



Sustainability Report 2022

1&1 in Key Figures

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

Table 1

	2022	2021	2020
Financial- / Business KPI			
Revenue (in €m)	3,963.7	3,909.7	3,786.8
EBITDA (in €m)	693.3	711.3	468.5
Earnings per share (EPS) (in €)	2.08	2.10	1.25
Free cash flow (in €m)	-64.5	394.8	243.7
Responsible corporate management			
Number of confirmed incidents of corruption	0	0	0
Participation rate for Code of Conduct e-learning course (in %)	89.3	90.5	92.3
Responsibility for Products & Customer-related Matters			
Number of customer contracts (in millions)	15.8	15.4	14.8
thereof mobile internet contracts (in millions)	11.7	11.2	10.5
thereof broadband contracts (in millions)	4.1	4.2	4.3
Number of shipments by 1&1 Logistics (in million units)	6.4	6.4	6.0
Digital Responsibility			
Number of reports of data privacy violations under the GDPR	25	38	33
Responsibility for our employees			
Number of employees	3,163	3,167	3,191
Employee turnover rate (in %)	8.1	10.4	6.1
Management positions filled internally (in %)	66.3	70.0	71.0
Women in management positions (in %)	21.0	22.0	23.0
Hours training and education per employee	16.9	14.6	17.1
Absence due to illness (in %)	7.5	5.9	5.6
Responsibility for our environment			
Energy consumption (in MWh)	14,728.3	9,628.2	9,002.5
thereof electricity consumption (in MWh)	4,404.4	4,050.3	3,300.8
Business travel and company car trips (in km million)	6.5	4.3	5.7
Recorded CO ₂ equivalents in tonnes	4,316.5	3,464.9	4,703.9
Cooperation with our business partners			
Cost of purchased services (in €m)	1,715.7	1,737.6	1,929.0
Cost of purchased goods (in €m)	796.8	780.1	753.2

(1) Since the reporting year 2022, the published ratio refers to all management levels of the 1&1 Group. The previous year's data was adjusted accordingly.

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Key



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Glossary, definition

GRI [number]

Reference to a GRI disclosure, see GRI content index, p. 96



Foreword

GRI 2-22

Dear Readers,

Thirty-five years ago, we laid the foundation for what is today 1&1 AG. Since that time, advances in digitalisation have changed the world at a breathtaking pace, and 1&1 has not stood idly by on the sidelines. As befits our position as one of the major German telecommunications companies and a new network operator, we are ramping up more than ever our efforts to secure a sustainable digital future.

More than 15.7 customer contracts and around 3,200 employees translate into a major corporate and social responsibility for us in this respect. Our goal is to provide services that open the door to the digital world for as many people as possible by offering secure, trustworthy and state-of-the-art access to its use.

We are drivers of innovation, and as such, we are pioneering a new technology found nowhere else in Europe during our rollout of the fourth German mobile network, a technology that fully exploits the potential of 5G and renders us the only network operator independent of dominant manufacturers such as HUAWEI. Our operation of the 1&1 Open RAN network is fully virtualised in the private cloud. The required resources will be provided by more than 500 edge data centres now under construction in the immediate vicinity of the antenna locations, connected with fibre optic lines and equipped with gigabit antennas, across all of Germany. This is the only network architecture that can offer the extremely short transmission paths that are indispensable for real-time applications. Our vision is clear: we want 1&1 Open RAN to make a noticeable difference and to contribute to the advancement of 5G in Germany.

Along with our digital responsibility, environmental and climate protection represents one of our key fields of action in which we set the highest standards for ourselves. One of the most important levers for the reduction of our CO₂ emissions is the electricity consumption demanded by the operation of our networks. We have long since turned to renewable energies as the source of our electric power. Thanks to our employment of state-of-the-art energy management systems, we are able to track and optimise our energy efficiency continuously. We also implemented specific measures that would enhance even further the efficiency of our logistics operations last year – including, for example, the climate-neutral shipping of our products and the use of packaging materials made entirely of recyclable materials. With respect to our products, we stepped up active marketing of refurbished devices and further expanded our portfolio of sustainably produced smartphones in 2022.

Operating sustainably as a company has become a matter of course for 1&1. The focus is not limited to our efforts to meet without exception the demands of ever-stricter regulations. We also strive to assure the ongoing development of our fields of action that will foster more in-depth and transparent structures. Our conduct of comprehensive projects, the further professionalisation of processes and systems and the bolstering of our teams of experts in the past year all served to guarantee our achievement of these goals.

Our employees actively collaborate in shaping the digital future at 1&1 and are the foundation of our Company's success. Openness, agility and fairness are only some of the pillars of a culture that fosters and challenges our teams in equal measure.

In the coming years, we will never stop dealing intensively and critically with the changing social, economic and ecological opportunities and challenges while simultaneously taking collectively any required actions and pursuing our steady development. We look forward to an exciting future!

We want to fulfil our aspirations to operate responsibly across all business divisions as much as to attain our goal of sustainable success as the fourth network operator in Germany.

Best regards,



Ralph Dommermuth



Markus Huhn



Alessandro Nava

Company Profile

GRI 2-1
GRI 203-1

1&1 Group, together with 1&1 Aktiengesellschaft, Montabaur (formerly Maintal), the listed parent company (hereinafter: "1&1 AG" or, along with its subsidiaries, "1&1" or "Group"), is a telecommunications provider that operates solely and exclusively in Germany. Serving more than 15.4 million contracts, 1&1 is a leading internet specialist and is authorised to use one of the largest fibre optic networks in Germany because of its affiliation with the company 1&1 Versatel GmbH, Düsseldorf (hereinafter: "1&1 Versatel GmbH"), which is a member of the United Internet AG corporate group. As a virtual mobile network operator, 1&1 has guaranteed access to up to 30% of the capacity of Telefónica's mobile network in Germany (so-called Mobile Bitstream Access Mobile Virtual Network Operator = MBA MVNO). In addition, 1&1 utilises capacities in Vodafone's mobile network. The Group's business unit Access offers landline and mobile network-based internet access products. They include, among others, chargeable broadband and mobile access products and the related applications such as home networks, online storage, telephony, smart home or IPTV.

In 2019, 1&1 AG successfully participated in the Federal Network Agency's frequency auction and acquired 5G frequencies in the 2.1 GHz and 3.6 GHz frequency bands. Subsequently, the development of the Company's own mobile network was set in motion by the conclusion of major contracts with pertinent wholesalers and equipment outfitters. The operation of its own network will in the future decrease 1&1's dependence on access to third-party networks, increase its own added value and open up opportunities to develop new business areas.

Since it is a new entrant on the market, 1&1 can focus on state-of-the-art technology right from the start. In line with this, 1&1 is building the first fully virtualised mobile network in Europe to be based on the new Open RAN technology. Using Open RAN not only fully exploits the potential of 5G; its decentralised server architecture also promises efficient and energy-saving operation of the mobile network. 1&1 has entered into partnerships with Vantage Towers and the German subsidiary of the American Tower Corporation for the construction of the antenna sites. These agreements give 1&1 access to thousands of existing masts for the installation of the 5G high-performance antennas and enable an environmentally friendly network construction that conserves resources.

At the end of financial year 2022, the 1&1 Group employed an active workforce of 3,163⁽¹⁾, including its three Management Board members (2021: 3,167; 2020: 3,191).

(1) Active core employees on a per capita basis, not including staff with inactive employment contracts (mainly employees on parental leave), interns, student workers, school students, thesis students and temporary staff.

GRI 2-2

Structure of the 1&1 Group⁽¹⁾

Table 2

		Held by company no.
1	1&1 AG, Montabaur	
2	Drillisch Online GmbH, Maintal	1
3	IQ-optimize Software AG, Maintal	1
4	1&1 Mobilfunk GmbH, Düsseldorf	2
5	1&1 Towers GmbH, Düsseldorf	4
6	Drillisch Logistik GmbH, Münster	1
7	Blitz 17-665 SE, Maintal	1
8	Blitz 17-666 SE, Maintal	1
9	1&1 Telecommunication SE, Montabaur	1
10	1&1 Logistik GmbH, Montabaur	9
11	1&1 Telecom Sales GmbH, Montabaur	9
12	1&1 Telecom Service Montabaur GmbH, Montabaur	9

(1) All companies listed under 1&1 AG are wholly-owned subsidiaries of 1&1 AG.

GRI 2-1

1&1 AG is a listed German stock corporation domiciled in Montabaur. Its shares are traded on the SDAX of the Frankfurt Stock Exchange. United Internet AG held 78.32% of the shares in the Company as at 31 December 2022, with 21.42% of the shares being in free float.² As in the previous year, Supervisory Board members held 0.16% of the shares, while 1&1 AG's Management Board did not hold any shares directly. Ralph Dommermuth, CEO of 1&1 AG, held roughly 52% of United Internet AG's share capital, measured after deduction of the Company's own shares, indirectly via holding companies as at 31 December 2022.

GRI 201-1

The 1&1 Group generated revenue of €3,963.7 million in financial year 2022 (2021: €3,909.7 million; 2020: €3,786.8 million). Investments totalled €249.4 million (2021: €37.2 million³; 2020: €207.0 million). The investments of €232.7 million in financial year 2022 relate in particular to the development of the mobile network. As in the two previous years, 1&1 distributed dividends of €8.8 million to its shareholders. No loan liabilities have existed since the loan repayment (€32.0 million) in 2019.

(2) Please see the "Shareholder structure" section of the website for further details.

(3) The investments include a one-time payment of €165 million in connection with the exercise of the first extension option under the MBA MVNO contract.

Business Model

GRI 2-6

1&1 serves 15.7 million chargeable contracts and is a leading provider of broadband and mobile products in Germany; it offers its customers a comprehensive portfolio of chargeable mobile access and broadband products, including the associated applications (such as home networking, online storage, telephony, smart home or IPTV). 1&1 operates solely and exclusively in Germany. The Company uses the landline network of the affiliate 1&1 Versatel GmbH, a member company of United Internet AG Group, and its access right to the Telefónica network; in addition, it purchases standardised network services from various wholesalers. Access to the networks is enhanced by offerings of devices, own developments of applications and services to set the Company apart from its competitors.

MBA MVNO

Mobile Bitstream Access Mobile Virtual Network Operator: A telecommunications provider that does not have its own physical network, but instead uses an MNO's network to a certain extent and invoices this service for its own account.

MNO

Mobile Network Operator: A mobile communications provider that has its own physical network (radio masts, exchanges, a full range of technical equipment).

The Access products are marketed via the well-known brands such as 1&1, yourfone or smartmobil.de, each of which addresses specific target groups on the market. 1&1 covers the entire range from premium rate plans with above-average service standards to low-cost rate plans for price-conscious customers.

In addition, 1&1 is currently building Europe's first fully virtualised mobile network based on the new Open RAN technology and utilising the 5G frequencies acquired in the auction in 2019.

Broadband Connections

More than four million contracts makes 1&1 one of the leading broadband providers in Germany. The Company uses the landline network of the affiliate 1&1 Versatel GmbH, a member company of United Internet AG Group, and its access right to the Telefónica network; in addition, it purchases standardised network services

from various wholesalers. In financial year 2021, 1&1 entered into an agreement with 1&1 Versatel for access to Deutsche Telekom's broadband home connections. The related FTTH product contract was concluded with Deutsche Telekom in February 2022. The contract provisions authorise 1&1 to integrate all of Deutsche Telekom's fibre optic lines into its products and to participate in Deutsche Telekom's growth plans.

In financial year 2022, 1&1 was awarded the distinction of "Test Winner" in the user profiles "Normal User" and "Business User" in the "Broadband Check" of the recognised trade journal connect, and in the highly regarded landline network test of the journal connect (Issue 8/2022), 1&1 again scored a rating of "Excellent".

