⁾	8,491.4	8,442.5	14,909.7
thereof gasoline consumption	19.3	31.2	285.3
thereof diesel consumption	8,472.2	8,411.4	14,624.4
Total energy consumption in MWh	199,506.1	224,083.4	229,873.8
Sales in € million	3,808.1	4,206.3	5,130.8
Energy intensity (electricity consumption in relation to sales) in Wh/€	52.4	53.3	44.8

(1) Data collection was expanded and optimized in many places and further companies were included in the collection of data in the reporting period. This is reflected in an increase in the figures. More detailed information can be found in the respective sections; figures for 2016 and 2017 were adjusted

(2) Conversion factors/calorific values: gasoline: 8.5 kWh/l; diesel: 9.7 kWh/l

Electricity consumption of our data centers



Geo-redundancy means that all data is stored twice at two data centers in different locations. This enables us to guarantee 99.99% availability of webspace, databases and e-shops.

In our Applications division, we provide consumers and business clients with applications, such as domains, home pages, webhosting, servers and e-shops, Personal Information Management applications, group work, online storage and office software.

In order to make these services as secure and reliable as possible, our high-performance data centers are operated geo-redundantly. This ensures that neither power outages nor environmental influences can restrict the operation of applications – so that our customers have unrestricted and permanent access to their services. This additional security necessitates increased electricity consumption.

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Electricity consumption and energy efficiency are managed primarily by our experts in the Data Center & Networks department in cooperation with Technical Controlling and Global IT Operations.

Climate neutrality and use of renewable energies

We have been using electricity from renewable sources for our data centers in Germany for more than ten years. In all countries in which we operate data centers, we now use a mix of renewable energies and CO₂ offsetting via the use of certificates. This enables the climate-neutral operation of our data centers. We also attach importance to using renewable energy from geographically adjacent regions, i.e. mostly in the same country or in a nearby area.

The following table shows the electricity consumption of our data centers and the CO₂ emissions we were able to avoid. Compared to previous years, data collection was expanded in the reporting period and new users have been added over time. This is reflected in an increase in the figures.

Electricity consumption and CO ₂ emissions of data centers ⁽¹⁾	2016	2017	2018
Electricity consumption in MWh ⁽²⁾	130,245.6	143,885.1	149,012.5
Energy intensity (electricity consumption in relation to sales) in Wh/€	34.2	34.2	29.0
CO ₂ emissions in metric tons ⁽³⁾ (Scope 2)	0	0	0
Avoided CO ₂ emissions in metric tons ⁽⁴⁾	66,092	64,589	65,642

(1) Figures refer to our ten own and rented data centers; figures for 2016 refer to the data centers of 1&1 IONOS, Arsys and Fasthosts; as of 2017 also pro rata for Strato; as of 2018 also for Strato as a whole and for the newly added data centers of ProfitBricks / 1&1 IONOS Cloud, home.pl, InterNetX and World4You; presentation adjusted compared to previous year's report

(2) Figures for 2016 and 2017 adjusted

(3) Climate neutrality through the mix of renewable energies and CO₂ offsetting via the use of certificates

(4) Approximate figure calculated on the basis of average annual and country-specific emissions of CO₂ or CO₂ equivalents per kilowatt hour of electricity consumed; emissions do not increase in line with the increase in consumption, as emissions from the electricity mix of the various countries become lower over time, e.g. due to the growing proportion of renewable energies

Enhancing energy efficiency

Although the number of Group companies increased during the reporting period – resulting in more users of our data centers – there was no significant rise in total electricity consumption. This was achieved by optimizing the energy requirements of our 1&1 IONOS data centers. In the years 2017 and 2018, for example, extensive renovations were carried out at the Baden Airpark and Lenexa data centers. The main focus was, and still is, on cooling systems and uninterruptible power supply (UPS) units, which together with the servers themselves are major consumers of electricity at our data centers. For this reason, we are constantly upgrading these systems and increasingly changing to more efficient systems.

At the Baden Airpark data center, the UPS systems were replaced by a much more efficient system that reduces energy losses and thus achieves greater efficiency. At our US data center in Lenexa, the complete air conditioning system was renewed. Free cooling is now used everywhere where it was not previously the case. Among other things, the cooling water heated by the servers is pumped onto the roof of the data center and the outside air is used for cooling. This saves having to use compressors with the corresponding electricity consumption. The air conditioning system of the Baden Airpark data center is scheduled to be renewed in 2019.

In order to reduce electricity consumption and increase energy efficiency, we continuously implement further projects and measures:

- We are constantly increasing capacity utilization per server, thereby reducing the number of servers needed.
- We replace old servers with more modern, energy-efficient hardware at an early stage.
- Some of the servers are built-to-order for United Internet so that we can eliminate superfluous components and specify, e.g. low-power processors and low heat-loss power units.
- The web hosting system used by United Internet is a Linux-based, highly optimized in-house development that enables us to manage the data of several thousand customers on a single computer, thus optimizing the use of resources.
- Virtualization enables us to increasingly replace dedicated servers with cloud servers.
- The use of containers eliminates the need for redundant operation of the operating system kernel. Instead, it is shared by all instances – enabling even stronger “elastic” load-dependent scaling of the IT resources provided.
- The opening of a new modular data center in 2013 facilitated much more energy-efficient operation.

The results of these efficiency measures are already illustrated, for example, by the decline in electricity consumption of around 15% at the data centers Baden Airpark and Lenexa.

Energy audits can also provide new approaches to improving energy efficiency and reducing energy costs across the Group as a whole. According to the German Law on Energy Services and Other Energy Efficiency Measures (for short *Energiedienstleistungsgesetz – EDL-G*), energy audits must be carried out every four years by an independent auditor.

Electricity consumption of our fiber-optic network

Our fiber-optic network is a prerequisite for continued economic growth and enables society to benefit from the increasing performance and speed of data transfer. The demand for ever-greater bandwidth is constantly increasing. In order to secure our long-term business success, 1&1 Versatel is therefore continuously expanding our fiber-optic network. In 2018, the 1&1 Versatel network was extensively expanded and further optimized for our customers with more powerful network technology. The fiber-optic network had a length of 47,013 km at the end of the reporting period, compared to 44,889 km in the previous year.

Since 2012, 1&1 Versatel has been controlling its energy consumption with the aid of an Environmental Management System based on the ISO 14001 standard. For the operation of our fiber-optic network, we also attach great importance to reducing electricity consumption and the related environmental impact. Measures are therefore derived on the basis of data collected by the Environmental Management System.



Dedicated servers are used exclusively by one individual customer.



Cloud computing means the provision of IT infrastructure, such as storage space, computing power or application software as a service via the internet.

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1&1 Versatel's environmental management focuses on 28 major technical sites. An ABC analysis identified these sites as being the largest consumers of energy, accounting for 41.7% of 1&1 Versatel's total electricity consumption in the reporting period. The remaining 58.3% is spread across approximately 2,290 sites⁽¹⁾. The Environmental Management System is therefore applied especially at these sites in order to achieve optimization targets and to control consumption and cost trends. In the reporting period, the air-conditioning technology at our three major sites in Düsseldorf, Hamburg and Nuremberg was optimized. Direct free cooling is now used at these sites, which uses cool outside air wherever possible for the air conditioning system.

Since 2016, the largest technical sites and other 1&1 Versatel sites have been operated CO₂-neutral using a TÜV-certified green electricity tariff. 1&1 Versatel also connects its fiber-optic network with the fiber-optic networks and colocation sites of well-known city carriers and network operators, as well as successively with the BNGs (Broadband Network Gateways) of Deutsche Telekom. As a result, 1&1 Versatel does not control electricity procurement itself in these cases.

The following table shows the electricity consumption for all technical sites and office locations of 1&1 Versatel as well as those locations where 1&1 Versatel is a user within other locations.

Electricity consumption and CO₂ emissions fiber-optic network	2016	2017	2018
Electricity consumption in MWh ⁽¹⁾	60,769.1	61,824.0	58,501.3 ⁽²⁾
thereof renewable energies (at least)	20,630.5	19,379.6	19,839.6
thereof non-renewable energies (at most)	40,138.7	42,444.3	38,661.8
CO ₂ emissions in metric tons ⁽³⁾ (Scope 2)	20,711.6	20,755.3	18,905.6

(1) Figures are based on estimates for individual sites for which no readings are yet available; the stated electricity consumption for the respective years is subject to staggered time allocation due to fluctuations in the reading and billing dates. As a result, prior-year figures may change after the report is published; the figure for 2017 was adjusted correspondingly

(2) Electricity consumption did not increase despite expansion of the network, as electricity requirements were reduced by efficiency measures

(3) Calculated on the basis of data provided in 2018 by the German Federal Environment Agency (Umweltbundesamt) on CO₂ emissions per kilowatt hour of conventional electricity consumed in Germany (2017: 489 grams, 2016: 516 grams); there are no CO₂ emissions from the use of renewable energies ("green electricity")

(1) Figures are based on estimates for individual sites for which no readings are yet available

Electricity consumption of our office buildings

Our office buildings account for a comparatively small proportion of our total energy consumption. In the reporting period, we also purchased a significant proportion of certified green electricity, which further reduces the potential environmental impact.

