united internet

Sustainability Report
2017

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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 also be downloaded from
www.united-internet.de. In all cases of doubt, the German version shall prevail.

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INTERVIEW WITH FRANK KRAUSE

Dear reader,

With almost 23 million fee-based customer contracts and over 35 million users of free cloud services, such as the e-mail services of WEB.DE and GMX, United Internet has established itself as a leading European internet specialist.

The Chief Financial Officer (CFO) of United Internet AG, Frank Krause, explains why responsibility is an integral part of United Internet's sustainable business policy.

Mr. Krause, United Internet is publishing its first official Sustainability Report. How important is sustainability for you?

United Internet would not be where it is today if we had only focused on short-term profitability. Our objective is long-term success. And for this we need the trust of our shareholders and customers, employees and business associates, as well as society as a whole. We therefore base our decisions on values that create a solid foundation for trust. With our first Sustainability Report, we want to provide transparency on what we understand by responsibility, with a clear focus on the needs of our stakeholders. We have been focusing on such sustainability topics as data privacy, information security, customer satisfaction and green IT for many years now. This Sustainability Report now provides additional space for us to discuss these topics.

What contribution does your company already make?

Digitization is an important element when it comes to achieving climate protection goals. Our company therefore makes an effective contribution to sustainable development by creating and providing solutions that help customers reduce their environmental footprint. Let me give you an example: companies often buy additional servers for new applications, which are often not fully utilized. By using our cloud services, SME customers, for example, can replace their own hardware and have no need to operate their own server farms. This saves electricity and has a positive effect on carbon dioxide emissions.

As a data center operator, United Internet has high energy requirements. Where does the electricity for your data centers come from?

Our German data centers in Karlsruhe, Berlin and Baden-Airpark have been using electricity from renewable sources for more than ten years now. For example, the servers there are powered 100% by electricity from Norwegian and French hydroelectric power plants. Equally, our US data center in Lenexa changed to climate-neutral electricity in 2008. And the data centers in Spain and the UK also run on regenerative energy. Moreover, for the operation of our fiber-optic network, we use TÜV-certified green electricity at the largest technical sites.

"For us, success also means assuming social responsibility. That's why we care about social and ecological matters, as well as our employees and investors. This responsibility is made transparent in our Sustainability Report."

Frank Krause

What are your biggest challenges and your most important objectives?
Our sustainability reporting is linked with an obligation to address certain issues more diligently and to engage with our stakeholders more closely. We want to tackle the topic of sustainability step by step. We have therefore put together a sustainability team and given them a clear remit to drive this topic throughout our company. We also want to intensify the dialogue with our stakeholders. This will help us discover how we are being perceived and how we can improve in the future. This report will mark the starting point for these efforts.

CORPORATE MANAGEMENT

Our mission is

to provide access to the benefits of

DIGITIZATION

for an ever greater proportion of society.

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 and investing heavily in data security and privacy, 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 22.89 million fee-based customer contracts and 35.42 million ad-financed free accounts, United Internet is a leading European internet specialist.

The Group's operating business is divided into the two reporting segments/business fields "Access" and "Applications"

Access segment

The Access segment comprises United Internet's fee-based access products for its consumer and business customers. In its consumer business, these include DSL and mobile access products with the respective applications (such as home networks, online storage, telephony, video-on-demand or IPTV), while in the business segment these include data and network solutions for SMEs, as well as infrastructure services for large corporations.

With a current length of 44,889 km (prior year: 41,644 km), United Internet owns Germany's second-largest fiber-optic network. Moreover, the company – indirectly via Drillisch, which was acquired in 2017 (now 1&1 Drillisch) – is the only MBA MVNO in Germany with rights to a specific share (rising 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.

In its Access segment, 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, 1&1 Versatel, or the brands of 1&1 Drillisch AG, such as yourfone and smartmobile.de, which enable the company to offer a comprehensive range of products while also targeting specific customer groups.
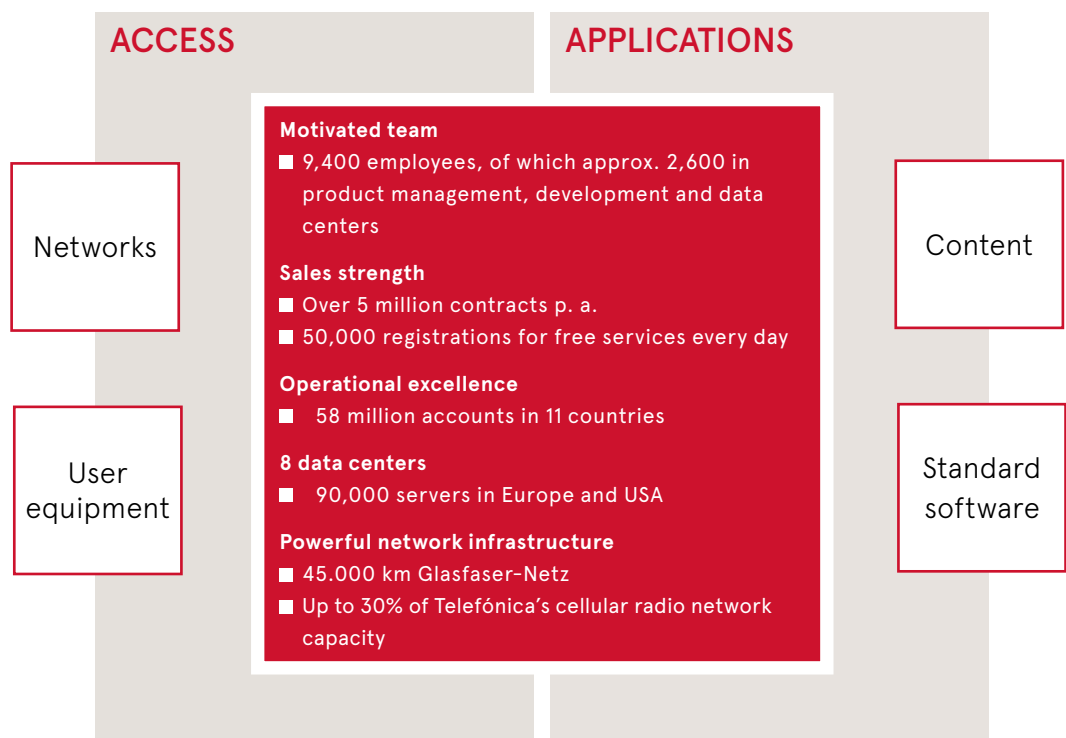
ACCESS

APPLICATIONS

Networks

User equipment

Content

Standard software

Motivated team
- 9,400 employees, of which approx. 2,600 in product management, development and data centers

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

Operational excellence
- 58 million accounts in 11 countries

8 data centers
- 90,000 servers in Europe and USA

Powerful network infrastructure
- 45.000 km Glasfaser-Netz
- Up to 30% of Telefónica's cellular radio network capacity

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Sustainability– Organization	Supply Chain
	Human Rights

Applications segment

The Applications segment comprises ad-financed or 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 10 data centers.

In its Applications segment, 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, Arsys, Fasthosts, home.pl, InterNetX, ProfitBricks, Strato and united-domains. Via the Sedo brand, United Internet also offers customers professional services in the field of domains. Free apps are monetized via advertising run by the company's in-house agency United Internet Media.

RESPONSIBLE MANAGEMENT

Our foundation for responsible management

United Internet is committed to pursuing a sustainable business policy. 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. United Internet assumes this responsibility in a variety of ways. As an access and application 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, management guidelines 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.

> Corporate Governance
> Code
> https://www.united-
> internet.de/investor-
> relations/2016.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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CORPORATE MANAGEMENT
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Sustainability management – recognizing and managing our impact on society and nature

Our business activities, as well as our products and services, not only offer the opportunity to advance the digitization of society – they also involve risks and challenges. We believe that responsible behavior involves recognizing the impact of our activities on society and nature and developing suitable solutions. The main areas in which we assume responsibility are: customer satisfaction, data security and privacy, employees, the environment and business relationships.

We treat our customers in a fair and transparent manner – ensuring customer satisfaction via growth and agility

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.

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

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.

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

United Internet's energy consumption and the associated CO_2 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 CO_2 emissions since 2007 – for example with measures to increase energy efficiency, the use of renewable electricity (e.g. hydroelectric), and compensation of non-renewable electricity. Our aim is to constantly reduce the environmental impact of our business activities.

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 vendors and shipping service providers. Ensuring the integrity of our business partners, in order to avoid potential liability risks or reputational damage, is of fundamental importance to us. We strive to treat our business partners fairly in all our interactions with them.

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SUSTAINABILITY ORGANIZATION

Structured expansion of corporate responsibility

Accountability in our business practices means recognizing the impact of our activities on the environment and society, increasing our positive contribution and reducing the negative effects.

In order to fulfill these requirements, we set up a team in 2016 to develop and improve our sustainability management and reporting in cooperation with the Corporate Compliance division. The Sustainability Team is in regular contact with the relevant departments of our operating segments. The departments provide information from their fields, assess the respective sustainability issues, and work on sustainability-related issues aimed at implementing United Internet's corporate responsibility.

The Sustainability Team is headed by the Chief Financial Officer (CFO) of United Internet AG. The Supervisory Board of United Internet already discussed the Sustainability Report at its meetings during the past year and elected to conduct its own plausibility survey as part of its supervisory duties.

STAKEHOLDER DIALOGUE

Our business activities require collaboration with a variety of stakeholders. We remain in contact with these groups via a number of different formats.

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

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 use 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 in Münster, Germany, rated our Annual Report 2016 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 conduct annual staff surveys and take appropriate action based on these findings.

- **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.

- **Non-government organizations:** We are happy to exchange views with non-governmental organizations. 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.

- **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, Bitkom, Breko and Eco. We work closely with the Federal Office for Information Security (BSI) within the framework of the Cyber Alliance.

- **Local authorities 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.

Stakeholder dialogue as part of our materiality analysis

Our Sustainability Report aims to make our business more transparent for stakeholders and provide them with an opportunity to engage in a critical exchange of opinions with us. Our goal is to build relationships with our stakeholders and to listen to their views in an open dialogue built on mutual trust.

We seek individual feedback from our stakeholders via the appropriate platforms and formats in order to enhance collaboration and communication with them.

We have based our identification of stakeholders on the AA1000 Stakeholder Engagement Standard (SES) 2015 and identified the following groups for our materiality analysis: Investors and Analysts, Customers, Employees, Telecommunications Wholesalers, Media, Outsourcing Service Providers, Suppliers, Political Representatives, Private Shareholders and Industry Associations.