Mobile Internet

1&1 provides its more than 11 million mobile customers with innovative products featuring attractive price-performance ratios and a multi-award winning service offering. As a mobile bitstream access mobile virtual network operator (MBA MVNO), 1&1 sometimes sources network capacity from Vodafone and Telefónica, enhancing this offering with its own applications and services. 1&1 has secured access to up to 30% of Telefónica's German network via an MBA MVNO contract. This gives the Company a unique position on the German market.

1&1's successful participation in the 5G frequency auction in the summer of 2019 laid the foundations for its construction of a high-performance mobile network. Following the signature of a national roaming agreement with Telefónica Deutschland and of contracts with strong active and passive network infrastructure partners, 1&1 is now in the construction phase of its innovative 5G mobile network.

Outlook

1&1's construction of the fourth German mobile network opens up further strategic potential for strengthening and expanding its position on the German mobile communications market. The operation of its own 5G mobile network will decrease 1&1's dependence on access to third-party networks, increase its own added value and open up opportunities to develop new business areas.

As a new entrant to the field, 1&1 is building the first fully virtualised mobile network in Europe to be based on the new Open RAN technology. This makes it an innovation driver on the German and European mobile communications market.

1&1 is extremely well positioned for its new role as a network operator thanks to its large customer base, access to one of Germany's largest fibre optic networks, strong brand portfolio and established sales channels.

5G frequency auction

The procedure used by the Federal Network Agency to award licenses for using mobile frequency ranges to mobile network providers. The auction ends with the last bid submitted by the participating companies.

National roaming agreement

A contract that is used to secure nationwide access to an established network operator's network during the rollout of a new network infrastructure by a new entrant to the field.

Open RAN

In contrast to a traditional, closed RAN (radio access network), Open RAN technology makes a strict distinction between hardware and software. This new, fully virtualised approach makes costly upgrades to the base stations obsolete and allows a high degree of independence from dominant network equipment manufacturers. In addition, the cloud-native network infrastructure takes full advantage of the potential offered by 5G and permits real-time transmission.

GRI 2-6
GRI 203-2

In the expansion of the 1&1 mobile network, important milestones in the development of the 5G mobile network were achieved in the 2022 financial year. Together with 1&1 Versatel, the expansion of the regional edge data centres was driven forward. These data centres are being built in the immediate vicinity of the antenna sites and will be connected to them exclusively via fibre optics. The expansion of the antenna sites is also progressing. For this purpose, further important contracts were concluded with pre-service providers in the 2022 financial year and the planning of the antenna locations was advanced. Unfortunately, the original goal of 1,000 antenna sites by the end of 2022 could not be achieved. Due to delays with important expansion partners, 1&1 had only set up a single-digit number of antenna sites by the end of the year.

Beyond this, the conditions stipulate that 1&1 must provide 5G base station coverage to 25% of households by the end of 2025 and to 50% by 2030. These targets are not at risk and are even expected to be achieved early.

1&1's partnerships with tower operators give it access to thousands of existing antenna locations. This helps to protect the environment and reduce the resources required when building the network while also increasing rollout speeds.

In 2023 as in the past, key trends in the telecommunications sector include full-area availability of land-line and mobile high-speed internet; the increasing use of powerful smartphones; the rapid growth in fibre optic expansion; the continuing spread of cloud applications, IPTV and photo and music streaming services; and the growing interconnectivity of intelligent devices and machines. 5G plays a crucial role here and is revolutionising both products and applications.

As Germany's fourth mobile network operator, 1&1 aims to help actively drive forward these trends and will therefore invest going forward in both new customers and products in order to boost its already strong market position.

Key elements here include:

- The national roaming agreement with Telefónica Deutschland, which allows 1&1 to offer customers comprehensive coverage even while it is still constructing the 1&1 mobile network;
- The far-reaching technology partnership with the world's sole proven Open RAN expert, Rakuten Group Inc., from whose learning curve and experience in building a cloud-native mobile network 1&1 is benefiting;
- 1&1's partnerships with tower operators, which give it access to thousands of existing antenna locations, enabling swift, environmentally friendly network construction;

- The intercompany agreement with 1&1 Versatel to lease fibre optic lines and data centre infrastructure for 1&1's Open RAN mobile network;
- A clear marketing and sales focus on mobile internet products and the efficient use of economies of scale;
- Continuous improvements to the Company's user-friendly service policy;
- The extension of its creative and innovative offerings to include additional partnerships and new content.



Sustainability Strategy and Management

Definition of Sustainability

“Sustainability” – which can be defined in simple terms as ensuring that the needs of both current and future generations can be met – is a critical issue facing society, politics and business. Associated social developments and “megatrends” such as digitalisation and climate change and the transformation processes these are causing are being discussed across all sectors, be it in connection with data privacy, the changing world of work or the transition to a climate-neutral economy. Companies can often have a material impact – both positive and negative – on these issues. We see sustainability as an innovation driver with holistic potential for us as a company and for our stakeholders. At the same time, the wishes of consumers and customers, regulatory requirements and the increasing attention of investors to ESG aspects must be taken into account. This report shows how sustainability topics relate to 1&1 and how the Company deals with the resulting challenges and opportunities.

We want to act as a responsible company to realise our sustainability management and the associated strategic implementation of sustainability in our corporate activities and to address actively and shape the challenges and opportunities. This ensures that the impacts of the Company on our stakeholders and on the environment and society are addressed and dealt with in the same way as the impacts of the environment and society on our Company. The basis for our sustainability activities is a materiality analysis, which determines our essential action areas.

New Developments

In the past year 2022, 1&1 initiated in particular structural measures that affect sustainability management as a whole. With regard to the internal structure of our sustainability management, we were able to create a solid starting point for the planned intensification of our activities by expanding the staff of the competent team. Another new structural development can be seen in the introduction of permanent working groups, each with a specific focus. The interdisciplinary teams identify sustainability-specific topics, develop measures and continue the ongoing development of current processes. In the last quarter of 2022, a comprehensive strategy process was initiated within the Group. The entire process includes, among other things, an analysis of the environment and a variety of stakeholder dialogue formats and was carried out continuously in direct consultation with the parent company United Internet AG.

GRI 2-4

In addition to the structural innovations, work on operational measures continued. Activities focused on the expansion and optimisation of refurbished products, the avoidance of emissions in our internal processes and the expansion of data collection for sustainability indicators. Moreover, intensive work on the topics of “diversity and equal opportunity” and sustainability in the expansion of the Open RAN mobile network was continued.

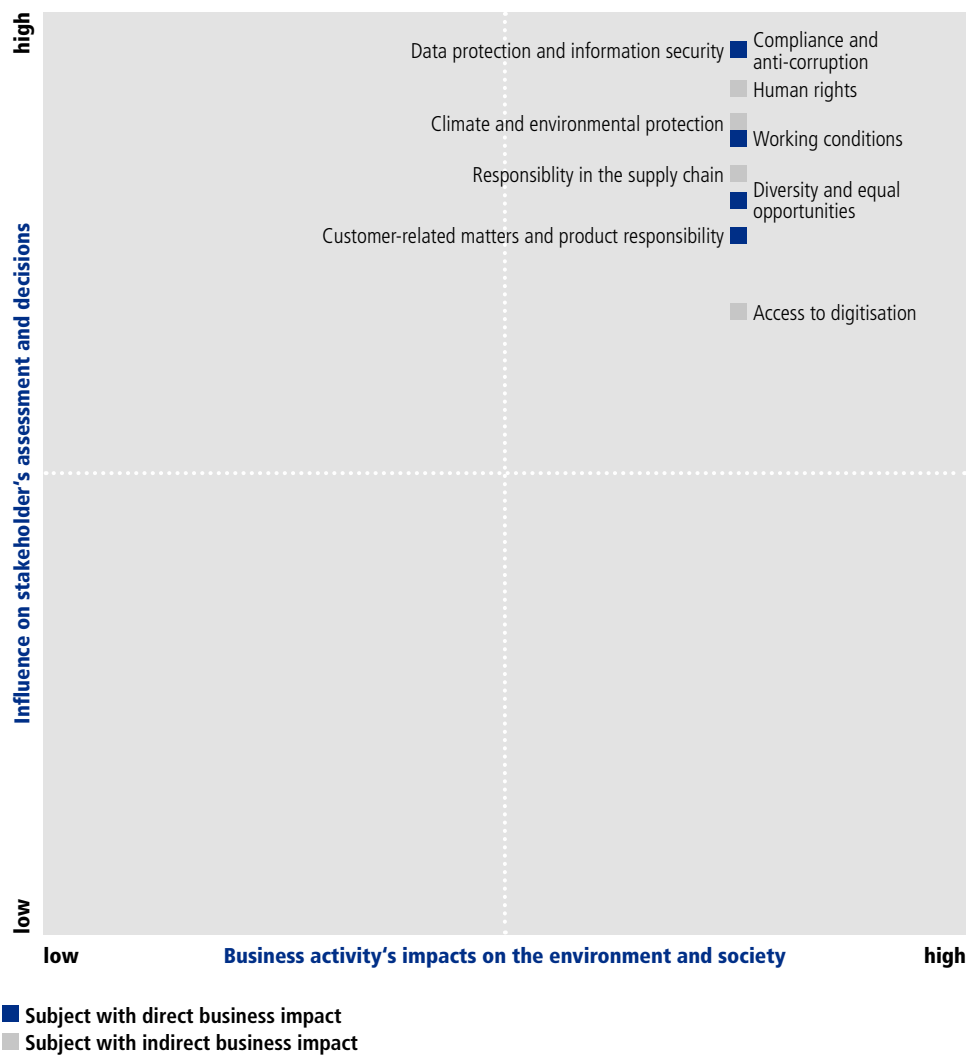
In addition, a multidisciplinary working group dealt with the analysis and evaluation of our supply chains. Both environmental and social parameters along our added-value chain were examined.

Materiality Analysis: Topics and Action Areas



See “About This Report”, p. 99

Last year, 1&1 initiated a comprehensive strategy process in collaboration with its parent company, United Internet. In addition to the final objective of developing a renewed sustainability strategy, the launched process aims to identify and map the key sustainability issues using the double materiality analysis. The insights gained so far are even now sufficient to draw the first valid conclusions about the demands of our stakeholders, the legal framework and our competitive environment. This makes it possible to concretise the content of our primary action areas at this early stage. Nevertheless, 1&1 was still in the middle of the strategy process at the end of the financial year 2022, and the new double materiality analysis and the final sustainability strategy will not become available for publication until the issue of the next sustainability report. For this reason, this year’s changes to the materiality matrix are limited to an adjustment of the topic definition, which was obtained on the basis of the detailed environment analysis and numerous stakeholder dialogues.



The materiality matrix shown here illustrates the result of the analysis. The horizontal axis shows the impacts of 1&1's business activity on the environment and society; this dimension is common to both the GRI standards and the CSR-RUG. The vertical axis shows the relevance of topics for stakeholders in line with the GRI standards. The top right quadrant shows (in descending order) topics that not only represent relevant impacts by 1&1, but that are also important to our stakeholders. The renewed analysis of capital market players' wishes has led to a particular emphasis on these stakeholders.

The boxes show the business relevance of the topics as defined by the CSR-RUG; topics displayed with blue boxes are directly relevant to the business as can be seen from the fact that they are included in financial reporting, e.g. as part of the Risk Report. Grey boxes are used to denote topics that are currently indirectly relevant to the business if an expanded definition of risk is used (i.e. if regulatory, social and capital market expectations are used as indicators).

Key Sustainability Issues and Derivation of Action Areas

GRI 3-1

GRI 3-2

An essential aspect in the current strategy process is the risk assessment in accordance with the CSR Directive Implementation Act (CSR-RUG), which analyses and evaluates the risks for the Company's own business activities, products and services and business relationships.¹ The following overview shows the relationship of the topics to the aspects from the CSR-RUG and in which action areas they are addressed. Key topics can be found structurally clustered in our action areas.