Energy consumption and CO₂ emissions office buildings	2017	2018
Electricity consumption in MWh ⁽¹⁾	7,343.0	5,469.6
Heat energy consumption (natural gas) in MWh ⁽²⁾	2,588.8	1,980.7
CO ₂ emissions in metric tons ⁽³⁾	2,931.0	1,249.6
thereof from electricity consumption (Scope 2)	2,401.1	844.1
thereof from natural gas consumption (Scope 1)	529.9	405.5

(1) Figures refer to the offices and associated infrastructure of our locations in Montabaur, Karlsruhe and Munich which are supplied directly by the utility; figures for 2017 are based on estimates; we aim to expand the database

(2) Figures refer to the Montabaur location including logistics center

(3) Calculated on the basis of data provided by utilities on CO₂ emissions per kilowatt hour and on the basis of the conversion factors provided by DEFRA (Department for Environment, Food and Rural Affairs UK) 2018; partial use of renewable energies ("green electricity") which does not result in CO₂ emissions

MATERIAL CONSUMPTION AND LOGISTICS

As an access and applications provider, we use electronic devices and hardware in particular for our business activities. Applications are developed at our Internet Factory, or in cooperation with partner firms, and operated on around 90,000 servers at our ten data centers. In the Consumer Access segment, we provide customer hardware in the form of smartphones or DSL routers in connection with tariffs for the use of our mobile and broadband services.

Customer hardware

The smartphones and routers that we make available to our customers contain components which cannot be disposed of as household waste. It is our responsibility to recycle these materials in the correct manner after their use so that no pollutants are released into the environment from such waste. We have concluded a disposal agreement for the eco-compliant disposal of devices we supply with our partner and specialist service provider Interseroh. Whenever we deliver a product, we inform our customers about the correct disposal of their mobile and DSL hardware and refer them to the Interseroh collection points listed on our website. In this way, we ensure that all customers have the opportunity to return their old equipment for recycling or disposal.



[https://www.1und1.de/entsorgung/
#annahmestellen-finden](https://www.1und1.de/entsorgung/#annahmestellen-finden)
(German only)



In accordance with European directives and the German Electrical and Electronic Equipment Act (Elektro- und Elektronikgerätegesetz - ElektroG), old devices and all electronic parts included in the delivery must not be disposed of together with normal household waste. They must be disposed of professionally in order to enable their recycling.

Hardware in data centers and office buildings

In order to ensure the eco-compliant recycling of servers and network equipment, we have been passing on our used devices to the recycling specialist AfB gGmbH since 2009. This service provider is responsible for professional recycling or preparing the devices for further use, thus prolonging the life of the hardware and conserving resources. AfB is an inclusion company that currently employs 47% of people with disabilities (according to its own figures). This means that not only is our hardware in the hands of environmental and recycling experts, but that we are also strengthening employment opportunities for people with disabilities.

AfB prepared or recycled the following volumes of old IT equipment for us in the past years:

Old IT equipment	Number			Reusable after preparation in %			Raw material reclaimed via recycling in %		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
PCs	681	912	1,022	64.0	43.6	82.5	36.0	56.4	17.5
Notebooks	377	676	900	86.2	93.0	94.4	13.8	7.0	5.6
Monitors	1,158	1,067	1,216	86.2	91.5	62.5	13.8	8.5	37.5
Mobile devices	296	477	670	36.5	34.6	59.1	63.5	65.4	40.9
Servers	9,357	6,623	8,436	12.0	21.7	29.4	88.0	78.3	70.6
Printers	9	9	18	66.7	0.0	27.8	33.3	100.0	72.2

In 2018, we were able to hand over 179.3 metric tons of hardware to AfB (2017: 158.5⁽¹⁾, 2016: 207.3), thus helping to save 143.4 metric tons of CO₂ emissions (2017: 106.2, 2016: 73.5). The slight increase in the reporting period is due, among other things, to the partial renovation of IT infrastructure in the Business Applications segment; based on feedback from our staff survey, Office IT also introduced modernizations of workplaces, meeting rooms and rental equipment during the past year.



See also section „Staff satisfaction“, page 63

In addition, all printing systems used in logistics, for example, are covered by a maintenance contract with an external service provider.

Logistics and (secondary) packaging

Our business activities include providing our customers with products such as smartphones and DSL routers. This task is handled by the company's own logistics center in Montabaur. (Secondary) packaging and printed materials are required for the protection and shipping of these products. The (secondary) packaging material which we use for this purpose consists mainly of paper, paperboard and cardboard (PPC) with a high recycling portion of 75-80%. For security reasons, we also send e.g. access data by post. Our aim is to continuously optimize our use of materials, for example by reducing shipping packaging.

At the end of last year, our logistics center in Montabaur also took over the logistics tasks of 1&1 Drillisch AG, and in particular the shipping of hardware and SIM cards; the number of shipments increased by around 6% (2018: 5.4 million shipments, 2017: 5.1 million). In the previous year, the volume of shipments had been reduced by switching to a more efficient process for sending access data.

(1) Figure for previous year adjusted

ENVIRONMENT

Our Approach

Energy Consumption

Material Consumption
and Logistics

Employee Mobility

One night ... and your order's there



Our 1&1 Principle includes the "overnight" promise: customers who place their order by 10 p.m. during the week, and by midday on Saturdays, will receive their goods on the next working day. This service is even free of charge for all mobile products. We aim to meet the demands of our customers with this and other 1&1 Principle measures. Up to 30,000 letters and parcels leave our logistics center every day. Well-coordinated processes at our logistics center in Montabaur are required to guarantee the same-day processing of express shipments at all times:

All incoming orders are first systematically sorted so that overnight orders can be prioritized. The goods, such as DSL routers, smartphones, tablets, mobile accessories and Wi-Fi sticks, are then collected from the high-bay warehouses, scanned into the system and provided with the relevant cover letter and customer information. This includes e.g. access data for 1&1 broadband products. These are printed and glued separately in order to protect them against unauthorized access in accordance with data protection regulations. The allocation of a customer and device serial number facilitates handling in the case of warranty issues. After the goods from the warehouse and the respective customer information have been brought together, the delivery is packed at two large packaging machines. The boxes are then loaded onto large trolleys which are collected several times a day by various logistics service providers (including DHL, Hermes, GLS). These transport the goods to depots, from where they are delivered to the customers.

At the same time, the consumption of plastics used in packaging was reduced once again in the reporting period – despite an increase in the number of shipments – while the use of more recyclable paper, paperboard and cardboard packaging increased. In 2018, for example, around 2.7 metric tons of plastics were used, compared with 3.8 metric tons in 2017. By contrast, the consumption of paper, paperboard and cardboard rose to 575.4 metric tons in 2018, from 446.4 metric tons in 2017. The amount of plastics consumed per shipment was also significantly reduced (between 2016 and 2018 by half), while the proportion of PPC was increased.

Packaging material	2016	2017	2018 ⁽¹⁾
Total consumption of paper, paperboard and cardboard (PPC) in metric tons	446.7	446.4	575.4
Total consumption of plastics in metric tons	5.2	3.8	2.7
Number of shipments in million units	5.3	5.1	5.4
Amount of PPC per shipment in grams	84.6	88.2	106.5
Amount of plastics per shipment in grams	1.0	0.8	0.5
CO ₂ emissions in metric tons ⁽²⁾ (Scope 3)	9.5	9.5	12.1

(1) The increase in shipments in the reporting period is due in part to the assumption of logistics tasks for 1&1 Drillsch AG

(2) Calculated using the conversion factors of DEFRA 2018

We report the quantity of (secondary) packaging used for shipping and selling products annually to our disposal service provider Interseroh and have the figures checked by the German Chamber of Industry and Commerce (Industrie- und Handelskammer - IHK). Thanks to our environmentally-compliant disposal, the equivalent of 169 metric tons of CO₂ was saved in 2017.⁽¹⁾

We also try to reduce the use of shipping materials for service cases, e.g. when a faulty device is replaced for a customer. When exchanging rental devices, the customer receives the new device via a selected delivery service provider, which replaces the devices directly on site. The new device is delivered in a returnable shipping package specially developed for this purpose into which the old device is placed for return shipping. This method not only saves material, but also time for the customer.

Moreover, we source our packaging and printed materials from local suppliers, thus helping to avoid long transport routes and save CO₂ emissions.