Our materiality analysis consisted of a two-step process. In a first step, 42 executives made an assessment of which sustainability topics are relevant for United Internet. The topics were selected from those listed in the Global Reporting Initiative.

On this basis, we then conducted an online survey among our external stakeholders in a second step to gain an external perspective on the topics.

In order to determine the materiality of the individual sustainability topics for reporting, we defined two guiding criteria:

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

- Importance of the economic, environmental and social impacts of United Internet AG's business activities.

The sustainability topics we identified in this way were then supplemented with company-specific topics such as customer satisfaction and information security and integrated into a reporting structure.

Material sustainability topics of United Internet AG

DERIVED REPORTING STRUCTURE

Responsible Management
- Corporate Management
- Sustainability Organization
- Stakeholder Dialogue
- Compliance
- Supply Chain
- Human Rights

Customer Satisfaction
- Customer guidelines
- Awards
- 1&1 Principle

Information Security and Data Privacy
- Information Security
- Data Privacy

SUSTAINABILITY TOPICS IDENTIFIED

- Protecting Customer Privacy
- Compliance & Anti-Corruption
- Energy
- Customer Health & Safety
- Employment
- Non-Discrimination
- Anti-Competitive Behavior & Legally Compliant Marketing
- Materials
- Training & Education
- Diversity & Equal Opportunity
- Emissions
- Ecological Impact of our Products & Services
- Occupational Health & Safety
- Equal Pay for Men & Women
- Supplier Social Assessment
- Labeling of Products & Services
- Supplier Environmental Assessment
- Transport

Employees
- Corporate Culture and HR Strategy
- Compensation & Benefits
- Training
- Diversity & Equal Opportunity
- Occupational Health & Safety

Environment
- Energy
- Materials
- Shipping

Social Commitment
- United Internet for Unicef
- Fit for Job

Our sustainability action fields

We compared the results of the materiality analysis with our business strategy and identified the following action fields: Customer Satisfaction, Information Security and Data Privacy, Employees, Environment and Business Partners. In 2018, we aim to continue our development with the following measures:

Measures

STAKEHOLDER DIALOGUE

Expand stakeholder dialogue: conduct customer survey

CUSTOMER SATISFACTION

Expand and continue service quality initiatives
Intensify and strengthen cross-functional cooperation

INFORMATION SECURITY AND DATA PRIVACY

Further development and expansion of our Information Security Management System.
Further development of security measures in office IT

EMPLOYEES

Advancement of women:
Implementation of our 5-point plan to reach a share of 18% women in the top two management levels

Training:
Standardize monitoring of our training measures

Health management:
Continuation and expansion of health program

Diversity:
Expansion of our concept on handling and promoting diversity

ENVIRONMENT

Implementation of further energy efficiency measures

Reduction of CO_2 emissions caused by fuel consumption

Identification of further potential savings in electricity and materials

BUSINESS PARTNERS

Introduce Business Partner Code of Conduct

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. Corporate 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 team can utilize and link the various content-related and process-related interfaces. Compliance managers are appointed for the operating segments and 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 overall 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.

We achieve this goal by means of a risk-oriented Compliance Management System – along the three action levels "Prevention", "Detection", and "Reaction". The focus of our compliance work is on "Prevention": transparent rules, clearly understandable processes, and well informed employees are the keys to success.

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.

In the fiscal year 2017, the Compliance department developed an e-learning course on the code of conduct in order to communicate the contents and rules of behavior to employees in a more interactive and effective manner. This mandatory training course was rolled out in January 2018 and is aimed at all employees in Germany and abroad.

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CORPORATE MANAGEMENT

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Management   **Compliance**

Sustainability–   Supply Chain
Organization   Human Rights

United Internet has established guidelines and 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.

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 approval requests for compliance processes such as anti-corruption, and the findings from our internal investigations and compliance audits.

In the fiscal year 2017, for example, the entire Purchasing division was trained in dealing with gifts and conflicts of interest (anti-corruption) in numerous face-to-face sessions. The participation rate was 100%. The maturity of our Compliance Management System is measured, for example, via in-house surveys in which we also identify potential for improvement.

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 segment and in combination with landline and mobile access products in the Access segment. The purchase of wholesale services places high demands on the corresponding business relationships.

United Internet's business partners supply goods and services worth approximately € 2,186,888k every year (prior year: € 2,032,736k).

Goods and services purchased

	2017 €k	2016 €k
Cost of services(1)	1,797,412	1,636,460
Cost of goods(2)	389,476	396,276
Total	**2,186,888**	**2,032,736**

(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:

| Physical and virtual pre-services | INTERNET FACTORY
Development – Refinement – Bundling
Data center operation
Network, sales, service | Sales Shipping Service | Usage of products and services by end users | Return of old equipment Recycling Disposal |

= Upstream   = Own value added   = Downstream
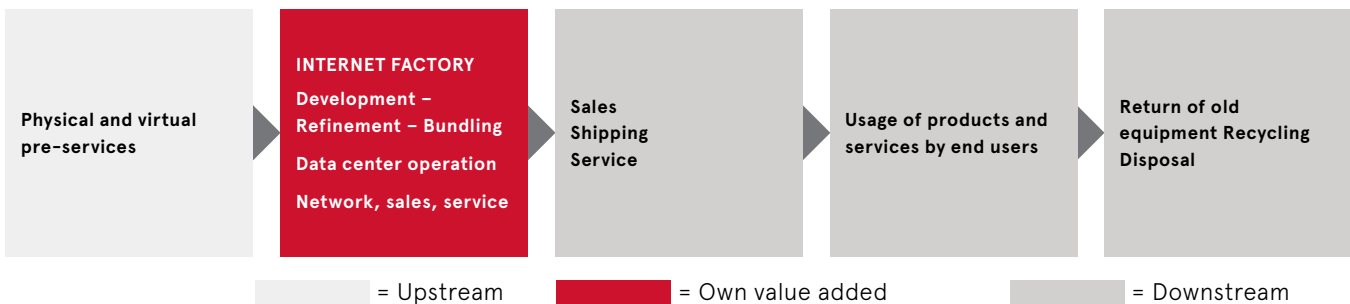
United Internet procures both physical and virtual pre-services in its upstream supply chain. The physical pre-services include terminals and servers, while virtual pre-services include network services, domains and licenses. United Internet meets its sales and customer service needs via its own call 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 their transportation, and the use of products and services 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.

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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 a first step, existing business relationships are examined and assessed on the basis of their respective risks and then assigned to different risk categories.

This will enable us to identify those business partners with higher risks who therefore require additional auditing and prevention measures.

Additional measures are to be taken for those business partners whose goods or services are assigned to the high risk category. These measures include conducting local audits.

In the fiscal year 2018, we will implement a Business Partner Code as the basis for cooperation with our suppliers. This code is intended to provide a common framework for relations with our business partners. Each of our suppliers will be obliged to implement these minimum requirements in the future.

Measures and instruments for call center service providers

In 2016, United Internet's Access segment introduced a systematic review of its outsourced services (external call center service providers). The main feature of this review is a self-assessment by the provider of outsourcing services 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.

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 2017, a total of 6 (prior year: 2) outsourcing providers were audited. No evidence of any negative effects was detected with regard to social aspects, labor practices, human rights and compliance.

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.

We provide employees of our outsourcing service providers with a confidential channel for reporting compliance violations. In addition to its existing control systems, this reporting channel provides United Internet with information about possible fraud and gives employees of external call centers the possibility to report confidentially on any fraud they might have observed during their support and sales activities for United Internet.

HUMAN RIGHTS

Respect for human rights at United Internet AG

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 for their prevention, mitigation and, where appropriate, remediation.. 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 whistleblowing 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 7,890 people in Germany for whom no human rights risks have been detected. In addition, United Internet employs 1,524 people outside Germany – mostly in the European Union or OECD countries (1,158 employees), for whom no human rights risks have been detected either.

Amnesty International
Report 2016/17, p. 699

As of December 31, 2017, United Internet employed 366 people in the Philippines. This corresponds to 24% 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 2017. As a result, United Internet has not detected any need for a dedicated management system for risks regarding human rights violations.

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.

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 will therefore focus on "human and labor rights" in our new Business Partner Code and demand the respective commitment from our suppliers.

With regard to human rights, the code will be based on the UN Charter of Human Rights and the conventions of the International Labor Organization (ILO) and underline our commitment to the UN Guiding Principles on Business and Human Rights. We intend to implement the new Business Partner Code in 2018.
Geschäftspartner-Kodex betonen und das Selbstbekenntnis unserer Lieferanten dazu einholen.

CUSTOMER SATISFACTION

We place the **CUSTOMER** at the **CENTER** of everything we think and do.

MANAGEMENT APPROACH

Inspiring performance and services

"Deliver quality. Delight customers." This mission statement is firmly anchored in our customer guidelines. And we plan to do it justice by putting the customer more than ever at the center of everything we think and do. Customer satisfaction is the source of our competitiveness and of our sustainable success. We believe that customer satisfaction and customer service are what make us stand out so clearly from the competition.

Customer surveys are a key tool for determining how satisfied our customers are with our brands as a whole and with individual "points of contact". They provide us with information about the wishes and needs of our customers and help us discover new ways to improve. The results feed into the performance reviews of our executives, in which variable salary components are linked with customer satisfaction. The performance component of our employee stock ownership plan launched in 2016 is also based on the level of customer satisfaction achieved.

Our aim is therefore to differentiate ourselves from the competition by delivering outstanding service and product quality and being a reliable and responsible partner for our customers.

OUR COMMITMENT TO CUSTOMER SATISFACTION

A positive customer experience at our customer contact points and smooth, trouble-free processes are prerequisites for the satisfaction of our customers.

We regularly measure the extent to which we are fulfilling the needs and desires of our customers with the aid of various metrics. In addition to customer surveys, we conduct regular analyses of posts and comments about our brands left on over 100 different social media platforms.

Customer satisfaction is primarily managed by the dedicated Customer Experience departments of our different business units. Measures are then implemented by cross-departmental teams. Regular reporting to the Management Board guarantees effective monitoring.

In the Access segment, we ensure fast response times to customer inquiries via clear responsibilities for the respective contact points. We have also established complaint management processes designed to identify and rectify any weaknesses. In addition to Customer Experience, other departments involved in operational and strategic activities to raise service quality and customer satisfaction include Product Management and various IT units.

The number of fee-based customer contracts and the number of active free accounts are the key performance measures for service quality, customer loyalty and customer satisfaction.