Non-financial aspects from CRS-RUG	Fields of action / chapters
Environmental matters	Responsibility for Our Environment Responsibility Within the Supply Chain Responsibility for Products and Customer-Related Matters
Employee related matters	Responsibility for Our Employees Responsibility Within the Supply Chain
Respect for human rights	Responsibility Within the Supply Chain Responsibility for Our Employees Digital Responsibility
Anti-corruption and bribery	Responsible Corporate Management
Social matters / customer-related matters	Responsibility for Our Employees Responsibility Within the Supply Chain

Sustainability Strategy: Action Areas and Goals

Action Areas

We have derived the following action areas from the linking of the essential topics with one another:

(1) German Accounting Standard (DRS) 20 specifies that reporting on risks linked to business relationships must cover "in particular the supply and subcontracting chains".



- **Responsibility for Products and Customer-Related Matters:** Customer demands on telecommunications and internet access are increasing all the time, and we can only hope to persuade customers to stay loyal to us and our products in the long term if they are satisfied. This is why customer feedback and satisfaction are particularly critical for us; we focus on our customers in everything we think and do and aim to provide compelling products and services. We use numerous initiatives to improve customer satisfaction, including new products and rate plans, transparency and an even more powerful and comprehensive offering.
- **Digital Responsibility:** As digitalisation advances, both opportunities and risks for users increase; on the one hand, there are improvements in the services tailored to users’ needs and other areas, but, on the other hand, there is the risk of data theft or security breaches. We aim to enable society to participate in the digitalisation process and to ensure the security of this participation. The use of our own and leased data centres certified according to international security standards allows us to enhance continuously data protection and cybersecurity in the network.
- **Responsibility for Our Employees:** As an employer, we also operate in a dynamic, fast-growing environment in which we aspire to be an innovator and where we face a highly competitive market for specialists. We aim to be a fair and attractive employer and to help our employees to grow. To do this, we want to create a working environment that enables all staff members to contribute their knowledge and to take advantage of development opportunities and the freedoms they have in their work. Our corporate culture is built around mutual support and respect and on embracing diversity in conjunction with flat hierarchies that accelerate decision-making processes.
- **Responsibility for Our Environment:** As we are telecommunications and internet specialists, the products and services we offer are based on the use of network infrastructure and data centres, which


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account for a significant share of 1&1's energy consumption. These services are performed largely by wholesalers and affiliated companies within the United Internet AG corporate group and to only a small extent by the Company itself. Nevertheless, this energy consumption and the resulting CO₂ emissions attributable to 1&1 have an impact on the environment and the climate. We want to use resources efficiently and contribute to climate protection. For example, the implementation of energy management systems and the use of renewable energies minimises our direct emissions while at the same time we actively work to reduce indirect emissions from upstream and downstream activities with the aim of decarbonising the entire added-value chain. What is more, 1&1 places special emphasis on the responsible use of resources, the constant optimisation of material efficiency and the promotion of the principle of circular economy – e.g. through the independent processing and remarketing of returned products.



See page 26

- **Responsibility Within the Supply Chain:** Operating as a telecommunications and internet provider as we do, we work with a wide range of business partners. For 1&1, close and fair business relationships lay the foundation of successful cooperation and a resilient supply chain. Our Business Partner Code ensures the integrity of our business partners and the consideration of social and environmental standards.

Relationship to the UN Sustainable Development Goals (SDGs)



See UN SDGs

Since their adoption in 2015, the 17 Sustainable Development Goals (SDGs) of the United Nations have served as a global reference framework for sustainable development. Their focus is on eliminating poverty, protecting the Earth and securing prosperity for all.

We at 1&1 want to make a positive contribution to the achievement of the Sustainable Development Goals through our sustainability activities. With this in mind, we have analysed all SDGs relevant for the Company, classified our activities according to the various goals and incorporated the activities as integral elements into our strategic sustainability considerations.

The presentation below reflects the result of our internal SDG analysis and illustrates the contribution made to the specific UN goals. By graphically integrating the appropriate symbols into the management approaches, the report consistently references the development goals.

Sustainable Development Goals



We support inclusive, equal and high-quality education by initiating measures aimed specifically at professional development, conducting mentoring and coaching programmes and offering special opportunities for education to employees.



We regard diversity as more than merely desirable; indeed, it is crucial to our success. We are actively committed to the realisation of equal opportunity and gender equality.



using renewable energies in the rollout of our own mobile network, we ensure a sustainable energy supply for our customers.



At our Company, we provide for our employees an innovative, inclusive and safe working environment in which all people are regarded and supported as individuals.



We see ourselves as bridge builders to a sustainable and digital world and seek to secure access to this world for all through our network rollout.



We consider the assurance of mobile communication opportunities and digital participation for all to be our responsibility.



Our exploitation of our digital innovation capabilities contributes to the sustainable development of cities and communities.



Our introduction of specifically designed measures fosters a functioning circular economy and offers to our customers products and services for sustainable consumption.



We actively take steps to reduce our greenhouse gas emissions, our energy consumption and our use of resources so that we do our part in combating climate change.



Sustainability Management

GRI 2-13

Organisation of Sustainability Management

The organisation of Group-wide sustainability management is the responsibility of a sustainability department within 1&1 AG. The duties and responsibilities of this department include continuing strategic development, reporting and answering ESG rating agency queries, and ensuring and optimising the quality of the data needed for this purpose. The Sustainability team liaises with key positions and relevant units in the 1&1 Group and supports them during their various activities for assessing non-financial topics and driving their development while ensuring that activities throughout the Group are in line with our business responsibilities. Various working groups focusing on varying elements of sustainability have been created in the Group to ensure the strategic realisation of sustainability. Their work ensures a continuous flow of information, the integration of required professional competences and expedient operational implementation.

The Sustainability departments falls in the purview of 1&1 AG's chief financial officer (CFO). The lines of responsibility to the CFO ensure that all relevant sustainability issues are represented on the 1&1 AG Management Board and that strategic decisions are taken holistically.

1&1 AG's Supervisory Board meets its monitoring responsibility by independently examining the Sustainability Report to determine its lawfulness, formal correctness and expediency.

Stakeholder Dialogue

GRI 2-29

Our ability to do business depends on our successful cooperation with a wide range of stakeholders. We liaise with these groups using a variety of different platforms and formats with the aims of reinforcing communication and cooperation and giving due regard to our stakeholders' interests. In the course of the described sustainability strategy process, we have established direct contact with all our relevant stakeholders in recent weeks and months and have entered into personal communication with them, and so we have gained an up-to-date and comprehensive picture of the various demands of the different groups. We supplement the conducted stakeholder interviews by engaging in a variety of dialogue formats throughout the year with all of 1&1's relevant stakeholders:

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



See "Responsibility for Products and Customer Interests", p. 56

- **Investors:** Investors are a key stakeholder group for 1&1. Our Investor Relations department and our Management Board are in regular contact with them in the form of one-on-one discussions and road shows. Our shareholders and other stakeholders are informed simultaneously and equally of all key developments at the Company.
- **Employees:** Our employees are the key to our success. Only by leveraging their knowledge, skills and dedication can we continue to develop and to achieve long-term success. Employee feedback is important for us, which is why we regularly perform employee surveys, use the results to identify measures to be taken and inform staff of the progress made. In addition, the Management Board is in regular direct contact with employees, e.g. using internal road shows, which were held virtually in 2022.
- **Business partners:** Our business requires us to cooperate with a large number of business partners and suppliers, including (among others) wholesalers, hardware suppliers, call centre service providers and forwarding agents. Among other things, we conduct one-on-one discussions with these partners and also help call centre service providers in the training of their employees and other tasks.
- **Politicians and associations:** We aim to maintain a dialogue with political decision-makers and government authorities so as to create a framework for a successful digital economy in Germany. One particular issue for us is ensuring competition, which acts as a driver for innovation, investment and consumer benefits. This is why we are a member of associations such as VATM² and Bitkom³. In addition, specialist departments are active in relevant associations and bodies.
- **Local communities:** We welcome dialogue with local communities and the population at our locations. Since we are a telecommunications and internet provider, our operating locations do not have a significant impact on the local society. On the contrary: we create jobs outside major German cities at locations such as Maintal, Krefeld, Montabaur or Zweibrücken.

In addition, our stakeholders' opinions and decisions are a key factor both in shaping our sustainability management activities and in determining what goes into our Sustainability Report.



See the Annual Report and the 1&1 Website



See "Responsibility in the supply chain", p. 26



See "Responsibility in the supply chain", p. 26

GRI 2-28



See "About This Report", p. 99

(2) Verband der Anbieter von Telekommunikations- und Mehrwertdiensten e. V. (Association of Telecommunications and Added-Value Service Providers).
 (3) Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e. V. (German Association for Information Technology, Telecommunications and New Media).



Responsible Corporate Management

The basis for responsible action

Corporate Governance

1&1 AG's Management Board and Supervisory Board consider it their responsibility to ensure the Company's continued existence and to create sustainable value by managing it responsibly and for the long term. For 1&1, running a business involves more than pursuing economic goals – the Company also sees itself as having an obligation to society, the environment, employees and other stakeholders.

GRI 2-23

1&1 AG's corporate governance activities are based on the German Stock Corporation Act (Aktiengesetz – AktG) and on the requirements of the German Corporate Governance Code (the "Code"), and we publish an annual declaration of compliance with the Code in accordance with section 161 AktG.



See the "Corporate Governance" section of the 1&1 website

Diversity of the Management Board and Supervisory Board

Diversity aspects are always taken into account when considering the composition of the Management Board and the Supervisory Board. The Company considers diversity to be not only desirable; it is as well a critical factor for our success. This fundamental attitude within the group results in the pursuit of a corporate culture of respect in which individual differences of culture, nationality, gender, age group and religion are welcomed and equal opportunities are encouraged – regardless of age, disability, ethnic or cultural origin, gender, religion, ideological belief or sexual identity.


GRI 405-1

In its own interest, the Company should consider carefully diversity aspects such as age, gender, professional experience (e.g. sector expertise or international experience) and other factors when determining the composition of the Management Board and the Supervisory Board. The Supervisory Board should have at least one female member (proportion of women: 16.66%); this target has been met with the appointment of Dr Claudia Borgas-Herold. The proportion of women on the Management Board is still 0 percent at present and is in line with the current target quota. The Executive Board is currently composed exclusively of men. No personnel changes or an increase in the size of the Board are planned or foreseeable. In the view of the Supervisory Board, the goal pursued by the legislator of increasing the proportion of women is thus second-ary to the Company's interest in continuing the successful work of

experienced Executive Board members and in ensuring that the size of the Executive Board is adapted to the needs of the Company (Section 111 (5) AktG).

In addition, candidates should be selected for, and appointed to, governing body positions on the basis of objective factors such as their qualifications, professional suitability and individual skills profile; nevertheless, the Company seeks to give preference to women where multiple candidates are equally well qualified.

For further information, please see the Corporate Governance Statement. The remuneration paid to the Management Board and the Supervisory Board is presented in the Remuneration Report, which is available as part of the Annual Report and on our website. Basic information can be found in the Articles of Association.


See "Corporate Governance Statement" and "Compensation Report" on the 1&1 website

See "Statutes" on the 1&1 website (German only)

Our Values and Principles

GRI 2-23

Our group-wide corporate values, our leadership principles and our Code of Conduct are at the heart of what we do every day. All employees are made aware of these basic principles when they join the Company and must abide by them. Our values, principles and the Code of Conduct can be accessed at any time on our Intranet.