Paper consumption

The following table shows the consumption of copy paper at our locations in Germany, including the logistics center, which are supplied centrally with paper. The figures vary greatly from year to year, as a large amount of paper is often ordered and distributed once a year. If a large quantity is ordered at the end of a year, for example, this reduces the order quantity in the following year. Moreover, the paper ordered in one year is not completely consumed in the same year. It is more meaningful therefore to consider average values on the basis of the past three years. The overwhelming majority of copy paper used by the Group bears the EU Ecolabel, which identifies products and services that have a lower environmental impact than comparable products.

Copy paper consumption⁽¹⁾	2016	2017	2018	Average
Total paper consumption in metric tons	30.4	457.2	294.3	260.6
Paper consumption per employee ⁽²⁾ in kilograms	5.9	95.1	57.2	52.7
CO ₂ emissions in metric tons ⁽³⁾ (Scope 3)	27.8	417.6	268.8	238.1

(1) Figures refer to our locations in Montabaur (incl. logistics), Karlsruhe, Berlin, Munich and Zweibrücken which are supplied centrally with paper; excluding letterhead and specialty paper

(2) Figures refer to the employees of the locations mentioned under (1)

(3) Approximate figure calculated using the conversion factors of DEFRA 2018

(1) As of the editorial deadline, the corresponding figures for the reporting year were not yet available

EMPLOYEE MOBILITY

Environmentally-conscious handling of business trips and fuel consumption

Our approximately 40 domestic and foreign locations in eleven countries place high demands on employee mobility. The journeys undertaken by our employees generate CO₂ emissions.

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

Our Corporate Procurement and HR departments work together closely to manage employee mobility. Their responsibility ranges from business trip management and vehicle fleet monitoring to the drafting of conditions for the allocation and use of company cars.

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

- **Avoidance of business trips**

By equipping our meeting rooms with technology for telephone and video conferencing, we can avoid many business trips. In addition, the use of instant messaging services improves the internal exchange of information and can help further reduce travel to our other locations.

- **Climate-friendly travel**

As part of the approval process, we make sure that our employees use the train as their preferred means of travel. This enables climate-neutral travel for long-distance journeys. In addition, employees can travel together by using the carpool service on our intranet.

- **Vehicle fleet**

Our company car policy limits the environmental impact of our fleet, for example, by restricting the size of engine available. In addition, we always make sure our fleet is up-to-date – both ecologically and economically – and constantly monitor market trends. We also examine the use of alternative technologies (e.g. electric vehicles), always with the aim of making decisions which are both economically and ecologically sustainable.

- **Pilot project**

In a pilot project, we are also currently testing a process for paperless travel expense accounting, which will enable greater transparency on both alternative means of travel and travel expenses.

Fuel consumption and CO₂ emissions

We work together with external partners for the use of rental and company cars. These provide us with regular information on the use of our fleet and evaluate fuel cards so that we can monitor the development of fuel consumption and the associated emissions of greenhouse gases and CO₂. Air travel is organized by tour operators who also provide us with regular information, including CO₂ emissions. The German rail operator Deutsche Bahn provides us with an annual environmental report. This also informs us about the volume of CO₂ emissions our employees have saved by taking the train rather than the car. In 2018, for example, this amounted to 830 metric tons of CO₂.

In the reporting period, our employees covered more than 40 million kilometers and thereby caused 6,786 metric tons of CO₂ emissions. The following tables provide a detailed overview of travel activity within the Group. Data collection was expanded and optimized in many areas during the reporting period. This is reflected in an increase in the figures.

Rail travel⁽¹⁾	2016	2017	2018
Passenger kilometers (pkm) for long-distance trips	4,999,934 ⁽²⁾	6,084,799	6,010,148
Pkm for long-distance trips per employee ⁽³⁾	790.9	771.2	794.3
CO ₂ emissions for long-distance trips in metric tons (Scope 3)	0	0	0
Pkm for short-distance trips	439,243	535,032	501,531
CO ₂ emissions for short-distance trips in metric tons (Scope 3)	33.0	40.2	27.4
Proportion of climate-neutral rail travel in %	91.9 ⁽⁴⁾	91.9	92.3
CO ₂ saving compared to use of car in metric tons	915.0	1,106.0	832.7

(1) Figures refer to the United Internet Group in Germany without Strato and Drillisch; figures taken from the environmental report ("Umweltbilanz") of Deutsche Bahn

(2) Figure for 2016 adjusted

(3) Figures refer to United Internet Group employees in Germany; 2016: 6,322; 2017: 7,890; 2018: 7,567; figures for 2016 and 2017 adjusted

(4) Figure for 2016 adjusted

Rental cars⁽¹⁾	2016 ⁽²⁾	2017 ⁽³⁾	2018
Volume of fuel consumed (gasoline and diesel) in liters ⁽⁴⁾	141,112.3	118,159.1	167,387.7
Fuel consumption per employee in liters ⁽⁵⁾	22.3	15.0	22.1
Total distance traveled in km	1,959,893	1,641,098	2,324,829
CO ₂ emissions in metric tons ⁽⁶⁾ (Scope 3)	235.7	200.7	312.2

(1) Figures for 2016 refer to the United Internet Group in Germany; Strato and Drillisch added as of 2017; data collection expanded and optimized to include a further external partner, which explains the increase in the reporting period

(2) Figures for 2016 adjusted after deconsolidation of affilinet

(3) Figures for 2017 adjusted

(4) Calculated on the basis of data from the German Federal Environment Agency on average fuel consumption of passenger cars and station wagons per 100 km; since 2016: 7.2 l; figures for 2016 and 2017 adjusted accordingly

(5) Figures refer to United Internet Group employees in Germany; 2016: 6,322; 2017: 7,890; 2018: 7,567; figures for 2016 and 2017 adjusted

(6) Figures based on the data of the service providers

ENVIRONMENT

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Employee Mobility

Vehicle fleet ⁽¹⁾	2016	2017	2018
Volume of fuel consumed (gasoline and diesel) in liters	875,686.0	870,878.8	1,541,316
Fuel consumption per employee in liters ⁽²⁾	167.0	162.8	218.1
Total distance traveled in km ⁽³⁾	12,551,992	13,255,315	22,494,492
Distance traveled per company car in km ⁽⁴⁾	31,223.7	32,251.4	30,941.5
CO ₂ emissions in metric tons ⁽⁵⁾ (Scope 1)	2,311.1	2,297.9	4,049.9

(1) Figures for 2016 and 2017 refer to the United Internet Group in Germany without 1&1 Versatel, Strato and Drillisch; 1&1 Versatel and Drillisch, as well as new orders from Strato, added as of 2018; data collection significantly expanded and optimized in the reporting period

(2) Figures refer to the employees of companies mentioned under (1)

(3) Figures based on manual data input made by users when refueling

(4) Number of cars in the fleet as of 31 December of the respective financial year: 2016: 402; 2017: 411; 2018: 727; number of cars in the fleet may vary over the course of the year

(5) Figures based in part on the data of the service providers, in part on calculations using the conversion factors of DEFRA 2018

Air travel ⁽¹⁾	2016 ⁽²⁾	2017 ⁽³⁾	2018
Volume of kerosene consumed in liters ⁽⁴⁾	189,410.9	182,083.6 ⁽⁵⁾	317,144.4
Kerosene consumption per employee in liters ⁽⁶⁾	36.1	34.0	41.1
Total distance flown in km	5,203,596	5,086,133	8,858,783
CO ₂ emissions in metric tons ⁽⁷⁾ (Scope 3)	1,362.3	1,247.9	2,396.6

(1) Figures for 2016 and 2017 refer to the United Internet Group in Germany without 1&1 Versatel, Strato, Drillisch; 1&1 Versatel and Strato, as well as relevant companies domiciled abroad, added as of 2018; data collection significantly expanded and optimized in the reporting period

(2) Figures for 2016 adjusted, among other things after deconsolidation of affilinet

(3) Figures for 2017 adjusted

(4) Calculated on the basis of data from the German Aviation Association (Bundesverband der deutschen Luftverkehrswirtschaft - BDL) on average kerosene consumption per passenger and 100 km; 2016: 3.64 l; 2017: 3.58 l; the 2017 figure was also used to calculate the amount for the reporting period

(5) Figure for 2017 adjusted to average kerosene consumption per passenger and 100 km of 3.58 l stated above

(6) Figures refer to the employees of companies mentioned under (1)

(7) Figures based in part on tour operator data, in part on calculations using the conversion factors of DEFRA 2018

OUR SOCIAL COMMITMENT

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As part of society
we feel obliged
to contribute toward its **STABILITY**
and **FUTURE VIABILITY.**

OUR APPROACH

Our social commitment

Entrepreneurial success is only possible in a functioning society. As part of society, we feel obliged to contribute toward its stability and future viability.