In addition to 22.89 million fee-based contracts in current product lines (prior year: 16.97 million) and 0.58 million contracts in old tariffs/tariffs without basic fees (prior year: 0.18 million), United Internet hosts 35.42 million active free accounts (prior year: 34.29 million) which are refinanced via advertising. In total, United Internet therefore manages 58.89 million customer accounts (prior year: 51.26 million) around the world.

In addition to these centralized performance measures, there are also segment-specific indicators and performance parameters, such as the recommendation rate for the Applications segment and customer sentiment score in the Access segment.

> Further details are provided in the Annual Report 2017.

Of the 9,414 employees of United Internet, a total of 2,139 were engaged in customer service activities in 2017. However, customer satisfaction is not simply the task of a single department; it is the responsibility of every employee and partner. In order to retain existing customers in the long term and attract new customers, we need to take a concerted, cross-functional approach across all company departments. This is the only way to ensure that our customers receive the best possible mix of service, product and offerings to secure our sustainable business success

Customer guidelines

The customer guidelines embedded in our corporate values help employees live our customer-oriented approach in their daily work while 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 for the customer. 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.

Our awards

The effectiveness of our investments in service and product quality is underlined by the excellent ratings we have achieved in various tests.

CHIP Hotline Test

- Conducted by the computer magazine CHIP and market research institute Statista
- 8,689 test conversations with 141 companies from 12 sectors
- Categories tested: Availability, Response Time, Service and Transparency
- Maximum score: **100**

➔ 1&1 Service Hotline wins test with **95.1 points and top overall rating of "very good"** in the Mobile category

➔ 1&1 Service Hotline wins test with **97.3 points and overall rating of "very good"** in Landline and Internet categories

connect HOTLINE-TEST

- "Broadband Suppliers in Germany" test conducted by Europe's largest specialist magazine for telecommunication
- Categories tested: Quality, Availability, and Friendliness
- Maximum score: **500**

➔ 1&1 Service Hotline wins test with **429 points and overall rating of "very good"**

Trust ranking of "WirtschaftsWoche"

- Conducted by the market research company ServiceValue in cooperation with German business magazine "WirtschaftsWoche" and academic guidance of Goethe University Frankfurt am Main
- Around 275,000 customers of 972 companies in 77 sectors interviewed
- Category tested: Customer Trust

➔ For the fourth time in a row, GMX comes **1st among all e-mail providers** with "maximum trust" rating

SERVICE AWARD "ELEGIDO SERVICIO DE ATENCION AL CLIENTE"

- Conducted by Líderes en Servicio in Spain
- 200 test calls by mystery shoppers
- Category: Hosting

➔ For the fourth time in a row, 1&1 Service Hotline receives **award for exceptionally high quality of its customer service**

In terms of "Landline Service Quality", our 1&1 brand took first place in the landline network test of "connect" magazine in 2017. 1&1 was the only nationwide provider to receive an overall rating of "very good". Eight nationwide and regional providers were tested in the categories Voice, Data, Web Services and Web TV.

1&1 has been constantly enhancing its tried and trusted voice-over-IP (VoIP) platform for over 10 years now and has steadily optimized its telephony performance. The success of these enhancements was proven by the best connection times in its own network and very fast connection times for calls to other all-IP networks.

1&1 also scored particularly well in the categories Data and Video. There were "very good" response times and upload transfer rates, especially in the highest broadband class. The test also demonstrated that 1&1 offers the best Web Services compared to the competition and also impressed in the Web TV category.
 Breitbandklasse werden hier „sehr gute" Antwortzeiten und Upload-Übertragungsraten erreicht. Darüber hinaus hat der Test ergeben, dass 1&1 im Vergleich zum Wettbewerb die besten Leistungen bei „Web-Services" anbietet und ebenfalls bei „Web-TV" überzeugt.

Highest broadband connection speeds of 100 MBit/s and more

The 1&1 Principle

The 1&1 Principle was already introduced in 2012 as a continuation of our quality drive launched in 2010. It represents our commitment to five clear, business-specific performance promises.

> https://hosting.1und1. de/das1und1prinzip- hosting

In the Applications segment, we guarantee our customers

"1 Trial … of all products for 30 days"
We give our customers 30 days to test our hosting and e-business products.

"1 Month … short contracts on request"
All hosting and e-business solutions are offered with a variety of contract periods. Our customers can therefore choose flexible periods of one month or more.

"1 Click … to upgrade or downgrade your package"
To give our customers even greater flexibility, they can upgrade or downgrade their hosting or e-business package once a month with just one click.

"1 Call … to speak to an expert"
Our service experts work round the clock to ensure customer inquiries are answered quickly and to their full satisfaction.

"1 Certainty… with maximum security from geo-redundancy"
1&1 guarantees the maximum availability of all its hosting and e-business solutions with geo-redundant operation at separate locations.

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

> https://hosting.1und1.
de/das1und1prinzip

In the Applications segment, we guarantee our customers::

"1 Click ... and you've reached us"
Our website is also a medium for contacting us. Our Customer Service staff are available 24/7 – not just via our Service Hotline, but also via other channels.

"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 DSL and mobile products.

"1 Call ... to speak to an expert"
Our service experts work round the clock to ensure customer inquiries are answered quickly and to their full satisfaction.

"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.

These performance promises make it clear which aspects we focus on: our customers should get the product that best suits their needs. This product should deliver the highest level of quality and security. And our customer service should be permanently and quickly available for our customers.

Customer Sentiment Drive
In our Access segment, we launched the so-called Customer Sentiment Drive in early 2016. The drive builds on previous projects aimed at optimizing our service performance. The special feature is that all customer concerns addressed to the respective contact points are examined by a cross-functional team from the perspective of different departments. The aim is to create additional potential and synergies to improve customer sentiment and raise customer satisfaction and loyalty. We want to achieve this by placing the customer even more at the center of everything we think and do.

INFORMATION SECURITY AND DATA PRIVACY

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

MANAGEMENT APPROACH

Data privacy and information security as the basis for company success

With approximately 23 million fee-based contracts and over 35 million ad-financed free accounts, customers trust us to handle their data securely. The protection and security of this data is the basis 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 every 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.

We are committed to protecting personal data. It is also a prerequisite for our business activities.

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. 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 is 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 Group Data Privacy Officer and his "Privacy Team" monitor Group-wide compliance with data privacy requirements. The Data Privacy Officer reports key topics to the CFO of United Internet AG and to the management boards of the Access and Applications segments.

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

- **Involving the Privacy Team in the product development process**
  The Privacy Team gives 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 simplifies data privacy requirements. Our information brochure "Information Security and Data Privacy" provides clear explanations on how to handle data and information in a responsible way. 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.

- **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 2017, we held a variety of training sessions on data privacy and information security. In addition to basic staff training, there were classroom sessions which specifically addressed the responsibilities of our executives with regard to data privacy.

- **Regular dialogue with the regulatory authorities**
  The Privacy Team 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. Privacy Team members regularly engage in discussions with the German Federal Commissioner for Data Protection and Freedom of Information regarding the latest data privacy issues.

■ **Effective detection via complaint mechanisms**
Customer inquiries about data privacy and customer complaints are processed by trained staff of a special Customer Care unit in close coordination with the Privacy department. Staff also has the possibility to confer in confidence with the Compliance and Privacy departments.

■ **Monitoring effectiveness**
Privacy staff conducts internal data privacy checks which are event-driven. Privacy is also involved in pre-checks and ongoing checks of service providers. In the future, we also want to extend these test procedures to include non-event-driven checks and audits.

General Data Protection Regulation

The new General Data Protection Regulation (GDPR) comes into force in the EU in May 2018. From this date onward, companies will have to treat and process personal data even more responsibly.

Communicating and implementing the new data privacy requirements was a major focus of the Privacy Team's work in 2017. A total of 27 workshops were held to inform employees about the most important content of the EU's new GDPR.

Together with the relevant departments, we developed practice-oriented solutions for dealing with the new GDPR and are now working on their implementation within the framework of various projects. Further measures include 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. We continue to expand our protection measures via 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).

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 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.

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, integrity, and availability 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. One of the most important factors is 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 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 operation, security tests are conducted, and security incidents dealt with together with the respective departments. The Head of Information Security and IT Security Officer regularly reports to the chief technology officers of the Access and Applications segments. Reporting includes the most important trends, as well as internal and media-relevant security incidents, measures taken, and the security risk portfolio.

Measures taken to protect information

Vulnerabilities can have far-reaching consequences for both 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 with no possible vulnerabilities. Our software development department uses the Secure Software Development Lifecycle (SSDLC), which systematically considers security issues from the beginning to the end of software development. Security tests, such as TLS tests and Application Penetration Tests, are an integral part of product development.

- **Proxy server against DDoS:**
To combat so-called Distributed Denial of Service (DDoS) attacks, we use a self-developed anti-DDoS proxy server for customer systems. This system works on a per-incident basis and cleans the incoming data stream in the event of a DDoS attack, allowing only legitimate customer requests to pass.

- **Use of encryption – TLS or Transport Layer Security:**
Better known under its previous name SSL (Secure Socket Layer), TLS is used 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 in shop systems.

- **Geo-redundancy:**
Our data centers operate geo-redundantly, i.e. all customer data is 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.

Organizational measures

- **Employee trainings:**
In addition to technical and organizational measures, humans are also 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 has been made aware of the dangers can deal with risks such as phishing or social engineering. Developers and administrators receive special technical training according to their specific needs. Executives are trained in the field of data privacy and compliance.

- **Data 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. These rules include the internal brochure "Information Security and Data Privacy", which clearly set out the most important rules of behavior when dealing with information and data. Employees are informed in this brochure, as well as on our Intranet, about the designated contact points where they can report possible security incidents or rule violations.

- **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 is exposed to any dangers, we continuously monitor various IT systems. 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 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.

Secure e-mail

The "E-Mail made in Germany" initiative we co-founded for the secure sending of private e-mails, and De-Mail, our service for legally binding e-mail communication, are two examples of our high security standards.

E-Mail made in Germany

> http://www.e-mail-made-in-germany.de/

 In 2013, United Internet launched the "E-Mail made in Germany" initiative (in cooperation with Deutsche Telekom and freenet) to offer its customers high standards with regard to security and data privacy. It includes the encrypted transmission of all e-mails on routes of the cooperating networks, the processing and storage of all data in Germany according to German data privacy regulations, and the identification of secure e-mail addresses within the e-mail applications. As of April 29, 2014, only SSL keys certified in Germany have been used within the "E-Mail made in Germany" network and all transmission routes are fully encrypted. As an important enhancement of the security standard"E-Mail made in Germany", the United Internet e-mail services GMX and WEB.DE developed an encryption system based on the globally recognized "Pretty Good Privacy" (PGP) standard in 2015.