Corporate values	Leadership principles	Code of Conduct
<p>Our values strengthen our self-image and provide a framework for how to act. Only a set of common beliefs enable us to think and act together. Our values apply in our dealings with one another and with customers and business partners.</p> <ul style="list-style-type: none">• A commitment to success• Agility• A sound approach• Fairness• Openness• Responsibility	<p>Our leadership principle is based on making people successful. Our leadership guidelines define the following characteristics for our managers:</p> <ul style="list-style-type: none">• We take responsibility and display courage• We are co-entrepreneurs• We act as role models• We empower staff and motivate them to do their best• We lead through active dialogue• We promote a strong team culture	<p>Our Code of Conduct links our corporate values with our internal guidelines. It sets out shortly and succinctly how to act in compliance with our values, the law and our guidelines. It uses examples to illustrate key principles and make concrete recommendations on how to deal with colleagues, business partners, investors, competitors, customers and the media.</p>

Risk Management

Effectively identifying and analysing the risks associated with business activities and combating them by taking appropriate actions for their management are essential for securing the Company's long-term success. The 1&1 Group's risk and opportunities management policy aims to preserve and sustainably enhance the organisation's values by exploiting opportunities and identifying and managing risks at an early stage. By walking the talk in this way, we ensure that 1&1 can do business in a controlled organisational environment. Our risk and opportunities management offers a responsible approach to dealing with the uncertainties that are an inevitable part of doing business and also incorporates the UN Sustainable Development Goals relevant for our operations. The system is constantly evolving and being adapted to changing circumstances whenever necessary.

GRI 2-23



See the "Risk, Opportunities and Forecast Report" in our Annual Report.



See "About This Report" on page 99

Compliance and Anti-Corruption

Materiality, impact and risks

Compliance is an important part of 1&1 AG's management and corporate culture. For the group, compliance means the totality of all measures taken to ensure the observance of the law and of internal standards, principles and guidelines. In 1&1 AG's opinion, legally and ethically acceptable behaviour is the basis for all sustainable corporate success.

GRI 2-23

GRI 3-3

GRI 205-1

Targets and actions

Consequently, the Management Board has implemented a compliance management system that revolves around a core Code of Conduct that applies to all governing body members and employees of 1&1 AG and ensures that the Company's value system is practised consistently and continuously across the board.

The core aspects of the Code of Conduct relate (for example) to fair, respectful and trustworthy dealings with colleagues and business partners; information security and data privacy; and behaviour toward competitors. 1&1 does not tolerate bribery and corruption, and the Code of Conduct supports this approach by setting out clear prohibitions and instructions. The Company does not accept breaches of compliance requirements. Reports of any such breaches are investigated thoroughly, and the underlying circumstances are clarified. Any breaches that are confirmed are immediately remedied and, to the extent necessary, sanctioned rigorously by the initiation of appropriate actions.

GRI 3-3



See "EU taxonomy" on page 92 for information on compliance measures focusing on human rights.

GRI 2-26
GRI 205-2
GRI 205-3

The confidential reporting channels established within the 1&1 group did not lead to the Company identifying any issues meeting the definition of a criminal act or administrative offense or in breach of general legal obligations in fiscal year 2022, continuing the good record of previous years. This electronic reporting system ("Integrity Line") offers a channel to all employees and external whistleblowers that can be used to report digitally and confidentially breaches of rules at any time. Reports can also be submitted anonymously. The internal "Whistleblower Protection Policy" ensures the protection of whistleblowers and adequately takes into account the interests of the Company and of the persons concerned. We rely on various communication measures to strengthen trust in our whistleblower protection system. For instance, we provide information such as an explanatory video in German and English on the group's own Intranet and post notices at all of our sites.

We also offer a comprehensive e-learning course based on our Code of Conduct. This is an integral part of onboarding for new employees and serves among other things to familiarise all employees interactively with the Code's contents and to communicate effectively the rules governing behaviour.

Internal guidelines provide employees with comprehensive information on anti-corruption issues, dealing with incentives, information security and data privacy and other issues. They are reviewed regularly every two years and ad hoc to determine any need for updates. All guidelines are available at all times on the Company's Intranet. In addition, up-to-the-minute information on compliance topics is provided regularly via the Intranet.

Results and assessment

GRI 3-3

We measure the achievement of our compliance goals in particular in terms of the pertinent measures. Measure-related performance indicators include training and e-learning course participation rates and the number of approvals issued in the course of anti-corruption and other compliance processes. A total of 3,015 employees had passed the test at the end of the mandatory e-learning course on the Code of Conduct as at 31 December 2022 (2021: 3,060; 2020: 3,115), corresponding to a success quota of 89.3 percent (2021: 90.5 percent; 2020: 92.3 percent).



Responsibility in the supply chain

Management Approach

Materiality, Impact and Risks

1&1 operates exclusively in Germany and as such must comply with strict standards for environmental and employee protection and human rights. At the same time, expectations are growing that the organisation will use these high standards as the basis for its work with its business partners and suppliers. This is required both by frameworks such as the UN SDGs and the GRI Standards and by the German government in its National Action Plan for the Implementation of the UN Guiding Principles on Business and Human Rights ("NAP")¹, the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG) that was passed in 2021 and other measures. Equally, investors and analysts are joining consumers, civil society players and the media in looking more closely at the issue of "added-value chains".

GRI 3-3



See online publication of NAP



See "Responsibility for our employees", p. 62 and "Digital Responsibility", p. 38

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

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

When it comes to business partnerships and supplier relationships, companies in Germany are subject to the same strict statutory requirements as 1&1 itself. In addition, telecommunications is largely a regulated market and many suppliers have also introduced voluntary commitments. This means that there is a very low risk of child labour or forced labour, for example, in our domestic added-value chain.

What is more, business partners' specific activities may give rise to other relevant topics, depending on how far up the added-value chain an examination goes. This means that other stakeholders may be affected indirectly by the way we behave as a business partner. Examples include business partners' emp-

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

loyees and those of their suppliers, residents living near production sites and people or groups affected by potential environmental impacts.

The ability to work together reliably with wholesalers and business partners is crucial for 1&1. For example, collaborating with specialised partners and outsourcers and sourcing wholesale services are decisive for our business success. Successful partnerships are based firstly on partner screening, but above and beyond that on close cooperation and personal support. Another reason why the integrity of our business partners is essential for us is that negative events could impact 1&1 (market and reputational risk). In addition, due diligence requirements in the added-value chain are currently attracting political attention (see above), which could result in political and legal risks.

Goals and Measures

GRI 3-3

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



See our
"Code of Conduct for
Business Partners"

Relevant guidelines include our Code of Conduct and in particular our Code of Conduct for Business Partners ("Business Partner Code"). The latter is an important component of ensuring that partners observe the duties of care that are relevant for compliance and an essential measure for reducing compliance risks within the added-value chain. It builds on our corporate values to define minimum social and environmental standards and lays down rules on how to comply with them. The Code of Conduct for Business Partners has been incorporated into the contracts concluded with business partners by including it in the General Terms and Conditions for Procurement drawn up by United Internet Corporate Services GmbH, which provides a large number of services for the 1&1 Group.



See "General Terms
and Conditions for
Procurements"

We source significant volumes of wholesale services, especially in the areas of network services and devices. The divisions entrusted with procuring these wholesale services also see themselves as "partner managers". They ensure that the products and services concerned are of a high quality and future-proof and manage reliable business relationships on the basis of trust. Carrier Management is responsible for end-to-end management and coordination of the relationships with wholesale telecommunications partners, both for fixed networks and for "MBA MVNO and National Roaming" (mobile communications). Partner Account Management Access is responsible for hardware procurement (information and communications technology (ICT) products and devices) for our customers in the case of both fixed networks and mobile accounts. Ultimate responsibility lies with the Management Board for Product Management in the Access Division and the Management Boards at Versatel and 1&1 Mobilfunk. In addition, special divisions coordinate the outsourcing of customer care services and other activities.



Carrier: a network
operator

Results and Assessment

A detailed description and graphical representation of the supply and value chain at 1&1 is provided at 1&1 is provided in the following section. A concrete mapping of our value chain is currently being developed. As soon as we are able to present this topic on the basis of meaningful key figures it will be included in the Sustainability Report.

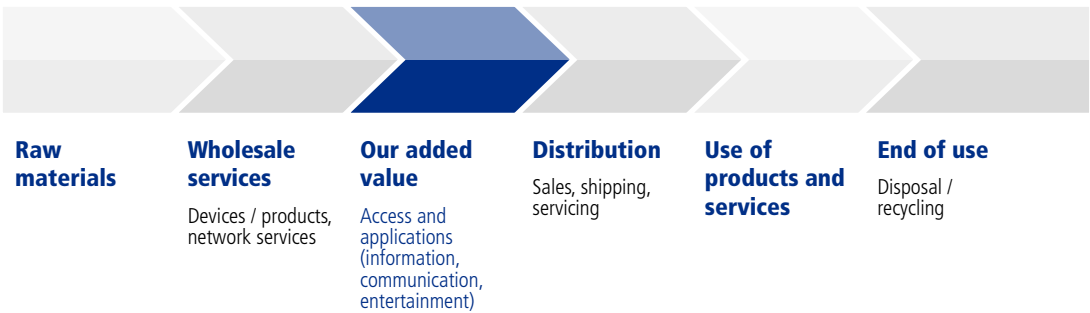
GRI 3-3

Our Supply and Added-Value Chain

1&1 offers to its customers a comprehensive portfolio of individually tailored mobile voice and data services and products plus landline connections (broadband), including both standalone mobile and broadband products and attractive bundles of products with a variety of accessories. We see it as our role to examine our impact on the environment and society in all links in our added-value chain. With our planned network roll-out, our supply or value chain will change in 2023. This is not yet relevant for the graphical representation in 2022.

GRI 2-6

The following figure provides a simplified overview of the 1&1 Group’s supply chain and added-value chain:



Upstream

1&1 primarily sources network services (mobile and landline network) and ICT products from its upstream added-value chain². The Company uses its access rights to Telefónica’s mobile network and also sources landline network services from 1&1 Versatel (another member of the United Internet Group) and other wholesale service providers. In addition, it procures devices such as smartphones and routers from international manufacturers. These wholesale services are in turn based in part on a multistage upstream added-value chain stretching all the way back to raw materials extraction. Moreover, 1&1

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

sources services from specialised partners and outsourcing providers. Taken together, these items make up the bulk of our procurement volumes. All in all, we sourced revenue-related services and goods worth approximately €2.5 billion (2021: €2.5 billion; 2020: €2.7 billion) from our business partners in 2022. Sourcing wholesale services places high demands on the business relationships involved.

The network services and ICT products must be seen above all from the perspective of their environmental impact since network operation involves the consumption of substantial amounts of energy and resources. To a lesser extent, this also applies to domains, the provision of which also requires energy and the underlying hardware, and other areas.

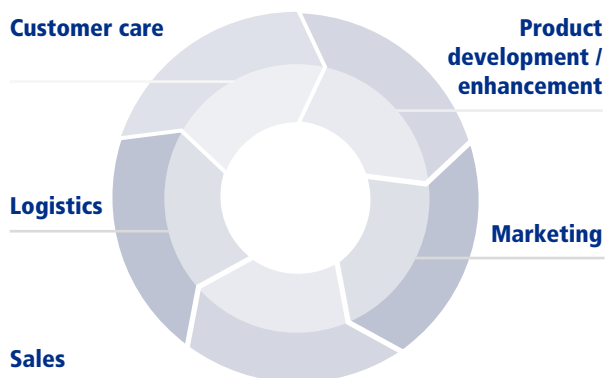
GRI 308-2 GRI 414-2



See "Code of Conduct for Business Partners", p. 33

The conduct of our core business also entails for us a duty of care for devices such as smartphones, tablets and servers. With regard to the product components, we see ourselves as having the responsibility to consider the social and ecological impacts from the extraction of the required raw materials to production and logistics. We are always aware that the standards valid in Germany are not valid/in effect everywhere in the world so that risks such as the use of so-called "conflict materials", forced labour or the possible financing of armed conflicts must be carefully examined. We have compiled a carefully prepared Code of Conduct for Business Partners as a condition for cooperation to ensure that any such circumstances can be precluded for our products.