We fulfill this obligation and responsibility with the aid of two initiatives:

■ **United Internet for UNICEF**

Firstly, the United Internet for UNICEF Foundation supports the global projects of UNICEF – the United Nations International Children’s Emergency Fund – and thus helps promote equal opportunities and improve the well-being of children around the world.

■ **1&1 Fit for Job**

Secondly, the company has established a number of measures to help refugees integrate into German society since late 2015. For example, our 1&1 Fit for Job training program is designed to smooth their path into the German labor market. We are convinced that language and work are essential for refugees to gain a foothold in German society, and therefore focus on these two aspects.

1&1 Fit for Job relies on the voluntary commitment of our employees, who are either engaged in organizational activities or work as trainers. United Internet supports their commitment by giving employees the freedom to work in the initiatives. Committed staff can devote up to 10% of their weekly working hours to refugee aid measures.

UNITED INTERNET FOR UNICEF

Targeted aid for children in need

The United Internet for UNICEF Foundation has been a central component of our social commitment for over ten years now. UNICEF is a globally acclaimed, experienced and highly qualified partner for us. The professionalism of UNICEF enables us to leverage the impact of our own efforts.

Amongst other things, UNICEF supports projects to improve education, health and child protection – and thus the living conditions of children worldwide. UNICEF also provides humanitarian aid in the event of natural disasters and their protracted consequences.

Our foundation helps attract donations and long-term sponsorships by placing appeals on our online platforms. The high volume of traffic on our portals WEB.DE, GMX and 1&1 increases the reach and the attention received by such donation appeals. This reach makes us UNICEF's largest corporate partner in Germany.



<https://www.united-internet-for-unicef-stiftung.com/>

The Foundation's work is managed by a permanent employee at United Internet with the aid of other volunteers throughout the workforce. Its success is monitored via regular reports to the Management Board.

Our contribution to fundraising

As soon as the Foundation has decided to launch an appeal for donations for current crises or catastrophes, we employ a variety of instruments.

- An interdisciplinary team of writers, graphic designers, and marketing experts collaborate on the creation of emergency mailings and news ads. Each team member contributes his or her knowledge and skills to draft informative and compelling emails and prepare their distribution. Via our online portals WEB.DE, GMX and 1&1, the mailings can quickly reach over 30 million people and motivate them to donate to the appeal.
- In addition, we provide free editorial and advertising space on our online portals for donation appeals. In urgent cases, this enables us to respond quickly and provide initial support.
- A link to the Foundation's website means donors can use quick and easy payment options.
- For selected appeals and the generation of sustaining members, United Internet agrees to provide additional financial support: in the case of "double it" campaigns, private donations are increased up to a set amount by United Internet. Thanks to this additional incentive, the Foundation was able to gain 539 new sustaining members for UNICEF with its 2018 Christmas mailings alone.

As all work for the Foundation is voluntary, the donations are forwarded 100% to UNICEF and allocated to the intended projects.

Success stories of the past 10 years

In the fiscal year 2018, the Foundation’s appeals resulted in a further € 3.54 million of donations (prior year: € 3.94 million) being handed over to UNICEF, according to preliminary figures. Since its formation in 2006, the Foundation has now collected over € 42.9 million in donations and recruited around 12,750 active and sustaining UNICEF members (as of December 31, 2018; prior year: 12,327) via the 1&1, GMX and WEB.DE portals.

These sustaining memberships are very important for long-term projects aimed at improving living conditions, as they continue to drive projects once the media attention and donation appeals directly after a disaster have begun to subside.

Donation total per year in € million



In 2018, the Foundation mostly supported the ongoing crisis regions of the Democratic Republic of Congo and Yemen. It also promoted projects in India and launched an emergency mailing for the victims of the earthquake and tsunami on Sulawesi. In 2018 alone, for example, United Internet for UNICEF provided € 160,000 for the Congo and over € 1 million for Yemen.

All in all, the United Internet for UNICEF Foundation has so far provided around € 2 million for various projects in the Democratic Republic of Congo – from health centers and the reintegration of children from armed groups, to the provision of school education. In October 2018, members of the Foundation traveled to the Congo to get a first-hand impression of the situation and check how donations were being used.

Project trip to the Democratic Republic of Congo



Together with Ralph Dommermuth, Tessa Page is the co-initiator of United Internet for UNICEF and Chairperson of the Foundation. In a brief interview, she gives us an insight into the project trip to the Congo.

Ms. Page You travelled to the Congo in October. What does this country mean to you?

My first trip to the Congo was in 2013. Due to the invading rebels and the resulting security risk, we couldn't travel very far. The streets were full of children with machine guns and we only had limited possibility to venture outside. However, there was a home for former child soldiers in Goma which was close to where we were staying, so we were able to talk to the children there.

This is where we met the 14-year-old Henri. His words and story still occupy my thoughts today: "We all live in hell here." Henri was abused by the militia and recruited to fight against his will. He had to watch as members of his family were raped and then murdered.

Children in the Congo have experienced unimaginable things and are still the greatest victims of exploitation and violence.

Ms. Page What's the situation in the Congo today?

The humanitarian situation in the Democratic Republic of Congo deteriorated dramatically last year. The Congo is one of the "forgotten crisis regions". Around eight million children are dependent on humanitarian aid, more than four million people are refugees in their own country. Over one million children suffer from severe acute malnutrition. Not to mention the renewed outbreak of Ebola in the east of the country.

Serious violations of children's rights, in particular recruitment, killings and sexual violence, are all key features of the conflict. Violence and insecurity are preventing nearly four million children from receiving healthcare and education.

Ms. Page Which projects in the Congo does the Foundation support?

One focus of our work is healthcare and fighting malnutrition. And of course helping children like Henri. In the Kasai region, 60% of the militias are children – they have to treat the wounded, clean weapons or take up arms themselves. Liberating these children and reintegrating them into society is an important task.

Promoting education and schools is another focus area. Many schools in the Congo were attacked and served as military bases. We want to give these traumatized children a feeling of security again and ensure they receive education – something which is so vital for their development.

Ms. Page Which meeting made the strongest impression on you?

At the Saints Martyrs health center, I met a young mother called Rose. At the beginning of the crisis in July 2017, the 31-year-old lived with her family in Kasai, about 250 kilometers away. When the militia attacked her home village, she and her children had to watch on as her husband was killed. Together with her six children, she fled to the bush in search of a safe haven. But on the way to Saints Martyrs her three oldest children died.

The youngest, Christine, suffers from severe acute malnutrition, which is particularly evident from the discoloration of her hair and the visible signs of edema. At the age of three, she weighs just eight kilograms – 16 would be normal. Thanks to donations from United Internet for UNICEF, she has been given a chance to survive.

Ms. Page What are the Foundation's plans for next year?

We will continue to face all challenges with optimism in 2019, working tirelessly to improve the health and well-being of children and families while helping people escape hunger and extreme poverty. We know that girls and boys have a unique opportunity to improve future societies. Investing in a child's health and education has a huge impact on families, communities and countries. This is our vision.

**MANY THANKS
Ms. PAGE**

SUPPORT FOR REFUGEES

Integration into society via the labor market

The integration of people fleeing war and destruction still poses challenges for our society – such as the provision of care, the overcoming of language barriers, and the cultural and economic integration of such immigrants. United Internet's integration measures are based on the respective current needs of refugees and have thus been constantly adapted over the past few years.

In 2015, as part of the 1&1 Welcome program, our employees offered a number of activities at the initial refugee homes to smooth the arrival process for refugees (e.g. music, sports, leisure activities, decorating the accommodation). A little later, we created our 1&1 Language centers near the homes to help refugees learn German. As these temporary homes closed, the demand for these initiatives also changed.

Since March 2016, the main focus of our activities has therefore been the 1&1 Fit for Job training program, which prepares refugees for the German labor market – as a supplement to the courses offered by the state and local authorities. At our facilities in Montabaur, Karlsruhe and Munich, we offer a modular program that gives participants a general overview of office work, the cultural environment, and possible careers at the company, as well as hands-on training on job applications and PC skills. All courses are held by qualified company employees, who can devote up to 10% of their working hours to the program. In addition to a core team, over 190 volunteers work for 1&1 Fit for Job.

Over 310 refugees and migrants have now taken part in the 1&1 Fit for Job program. More than 120 participants subsequently completed an internship at companies of the United Internet Group.

We keep in close contact with the graduates of this program and also help them to find work by involving local job centers and employment agencies, as well as other companies, organizations or schools, in the job-seeking process. In addition to the learning success, the personal contact between employees and refugees increases intercultural understanding and leads to mutual acceptance and tolerance. Apart from the offer of individual internships, we have also implemented several internship programs consisting of training, work experience, and hands-on elements in various specialist areas, such as facility management and logistics, but also IT service and marketing.