Cloud made in Germany

In fiscal year 2017, our portals also rolled out end-to-end encryption for cloud content. Customers can use a "safe" for end-to-end encryption of their cloud data, thus offering protection from third parties. The portal brands continue to strengthen their "Cloud Made in Germany" initiative and raise network security for other online services.

De-Mail standard

With the roll-out of the De-Mail standard in 2012, a legally secure e-mail communication system was introduced to facilitate official registrations with local authorities or make legally binding business transactions. WEB.DE, GMX and 1&1 have been accredited De-Mail service providers since 2013.

With the certification received in 2016 according the EU regulation eIDAS (electronic Identification and Signature), WEB.DE, GMX and 1&1 can offer their users legally secure e-mail communication in all other EU member states in the future based on this certified infrastructure. The eIDAS regulation provides an EU-wide standard for the unambiguous identification of all participants and the digital signing of electronic, cross-border data transmission. This creates uniform conditions for trustworthy, verifiable document traffic and legally secure communication between citizens, authorities and companies in all EU member states.

Highest security standards for 1&1 ipayment

ipayment is a secure system which our customers can use to handle the secure processing of payments on their websites – for example for operating online shops. ipayment is certified with the PCI DSS security standard, which is the basis for secure credit card transactions.

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 Cyber Alliance initiative 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 data security with industry associations or make them publicly available. For example, we have made our work on the Inter Mail Provider Trust Protocol ("E-mail made in Germany") available to the Internet Engineering Task Force (IETF).

EMPLOYEES

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

CORPORATE MANAGEMENT   CUSTOMER SATISFACTION   INFORMATION SECURITY   ENVIRONMENT   SOCIAL COMMITMENT   49

EMPLOYEES

Management Approach   Training & Education

Corporate Culture   Diversity

Compensation   Occupational Health
& Benefits   & Safety

MANAGEMENT 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. Key factors 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 recruiting 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 executives and 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 segments Access and Applications require specific strategies. In order to coordinate these requirements and staffing needs at Group and segment level, we established corporate "centers of competence" in 2015. These include, for example, HR and Organizational Development, as well as HR Marketing. On the one hand, this ensures a Group-wide approach and equal treatment, while on the other hand relieving the segments from such work so they can focus on their operating business. Corporate HQ and the segments cooperate closely to ensure a steady supply of tailored offerings, 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 segments.

Examples of overarching objectives are the desire to offer appropriate formats for personnel development, to recruit executives from within the Group, and to achieve a sustainable level of employee retention. Performance measures include the number of management positions filled internally, and the employee turnover rate.

	2017
	2016

Headcount by segment (Access, Applications & HQ)
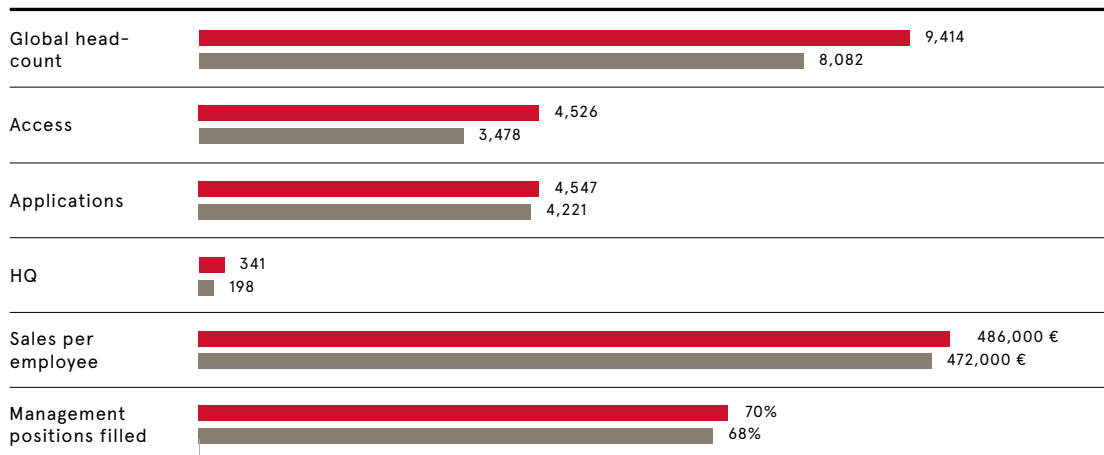
	2017	2016
Global head-count	9,414	8,082
Access	4,526	3,478
Applications	4,547	4,221
HQ	341	198
Sales per employee	486,000 €	472,000 €
Management positions filled	70%	68%

CORPORATE MANAGEMENT   CUSTOMER SATISFACTION   INFORMATION SECURITY   ENVIRONMENT   SOCIAL COMMITMENT   51

EMPLOYEES

Management Approach   Training & Education

Corporate Culture   Diversity

Compensation   Occupational Health
& Benefits   & Safety

Corporate Culture

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

Our corporate values and management guidelines 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, management guidelines and code of conduct when joining United Internet.

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 management guidelines.

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

Accountability		Fairness
Agility	■ Corporate values ■ Management ■ Guidelines Code of Conduct	Openness
Solidity		Commitment to Success
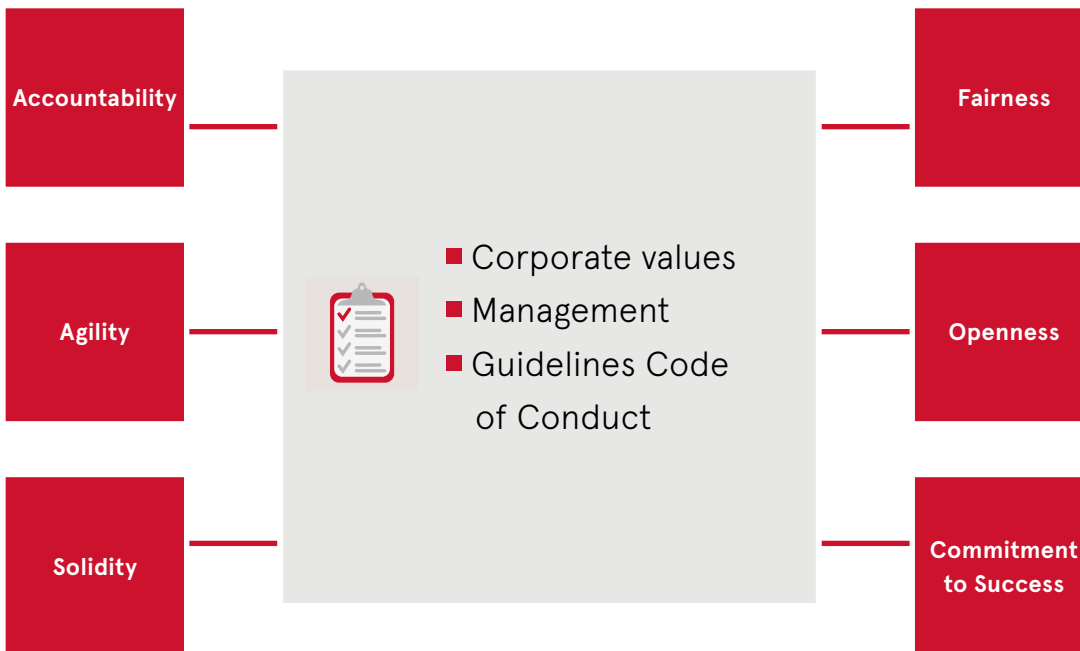
Feedback

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, 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 channels for staff communication over the years.

An annual management meeting for all segments at the beginning of the year gives executives 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 Group's development. At employee events and roadshows held at least three times a year, staff are informed about the business development of their respective segment. At these events, staff also has 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 2017, a total of 13 such events were held.

EMPLOYEES

|	
Management Approach	Training & Education
Corporate Culture	Diversity
Compensation & Benefits	Occupational Health & Safety

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 an annual basis.

Based on the results of our 2016 staff survey, we introduced improvement measures in every quarter of fiscal year 2017 on topics which our employees felt were the most pressing.

For example, there was a strong desire to expand our health measures. In the first quarter of 2017, we therefore set up a Health Portal, expanded our health promotion courses and offered lectures on healthy nutrition and ergonomic sitting, among other things.

In the second quarter, our Corporate People & Organizational Development department (POD) responded to a request for more transparency on staff development opportunities with roadshows, new communication channels, and the integration of training opportunities on a common platform.

In the third quarter, the focus was placed on measures to improve workplaces: the aim was to align the three components "People, Place, Technology" more closely with the needs of employees. We track developments in these areas via our annual staff survey.

In the 4th quarter, the main topic was the new staff survey.

Awards

Our most important performance indicator is the feedback we receive from our employees in the annual staff survey.

In order to get an objective view of our performance, we not only consider internal feedback but also that of external institutions and independent industry rankings. Since 2013, the Top Employer Institute has rated us as a top employer every year. 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. We were also ranked 5th among leading Internet employers in a survey published by the German magazine Focus Business. On behalf of the magazine, the market research institute Statista evaluated staff ratings, including the question of whether employees would recommend their own employer.

COMPENSATION AND BENEFITS

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 the Group-wide regulations and 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.

Employee Stock Ownership Plan

Our **Employee Stock Ownership Plan** was a particular highlight in 2016. Employees were given the opportunity to buy United Internet shares for a reduced price. The offer was taken up by 35% of the workforce. This high acceptance rate was helped by a successful communication strategy, which presented the added value for staff in a clear, transparent and trustworthy manner. The success of the program also underlines the high level of trust and identification of employees with their company.

Fair pay

The size and progression over time of our salaries is determined without any regard to gender or factors unrelated to the position or skills required. In order to ensure fair and appropriate pay, we create internal comparisons according to function, taking into account market developments and analyses, and also use external benchmarks.

CORPORATE MANAGEMENT   CUSTOMER SATISFACTION   INFORMATION SECURITY   ENVIRONMENT   SOCIAL COMMITMENT   55

EMPLOYEES

Management Approach	**Training & Education**
Corporate Culture	Diversity
Compensation & Benefits	Occupational Health & Safety

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°-review- process provide effective support for this life-long learning and development journey.

The results of the annual performance review meetings are stored centrally by the Corporate People & Organizational Development department.

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.

Individual development paths

- All internal training courses and e-learning opportunities are pooled on our 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 internal ratings underline the extremely high quality of the courses. In addition to the offerings of the Corporate People & Organizational Development department, there are also segment-specific training courses offered by Customer Care and the seminars of our technical training catalog, the TEC Campus.