Own added value



1&1 primarily adds value itself in five major areas: product development and enhancement, marketing, sales, customer care and logistics. The Company provides a large number of services for which we have a competitive advantage. Major elements of information technology (IT) are procured from IQ-optimize Software AG, a wholly-owned Group subsidiary.

IQ-optimize Software AG is also the technical interface to the network operators and ensures trouble-free use of products for 1&1 customers. This means that we are not dependent on third-party service providers and can respond quickly and flexibly when changes are required.

We exploit the Group-wide know-how and the diverse synergy effects to offer the best possible services to our customers through ongoing knowledge sharing and the analysis of common requirements

along with a stronger position that comes from working together with business partners and a united approach to suppliers.

We add value – from product development down to customer care – solely in Germany. Impacts on the environment and society such as the energy we consume, the impact of transport and logistics or our responsibility as an employer are examined in detail in the various chapters of this sustainability report.

Downstream

Owing to 1&1's high quality standards, important parts of the added-value chain such as service operations for customers are performed both by internal employees and by external service providers, with these support employees being trained centrally by an internal corporate unit. Downstream activities³ are highly relevant since in many cases the long-term relationships resulting from the contracts concluded with customers can facilitate growth. This means that the use phase for our products is a material part of our business – including from a sustainability perspective. Other business partners in the downstream added-value chain are shipping partners, who are responsible for delivering devices to customers, and partners who ensure that waste devices are recycled or disposed of using environmentally friendly processes.

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

In this respect, the environmental impact of the deliveries to our customers and the environmentally friendly recycling or disposal of retired devices must also be taken into account, which is why we work closely with our shipping service providers and specialised partner companies to ensure that the processes as environmentally friendly as possible.



See "Customer hardware", p. 83, "Hardware in Data Centres and Office Buildings", p. 84, and "Emissions from shipping channels", p. 87



See "Customer hardware", p. 83, "Hardware in Data Centres and Office Buildings", p. 84, and "Emissions from shipping channels", p. 87

Assumption of Human Rights and Environmental Due Diligence Obligations

1&1 is aware of its responsibility for people and the environment and wants to assume social responsibility. This is our goal for both our own business activities and those in the supply chain. We aim to

GRI 2-23

(3) Downstream activities cover goods and services following their sale/distribution by the reporting enterprise and the transfer of control to another unit or organisation.

ensure our business partners also take responsibility and make this the basis of our cooperation so as to be able to build reliable, long-term relationships and assume responsibility together.

If we are to meet this responsibility and fulfil as well the requirements of the Act on Corporate Due Diligence Obligations in Supply Chains (*Lieferkettensorgfaltspflichtengesetz; LkSG*), it is especially important for us to establish due diligence risk management that anchors suitable workflows and accountability in all relevant business processes.

GRI 2-24

Due diligence risk management and in-house competence

Over the course of 2023, workflows and responsibilities will be anchored in the pertinent business processes at 1&1. The tasks will include defining roles, appointing human rights officers and human rights coordinators in relevant functions such as procurement and human resources to ensure the monitoring of due diligence risk management, and reporting to senior management.

GRI 414-1 GRI 414-2

Risk analysis


The Company has developed dedicated concepts for the analysis of risks to human rights and the environment in its own business operations as well as in those of the supply chain. Based on these risk analysis concepts, the positions and organisational units involved will analyse potential risks at the Company's own locations and at the facilities of the direct (and, if called for, indirect) suppliers during the first half of 2023. These risk analyses will be conducted annually and on an ad-hoc basis and inextricably integrated into the processes and systems.

- The risk analysis of the Company's own business activities features a questionnaire with an associated assessment concept that was developed with the aid of an external consulting firm and identifies, weights and prioritises the human rights and environmental risks. The specific risk categories are assessed by the contact persons in operational positions according to the determined probability of occurrence and the expected severity (impact, scope, irreversibility).
- In future, a trusted software solution will be used for the risk analysis of the supply chain; the initial phase using the program will be the assessment of the country and industry risks of the direct suppliers in terms of human rights, environmental and ethical risks. This initial (gross) risk analysis will lay the groundwork for further commodity group-specific risk analyses conducted by Procurement as required (e.g. whenever risks are identified). A concept and template for the assessment of commodity group risks has been developed; it incorporates data from external sources such as studies and related databases and a questionnaire for characterisation of the relevant supplier markets into the risk

identification procedure. The specific risks are assessed according to both the probability of occurrence and the expected severity (impact, scope, irreversibility). The subsequent step considers the causation contribution specific to each supplier and the opportunities to influence the risk.

Prevention and remedial measures

1&1 has already established various preventive measures in its own field of business and in the supply chain. Measures affecting its own business activities include (for example) the in-house Code of Conduct and the related e-learning programmes. The Code of Conduct for Business Partners can be mentioned as one of the supply chain measures.

 See
"Responsible Corporate
Management", p. 22
and "Code of Conduct
for Business Partners",
p. 33


During the detailed risk analysis in the first half of 2023, potential risks will be analysed and any more extensive preventive measures will be determined, initiated and implemented as indicated by the results.

Policy Statement

The Company is committed to the "United Nations Universal Declaration of Human Rights" and is guided by the UN Guiding Principles on Business and Human Rights. 1&1 has included principles designed to ensure respect for human rights in our corporate values and our Code of Conduct. These principles are found in both the internal Code of Conduct addressing employees and the Code of Conduct for Business Partners.

 See
United Nations

In observance of the entry into force of the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) as at 1 January 2023, 1&1 will concretise its policy statement regarding the Company's human rights strategy, the risk analysis process, potential risks and related measures. In addition, the in-house and external Codes of Conduct will also be reviewed, updated as needed and subsequently communicated.

 See our
"Code of Conduct for
Business Partners"

Procedures for Identifying Adverse Impacts and Grievance Mechanism

GRI 2-25
GRI 408-1

We have established grievance procedures in the form of confidential reporting channels to secure the identification of adverse impacts at an early stage. By appointing central and local compliance managers and designated persons of trust, the organisation has created confidential points of contact for employees outside their immediate working environments. These grievance mechanisms ensure that 1&1 can effectively meet its human rights due diligence requirements. 1&1 takes all perceived injustices extremely seriously. Our overarching goal is to become aware of any incidents at an early stage and to investigate and clarify fully any and all complaints of human rights violations. In financial year 2022,

two reports of possible violations indicating a potential adverse impact on human rights were received by our electronic whistleblowing system. Both cases were the subjects of fact-finding investigations. The suspicion of a human rights violation was not confirmed in either case.

GRI 414-2

Documentation and reporting

The risk of human rights violations within the 1&1 Group is very small. All 1&1 Group staff are employed in Germany and no human rights risks have been established for them.

When it comes to our business partners, we consider the appropriate structuring of working conditions, from remuneration to working hours to occupational health and safety, to be a fundamentally relevant issue. 1&1 Group has engaged United Internet Corporate Services GmbH for the performance of purchasing and procurement services; the latter has introduced a code of conduct for business partners that sets forth its expectations of business partners regarding human rights and other issues.

In future, documentation on the fulfilment of due diligence obligations will be carried out by the competent positions and orchestrated by the human rights coordinators of the organisational purview in each case. Reporting on the 1&1 internet website and to the Federal Office of Economics and Export Control (BAFA) will in future be the responsibility of the human rights officers.

Cooperation with Our Business Partners

GRI 308-1

GRI 414-1

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

Code of Conduct for Business Partners

GRI 308-1

GRI 414-2

Our Code of Conduct for Business Partners, which is based on our corporate values, defines minimum social and ecological standards in the fields of "Business Integrity and Compliance", "Human and Labour Rights", "Health and Safety" and "Environment". The Code contains instructions for compliance with the requirements and identifies appropriate ways to report notifications. For example, 1&1 provides a confidential reporting channel for business partner employees who wish to report possible

violations of current law or the Code of Conduct for Business Partners. Equally, business partners must ensure that their employees are aware of this confidential reporting channel and need not fear any reprisals. The contractual integration of the Code of Conduct for Business Partners has been effected by including it in the "General Terms and Conditions of Procurement" of United Internet Corporate Services GmbH.


See our
"Code of Conduct for
Business Partners"


See "General Terms
and Conditions for
Procurements"

Business integrity and compliance


The Code of Conduct for Business Partners stipulates that business partners must take appropriate measures to ensure compliance with all pertinent laws, rules and regulations. Unlawful benefits may be neither requested nor offered, anti-corruption laws and regulations as well as competition and antitrust laws must be obeyed and imposed sanctions and embargoes must be observed (fair competition). Furthermore, the confidentiality, availability and integrity of any and all transmitted information, in particular sensitive company data and personal data, must be protected by appropriate technical and organisational measures (information security and data protection).

Human and labour rights

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

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

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


See
"ILO Conventions and
Recommendations"

Health and Safety

Business partners must ensure safe, healthy working environments in order to prevent accidents and sickness. This requirement includes the regular conduct of training courses and the provision of appropriate protective clothing.

Environment

GRI 414-1

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

Implementation

GRI 308-1

The Code of Conduct for Business Partners has been incorporated into the contracts entered into with business partners by including it in our "General Terms and Conditions of Procurement".

Measures and Tools Relating to Call Centre Service Providers

The establishment of reporting channels has ensured that external call centre staff can draw attention to any cases of fraud of which they became aware in the course of their support and sales activities. 1&1 performs a systematic review of the outsourcing service providers with which it interfaces (due diligence outsourcing or DDO). This due diligence is built around self-reporting by the service provider using lists of questions on specific topics plus subsequent analysis and assessment by 1&1.

The standardised review focuses on the organisational, financial and legal position of the outsourcing service providers with whom contracts have been signed. This allows information about compliance and the internal control system (ICS), among other things, to be captured. The review has been performed in close cooperation with the departments performing the outsourcing since 2016.

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

are continuously adapted to any new circumstances to give appropriate consideration to any changes in the fraud environment.

The results are documented in a review report and addressed, in the form of concrete recommendations for measures, to Compliance, Legal and the management functions responsible for implementing the measures, among other instances. In financial year 2022, a total of nine outsourcing service providers were reviewed. This means that, six years after the DDO process was introduced, all of the call centres with which interfaces exist have now been reviewed. There were no material indications of adverse impacts in relation to the social aspects of working practises, human rights and compliance.

Over the last two years twelve members of staff have been trained as auditors for our strict data privacy and data security requirements so as to ensure that regular reviews of these areas can also be performed at the call centre service providers we use. These employees perform, according to an annually adapted audit plan, regular on-site audits of these service providers in addition to the above-mentioned DDO reviews. The audits are performed by the Privacy Department (Legal Privacy) in cooperation with the respective department. Only a few on-site audits could be performed in 2022 owing to the pandemic. As soon as this becomes possible again, regular audits will be planned for each service provider. For this purpose, full audits will be performed by two auditors as well as focused checklist across a two-year cycle. The latter will be performed unannounced if possible, or at most at short notice.



Digital Responsibility

Management Approach

Materiality, Impact and Risks

As we are an internet and telecommunications provider, digital services are at the heart of our entrepreneurial activities. In this respect, we regard 1&1 as a "builder of bridges" into a digital, innovative and sustainable future. Our versatile offerings are aimed at making a positive contribution to a digital and sustainable transformation of society.

GRI 3-3

We stand for digital and responsible participation of society.