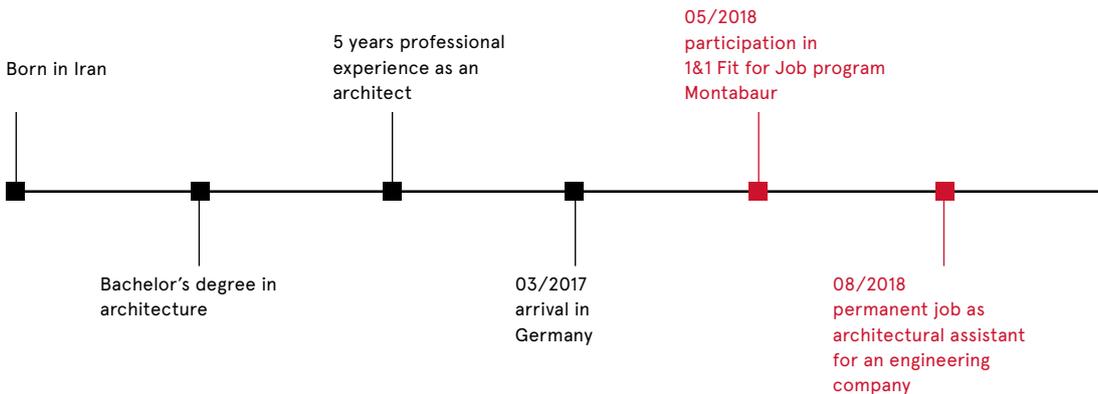
Continuous adaptation of our commitment

In 2017, the focus of our commitment shifted to adapt to the changing needs of participants. There was an increasing number of follow-up events, which mostly focused on work with PCs and job application training.

In 2018, we once again adjusted the number of participants and the formats (training program, follow-up events, internship program, individual internship, sponsorship program, employer events, network establishment) in line with the changes in our previous target group as well as in the general political and social situation. There is now considerably less need for training courses and more need for targeted career preparation and assistance with starting work.

Although internships give an impression of working life in Germany, we believe that only apprenticeships can offer a true career perspective. This is why 27 refugees are currently doing apprenticeships at our companies. We give them plenty of support by providing learning guidance, language programs, and mentoring. The success of the initiative is proven by the first hirings by Group companies over the past three years.

Success story of a program participant



In 2018, we also stepped up our networking and collaborations with other companies once again. At networking events, such as those held by the German Chamber of Industry and Commerce (IHK) and the Federal Employment Agency (Agentur für Arbeit), we were able to report on our positive experience from the training provided for refugees and share views on further steps together. In 2019, we want to expand this cooperation in order to make the integration of refugees more effective for ourselves, but also for authorities and other companies.

Against this backdrop, we will concentrate in future on three pillars tailored to current needs: preparation for apprenticeships, support during apprenticeships, and assistance with reintegration into the work environment.

Apprenticeship preparation includes helping refugees find a job and become integrated into the labor market. For example, training courses are offered on Microsoft Office programs and mathematics. In addition, we want to establish a career guidance service and offer further long-term internships. The second pillar includes demand-oriented support during the apprenticeship. The third pillar concentrates on helping appropriately qualified refugees re-enter the labor market.

One special internal measure to support work entry is the 1&1 Fit for Job trainee program we are piloting in 2018/19. This one-year trainee program is designed to enable refugees enter the German labor market. The trainees spend twelve months working in three different departments to get an insight into different subject areas. In addition to this hands-on approach, the trainees are given support with their language skills and personal development. This measure is primarily aimed at refugees who have already completed an internship at one of our companies and have successfully completed their studies or a commercial or technical apprenticeship. Ideally, the trainee program will lead to a permanent position in our company.

The new alignment was developed in cooperation with our existing and new cooperation partners and network contacts for the locations Montabaur, Karlsruhe and Munich. In addition, we aim to open up our services to a certain extent to people without a migration background in order to promote learning together – and thus encourage sustainable integration.

ANNEX

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KEY FIGURES⁽¹⁾ (I)

Further details and explanations of the following sustainability key figures can be found in the relevant sections of the report.

	2016	2017	2018	Page number / further references
CORPORATE MANAGEMENT				
Sales ⁽²⁾ in €m	3,808.1	4,206.3	5,130.8	Annual Report (AR)
Sales per employee ⁽³⁾ in €k	472	486	555	AR
EBITDA ⁽⁴⁾	835.4	979.6 ⁽⁵⁾	1,201.3	AR
EBIT ⁽⁶⁾	642.7	704.0 ⁽⁵⁾	811.0	AR
Length of fiber-optic network in km	41,644	44,889	47,013	p. 9 f.
Compliance				
Number of confirmed incidents of corruption	0	0	0	p. 21
Attendance rate e-learning course on the Code of Conduct ⁽⁷⁾ in %	-	-	92.3	p. 22
Responsibility Along the Supply Chain				
Cost of services ⁽⁸⁾ in €m	1,636.5	1,797.4	2,066.0	p. 23 AR: Notes to the consolidated financial statements
Cost of goods ⁽⁹⁾ in €m	396.3	389.5	703.0	
Business partner audits (outsourcing service providers) ⁽¹⁰⁾	2	6	6	p. 24
Human Rights				
Number of confirmed incidents of human rights violations	0	0	0	p. 25
CUSTOMERS				
Number of fee-based customer contracts ⁽¹¹⁾ in m	16.47	22.57	23.85	p. 31
Number of ad-financed free accounts ⁽¹²⁾ in m	34.54	35.67	37.00	AR: Business development
Number of employees in Customer Service/ Customer Care	1,820	2,139 ⁽¹³⁾	2,042	p. 31
INFORMATION SECURITY AND DATA PRIVACY				
Number of customer inquiries about the topic of data privacy	29,705	22,573	35,445	p. 48
Number of reports of data privacy violations in accordance with GDPR ⁽¹⁴⁾	-	-	49	p. 49

(1) For details and explanations please refer to the relevant sections of the report

(2) Figures for 2016 and 2017 adjusted after deconsolidation of affilinet; figure for 2018 acc. to IFRS 15

(3) Figures based on annual average headcount

(4) Earnings before interest, taxes, depreciation and amortization; figure for 2018 acc. to IFRS 15; including one-off expenses for current integration projects

(5) Without extraordinary income from revaluation of Drillisch shares and of ProfitBricks shares and without M&A transaction costs, without restructuring costs for offline sales, and without Trademark write-downs Strato

(6) Earnings before interest and taxes; figure for 2017 adjusted in connection with a final purchase price allocation (ProfitBricks); figure for 2018 acc. to IFRS 15, including one-off expenses for current integration projects

(7) Figures refer to employees of German locations who have completed the mandatory training course and passed the final test, conducted for the first time in the fiscal year

(8) Extent to which United Internet places sales-relevant orders with third parties

(9) All goods purchased with a direct relationship to sales revenue

(10) Audits began in September 2016

(11) Figures for 2016 and 2017 adjusted

(12) Figures for 2016 and 2017 adjusted

(13) The increase in headcount in 2017 results from the integration of Customer Service employees from Strato and Drillisch

(14) In the previous year, a high number of customer inquiries indicated an increasing awareness of data privacy topics, which is why as of

this year we are also reporting the number of reports of data privacy violations in accordance with GDPR, also to comprehensively address GRI disclosure 418-1

	2016	2017	2018	Page number / further references
EMPLOYEES⁽¹⁵⁾				
Number of employees ⁽¹⁶⁾	7,897	9,414	9,093	
thereof in Germany	6,322	7,890	7,567	
thereof abroad	1,575	1,524	1,526	
thereof Consumer Access	2,401	3,457	3,150	
thereof Business Access	1,077	1,069	1,095	
thereof Consumer Applications	978	961	947	
thereof Business Applications	3,243	3,586	3,355	
thereof Corporate HQ	198	341	546 ⁽¹⁷⁾	p. 60
Management positions filled internally ⁽¹⁸⁾ in %	68	70	65	p. 60
Employee turnover rate ⁽¹⁹⁾ in %	-	-	8.9	p. 60
Number of "Ask the Board" events held (Germany)	14	13	15	p. 62
Compensation and Benefits				
Number of participants in Employee Stock Ownership Plan (ESOP) 2016 ⁽²⁰⁾	1,965	-	-	AR: Remuneration report
Participation rate for ESOP 2016 ⁽²⁰⁾ in %	35	-	-	
Training and Education				
Employees who receive regular system-supported performance and career development reviews ⁽²¹⁾ in %	-	-	95.9	p. 65
Number of hours of training and education ⁽²²⁾				
thereof for our employees	33,622	67,221	74,715	
thereof for the employees of our service providers	13,876	180,356	70,346	p. 67
Number of hours of training and education per employee				
thereof for our employees ⁽²³⁾	5.3	8.5	9.9	
thereof for the employees of our service providers ⁽²⁴⁾	14.6	48.9	11.1	p. 67
Employees' attendance of external courses, seminars or conferences	-	-	> 1,000	p. 67
Number of apprentices/students	164	230 ⁽²⁵⁾	239	p. 69
Number of apprentices and students hired as full-time employees	32	51	58	p. 69