- TEC Campus: our technical staff has 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 (MyWay+ and MOVE): as part of our talent development programs, the individual development plans are geared towards accompanying employees on their way to becoming experts or executives, and specifically nurturing executives or experts with high potential. Thanks to these measures, we were able to fill 70% of our management vacancies from within the company in 2017 (2016: 68%). MOVE is a one-year program we created in which selected managers and experts implement cross-departmental projects and thus gain greater awareness of the company's holistic development.

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

Job-specific training: development in the Customer Care department

- **Access segment**
  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 segment**
  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.

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EMPLOYEES

Management Approach	**Training & Education**
Corporate Culture	Diversity
Compensation & Benefits	Occupational Health & Safety

Training at United Internet AG

	2016	2017
Number of training and education hours		
– internal	33,622	67,221
– external	13,876	180,356
Number of participants		
– internal	5,277	9,675
– external	953	3,920
Average number of training hours per employee		
- internal	6.4 hours/year	6.9 hours/year
- external	14.6 hours/year	48.9 hours/year

Internal:
The strong increase is due to the merger with Strato, as well as numerous product training courses in the Customer Care departments.

External:
The strong increase is due to numerous product training courses for our service providers and the commissioning of new service providers.

The training offered by individual departments 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.

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.

Succession planning and talent acquisition

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, cooperations with training providers, the halo effect of our product brands on candidates and our successful recruitment strategy focuse 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 Applied Computer Sciences, Information Management, Business Administration / Accounting & Controlling, and Business Administration / Services Marketing at the universities of Karlsruhe 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.

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 Graduate Program and the Master+ Program. As part of the Germany Scholarship, 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-Maximilian-University in Munich. The students receive financial support and personal mentoring from colleagues in the respective departments.

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.

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.

EMPLOYEES

Management Approach	**Training & Education**
Corporate Culture	Diversity
Compensation & Benefits	Occupational Health & Safety

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

Education figures

	2016	2017
Number of apprentices and students	164	230

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 and religion – 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 about the equal treatment of employees in our staff survey in 2017. 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 2017, no cases of discrimination or suspected discrimination were reported (prior year: 0).

In order to make greater use of the diversity among our employees, we developed the module "Dealing with Diversity in Teams – Utilizing Potential" for our Leadership Development Program in 2017. In this course, managers and experts learn how to best integrate the varied experiences and backgrounds of staff – such as different age or education – into their work and that of their teams. The module is to be offered for the first time in 2018.

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.

EMPLOYEES

Management Approach	Training & Education
Corporate Culture	**Diversity**
Compensation & Benefits	Occupational Health & Safety

In order to reach this target, we introduced a 5-point plan:

1. Filling management or expert vacancies with external applicants
The headhunter briefing stipulates that at least one woman 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. Reasons for non-nomination are documented. In the case of equal qualifications, skills and professional suitability, female applicants are given greater consideration.

3. Development our 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 executives by means of networking events. We also develop special offers for promoting women and diversity among junior staff, executives and experts.

4. Coaching for women in leadership roles
Depending on the desired sparring effect, our female executives can choose from a variety of coaches from various sectors, and with different experiences and functions.

5. Staff retention measures
We attach great importance to staff retention and staff returning to the company after family leave periods. The corresponding concepts for these aims are currently in the planning stage.

As of October 31, 2017, a total of 26 women were employed in the first two management levels – corresponding to a ratio of 12%. The difference to the targeted 18%-mark was 12 women. At the beginning of the year, the ratio was 16%. The difference is due in part to a changed corporate structure following 3 company acquisitions and the sale of a company in fiscal year 2017.

Outlook

With a share of 12% in the first two management levels, the number of women is still well below our target and we see plenty of room for improvement in 2018. In addition to stepping up our development measures on the first and second management levels, we will conduct a more in-depth analysis of the reasons for the current situation in order to derive specific measures. In addition, we will intensify the tracking of the measures state above (e.g. recruitment process).

At the same time, we are working on concepts to enable part-time leadership positions and in particular to help women reconcile their working and family lives.

OCCUPATIONAL HEALTH AND SAFETY

Health and safety in the workplace is part of our duty of care for employees. As a responsible employer, we are committed to reducing accidents, illnesses and risks as far as possible, promoting the health of our employees, and thus also decreasing the absentee rate and employee turnover. 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.

Hazard analysis

Occupational health care

Health

Health promotion offers

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

At our facility in Karlsruhe, there are several meeting rooms with mixed standing and sitting areas. We also have a mobile massage service in Karlsruhe that employees can use within the office building for a small fee. During the Health Days we hold at all locations, professional external service providers offer advice on ergonomic sitting, provide occupational health care, and offer check-ups and flu vaccinations.

We work together with anoccupational health and safety expert and a company medical specialist.

One of the findings of our staff survey in 2016 was that employees wanted a wider range of offerings in the field of health care. In order to meet this wish, we have expanded our offerings in this field. Via a newly installed health portal, employees can now find out about company offers and also inform themselves about healthy nutrition and exercise. We have also launched a new series of company sports courses and expanded our range of healthy food options in the company canteens. These measures are steered by Corporate HR. The success of this new approach was confirmed by the improved results of our 2017 staff survey. For 2018, we plan to design an evaluation system to measure the success of these activities.

Work safety at 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 (with special consideration of the data center environment)
- Instruction on electrical equipment

In addition, we organize switching authorization 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 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 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.

Performance measures

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 the necessary measures.

Absentee figures

	2016	2017
Absentee rate	5.73%	5.45%
Accident reports	18	36
thereof on the way to and from work	90%	98%

ENVIRONMENT

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

MANAGEMENT APPROACH

Reducing our environmental impact by efficiency measures

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

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

By enhancing our efficiency, we can save electricity and reduce the CO2 emissions caused by conventional power generation. By purchasing renewable electricity and compensating for our share of non-renewable energy, our data centers are climate neutral. Our network infrastructure is also CO2-neutral thanks to its use of green electricity

In our Access segment, we offer landline and mobile internet access products. The manufacturing of electrical devices, such as smartphones and DSL routers, as well as their shipping and disposal, impacts the environment. We therefore attach great importance to reducing waste and using professional recycling processes.

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

ENERGY

How we handle power consumption

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 power consumption. Our eleven data centers with a total of 90,000 servers worldwide account for around half of the Group's total expenditure on power 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.

Our consumption of electricity and the related CO_2 emissions have an impact on the environment. This is why we constantly strive to reduce power consumption and use energy more efficiently. We are committed to steadily reducing the impact of our business activities on the environment and the climate.

Power consumption at our data centers

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 power consumption.

Power 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.

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.

https://blog.1und1.de/2011/06/07/doppelter-schutz-durch-georedundanz-so-funktioniert-11-dual-hosting/

Energy efficiency

Various projects and measures have been implemented over the past few years to reduce power consumption and increase energy efficiency:

- 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.

- Virtualization enables us to increasingly replace dedicated servers with cloud servers.

- We use intelligent cooling systems to cool the servers.

- The opening of a new modular data center in 2013 facilitated much more energy-efficient operation.

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

Cooling systems and uninterruptible power supply (UPS)

In addition to the servers themselves, cooling systems and systems for securing the uninterruptible power supply (UPS) are major consumers of power at our data centers. For this reason, we are constantly upgrading these systems and increasingly changing to more efficient systems. We use an intelligent cooling system to keep our servers at the right temperature. It pumps the cooling water heated by the servers onto the roof of the data center and uses the ambient temperature for cooling. This saves having to use compensators with the corresponding power consumption.

Use of renewable energy

In addition to reducing power consumption by increasing energy efficiency, improving the energy mix from power generation also helps improve our carbon footprint. United Internet has been using electricity from renewable sources at its German data centers since 2007. The servers at our data centers in Karlsruhe, Berlin and Baden Airpark, for example, are powered 100% by electricity from Norwegian and French hydroelectric power plants supplied by Stadtwerke Karlsruhe. The US data center in Lenexa was also converted to climate-neutral electricity in 2008. And the data centers in Spain and the UK now also use power from regenerative sources. As a result, our data centers have been in CO_2-neutral operation since 2016..

Energy consumption	2016	2017
Power consumption of data centers in kWh	111,659,358	106,784,649
CO_2 emissions in metric tons	69,898.75	66,847.18
thereof CO_2 emissions in metric tons[1]	46,950	46,950
Sales	€ 3,808.1 million	€ 4,206.3 million
Energy intensity (power consumption/sales)	45.3 Wh/€	39.5 Wh/€

The CO_2 emissions have been calculated by using the "KlimaAktiv CO_2-Rechner für Unternehmen".

Power consumed by 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 steadily increasing. In order to secure our long-term business success, 1&1 Versatel is therefore steadily expanding our fiber-optic network.

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 power consumption and the related environmental impact. Measures are therefore constantly being derived on the basis of data collected by the environmental management system.

1&1 Versatel's environmental management system focuses on 28 technical sites. An ABC analysis identified these sites as being the largest consumers of energy, accounting for 30% of 1&1 Versatel's total electricity consumption. The remaining 70% is spread across approximately 2,230 sites. 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 2016, the consumption of the 28 largest technical sites was 25,735,138 kWh. In 2017, consumption fell slightly to 25,036,548 kWh. In both years, the 28 sites covered a total area of 24,503 square meters. The energy efficiency – measured as power consumption in kWh as a ratio of technical area in square meters – amounted to 1,050.28 kWh/sqm in 2016 and 1,021.77 kWh/sqm in 2017.

Since 2016, around 110 of 1&1 Versatel's sites, including the largest technical sites, have been operated CO_2-neutral using a TÜV-certified eco-power tariff.

Site-specific measures

Extensive efficiency measures were implemented at the Haar site near Munich, for example, between 2013 and 2016. The main focus was on technical infrastructure, which helped save 50% of electricity costs. For example, three old and inefficient uninterruptible power supply (UPS) systems were replaced by two modern units with greater efficiency, and obsolete generators were taken out of operation. In addition, air conditioning costs were decreased by reducing the area to be cooled and integrating capacitors for free cooling.

With the aid of the above mentioned measures at the Haar site, both absolute power consumption and energy efficiency were improved.

Energy consumption in Haar	2013	2014	2015	2016
Power consumption	2,504,907 kWh	2,193,578 kWh	1,684,078 kWh	1,182,040 kWh
kWh/m^2	1,513	1,325	1,017	714
Costs	354,024 €	338,145 €	235,245 €	162,991 €

MATERIAL CONSUMPTION AND SHIPPING

Our use of materials

The vast majority of materials used in the course of our business activities are electronic devices and hardware. In the Applications segment, 90,000 of our own servers at data centers are a major item of this material group, while in the Access segment customer hardware, such as smartphones and DSL routers, is supplied in connection with tariffs for the use of our mobile and DSL services. These electrical devices contain components that cannot be disposed of together with normal household waste. Obsolete hardware requires the correct disposal methods to ensure that no pollutants are released into the environment. We therefore cooperate with specialized service providers who professionally process and resell our used materials or dispose of them in an eco-compliant manner.