Digitalisation is transforming society and the economy; while it brings with it numerous potential opportunities for sustainable development, there are simultaneously inherent risks if it is not handled conscientiously. The logical consequence is that access to a digitalised world must be open to all people so that its opportunities and potential can be fully exploited. An important objective for 1&1 is the assurance that digitalisation is handled responsibly with the help of various measures because our 15,78 million customer contracts establish our responsibility for the protection and security of our customers' data. Our self-image demands of us that we rigorously maintain a high degree of security that will protect these data from unauthorised access.

The continuing evolution of the regulatory framework and a scientific debate of rising intensity on the connection between digitalisation and a sustainable transformation clearly show the crucial significance of this topic. This perception is only reinforced by manifold entrepreneurial activities and the focus during numerous professional events. Moreover, digitalisation is regularly cited in political discussions as a key factor in achieving climate goals, which in turn demonstrates the many varied aspects of a digitalised world.

If the mining of the aforementioned potential to be directed to the achievement of pertinent goals, steps must be taken to ensure that the requisite skills for dealing with digitalisation autonomously and responsibly are communicated to people.

See "Responsibility for Our Environment", p. 78

Similarly, the internet and the accompanying digitalisation also play a key role in generating respect for human rights. After all, topics such as freedom of opinion and information, privacy and the right to participate in cultural life are now inextricably linked with the "digital arena".

Providing a sustainable and at the same time powerful infrastructure, especially through data centres and mobile networks, is of the essence for the information and telecommunications industry. In this sense, we always stay abreast of technical advances and make them available to 1&1 customers by incorporating them into our services and products. We purposefully exploit the strengths of digitalisation by providing or realising innovative products, processes and digital services. While doing so, we pay close attention to the indispensable framework conditions and challenges, especially in information security and data protection, and optimise them continuously and sensitively.

By expanding our own mobile network, we want to increase digital participation. The use of Open RAN technology ensures independence from network suppliers. There are still risks that the network expansion cannot take place at the expected speed. Despite the currently delayed expansion of our sites, we continue to pursue the goal of reaching at least 50 percent of households already before 2030. To this end, we have acquired additional partners for the network expansion. In addition, we have filed a complaint with the German Federal Cartel Office concerning an obstruction of a competitor's network roll-out. We therefore expect to make up for the delays during the construction phase.



See Consolidated
Management Report

GRI 3-3

Goals and Measures

We stand for digital and responsible participation of society, and so we regard the empowerment of society based on access to secure digitalisation as a key objective of our work. 1&1 wants to actively contribute to taking all people, regardless of age, education, place of residence and origin, along on the path of digitalisation and offer them a place and opportunities to move safely and confidently in the digital space. We take the responsibility that arises from our strong market position very seriously.

We act to meet our own aspirations: to guarantee that the requirements of information security and data protection are met at the highest level. To ensure that the Group achieves these goals, we orient our measures to the current European and German data protection requirements at all times. Owing to the relevance and complexity of this issue, responsibility for this topic is also divided among various Management Board divisions and their core competences. The chief financial officer (CFO) of 1&1 AG and the chief information officer (CIO) of the companies in the 1&1 Group bear the primary responsibility.

In the following sections, the measures taken and goals set in the field of action of "digital responsibility" will be examined in detail.



See "Secure
E-commerce", p. 51

Results and Assessment

An evaluation of the acquired knowledge is carried out frequently and regularly and is based on various key figures analysed according to the various areas of action. They will be broken down and presented in detail in the following sections.

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Data Privacy

Data Protection is Personal Privacy

Public awareness of the importance of data privacy has become even more pronounced since the entry into force of the General Data Protection Regulation (GDPR) in 2018 and the ever-expanding scope of judicial decisions relating to data protection. Our customers are also aware of dangers such as data abuse and insufficient data security and take data privacy factors into account when selecting products.

We consider trust in us as a company and in our products to be the bedrock of our partnership with customers and employees. This is why we aim to enable them to decide for themselves what happens to their data. Protecting personal data is both part of our DNA and a prerequisite for our business, since data privacy always clearly adds value. Transparency is at the heart of our data privacy strategy for our products and services.

Our website is the most visible part of our external presence and often the first point of contact for potential and current customers. Our placement of up-to-date, comprehensive, yet clear and easy-to-understand data protection notices begins here. Our data privacy policy can be found at www.1und1.de/Datenschutz and www.winsim.de/Datenschutz (as an example of one of the brands of Drillisch Online GmbH) and provides easily accessible and transparent information on data protection and further contact options at all times.

Our Main Focuses

In financial year 2022, our day-to-day operations largely revolved around recurring work such as maintaining the record of processing activities and performing data privacy impact assessments for processes that are expected to entail material risks to natural persons' rights and freedoms.

In response to the European Court of Justice (ECJ) decision in the Schrems II case and the resulting requirements governing data transfer to third countries, a major part of our work continues to focus on data transfer outside Europe and associated issues. Day in, day out we meet the growing demand for European (internet) solutions – related in part to these issues – and the increasing responsibility for en-

ensuring that customer data are handled as securely and sustainably as possible. The Standard Contractual Clauses (SCC) adopted in 2021 have been integrated into our processes and are included in all new contract documents with third country relevance.

Whereas in previous years the establishment and expansion of a data privacy organisation was one major focus of our work, 2022 primarily focused on continuous process optimisation and further development in the areas of data privacy management. Clearly structured and systematic documentation of requirements and processes in the area of data privacy management sustainably ensures compliance with all legal requirements and offers the greatest possible security for customer data, promoting customer trust in 1&1 AG.

Ensuring Data Privacy at 1&1

We aim to ensure data privacy throughout the Group and to embed it in our systems and processes. This is critically important in view of the huge number of customer contracts and the related personal data entrusted to 1&1 AG. In consequence, we maintain the highest possible security standards and minimise risks for our customers. An extensive training programme in data privacy law for employees has been established to satisfy the criteria for the use of state-of-the-art technologies, including conduct of an ongoing review of data privacy law and other statutory requirements. In addition, we include data privacy aspects and requirements in product and process development at the earliest possible stage. These measures represent a continuous investment by the Company in improving the level of data privacy that it offers.

The extended data privacy organisation that has been firmly anchored in the Group since 2019 makes a significant contribution to this. In 2022, we again recruited additional data privacy coordinators to strengthen our decentralised data privacy organisation. Additional staff were again recruited this year for the central data privacy department (Legal Privacy) to ensure compliance with the increasingly complex demands.

The Group Data Privacy Officer has also been appointed as the Data Privacy Officer for the subsidiaries. She is not bound to take instructions and reports directly to 1&1 AG's CFO.

We have anchored data privacy in the Company with the following instruments:

- **Expansion of a data privacy mission statement**

During professionally moderated workshops, the Legal Privacy department, in collaboration with a wide range of business departments, has defined a mission statement that is valid throughout the Company.

Building on this mission statement, we have developed measures and goals that serve to strengthen the interaction across departments, to deepen the understanding of data privacy in all areas of the Company and to anchor a company-wide awareness of the importance of data privacy.

- **Data privacy in processes and integration of data privacy experts**

Data privacy aspects must be given consideration without fail in project applications, in the product development process, before the acquisition of new software and before the conclusion of contracts by involving the Legal Privacy department beforehand.

Selected coordinators provide local support to the Legal Privacy department within the various divisions and liaise between the Legal Privacy department and the business departments. Coordinators are intensively trained in the performance of this role. For one, this allows information to be disseminated more quickly to the business departments. For another, the two principles set out in the GDPR – “privacy by design” and “privacy by default” – can be satisfied adequately solely by assigning employees who have been trained in data privacy law directly to the departments concerned.

We promote compliance with all privacy law provisions by issuing extensive and understandable rules in the form of internal directives, guidelines and working instructions that make data privacy requirements more understandable and more transparent. All employees can consequently utilise an easily accessible information base featuring all relevant documents and interpretation and processing aids (that have also been developed with a specific relationship to their daily work) on the Company’s internal Intranet.

- **Regular data privacy training to help prevent problems**

Our aim is to involve all employees in data privacy and to ingrain its practice in our work together. We have developed a training concept using in-person and virtual instruments to train and sensitise employees about data privacy developments and processes. An especially noteworthy event occurred in 2022 when the revamped e-learning programme, which is mandatory for all employees, went live. It covers the essential principles of data privacy and is intended to expand the general knowledge of colleagues and ensure an even sharper focus on data privacy in everyday working life. All of these measures have the goal of conveying information as clearly as possible by means of numerous practical application examples and effective learning control. In addition to e-learning, the first individual training concepts have also been offered to some departments, and their development will continue to be driven forward in the future. The specific data privacy requirements for the various business departments in their everyday work are given special consideration in the structure of these training programmes. During online and in-person training sessions, requests are addressed individually, and a concept is developed to process specific questions and to address precisely employees’ concerns.

In addition, training programmes for data privacy coordinators and events specifically geared to the data privacy responsibilities of our managers are conducted as a matter of course.

- **Effectiveness checks**

Legal Privacy performs internal ad hoc data privacy checks. In addition, it is involved in ensuring data protection at service providers, where it performs checks. Trained employees certified as data privacy auditors from the Legal Privacy department along with the data privacy coordinators carry out inspections professionally and in accordance with the structure of an audit concept.

The review of data privacy processes and contract processing is of critical importance to ensure compliance with data privacy regulations in the long term, but also serves to drive forward optimisation opportunities at all times.

The training programme for the Legal Privacy department and other contact persons from business departments with intensive data privacy relevance was expanded with this in mind this year. Many employees were able to take the TÜV Nord examinations to qualify as data privacy officers and data privacy auditors and obtain certification. In the future, this will enable the Company to optimise the audit schedule concept for both internal and external audits and to expand its scope thanks to the larger number of certified staff members. We have now been able to strengthen the performance and quality of the data privacy audit programme.

After being audited in 2021, Drillisch Online GmbH was audited by TÜV Saarland again in 2022 and was once again awarded the "TÜV-Tested Online Portal" seal of approval for which the topic of data privacy is a critical element.

- **Regular dialogue with the supervisory authorities**

Our Legal Privacy department is in regular contact with the competent supervisory authorities, particularly in relation to customer reports that the authorities forward to the Company. We also forward notifications of breaches of GDPR requirements – of which there were 25 in 2022 (2021: 38; 2020: 33) – to the competent supervisory authorities. The Legal Privacy staff also maintain regular contact with the latter to discuss and agree on current data privacy issues to ensure that the processes are in line with the views of the supervisory authority.

- **Complaints procedures ensure effective detection**

Customer questions and complaints about data privacy are handled by trained staff in special data privacy departments in close cooperation with the Group Data Privacy Officer and her team. We respond internally to any incidents by adapting our guidelines and raising employee awareness, if necessary. In addition, our employees can confidentially contact the Group Data Privacy Officer, the Legal Privacy department or the data privacy coordinators who have been appointed to discuss data privacy issues arising in the course of their work.

- **Billing procedure modifications**

Furthermore, the billing procedure was adapted in 2022 to meet the stricter data privacy requirements. Invoices are no longer sent as a PDF attached to an email. The invoices are made available solely in

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the personal customer login area of 1&1 Telecom GmbH and Drillisch Online GmbH. Customers are notified by email when invoices are posted and can view and download them safely in this secure area. These customer areas can be accessed solely by entering the individual user's name and password. We expressly point out the confidential handling of these data to our customers. This procedure prevents the disclosure of billing data by the accidental transmission to an incorrect e-mail address, for example.

- **Harmonisation of the processes of the Group companies**

As a whole, the Group Legal Privacy continues its efforts to drive forward and support a sensible harmonisation of the processes of the Group companies at 1&1 AG. Work includes, for example, the creation of a uniformly applicable document on the technical and organisational measures in force at 1&1 AG. Such measures have previously been located in separate documents for the individual companies.

- **Enhancing the rights of data subjects by providing simple access to information on data**

Pursuant to Article 15 GDPR, data subjects have the right at all times to obtain information about the personal data concerning them that we have stored. The GDPR considers access to a secure area of the web to be the optimum solution here. We provide 1&1 Telecom GmbH customers with the desired information in their personal login area so that they can view the stored data themselves at any time and are informed in a sustainably transparent manner.