(15) Figures as of December 31 of each fiscal year, unless stated otherwise

(16) Figures refer to our active employees; presentation acc. to the new segmentation implemented in 2018; figure for 2016 adjusted after deconsolidation of affinet; the decline in domestic headcount and in headcount of the "Consumer Access" segment in 2018 mainly results from the sale of yourfone shops

(17) The increase in headcount of Corporate HQ in 2018 mainly results from the transfer of employees from the segments who already worked in corporate functions and are now allocated to Corporate HQ; in addition, apprentices are allocated to Corporate HQ as of the reporting period

(18) Figures refer to our active core employees, i.e. employees including apprentices and trainees, but without inactive employment contracts (mainly employees on parental leave) and without interns, working students, pupils, graduands and temporary staff

(19) Figures refer to the annual average headcount of active core employees, without Drillisch companies

(20) Eligible for participation were all employees and apprentices who had been in uninterrupted employment or vocational training with a German company of the United Internet Group since at least July 1, 2015, and whose main place of residence during the entire subscription period from May 24 to June 13, 2016 was in Germany, France or Switzerland; figures refer to core employees as at June 13, 2016

(21) Figure refers to core employees in Germany, without associated companies, which have not been integrated into the respective tool yet

(22) Data collection was significantly expanded and optimized again in the previous year and the reporting period. 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

(23) Figures refer to employees in Germany; figures for 2016 and 2017 adjusted

(24) Figures refer to the number of training participants of our service providers; 2016: 953; 2017: 3,692; 2018: 6,364. In total, around 4,000 external service agents are deployed to support our customers. The number of training participants is not to be equated with the number of service agents

(25) The increase in 2017 resulted in part from the consolidation of new companies, e.g. Strato and Drillisch; figure for 2017 adjusted

KEY FIGURES (II)

	2016	2017	2018	Page number / further references
EMPLOYEES				
Diversity and Equal Opportunities				
Number of confirmed incidents of discrimination	0	0	0	p. 70
Employees by gender ⁽²⁶⁾ in %				
Women	33.6	31.0	32.0	
Men	66.4	69.0	68.0	p. 71
Women in new hires in %	-	-	35.8	p. 71
Women in management positions ⁽²⁷⁾ in %	14	13	14	p. 71 ff.
Women's share in newly hired managers in %	-	-	29.5	p. 71
Employees by age ⁽²⁸⁾ in %				
under 30 years	27.8	23.8	25.5	
30-39 years	41.1	36.2	38.1	
40-49 years	23.3	27.3	25.2	
50 years and over	7.8	12.7	11.2	p. 71
Average age of our employees in years	37.6	38.6	38.0	p. 71
Average age of newly hired core employees in years	-	-	32.2	p. 71
Share of employees working part-time in %	-	-	10.0	p. 71
Occupational Health and Safety				
Absence due to illness ⁽²⁹⁾ in %	5.5 ⁽³⁰⁾	5.5	5.7	p. 75
Number of accident reports	18	36	36	
thereof on the way to and from work in %	90	98	83	p. 75

(26) Figures for the year 2016 refer to core employees as well as employees on parental leave; as of 2017, they refer to all active employees

(27) Figures refer to core employees in the top two management levels; prior-year figures adjusted after deconsolidation of affilinet

(28) Figures refer to active employees

(29) Figures for 2016 and 2017 refer to core employees in Germany without associated companies; as of 2018 to core employees in Germany without ProfitBricks / 1&1 IONOS Cloud and Drillisch companies

(30) Figure for 2016 adjusted

	2016	2017	2018	Page number / further references
ENVIRONMENT				
Energy Consumption⁽³¹⁾				
Total energy consumption in MWh	199,506.1	224,083.4	229,873.8	
thereof electricity consumption	191,014.7	213,052.1	212,983.4	
thereof data centers ⁽³²⁾	130,245.6	143,885.1	149,012.5	
thereof fiber-optic network ⁽³³⁾	60,769.1	61,824.0	58,501.3	
thereof office buildings ⁽³⁴⁾	-	7,343.0	5,469.6	
thereof heat energy consumption (natural gas) ⁽³⁵⁾	-	2,588.8	1,980.7	
thereof fuel consumption vehicle fleet ⁽³⁶⁾	8,491.4	8,442.5	14,909.7	
thereof gasoline	19.3	31.2	285.3	
thereof diesel	8,472.2	8,411.4	14,624.4	p. 80 ff.
Energy intensity in total (energy consumption in relation to sales) in Wh/€	52.3	53.3	44.8	p. 80
Energy intensity data centers (electricity consumption in relation to sales) in Wh/€	34.2	34.2	29.0	p. 81
Materials				
Volume of old IT equipment handed over to AfB gmbH (for preparation or recycling) in t	207.3	158.5	179.3	p. 85 f.
Total consumption of paper, paperboard and cardboard (PPC) in t	446.7	446.4	575.4	
Total consumption of plastics in t	5.2	3.8	2.7	
Number of shipments in m	5.3	5.1	5.4 ⁽³⁷⁾	
Amount of PPC per shipment in g	84.6	88.2	106.5	
Amount of plastics per shipment in g	1.0	0.8	0.5	p. 86 f.
Total paper consumption in t ⁽³⁸⁾	30.4	457.2	294.3	
Paper consumption per employee in kg ⁽³⁹⁾	5.9	95.1	57.2	p. 88

(31) Presentation as well as figures for 2016 and 2017 adjusted; data collection was expanded and optimized in many places and further companies were included in the collection of data in the reporting period, reflected in an increase in the figures. Further information as well as a more detailed break-down of the consumption figures can be found in the respective sections of the „Environment“ chapter

(32) Presentation as well as figures for 2016 and 2017 adjusted; figures refer to our ten own and rented data centers; figures for 2016 refer to the data centers of 1&1 IONOS, Arsys and Fasthosts; as of 2017 also pro rata for Strato; as of 2018 for Strato as a whole and for the newly added data centers of ProfitBricks / 1&1 IONOS Cloud, home.pl, InterNetX and World4You

(33) Presentation as well as figure for 2017 adjusted; figures are based on estimates for individual sites for which no readings are yet available; the stated electricity consumption for the respective years is subject to staggered time allocation due to fluctuations in the reading and billing dates. As a result, prior-year figures may change after the report is published

(34) Figures refer to the offices and associated infrastructure of our locations in Montabaur, Karlsruhe and Munich which are supplied directly by the utility; figures for 2017 are based on estimates

(35) Figures refer to the Montabaur location including logistics center

(36) Conversion factors/calorific values: gasoline: 8,5 kWh/l; diesel: 9,7 kWh/l

(37) The increase in shipments in 2018 is due in part to the assumption of logistics tasks for 1&1 Drillisch AG

(38) Figures refer to our locations in Montabaur (including logistics), Karlsruhe, Berlin, Munich and Zweibrücken which are supplied centrally with paper; excluding letterhead and specialty paper; figures vary greatly from year to year, as a large amount of paper is often ordered and distributed once a year

(39) Figures refer to employees of the locations mentioned under (38)

KEY FIGURES (III)

	2016	2017	2018	Page number / further references
ENVIRONMENT				
Employee Mobility⁽⁴⁰⁾				
Total fuel consumption in l	1,206,209	1,171,122	2,025,848	
thereof vehicle fleet ⁽⁴¹⁾	875,686	870,879	1,541,316	
thereof rental cars ⁽⁴²⁾	141,112	118,159	167,388	
thereof air travel ⁽⁴³⁾	189,411	182,084	317,144	p. 90 f.
Fuel consumption per employee in l				
thereof vehicle fleet ⁽⁴⁴⁾	167.0	162.8	218.1	
thereof rental cars ⁽⁴⁵⁾	22.3	15.0	22.1	
thereof air travel ⁽⁴⁶⁾	36.1	34.0	41.1	p. 90 f.
CO₂ Emissions⁽⁴⁷⁾				
Total CO ₂ emissions in t	24,691.0	27,900.1	27,222.2	
thereof Scope 1 emissions	2,311.1	2,827.8	4,455.4	
thereof fuel consumption vehicle fleet ⁽⁴⁸⁾	2,311.1	2,297.9	4,049.9	
thereof natural gas consumption ⁽⁴⁹⁾	-	529.9	405.5	
thereof Scope 2 emissions	20,711.6	23,156.4	19,749.7	
thereof electricity consumption data centers ⁽⁵⁰⁾	0	0	0	
thereof electricity consumption fiber-optic network ⁽⁵¹⁾	20,711.6	20,755.3	18,905.6	
thereof electricity consumption offices ⁽⁵¹⁾	-	2,401.1	844.1	
thereof Scope 3 emissions	1,668.3	1,915.9	3,017.1	
thereof rail travel ⁽⁵²⁾	33.0	40.2	27.4	
thereof rental cars ⁽⁵³⁾	235.7	200.7	312.2	
thereof air travel ⁽⁵⁴⁾	1,362.3	1,247.9	2,396.6	
thereof paper consumption ⁽⁵⁵⁾	27.8	417.6	268.8	
thereof packaging material ⁽⁵⁶⁾	9.5	9.5	12.1	p. 80 ff.