At the same time, the shipping of products requires packaging material – especially paper and cardboard. Our aim is to continuously optimize our use of materials, for example by reducing the amount of shipping packaging.

Customer hardware

We provide our customers with smartphones and routers. It is our responsibility to recycle these materials in the correct manner after their use. For this reason, we have concluded a disposal agreement with our partner Interseroh, which ensures the eco-compliant disposal of the devices we supplied. 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

In accordance with European directives and the German Electrical and Electronic Equipment Act (ElektroG), old devices and all electronic parts included in the delivery must not be disposed of together with normalhousehold 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 GmbH 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. In 2017, AfB helped us to professionally dispose of 35 metric tons of hardware.

AfB is an inclusion company that employs 49% of people with disabilities. 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 recycled or professionally disposed of the following volumes of old IT equipment in the past two years:

Old IT equipm	Reusable after preparation 2016		Raw material reclaimed via recycling 2016		Reusable after preparation 2017		Raw material reclaimed via recycling 2017	
PCs	436	64%	245	36%	398	44%	514	56%
Notebook	325	86%	52	14%	629	93%	47	7%
Monitors	998	86%	160	14%	976	91%	91	9%
Mobile devices	108	36%	188	64%	165	35%	312	65%
Servers	1.120	12%	8.237	88%	1.435	22%	5.188	78%
Printers	6	67%	3	33%	0	0%	9	100%

Packaging

Despite the increase in business transactions, our logistics center in Montabaur has been able to reduce the number of individual shipments. In 2016, there were 5.3 million shipments, while in the fiscal year 2017 the number was down to 5.1 million. The main reason was a change to a more efficient process for sending access data.

At the same time, the consumption of plastic used in packaging has been reduced. In 2017, 3.83 metric tons were generated, compared to 5.23 metric tons in 2016. However, the use of paper, paperboard and cardboard (PPC) has remained virtually constant: in 2016, United Internet consumed 446.7 metric tons of PPC, and in 2017 446.4 metric tons.

We accept responsibility for this packaging used in shipping and sales. We therefore report these quantities annually to our disposal service provider Interseroh and have the figures checked by the German Chamber of Commerce and Industry (IHK).

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ENVIRONMENT
Management Approach
Energy
Material, Shipping
Mobility

Packaging to and from the customer

We aim to steadily reduce the amount of material consumed at our logistics centers. One way of achieving this is to reduce shipping material in service cases: 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 into which the old device is placed for return shipping. This method not only saves material, but also time for the customer.

The shipping of smartphones and routers requires packaging and printed materials. We source these from local suppliers, thus helping us to avoid long transport routes and reduce CO_2 emissions.

One night ... and your delivery's there

Our 1&1 Principle includes the "overnight" promise: customers who place their order by 2 p.m. the day before and choose the express delivery option, will receive their order on the next working day. We aim to meet the demands of our customers with this and other 1&1 Principle measures. Well-coordinated processes at our logistics center in Montabaur are required to guarantee this option – in addition to the 17,000 to 20,000 orders per day.

The incoming online orders are initially sorted so that express delivery options can be prioritized. The goods, such as DSL routers, smartphones, DECT telephones 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 information also includes access data for some of the 1&1 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 seven logistics service providers, such as GLS and DHL. These transport the goods to depots, from where they are delivered to the customers.

FUEL CONSUMPTION AND EMPLOYEE MOBILITY

Our responsible handling of fuel consumption

Our 40 locations in 11 countries place high demands on employee mobility. The journeys undertaken by our employees generate CO_2 emissions.
Our aim is to reduce travel-related emissions, both by avoiding business trips and by using climate-neutral travel options such as train journeys.

Our Corporate Purchasing 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:

- By equipping our meeting rooms with technology for telephone and video conferencing, we can avoid many business trips.
- In fiscal year 2017, our Internal Development department developed a new instant messaging service to improve the internal exchange of information and further reduce travel to our other locations.
- As part of the approval process, we make sure that our employees use the train as their preferred means of travel. This enables eco-compliant travel for long-distance journeys.
- Our company car policy limits the environmental impact of our fleet, for example, by restricting the size of engine available.
- A car pooling site on our Intranet enables employees to share vehicles for the same journey.
- A current pilot project in Karlsruhe promotes the use of e-bikes as an alternative and eco-friendly means of transport.

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                                                                        ENVIRONMENT
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                                                                        Material, Shipping

                                                                        Mobility

Measuring our fuel consumption

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 CO_2 emissions on an annual basis. The German rail operator Deutsche Bahn provides us with an annual climate report. This gives us information about the volume of CO_2 emissions our employees have saved by taking the train rather than the car. In 2017, for example, this amounted to 914,989 kg of CO_2.

Train journeys	2016	2017
Pkm[1] for long-distance trips	4,195,839 km	6,084,799 km
Pkm per employee	519.16	646.36
CO_2 emissions for long-distance trips	0 kg	0 kg
Pkm for short-distance trips	439,243 km	535,032 km
CO_2 emissions for short-distance trips	33,025 kg	40,227 kg
Proportion of climate-neutral distances traveled	90.5%	91.9%

(1) Passenger kilometers

Rental cars	2016	2017
Volume of fuel consumed[1]	143,077 liters	119,432 liters
Fuel consumption per employee	17.70	12.7
Distance traveled (in km)	1,960,377	1,638,664
CO_2 emissions (in metric tons)	235.8	200.4

(1) Assumption: average consumption per 100 km: 7.3 l; http://www.environmentbundesamt.de/daten/verkehr/kraftstoffe

Company cars[1]	2016	2017
Volume of fuel consumed	875,685.98 liters	870,878.80 liters
Distance traveled (in km) total	12,551,992	13,255,315
Distance traveled (in km) per company car	31,223.86	32,251.37
CO_2 emissions (in metric tons)	2,311.11	2,297.92

(1) 2016: 402 vehicles in fleet; 2017: 411

Flights	2016	2017
Volume of kerosene consumed[1]	188,240 liters	183,466 liters
Distance flown (in km)	5,185,683	5,054,155
CO_2 emissions (in metric tons)	1,356	1,239

(1) Assumption: average of 3.63 l per passenger for 100 km; 0.0363 l for one kilometer

OUR SOCIAL COMMITMENT

As part of society
we feel obliged

to contribute toward its **STABILITY**

and **FUTURE VIABILITY**.

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SOCIAL COMMITMENT
Management Approach

United Internet for
UNICEF

Support for Refugees

MANAGEMENT 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:

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

- Secondly, we established various measures within the company in late 2015 to help refugees with their integration into German society. Our **1&1 Fit for Job training program**, for example, is designed to smooth their path into the German labor market. The program receives organizational and staffing support via central contact persons within the company. We are convinced that language skills 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 work in organization or as trainers. United Internet supports their commitment by giving employees the freedom to work in the initiatives. 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. Their professionalism enables us to leverage the impact of our 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.

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

https://www.united-internet-for-unicef-stiftung.de/

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 WEB.DE, GMX and 1&1 portals, 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 platforms for donation appeals. In urgent cases, this enables us to respond quickly and provide initial support.
- A link to the Foundation's website offers quick and easy payment options for donors.
- 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 593 new sustaining members for UNICEF with its 2017 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

The Foundation's appeals resulted in a further € 3.9 million of donations – according to preliminary figures – being handed over to UNICEF in the fiscal year 2017 (prior year: € 3.0 million). Since its formation in 2006, the Foundation has now collected € 39.4 million in donations and recruited around 12,327 active and sustaining UNICEF members (as of December 31, 2017; prior year: 11,735) 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

		■ 2017
		■ 2016

Donation total   3.9   3.0

In 2017, the Foundation mostly supported the acute famine catastrophes in South-East Africa and Yemen, the refugee crisis of the Rohingya in Bangladesh and the ongoing emergency situation in Yemen. For example, United Internet for UNICEF was able to close a supply gap in South Sudan with an amount of € 500,000 and provide desperately-needed food.

With these and other measures, the Foundation's donations have been helping children in acute crisis areas for more than ten years and continue to develop long-term child protection around the world. In 2016, UNICEF Germany therefore named the Foundation its „UNICEF Germany Partner of the Year".

https://www.unicef.de/
informieren/aktuelles/
presse/2016/auszeich-
nung-united-internet-
stiftung/119558

New approach

The United Internet for UNICEF Foundation strives to continuously improve its efforts. The relaunch of its website, with structural and editorial improvements and links to mailings, for example, increased its user-friendliness for donors. The greater use of social media channels has raised the Foundation's reach and offers numerous opportunities to visualize the work done by the Foundation and by UNICEF. It gives a vivid and tangible experience of the impact that donations make. Initial cooperation agreements have been made with influencers on these new channels, such as well-known bloggers, who will help reach new target groups and hopefully lead to new sustaining members.

We also continuously reflect on our own working methods. After every campaign, we conduct evaluations with the aim of optimizing our mailings and all processes. In addition, we are accelerating the expansion of the network and the overarching cooperation of all United Internet partners. These measures are designed to make the Foundation's fundraising activities as efficient as possible.

UNICEF – first-choice partner

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 cooperation between UNICEF and the Foundation.

Ms. Page why exactly did United Internet choose to cooperate with UNICEF?

When Ralph Dommermuth and I set up the Foundation together ten years ago, we were looking for a suitable partner who understood our vision and our contribution to the global community. UNICEF very quickly understood that our cooperation and way of fundraising via freemail accounts was a unique and successful concept. For UNICEF, the sustainability of its projects has first priority – and this was also something very important to us.

Ms. Page how can United Internet contribute to the work of UNICEF?

We carefully examine the UNICEF projects, and in particular those topics that are close to the hearts of our community of donors, and decide on which ones to promote and how much we want to donate. In emergency situations, we send emails to our users – about 30 million of them – within 24 hours. This is how we can provide fast and effective support for UNICEF.

Ms. Page which aspect of your work are you particularly proud of?

I'm always very happy when I see and hear what specific effect our donations have had on the lives of children and families in need: when a child in Burundi has the first bite of food in four days – made possible by UNICEF. Or when former child soldiers in the Democratic Republic of Congo find a safe home and suitable care. I hope that all our donors are aware of the difference their contribution makes, so I take great care to inform them about specific achievements in my reports.

Ms. Page what was the Foundation's greatest achievement in the past few years?