We comply with the requirement (confirmed by judicial decisions) to provide to customers supplementary documents and correspondence by the recent introduction of a new billing process. Customers have the opportunity to access the bilateral correspondence and the internal customer history by using a cloud application. A link to a password-secured cloud application is provided and the password is sent by post. Requiring authentication with two factors ensures that solely authorised persons have access, yet can easily download the documents from a secure environment. Last, but not least, this avoids the printing and posting of often large quantities of paper.

- **No transfer of data to the USA under the Privacy Shield Agreement**

In the wake of the ECJ's "Schrems II" decision, new standard contractual clauses (SCC) were adopted by the EU Commission in 2021 to ensure an adequate legal level of data privacy for data transfers to third countries (countries outside the EU/EEA). Since that time, such clauses have been used at 1&1 AG for any and all new contracts being concluded for contract processing with a relationship to third countries. The portfolio of contracts has also been updated in this regard by the replacement of legacy standard contractual clauses. Where necessary, data transfer impact assessments are carried out for processors with a third-country connection.

- **Cookie layer**

The cookie layer, which was revised and agreed in 2021 in cooperation with the Rhineland-Palatinate State Commissioner for Data Protection and Freedom of Information (LfDI), is continuously adapted

dynamically to changes. New cookies are implemented solely after explicit data privacy consent has been granted. This consent is obtained within the framework of internal processes and instructions implemented specifically for this purpose and prevents any deviation from the agreed standards.

- **Using and protecting customer data**

Employees have access to customer data solely in the context of their duties and responsibilities, i.e. solely if and when and to the extent required for customer support and for performance of the contractually agreed service. With this in mind, the 1&1 Group has initiated a broad range of diversified technical and organisational measures to protect customer data and ensure that no unauthorised employees have access to customer data (such as the implementation of a service PIN for phone-based customer contact and the verification of e-mail addresses). These measures are reviewed at regular intervals.

1&1 uses customer data for marketing purposes solely in the scope permitted by law and does not sell customer data to third parties. A mix of technical and organisational measures – such as blocking uploads, procedural and working instructions for employees and regular supplier audits – ensures observance of this policy.

1&1 analyses customer data on an aggregated, anonymised basis for the improvement of its service offering. In line with statutory requirements, customer call data are stored for a brief period only, e.g. for billing purposes.

Another important issue for 1&1 is ensuring reliable performance measurement and accurate customer billing at all times, which is also an element of the annual audit of compliance with the Telecommunications Act (Telekommunikationsgesetz – TKG). 1&1 has taken precautions to prevent the misuse of customer accounts (e.g. downloading data in other countries). For example, 1&1's security systems raise the alarm if large volumes of data are downloaded abroad unannounced.

Information Security

Expanding Internet Security

For 1&1, information security is a core component of acting responsibly in the digital world. Customer trust in our information security measures is the basis for them trusting us with personal data ranging from photos, documents and emails to traffic and payment data.

The information to be protected includes not only customers' and employees' electronic data, but also information about the Company's own processes, systems and products. We aim to protect these assets effectively from unauthorised access and misuse by ensuring confidentiality, availability and integrity

– our protection goals. Our security strategy aims to establish and continuously enhance these protection goals throughout the Group at an appropriate and uniform level. Establishing and expanding our efficient, scalable security organisation is particularly important here.

To achieve this aim, 1&1 has been included in the information security management system (ISMS) at its parent group. This ensures a consistently high level of security and a continuous optimisation and improvement process.

1&1 has a wide range of protective features designed to protect customer and Company data against hack attacks, for example. To ensure this remains the case both now and in the future, 1&1 maintains its IT systems, components and processes at a state-of-the-art level at all times. It does this by working continuously on technological improvements such as attack recognition and prevention procedures and on organisational measures. Other security precautions include locating 1&1's servers solely in Germany, organising them as a redundant system and equipping them with comprehensive storage and back-up functions.

1&1 is regularly audited by external institutions and independent security service providers. In the past, on-site audits were carried out by the data protection authority and the Federal Network Agency (Bundesnetzagentur). The latter regularly reviews the implementation of the mandatory security planning that is a precondition for providing publicly accessible telecommunications services. The risk assessment and the presentation of the technical precautions and other protective measures performed during the audit focus in particular on the aspects of IT security and data privacy. In addition, 1&1 itself commissions a changing series of external companies to perform penetration tests designed to ensure the security of its environment. In 2021, one penetration test was performed on the internal infrastructure and two penetration tests were performed on each of the external perimeter networks and the externally provided services in 2021 and 2022. Each penetration test was carried out by a separate, independent external service company. A new audit of the internal infrastructure by a specialised service provider is planned for 2023.



Penetration test: a security test or targeted attack on an entity's own infrastructure designed to establish and subsequently remedy any vulnerabilities or security flaws. Also known for short as a "pentest".

Management Using the Information Security Management System

Apart from protecting customer data, the main objective of information security is to maintain 1&1's ability to do business and to reduce negative impacts on its business operations.

The ISMS is organised on behalf of the 1&1 Group by the Information Security department at the United Internet Group affiliate IONOS SE. This department comprises two teams: Organisational Security (and Service Management) and Technical Security. Among other things, the Organisational Security (and Service Management) team handles the management of information security guidelines, security instructions,

staff training, communication with government authorities and security risk management. The Technical Security team provides advice concerning security architectures and applications, systems and network security. Within the 1&1 Group, these tasks – and hence the organisation and implementation of the guidelines associated with the ISMS – are the responsibility of IQ-optimize Software AG. Employees are trained in ensuring secure development and operations, security tests are performed, and any security incidents are investigated in cooperation with business departments. The topic of security awareness is also dealt with holistically for all employees of the Group. Measures such as mandatory security awareness training and targeted spear phishing campaigns contribute to these goals. The IT Security, Quality Management/Quality Assurance and Operations departments at IQ-optimize collaborate closely with the Organisational Security (and Service Management) and Technical Security departments at IONOS in the pursuit of these goals. The ISMS for the United Internet Group as a whole is certified annually as compliant with ISO 27001.

1&1 AG's Information Security Officer and IQ-optimize Software AG's Management Board are in constant contact about information security issues. Topics covered include current security trends, any security incidents that have occurred, measures taken, the results of security audits, the information security risk portfolio and the status of security-related projects.

The Information Security department within the IONOS Group, which belongs to the United Internet Group, provides regular reports on security trends that are relevant for the Group as a whole, any relevant security incidents, the measures taken and a strategic road map that has been agreed with all divisions. Equally, Information Security organises a monthly, Company-wide information-sharing exercise on security-related topics and on IT risk management.

The various Group companies exchange information about current security topics and developments within the United Internet Group at a regular meeting attended by the IT security officers from all divisions of the Group. IQ-optimize Software AG acts as a full-service IT provider for 1&1 AG. In this role, IQ-optimize also provides the Security Officer for 1&1 and its subsidiaries. Additionally, IQ-optimize's services cover the entire portfolio of technical and organisational information security measures.

Information Protection Measures

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Vulnerabilities can have far-reaching consequences, both for 1&1's assets and for customers. 1&1 has taken the following technical and organisational security measures to prevent such vulnerabilities.

Technical Measures

- **Secure software development**

The best approach is to prevent security vulnerabilities from arising in the first place. For example, the Secure Software Development Life Cycle (SSDLC) consistently includes security in the software development process at a methodological level right from the start. Generally speaking, a number of different measures are an integral part of product development – from threat analyses and dual-control source code reviews to automated checks and wikis of development/security best practises to application penetration tests.

- **Protection from DDoSs**

Distributed denial of service attacks (DDoS) are concerted internet attacks originating from multiple sources that are designed to reduce the availability of our services. We combat such attacks by using a DDoS protection shield, developed in-house and globally distributed by our affiliate IONOS, that is continuously optimised and further developed. One part of the system cleans the incoming data stream on an ad hoc basis in the event of an attack and allows solely legitimate requests from customers to pass. A second part acts as a „web shield“ at application level and protects internet services from attacks. To assure the capability of the system to fulfil this ever-increasing responsibility, a dedicated security expert team called „Defence Platform Services“ was established in the IONOS network department in 2021 with the aim of constantly improving the DDoS mitigation platforms and maintaining a consistently high level of security.

- **Systematic use of encryption – Transport Layer Security (TLS)**

We use Transport Layer Security (TLS), which is also known under its former name of SSL („Secure Socket Layer“), for encrypted transmission of customer data. In addition, we make TLS functionality available to customers to protect their data traffic, e.g. for entering passwords or payment information in online shops. Cross-data centre MPLS (multiprotocol label switching) routes are protected against unauthorised access or manipulation using VPN encryption in accordance with a recommendation from the Federal Office for Information Security (*Bundesamt für Sicherheit der Informationstechnik; BSI*).

- **Redundancy**

Systems that are relevant to business processes are operated as highly available clusters. Equally, the internet Wi-F links for the various locations have been designed redundantly to span a variety of ISP connections so as to ensure availability. The same also applies to other infrastructure components. In addition, the data centres operated by IONOS, which belongs to the United Internet Group, are georedundant, which means that all customer data are stored in parallel in at least two physically separate data centres



Wiki: A website whose content can not only be read by visitors, but also edited and modified directly by them in their web browsers

Organisational Measures

• Staff training

In addition to the technical measures taken, people are an important part of all aspects of the security chain. Basic training and refresher courses (both in-person and e-learning offerings) are used to provide employees with information. E-learning courses were used for key users in a number of units in 2020 during the implementation of the ISMS guidelines. In 2021, this e-learning program – which is designed “to teach the basics of information security” – became a compulsory measure for all 1&1 Group employees and must be repeated every two years. In addition, a campaign was run in the fourth quarter of 2021 to raise staff awareness of phishing emails. This campaign was successfully completed after being attended by 100 employees. The result of this promising campaign has led to the decision to apply these awareness-raising measures to major divisions of the entire United Internet Group and its employees from 2023. Only employees who have been made aware of the dangers can effectively address the risks arising from phishing, social engineering and similar actions. Developers and administrators receive special in-person technical training that is tailored to their particular requirements. Managers are given specific training on data privacy and compliance issues.



Phishing: the attempt to obtain passwords using fraudulent emails or websites.

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

• Information security rules

Our comprehensive rulebook, which is based on ISO 27001, is designed to provide guidance to employees in all departments. Our mandatory information security guidelines serve as the formal basis for this. We use a variety of communications channels to present these rules as appropriate for specific groups and make them easily accessible to employees. In addition to the above-mentioned training courses, our Company’s own intranet provides tips and tricks and explanations of the rules for key employee roles. These also include our internal “Information Security and Data Privacy” brochure, which gives clear explanations of the most important rules governing actions when dealing with information and data. The brochure and our intranet also list the contact positions to which employees must report potential or suspected security incidents without undue delay. Such incidents may include violations of the regulations currently in force or other threats to the Company.

• Security audits

1&1’s Information Security unit conducts product, process and system audits to ensure the effectiveness of the ISMS. They are supplemented by audits and checks within the business departments and by external audits. One increasingly common tool here involves the use of maturity models. A security maturity model developed by Information Security is used in particular in the technical departments that are responsible for customer data, but also prior to integrating external service providers engaged to process data on behalf of the controller. The business departments’ development activities benefit from a clear determination of their position while the model also provides a tool for independent, focused, comparable improvements alongside our audits. Maturity models offer an efficient way of planning more effort-intensive, but more in-depth audits more effectively. They allow audits to be planned in

those places where they support maturation most effectively. To date a general, overarching maturity assessment is performed once a year at 1&1.