(40) Presentation and database adjusted in the reporting year, see also "Environment" chapter

(41) Figures for 2016 and 2017 refer to the United Internet Group in Germany without 1&1 Versatel, Strato and Drillisch; 1&1 Versatel and Drillisch, as well as new orders from Strato, added as of 2018; data collection significantly expanded and optimized in the reporting period

(42) Figures for 2016 and 2017 adjusted; figures for 2016 refer to the United Internet Group in Germany; Strato und Drillisch added as of 2017; data collection expanded and optimized to include a further external partner, which explains the increase in the reporting period; calculated on the basis of data from the German Federal Environmental Agency (Umweltbundesamt) on average fuel consumption of passenger cars and station wagons per 100 km (since 2016: 7,2 l)

(43) Figures for 2016 and 2017 adjusted; figures for 2016 and 2017 refer to the United Internet Group in Germany without 1&1 Versatel, Strato, Drillisch; 1&1 Versatel und Strato, as well as relevant companies domiciled abroad, added as of 2018; data collection significantly expanded and optimized in the reporting period; calculated on the basis of data from the German Aviation Association (Bundesverband der deutschen Luftverkehrswirtschaft - BDL) on average kerosene consumption per passenger and 100 km; 2016: 3,64 l; 2017: 3,58 l, the 2017 figure was also used to calculate the amount for the reporting period

(44) Figures refer to the employees of companies mentioned under (41)

(45) Figures refer to United Internet Group employees in Germany; figures for 2016 and 2017 adjusted

(46) Figures refer to the employees of companies mentioned under (43)

(47) Presentation adjusted

(48) Figures refer to the companies mentioned under (41); figures based in part on the data of the service providers, in part on calculations using DEFRA 2018 conversion factors

(49) Figures refer to the locations mentioned under (35); calculated using the DEFRA 2018 conversion factors

(50) Figures refer to the data centers mentioned under (32); climate neutrality through the mix of renewable energies and CO₂ offsetting via the use of certificates

(51) Calculated on the basis of data provided in 2018 by the German Federal Environmental Agency on CO₂ emissions per kilowatt hour of conventional electricity consumed in Germany (2017: 489 grams, 2016: 516 grams) and on the basis of data provided by the utilities; there are no CO₂ emissions from the use of renewable energies ("green electricity")

(52) Figures refer to the United Internet Group in Germany without Strato and Drillisch; figures taken from the environmental report of Deutsche Bahn; travelling on Deutsche Bahn's long-distance trains does not result in any CO₂ emissions

(53) Figures refer to the companies mentioned under (42); figures based on the data of the service providers

(54) Figures refer to the companies mentioned under (43); figures based in part on tour operator data, in part on calculations using DEFRA 2018 conversion factors

(55) Figures refer to the locations mentioned under (38); approximate figure calculated using DEFRA 2018 conversion factors

(56) Calculated using DEFRA 2018 conversion factors

	2016	2017	2018	Page number / further references
OUR SOCIAL COMMITMENT				
United Internet for UNICEF Foundation				
Activities via the GMX, WEB.DE and 1&1 portals ⁽⁵⁷⁾	19	27	22	
E-mailings to subscribers of Foundation newsletter	15	12	8	
Donations collected by United Internet for UNICEF Foundation in €m	3.0	3.9	3.5	p. 96 f. Foundation Report ⁽⁵⁸⁾
Number of active sustaining members	11,735	12,327	12,750	

(57) Regular e-mails sent to existing customers of our portals, as well as emergency e-mailings sent in the event of severe natural disasters or aggravated conditions in crisis regions, as well as welcome e-mails sent to new customers in which the work of the United Internet for UNICEF Foundation is presented

(58) <https://www.united-internet-for-unicef-stiftung.de/ueber-die-stiftung/transparenz-bei-united-internet-for-unicef> (German only)

GRI CONTENT INDEX AND REFERENCES TO THE CSR-RUG (I)



See „Reporting structure, methodology, frameworks“ for information on the structure of the index p. 116

The GRI content index contains all GRI disclosures included in this report and refers to the relevant sections. This report has been prepared in accordance with the GRI Standards: Core option. All GRI disclosures are based on GRI Standards 2016. The topic-specific GRI disclosures in part (II) of this table are assigned to the aspects of the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG).

General Disclosures (GRI 102)

Key:

- = completely fulfilled
- ▣ = partially fulfilled

GRI Disclosure number	GRI Disclosure title	Reference to relevant sections of the report / further references, comments	Page number	Degree of fulfillment
ORGANIZATIONAL PROFILE				
GRI 102-1	Name of the organization	Company Portrait	9	■
GRI 102-2	Activities, brands, products, and services	Company Portrait Annual Report (AR): United Internet at a glance	9 ff.	■
GRI 102-3	Location of headquarters	Imprint	2	■
GRI 102-4	Location of operations	Company Portrait AR: United Internet at a glance	9 ff.	■
GRI 102-5	Ownership and legal form	AR: Business development	-	■
GRI 102-6	Markets served	Company Portrait AR: United Internet at a glance; General economic and sector conditions	9 ff.	■
GRI 102-7	Scale of the organization	Company Portrait HR strategy Diversity AR: United Internet at a glance; Business development; Significant non-financial performance indicators	9 ff. 60 70 ff.	■
GRI 102-8	Information on employees and other workers	HR strategy Diversity AR: Business model; Business development; Significant non-financial performance indicators	60 70 ff.	▣
GRI 102-9	Supply chain	Responsibility Along the Supply Chain Human Rights	23 f. 25 f.	■
GRI 102-10	Significant changes to the organization and its supply chain	Company Portrait AR: Business model; Business development	9 ff.	■
GRI 102-11	Precautionary Principle or approach	Responsible Corporate Management Compliance AR: Declaration on Company Management / Corporate Governance Report; Risk, opportunity and forecast report	13 21 f.	■
GRI 102-12	External initiatives	Stakeholder Dialogue (associations) Employees (Top Employers Institute; Fair Company Initiative; Deutschlandstipendium; Komm, mach MINT) Our Social Commitment (UNICEF)	15 f. 63 69 70 95 ff.	■
GRI 102-13	Membership of associations	Stakeholder Dialogue	15 f.	■

GRI Disclosure number	GRI Disclosure title	Reference to relevant sections of the report / further references, comments	Page number	Degree of fulfillment
STRATEGY				
GRI 102-14	Statement from senior decision-maker	Interview with Frank Krause, CFO	4 f.	■
ETHICS AND INTEGRITY				
GRI 102-16	Values, principles, standards, and norms of behavior	Responsible Corporate Management Compliance Corporate Culture	12 f. 21 f. 60 ff.	■
GOVERNANCE				
GRI 102-18	Governance structure	AR: Declaration on Company Management / Corporate Governance Report	-	■
STAKEHOLDER ENGAGEMENT				
GRI 102-40	List of stakeholder groups	Stakeholder Dialogue	15 ff.	■
GRI 102-41	Collective bargaining agreements	Compensation and Benefits	64	■
GRI 102-42	Identifying and selecting stakeholders	Stakeholder Dialogue	15 ff.	■
GRI 102-43	Approach to stakeholder engagement	Stakeholder Dialogue	15 ff.	■
GRI 102-44	Key topics and concerns raised	Stakeholder Dialogue	15 ff.	■
REPORTING PRACTICE				
GRI 102-45	Entities included in the consolidated financial statements	About this Report AR: Business model; Notes to the consolidated financial statements	116 f.	■
GRI 102-46	Defining report content and topic Boundaries	Stakeholder Dialogue About this Report	15 ff. 116 f.	■
GRI 102-47	List of material topics	Stakeholder Dialogue	15 ff.	■
GRI 102-48	Restatements of information	Restatements are indicated at the appropriate points	-	■
GRI 102-49	Changes in reporting	About this Report	116 f.	■
GRI 102-50	Reporting period	About this Report	116 f.	■
GRI 102-51	Date of most recent report	About this Report	116 f.	■
GRI 102-52	Reporting cycle	About this Report	116 f.	■
GRI 102-53	Contact point for questions regarding the report	About this Report	116 f.	■
GRI 102-54	Claims of reporting in accordance with the GRI Standards	About this Report	116 f.	■
GRI 102-55	GRI content index	GRI Content Index	112 ff.	■
GRI 102-56	External assurance	About this Report	116 f.	■