Choosing just one highlight is difficult, as we can turn even small donations into aid like a vaccine dose. However, our major donation success in 2013 was certainly impressive: when Typhoon Haiyan devastated the Philippine island of Leyte, our community of donors quickly raised nearly seven million euros with their numerous small and larger donations. As an additional incentive, United Internet doubled every private donation in Germany up to a limit of 1,000 euros.

Ms. Page which steps is the Foundation planning to take in the next three years?

We want to continue to implement our ideas and goals together with UNICEF. Our specific objectives are to abolish child marriages and to further reduce child mortality. The Foundation also participates in UNICEF studies. UNICEF is increasingly turning to science, think tanks and social innovations to address issues in society. These new directions are particularly encouraging for me.

Ms. Page what do you believe is the Foundation's contribution to social developments?

We have been more successful in achieving our goal of respecting and strengthening human dignity than we could have hoped for when setting up the Foundation. The United Internet for UNICEF Foundation is now one of UNICEF's largest benefactors.

This has enabled us to not only save thousands of children's lives, but also positively influence the future prospects of hundreds of thousands of families. A success of this magnitude was only possible with the help of the United Internet for UNICEF Foundation's community of donors. And for this, I would like to express my sincere gratitude.

MANY THANKS
Ms. PAGE

SUPPORT FOR REFUGEES

Integration into society via the labor market

The integration of a large number of people fleeing war and destruction poses huge 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 wants to help society master these challenges. Our integration measures are based on the current needs of refugees and thus change over time.

During the large influx of refugees in Germany in the fall of 2015, it was important for our employees and management team to send out a positive signal and welcome the newcomers to Germany.

With our "1&1 Welcome" program, we offered a number of activities at the initial refugee homes to smooth the arrival process (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 both initiatives fell.

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 units on job applications and PC skills. All courses are held by company employees, who can devote up to 10% of their working hours to the program. In addition to a core team, over 100 volunteers work for "1&1 Fit for Job".

We keep in contact with the graduates of this program and help them to find work by involving local job centers and employment agencies, as well as other companies and organizations such as 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.

In 2017, the focus of the initiative 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. We are now keen to provide individual and sustainable support within the framework of sponsorships.

Over 230 refugees and immigrants have so far participated in the "1&1 Fit for Job" program. More than 80 participants subsequently completed an internship at companies of the United Internet Group.

Although internships give an impression of working life in Germany, we believe that only apprenticeships can offer a true career perspective.

This is why 17 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, which were possible in both 2016 and 2017.

Success story of a program participant

Born in
Afghanistan

12/2015
Arrival in
Germany

09/2016
Participation in Fit for
Job internship program

07/2017
Secondary
school leaving
certificate

Secondary school
leaving certificate in
Afghanistan

Attendance of VABO class
[preparatory qualification
year for work and professi-
on without German
language skills]

04/2017
Participation in Fit for
Job internship program

09/2017
Start of
apprenticeship as IT
specialist for systems
integration at 1&1

Our primary objective is not necessarily that the graduates start their careers with us. Rather, we want to provide participants with a variety of skills – which are also applicable to other companies. This means that no technical knowledge is required to participate in the training program, only language skills (German or English).

In 2017, we also stepped up our networking and collaborations with other companies. At networking events, such as those held by the Chamber of 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 2018, 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.

MISCELLANEOUS

KEY FIGURES (I)

	Dec. 31, 2016	Dec. 31, 2017	reference
CORPORATE MANAGEMENT			
Length of fiber-optic network in km	41,644	44,889	p. 9
Compliance			
Corruption incidents(1)	0	0	p. 20f
Human Rights			
Human rights violations(2)	0	0	p. 24
Responsibility Along the Supply Chain			
Cost of services in € million	1,636.5	1,797.4	Annual Report, Explanations of items in the statement of comprehensive income
Cost of goods(3) in € million	396.3	389,5	Annual Report, Explanations of items in the statement of comprehensive income
Business partner audits(4)	2	6	p. 22
CUSTOMER SATISFACTION			
Number of fee-based customer contracts in million	16.79	22.89	p. 9, Annual Report, Position of the Group; Significant non-financial performance indicators
Number of ad-financed free accounts in million	34.29	35.42	p. 9, Annual Report, Position of the Group; Significant non-financial performance indicators
Number of employees in Customer Service/Customer Care	1,820[5]	2,139	p. 27 f
INFORMATION SECURITY AND DATA PRIVACY			
Number of customer inquiries about data privacy topics p. a.	29,705	22,573	p. 40 f
Number of inquiries from regulatory bodies	48	52	p. 40 f

(1)   Number of incidents in which corruption was confirmed following examination of initial suspicion
(2)   Number of reported violations with potential or actual human rights implications within United Internet
(3)   Without writedowns on inventories
(4)   Number of audits of outsourcing service providers. Audits of existing partners began on September 19, 2016
(5)   In 2016, still excluding Service staff of Strato and Drillisch

	Dec. 31, 2016	Dec. 31, 2017	reference
EMPLOYEES			
Number of employees	7,897	9,414	p. 50 f Annual Report, Significant non-financial performance indicators
- thereof apprentices/students	164	231[6]	p. 55 f
- thereof in Germany	6,322	7,890	Annual Report, Significant non-financial performance indicators
- thereof abroad	1,575	1,524	Annual Report, Significant non-financial performance indicators
Sales per employee in € thousand[7]	472	486	Annual Report, Significant non-financial performance indicators
Average employee age in years [8]	38	39	Annual Report, Significant non-financial performance indicators
Management vacancies filled internally	68%	70%	p. 50 Annual Report, Significant non-financial performance indicators
Compensation & Benefits			
Number of participants in Employee Stock Ownership Plan 2016 (ESOP)(9)	1,965	1,965	Annual Report, Renumeration Report
Participation rate for ESOP(10) (in %)	35%	35%	p. 9
Training & Education			
Average number of hours of training and education per employee(11)	6.4	6.9	p. 55 f
Diversity and Equal Opportunities			
Ratio of female permanent employees	34%	31%	Annual Report, Significant non-financial performance indicators
Women in executive positions[12]	16%	12%	p. 60 f Annual Report, Declaration of Company Management/ Corporate Governance Report
Occupational Health & Safety and Health Management			
Sick rate	5.73%	5.45%	p. 62 f

(6) Strong increase due to inclusion of new investments, e.g. Drillisch (61 apprentices).
(7) Based on annual average number of employees
(8) Figures rounded
(9) 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.
(10) Based on permanent staff as at June 13, 2016
(11) Centrally organized measures without subject-specific training measures
(12) Based on the first two management levels

KEY FIGURES (II)

	Dec. 31, 2016	Dec. 31, 2017	reference
ENVIRONMENT			
Electricity			
Power consumption data centers in MWh	111,659	106,785	p. 68 f.
Power consumption fiber-optic network in MWh[13]	25,735	23,514	
Total power consumption of data centers and fiber-optic network	172,428	165,997	
Energy intensity[14]	45.3 Wh/€	39.5 Wh/€	p. 68 f.
Materials			
Numbe.r of shipments	5.3 Mio.	5.1 Mio.	p. 71
Packaging material paper, paperboard, cardboard (PPC) in metric tons(15)	446.7	446.4	p. 71
PPC per shipment in g	84.6	88.2	p. 71
Packaging material plastic in in metric tons	5.3	3.8	p. 71
Plastic per shipment in g	1.0	0.8	p. 71
Employee Mobility			
Fuel consumption cars in liters	875,686	870,879	p. 74
- fuel consumption per car in liters	2,178	2,119	p. 74
Fuel consumption rental cars in liters	143,077	119,432	p. 74
- fuel consumption per employee in liters	18.1	12.7	p. 74
Train journeys long-distance in Pkm total[16]	4,195,839	6,084,799	p. 74
- Train journeys long-distance in Pkm per employee	519.2	646.4	
- Train journeys short-distance in Pkm total[17]	439,243	535,032	p. 74
- Train journeys short-distance in Pkm per employee	55.6	56.8	
Fuel consumption flights (in liters of kerosene)	188,240	183,466	p. 74
CO_2 Emissions			
CO_2 emissions from power consumption in metric tons[18]	48,076.8	44,821.6	p. 74
CO_2 from fuel consumption in metric tons			p. 74
- company car	2,311,1	2,297.9	
- rental car	235.8	200.4	
- flights	1,356	200.4	
CO_2 emissions from train journeys in metric tons			
- long-distance	0	0	p. 74
- short-distance	33	40	

(13) Based on the 30 largest sites for operating the fiber-optic network
(14) Power consumption as a ratio of sales
(15) The volume of packaging material needed for shipping devices to our customers. A distinction is made between papier, paperboard, cardboard (PPC) and plastic
(16) Number of passenger kilometers (Pkm) annually on long-distance journeys by United Internet employees using Deutsche Bahn.
(17) Number of passenger kilometers (Pkm) annually on short-distance journeys by United Internet employees using Deutsche Bahn.
(18) Power consumption of data centers and fiber-optic network. The stated CO_2 figures are CO_2 equivalent figures. Every greenhouse gas can be converted to carbon dioxide (CO_2) based on their global warming potential. Our calculation is based mainly on the DEFRA (Department for Environment, Food and Rural Affairs) emission factors.

	Dec. 31, 2016	Dec. 31, 2017	reference
SOCIAL FIGURES			
United Internet for UNICEF Foundation			
Activities via the GMX, WEB.DE and 1&1 portals[19]	19	27	Foundation Report (FR)[21]
E-mailings to subscribers of Foundation newsletter[20]	15	12	Foundation Report (FR)[21]
Donations collected by United Internet for UNICEF Foundation in € million	3,0	3,9	Foundation Report (FR)[21]
Number of active sustaining members	11,735	12,327	Foundation Report (FR)[21]

(19) Every year, 3–5 regular e-mails are sent to existing customers of our portals. There are fixed e-mailings at Easter, St. Nicholas Day and Christmas. Emergency e-mailings are sent in the event of severe natural disasters or aggravated conditions in crisis regions. Their number varies each year. All new customers receive a welcome e-mail in which the work of the United Internet for UNICEF Foundation is presented. Mailing usually takes place on a quarterly basis.

(20) https://www.united-internet-for-unicef-stiftung.de/aktuelles/newsletter

(21) https://www.united-internet-for-unicef-stiftung.de/ueber-die-stiftung/transparenz-bei-united-internet-for-unicef/jahresbericht2016

GRI-[1] AND CSR-[2]RUG-INDEX (I)

All disclosures are based on GRI Standards 2016.
The disclosures on GRI 103 Management Approach comprise the indicators
GRI 103 – 1 to GRI 103 – 3.