GRI CONTENT INDEX AND REFERENCES TO THE CSR-RUG (II)

Topic-specific Standards (GRI 200–400) and Management Approaches (GRI 103)

Key:
 = completely fulfilled

 = partially fulfilled

GRI Disclosure number	GRI Disclosure title	Reference to relevant sections of the report / further references, comments	Page number	Degree of fulfillment
ENVIRONMENTAL MATTERS				
GRI 103	Our Approach	Environment	77 ff.	
GRI 301	Materials			
GRI 301-1	Materials used by weight or volume	Material Consumption and Logistics	85 ff.	
GRI 302	Energy			
GRI 302-1	Energy consumption within the organization	Energy Consumption	80 ff.	
GRI 302-3	Energy intensity	Energy Consumption	80 ff.	
GRI 302-4	Reduction of energy consumption	Energy Consumption	80 ff.	
GRI 305	Emissions			
GRI 305-1	Direct (Scope 1) GHG emissions	Energy Consumption Employee Mobility	80 ff. 90 f.	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Energy Consumption	80 ff.	
GRI 305-3	Other indirect (Scope 3) GHG emissions	Material Consumption and Logistics Employee Mobility	85 ff. 90 f.	
GRI 308	Supplier Environmental Assessment			
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Compliance Responsibility Along the Supply Chain	21 f. 23 ff.	
EMPLOYEE MATTERS				
GRI 103	Our Approach	Employees	57 ff.	
GRI 401	Employment			
GRI 401-1	New employee hires and employee turnover	HR strategy Diversity	60 71	
GRI 403	Occupational Health and Safety			
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism	Occupational Health and Safety	74 f.	
GRI 404	Training and Education			
GRI 404-1	Average hours of training per year per employee	Training and Education as Success Factor	67	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Training and Education as Success Factor	65 ff.	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Training and Education as Success Factor	65	

GRI Disclosure number	GRI Disclosure title	Reference to relevant sections of the report / further references, comments	Page number	Degree of fulfillment
GRI 405	Diversity and Equal Opportunities			
GRI 405-1	Diversity of governance bodies and employees	Diversity AR: Declaration on Company Management / Corporate Governance Report (regarding governance bodies); Significant non-financial performance indicators (regarding employees)	70 ff.	■
GRI 405-2	Ratio of basic salary and remuneration of women to men	Compensation and Benefits	64	■
GRI 406	Non-discrimination			
GRI 406-1	Incidents of discrimination and corrective actions taken	Diversity	70	■
SOCIAL MATTERS				
GRI 103	Our Approach	Our Social Commitment	93 ff.	
GRI 203	Indirect Economic Impacts			
GRI 203-1	Infrastructure investments and services supported	Company Portrait AR: United Internet at a glance; Business model; General economic and sector conditions; Opportunity report	9 ff.	■
GRI 203-2	Significant indirect economic impacts	United Internet for UNICEF Support for Refugees	96 ff. 100 ff.	■
RESPECT FOR HUMAN RIGHTS				
GRI 103	Our Approach	Compliance Responsibility Along the Supply Chain Human Rights	21 f. 23 f. 25 f.	
GRI 414	Supplier Social Assessment			
GRI 414-1	New suppliers that were screened using social criteria	Responsibility Along the Supply Chain, esp. Measures and instruments for call center service providers	23 f.	■
GRI 414-2	Negative social impacts in the supply chain and actions taken	Responsibility Along the Supply Chain Human Rights	23 f. 25 f.	■
ANTI-CORRUPTION AND BRIBERY				
GRI 103	Our Approach	Compliance	21 f.	
GRI 205	Anti-corruption			
GRI 205-2	Communication and training about anti-corruption policies and procedures	Compliance	21 f.	■
GRI 205-3	Confirmed incidents of corruption and actions taken	Compliance	21	■
CUSTOMER MATTERS				
GRI 103	Our Approach	Customers Information Security and Data Privacy	29 ff. 45 ff.	
GRI 417	Marketing and Labeling			
GRI 417-1	Requirements for product and service information and labeling	Transparency initiative of 1&1 IONOS Protection of Minors Measures taken to protect information Security standards of our products Material Consumption and Logistics, esp. Customer hardware	36 41 f. 50 ff. 53 f. 85	■
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	49	■

ABOUT THIS REPORT

This Sustainability Report for United Internet AG is the second time that the company has released a publication on its understanding of responsible corporate management. The report is aimed at all stakeholders of United Internet. These include investors and analysts, customers, employees, business partners, non-governmental organizations, political representatives, and the general public.

Reporting structure, methodology, frameworks

The Sustainability Report contains the Non-Financial Statement of the United Internet Group pursuant to the German Act to Strengthen Non-Financial Reporting by Companies in their Management and Group Management Reports (German CSR Directive Implementation Act - CSR-RUG) (Sections 315b and c in conjunction with 289c of the German Commercial Code (HGB)). The Non-Financial Statement of the Group and the Non-Financial Statement of the parent company United Internet AG are combined in this separate Non-Financial Report.

This report contains the statutory requirements as well as supplementary information on those aspects which are material for United Internet: Environmental Matters, Employee Matters, Social Matters, Respect for Human Rights, and Anti-corruption and Bribery. These aspects, which are listed in the CSR-RUG as the minimum scope, are supplemented by Customer Matters, which are material for United Internet and therefore mandatory for reporting. In addition to the aspect of Customer Satisfaction, the industry-specific matters Information Security and Data Privacy are of particular relevance to United Internet's business activities, which is why they are presented in a separate chapter.

When defining the report content, we applied the Materiality principle and took into consideration the expectations of our stakeholders (see section: Stakeholder Dialogue and Materiality). In addition to the CSR-RUG, we applied the Sustainability Reporting Standards of the Global Reporting Initiative (GRI), the internationally recognized guidelines for the preparation of sustainability reports. This report has been prepared in accordance with the GRI Standards: Core option. An overview of how the identified topics are linked to the non-financial aspects of the CSR-RUG and where the report comments on these topics is provided in the table on p. 17.

The table GRI Content Index and References to the CSR-RUG on p. 112 links the legal requirements in Germany with the GRI requirements and the structure of the chapters in this report. In describing our approaches and results for the material topics, we took account of both the requirements of GRI 103 (Management Approach) and the legal requirements for the presentation of the "concepts" pursued in relation to the non-financial aspects. An overview of the key figures is provided in the table on p. 106.

According to the CSR-RUG, reporting must also include the material risks associated with the Group's business activities, or its business relationships, products and services, which are very likely to have a serious impact on the above-mentioned aspects if these risks are necessary for an understanding of the course of business, the business results, the position of the corporation and the effects on the above-mentioned aspects. Reference is made in this regard to the Risk Report in the Group's Annual Report, in which the centrally controlled Risk Management System and the main risks are presented.



The information on diversity required by the CSR-RUG can be found in the Management Report of the United Internet Group's Annual Report: <https://www.united-internet.de/en/investor-relations/publications/reports.html>

There are also reporting requirements regarding the most important non-financial performance indicators. Please refer to the chapter Significant Non-financial Performance Indicators in the Group's Annual Report, where for several years now we have voluntarily reported on our commitment and responsibility to society and the environment.

Reporting period, reporting cycle and scope of application

United Internet's Sustainability Report is published annually. This report relates to the fiscal year from January 1, 2018 to December 31, 2018. In accordance with the GRI Standards, prior-year figures for the fiscal years 2016 and 2017 are also presented for comparison or an outlook is given at suitable places in the text. These places are marked accordingly.

As a Group report, the information provided in the Sustainability Report applies to all business divisions and locations, as well as to all subsidiaries in which United Internet AG holds a majority interest, as a general rule. Where individual data are not yet available for all companies, locations or areas covered by this report, this is indicated in the text. It is planned to continuously expand the database for reporting. The previous report was published in April 2018. Compared to the previous report, there are no significant changes in the list of material topics and their Boundaries.

Preparation, publication and review of the Sustainability Report

This Non-Financial Statement in the form of a Sustainability Report is prepared and published by the Chief Financial Officer of United Internet AG on behalf of the Management Board of United Internet AG. As part of its final, independent review, the Supervisory Board discussed in detail the Non-Financial Report in its entirety and examined it with regard to its legality, regularity and appropriateness. The Supervisory Board critically reviewed the contents of the Non-Financial Statement and discussed it with the Management Board, whose members were available for supplementary questions and information. Following its own review, the Supervisory Board came to the conclusion that the Non-Financial Statement gave no grounds for objections.

Availability and contact

This report will be available to all interested parties in German and English from April 11, 2019 as a PDF which can be downloaded from the corporate website of United Internet AG at <https://www.united-internet.de/en/investor-relations/publikationen/berichte.html>.

Our Sustainability Team would welcome feedback on the report, or queries about specific content, and can be contacted at sustainability@united-internet.de.

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