Universal Standards

Key:

🟥 = completely fulfilled

🔳 = partially fulfilled

⬜ = voluntary indicator

GRI disclosure	Indicator term	Reference	Degree of fulfill-ment
GENERAL DISCLOSURES			
GRI 102 – 1	Name of the organization	Company Portrait, p. 9	🟥
GRI 102 – 2	Activities, brands, products and services	Company Portrait, p. 9 f	🟥
GRI 102 – 3	Location of headquarters	Imprint	🟥
GRI 102 – 4	Location of operations/ Locations	Company Portrait, p. 9 f Annual Report, Business model	🟥
GRI 102 – 5	Ownership and legal form	About this Report, p. 96 Annual Report, Declaration of Company Management/Corporate Governance Report; Explanations of Items in the Statement of Comprehensive Income	🟥
GRI 102 – 6	Markets served	Company Portrait, p. 9 Annual Report, General economic and sector conditions	🟥
GRI 102 – 7	Scale of the organization	Company Portrait, p. 9 Annual Report, United Internet at a Glance; Business Development; Significant Non-Financial Performance Indikators	🟥
GRI 102 – 8	Information on employees and other workers	Corporate Culture, p. 50 ff. Annual Report, Business Model; Business Development; Significant Non-Financial Performance Indicators; Renumeration Report	🔳
GRI 102 – 9	Supply chain	Responsibility along the Supply Chain, p. 22 ff Human Rights, p. 24	🔳
GRI 102 – 10	Significant changes to the organization and its supply chain	Company Portrait, p. 9	🔳
GRI 102 – 11	Precautionary principle	Compliance p. 20 f Annual Report, Compliance; Risk, Opportunity and Forecast Report	🟥
GRI 102 – 12	External initiatives	Stakeholder Dialogue, p. 16	🔳
GRI 102 – 14	Statement from senior decision-maker	Interview with Frank Krause, p. 4	🟥
GRI 102 – 16	Values, principles, standards, and norms of behavior	Responsible Corporate Management, p. 12 Corporate Culture, p. 50 Compliance, p. 20 f	🟥
GRI 102 – 18	Governance structure	About this Report, p. 96 f Annual Report, Declaration of Company Management /Corporate Governance Report	🟥

GRI disclosure	Indicator term	Reference	Degree of fulfill-ment
GRI 102 – 40	List of stakeholder groups	Stakeholder Dialogue, p. 16	■
GRI 102 – 42	Identifying and selecting stakeholders	Stakeholder Dialogue, p. 16 f	■
GRI 102 – 43	Approach to stakeholder engagement	Stakeholder Dialogue, p. 16 f	▭
GRI 102 – 44	Key topics and concerns raised	Stakeholder Dialogue, p. 16	■
GRI 102 – 45	Entities included in the consolidated financial statements	About this Report, p. 96 f Annual Report, Business Model; Notes on the Consolidated Financial Statement	
GRI 102 – 46	Defining report content and topic boundaries	About this Report, p. 96 f Stakeholder Dialogue, p. 16 f	■
GRI 102 – 47	List of material topics	Stakeholder Dialogue, p. 16 f	■
GRI 102 – 50	Reporting period	About this Report, p. 96 f	■
GRI 102 – 52	Reporting cycle	About this Report, p. 96 f	■
GRI 102 – 53	Contact point for questions regarding the report	Sustainability@united-internet.de	■
GRI 102 – 54	Claims of reporting in accordance with the GRI standards	About this Report, p. 96 f	▭
GRI 102 – 55	GRI content index	About this Report, p. 96 f	■

GRI-[1] AND CSR-[2]RUG-INDEX (II)

Topic-specific Standards

Key:
■ = completely fulfilled
▬ = partially fulfilled
▬ = voluntary indicator

GRI disclosure	Indicator term	Reference	Degree of fulfill-ment
ANTI-CORRUPTION AND BRIBERY			
GRI 103	Management Approach	Compliance, p. 20	▬
GRI 205 – 2	Communication and training about anti-corruption policies and procedures	Compliance, p. 20	▬
GRI 205 – 3	Confirmed incidents of corruption and actions taken	Compliance, p. 20 Key figure table: Corruption incidents, p. 88 f	■
RESPECT FOR HUMAN RIGHTS			
GRI 103	Management Approach	Compliance, S. 20	▬
GRI 414 – 2	Significant actual and potential negative social impacts in the supply chain and actions taken	Responsibility Along the Supply Chain, p. 22 f. Human Rights, p. 24 Key figure table: Cost of goods and services, p. 88 f	▬
GRI 414 – 1	Percentage of new suppliers that were screened using social criteria	Responsibility Along the Supply Chain, p. 22 f. "Measures and Instruments in the Field of Call Center Service Providers" Key figure table: Human rights violations, p. 88 f	▬
EMPLOYEE MATTERS			
GRI 103	Management Approach	Employees, p. 47	▬
GRI 401 – 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Compensation & Benefits, p. 54 "Employee Stock Ownership Plans", Annual Report 2016, Renumeration Report Key figure table: ESOP participation rate, p. 88 f	▬
GRI 403 – 2	Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by region and gender	Occupational Health & Safety, p. 62 f Key figure table: Work-related absentee rate, p. 88 f	▬
GRI 404 – 1	Average hours of training that the organization's employees have undertaken during the reporting period, by gender and employee category	Training & Education, p. 55 Key figure table: Average annual number of hours of training and education per employee, p. 88 f	▬
GRI 404 – 2	Programs for upgrading employee skills and transition assistance programs to facilitate continued employability and the management of career endings	Training & Education, p. 55 ff.	▬

(1) Global Reporting Initiative
(2) German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG)

GRI disclosure	Indicator term	Reference	Degree of fulfill-ment
DIVERSITY			
GRI 103	Management Approach	Employees, p. 47	▣
GRI 405 – 1	Diversity of governance bodies and employees according to employee category with regard to gender, age group, membership of minority or vulnerable groups	Based on executive bodies: AR p. 112-115 Based on employees: – Diversity, p. 60 ff. – Annual Report, Significant Non-Financial Performance Indicators – Key figure table, p. 88 f	▣
ENVIRONMENTAL MATTERS			
GRI 103	Management Approach	Environment, p. 65	▣
GRI 308 – 2	Significant actual and potential negative environmental impacts identified in the supply chain and actions taken	Responsibility along the Supply Chain, p. 22 f.	▣
GRI 301 – 1	Materials used by weight or volume	Material Consumption and Shipping, p. 71 Key figure table: Packaging material, p. 88 f	▣
GRI 302 – 1	Energy consumption within the organization	Energy, p. 68 f. Key figure table: Power consumption, p. 88 f	▣
GRI 302 – 3	Energy intensity	Energy, p. 68 f Key figure table: Power consumption, p. 88 f	▣
GRI 305 – 1	Direct GHG emissions (Scope 1)	Fuel consumption and employee mobility, p. 74 Key figure table: CO_2 emissions from fuel consumption, p. 88 f	▣
GRI 305 – 2	Indirect GHG emissions (Scope 2)	Energy, p. 68 f. Key figure table: CO2 emissions from power consumption, p. 88 f	▣
SOCIAL MATTERS			
GRI 103	Management Approach	Social Commitment, p. 77	▣
GRI 203 – 1	Extent of development and impacts of infrastructure investments and services supported	Company Portrait, p. 9 Annual Report, United Interenet at Glance, Business Model; General economic and sector conditions; Opportunity Report Key figure table: Length of fiber-optic network, p. 88 f	▣
GRI 203 - 2 Voluntary Disclosure	Fundraising activities of United Internet for the United Internet for UNICEF Foundation	Key figure table / Key CSR figures, p. 88 f	▣
CUSTOMER MATTERS			
GRI 103	Management Approach	Customer Satisfaction, p 30 Information Security and Data Privacy, p. 42	▣
GRI 418 – 1 (2016)	Total number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Key figure table: Number of customer inquiries, p. 88 f	▣ [1]

(1)   The "Number of customer inquiries on data privacy topics" also includes customer complaints

ABOUT THIS REPORT

This Sustainability Report for United Internet AG is the first time that the company has published a separate report about its understanding of responsible corporate management. The report is aimed specifically at United Internet's stakeholders. These include investors and analysts, customers, employees, business partners, non-governmental organizations, political representatives, and the general public.

Reporting period, reporting cycle and reporting boundaries

All figures relate to the fiscal year from January 1, 2017 to December 31, 2017. The Sustainability Report of United Internet AG will be published annually in the future.

Where useful for a better understanding of United Internet's sustainability activities, information is also provided on activities in the past and on future prospects. This information is identified accordingly. Unless stated otherwise, the key figures provided refer to the years 2016 and 2017. As a Group report, the information provided in the Sustainability Report applies to all business units and locations, as well as to all subsidiaries in which United Internet AG holds a majority interest. All deviations to this principle in the key figures, qualitative data, activities and events are marked accordingly.

Reporting structure, methodology, framework

This report meets the requirements of the German CSR Directive Implementation Act (CSR-RUG). It describes how United Internet deals with the topics of "Environmental Matters", "Employee Matters", "Social Matters", "Respect for Human Rights", "Anti-corruption and Bribery", and "Diversity".

These legal requirements are supplemented by the topic "Customer Matters", in which United Internet addresses industry-specific matters such as customer satisfaction, information security and data privacy. When selecting the report content, we applied the principle of materiality and took into consideration the expectations of our stakeholders. In addition to the CSR-RUG, we based the structure of the report on the framework of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI).

The GRI and CSR-RUG Index links the legal requirements in Germany with the GRI requirements and the structure of the chapters in this report. The GRI Disclosures are assigned to the "matters" of the CSR-RUG. In describing the management approaches, we took account of both the requirements of GRI 103 and the legal requirements regarding concepts. The most important performance measures are provided in the Key Figure Table.

Preparation, publication and review of the Sustainability Report

This report is prepared and published by the Chief Financial Officer of United Internet AG on behalf of the Management Board of United Internet AG. The Supervisory Board of United Internet already discussed

the Sustainability Report at its meetings during the past fiscal year. As part of its final, independent review, the Supervisory Board discussed in detail the Non-Financial Report in its entirety. It scrutinized the contents of the Non-Financial Report and discussed it at length 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 Report gave no grounds for objections.

Availability and contact

This report will be available to all interested parties in German from April 10, 2018 as a PDF which can be downloaded from the corporate website of United Internet AG at https://www.united-internet. de/investor-relations/publikationen/ berichte.html. The English version of the Sustainability Report will be available no later than April 30, 2018.

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