- **Continuous monitoring**

We also continuously monitor various IT systems in order to discover any data vulnerabilities as quickly as possible. In addition to local monitoring, our Security Incident and Event Management System (SIEM), which has been customised and enhanced internally to fit our environment, allows us to capture any incidents in large parts of the 1&1 Group and can trigger appropriate responses. To ensure continuous improvement, we measure the time taken to distinguish between security incidents (e.g. attacks) and non-security incidents (e.g. interrupted power circuits). We also capture our response times from the point at which we receive notification of a problem to its resolution. In addition, we have defined internal targets for certain security-related goals such as availability. SIEM has not yet been deployed in full at 1&1. It is currently used for the monitoring of infrastructures exposed to external attacks (webshops, ServiceWorlds, online sales partner interfaces, etc.). A variety of monitoring points ensure automatic detection of current attacks plus manually controlled recognition based on the principle of dual control.

- **Security incident handling**

A standardised process has been defined for handling security incidents. Once an incident is detected, centrally documented processes are used to resolve and report it. Where necessary, the Security Team or external experts are consulted.

- **Information security during the COVID-19 pandemic**

The COVID-19 pandemic led to the expansion of existing mobile working opportunities to numerous units and employees. Information security was not significantly impacted since technologies and guidelines for mobile working were already in place. Nevertheless, some aspects of the situation were new, and information security was adapted and optimised at the start of the pandemic in 2020 by expanding technical security solutions and organisational measures. A large number of employees were already able to work from home using infrastructure provided and managed by the Company and a VPN or the Citrix Workspace app or were already using established cloud-based collaborative working tools on the internet. The security organisation ensured that the remaining IT components were still reliably available in this agile situation. For example, flexible interface integration allowed specialist staff working remotely to use the internet to access critical systems that are available only on the intranet. Equally, the flexible VoIP telephone system and ACD model enabled home offices to be integrated securely with global customer hotlines. Among other things, the security concept is based on corporate identity management, which uses multifactor authentication, and DDoS proxy protection.



VoIP phone system (voice-over-internet protocol phone system): these systems do not rely on conventional phone lines, transmitting calls instead using an internet link.

ACD (automatic call distribution): a technology that distributes a company's incoming customer calls ("inbound telephony") to individual customer service staff members.

Secure E-commerce

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

IT security is becoming an ever-greater audit focus from year to year. Among other things, the reputable technical services provider TÜV Saarland regularly audits the online shops operated by Drillisch Online's core brands (maXXim, smartmobil.de, simplytel, PremiumSIM, winSIM, yourfone, SIM.de, and handyvertrag.de). The annual certification and review process is a response to our customers' wishes since security and quality are just as important to them as the price of our products and services. For us as an online retailer, certification with the recognised TÜV seal of approval offers an opportunity to reduce aborted transactions, positively impacting online sales. The requirements that must be met to obtain the seal cover issues relating to data security and systems security, data privacy and online content and processes, among other things. The comprehensive, multistage process needed to gain the TÜV seal of approval includes an on-site audit, during which not only the reliability of order processing, but also the manner in which customer service deals with customer queries and verifies the security of customers' personal data and payments processing are reviewed.

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

Access to Digitalisation

The business model of the 1&1 Group is founded on access to communication, information and entertainment. The frequencies acquired during the auction in summer 2019 have put us in a position to take the next step and to build our own high-performance 5G infrastructure.

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Latest technology: the Open RAN network architecture

As a new network operator, 1&1 is relying on the latest technology right from the start and is building Europe's first fully virtualised mobile network based on innovative Open RAN technology, a novel and cloud-native network architecture that enables exploitation of the full potential of 5G.

Full virtualisation

In contrast to traditional network architectures, the Open RAN approach makes a strict distinction between software and hardware. Unlike conventional mobile networks that locate their intelligence primarily in hardware at the antenna locations, all functions of our network are located in our private cloud and controlled by software. The 1&1 data centres utilise solely and exclusively standard hardware. Specially developed orchestration software assures a high degree of automation so we can use software updates to realise complex conversions at the base stations and innovation cycles efficiently while conserving resources and at lower cost.

Edge computing for real-time speeds

At the heart of the 1&1 Open RAN are more than 500 decentralised data centres that span a private cloud across Germany and are located in close proximity to our antenna sites, which are themselves connected by fibre optic and equipped with gigabit antennas. Applications running on these systems benefit from extremely short transmission paths, which are indispensable for real-time applications.

Standardised interfaces provide manufacturer diversity

One of the major advantages of Open RAN technology is its independence from dominant manufacturers. While traditional mobile networks are often provided by a single manufacturer, standardised interfaces in 1&1 Open RAN offer the option of flexible cooperation with different manufacturers on the market. We have the freedom to choose from a broad landscape of server and network technology during construction of Germany's fourth mobile network.

Expanding the grid while conserving resources

Our rollout of the 1&1 Open RAN uses primarily antenna sites that are already in operation. We are co-operating with leading radio tower companies that make their antenna sites available long-term for the installation of the 1&1 high-performance antennas. As few new mobile phone masts as possible will be erected, preserving the environment and conserving resources.

The long-term expansion targets that were the subject of 1&1's commitment vis-à-vis the Federal Network Agency during its successful participation in the 5G frequency auction in summer 2019 foresee

coverage of 25 percent of households by the end of 2025. Coverage of half of German households is scheduled for the end of 2030. We will strive to achieve this goal ahead of schedule.

Efficient network operation

The strict separation of software and hardware in the new Open RAN approach enables extremely efficient operation of our network. Consequently, we expect a high level of savings in energy consumption during operation. We will also rely entirely on the use of “green electricity” for the operation of the data centres, the antennas and the RAN network.

In the 1&1 Open RAN, all network functions are located in the private cloud rather than at the site of the antennas and controlled via software. Our more than 500 decentralised data centres utilise solely standard hardware, and the antenna connections are also standardised. Thanks to clearly defined interfaces, single components in the Open RAN technology can be replaced at any time, so we can always use the latest and most efficient server generation featuring the best ratio of performance to energy consumption.

Another advantage of the decentralised data centre infrastructure is our ability to adapt the network capacities to the usage intensities on site at any time, optimised according to demand. For instance, servers, antenna elements or entire cells can be switched off when the usage load in specific cells is low (e.g. at night in commercial areas). The load status of the cells is continuously calculated and shutdown mechanisms are activated predictively as appropriate. The high degree of automation means that energy consumption is ideally adjusted to demand.

GRI 416-1

Security in Open RAN

The security and reliability of mobile communications is a top priority for 1&1. This is obviously just as true of the use of the new Open RAN technology. As we build Europe’s first fully virtualised mobile network based on this new network architecture, we will utilise the highest security standards and implement them in our private cloud in our more than 500 decentralised data centres.

Guaranteeing security in Open RAN networks requires in-depth risk analyses – just as for conventional mobile networks – and the continuous monitoring of all security-relevant criteria. We have cooperated with our equipment partners in the conduct of detailed risk analyses and use a security management system certified in accordance with ISO27001.



O-RAN Membership

From the very beginning, we have complied with all key points of the security recommendations anchored in the BSI’s study on security in Open RAN mobile networks and are in regular communication with

the authority. In addition, 1&1 is a member of the international O-RAN Alliance, whose committees of experts intensely analyse and continuously develop further the security in Open RAN networks.

Standardisation in the innovative Open RAN approach secures our independence from specific manufacturers. Right from the start, we can avoid controversial network suppliers – e.g. from HUAWEI – and flexibly install the best and most secure technology using clearly defined interfaces.

5G for home

With the first antennas and data centers already in operation, 1&1 in December 2022 launched „5G for home“ - a broadband service implemented via mobile communications - the first service in the four German mobile networks. This was the first time in the world that a purely cloud-based Open RAN had gone live directly with 4G and 5G radio technology.

Mobile services will then follow in the fall of 2023. From then on, we will also have access to Telefónica's National Roaming, so that we will be able to offer our customers nationwide reception right from the start.

The network roll-out will now be gradually ramped up. We want to achieve coverage of 50 percent of German households before the end of 2030. For international roaming, 1&1 has also entered a partnership with Orange, through which we will be able to provide our customers with reliable mobile services during their stay abroad.



5G Internet zu Hause
von 1&1 (1und1.de)
(Available
in German only)



Responsibility for Products and Customer-related Matters

Management Approach

Materiality, Impact and Risks

As an internet and telecommunications provider, we operate in an extremely dynamic market environment. The 1&1 Group's success is based on its core competency: the ability to identify early and to leverage systematically customer wishes, trends and hence new markets at an early stage. Our existing business relationships with millions of customers and users ensure we keep our ear close to the ground. In addition, our in-house product development capabilities, highly flexible approach and powerful marketing and sales operations help us to bring innovations and product enhancements to market independently and in many cases more quickly than other players.

GRI 3-3

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

1&1's long track record on the telecommunications market has enabled it to establish a position of trust with customers and network providers alike. Data privacy, information security and a product development function that consistently responds to feedback and customer needs help to make us a reliable partner at all times. Good service, customised rate plans, high network availability and stability, and permanent optimisation of all internal processes combine to deliver significant customer benefits. Satisfied customers are a key selling proposition, which is why we give continuously assessing and managing customer satisfaction a high priority – not only is it important to our customers, but it is also relevant for our investors and employees.

Potential risks relating to customer satisfaction and the sales market include the possible need to make changes to our business model or our pricing policy (political, economic or legal risks). In addition, new developments might hit the market too late or might not be accepted as expected by the intended target group. Equally, new competitors entering the market could pose a risk to our market share, growth objectives or margins (technology, market or reputational risks). What is more, 1&1 occasionally enters upstream or downstream markets when diversifying its business model or expanding its added-value

chain. One example is the development of our own mobile network, which is currently being driven ahead at full speed.

Goals and Measures

GRI 3-3

The purpose of our management approach is to focus on our customers in everything we think and do and to provide them with compelling products and services. By doing so, we aim to increase customer satisfaction systematically and permanently. 1&1 aims to offer to customers transparent service at the best possible price-benefit ratio.

1&1 manages more than 15.7 million customer contracts. Since customers of the different brands have different requirements, customer satisfaction – which is primarily measured using the customer senti-ment score – is managed at brand level by dedicated teams using customised structures and process-es. We conduct regular customer surveys and market, product and competitor research to obtain feed-back from our customers. The results are used directly to improve the product and service offering and make a decisive contribution to ensuring that 1&1's services meet current and future customer needs, including, for example, the ability to switch rate plans at any time, equal treatment of new and existing customers in many cases, proactive handling of complaints and customers' ability to return easily old devices for recycling free of charge. In some cases, satisfaction figures are used in our managers' per-formance reviews and variable remuneration components, while the Management Board members re-sponsible for this topic are involved regularly and in detail.

We also place a high value on customer service, which is not only strongly represented within the 1&1 Group itself, but is also supported by about 4,405 external service agents who help provide cus-tomer care. These external employees receive regular and extensive training, and our customers can reach them by phone and in writing.

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

Results and Assessment

GRI 3-3

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

Customer Satisfaction

Customer satisfaction – high potential for all relevant company key figures

Our customers are the capital of our Company. A multitude of the relevant company key figures, whether new customer contracts, cross-sellings or cancellations, depend heavily on customer satisfaction. The customer experience cannot be divided into business units. It is holistic in its nature. Both positive and negative experiences influence the duration and value of customers' contractual relationships. We want to achieve a high level of loyalty among our customers and retain them for as long as possible by creating positive experiences for them. The performance of measures aimed specifically at the strengthening of satisfaction is the responsibility of the Customer Experience department.

We use surveys designed to obtain specific feedback from our customers on their experiences throughout the duration of the customer life cycle. Their responses, in particular the answers to open questions, are analysed in detail and used to locate the potential for optimisation for products, our processes and our customer service. The Customer Experience team collaborates with the competent business departments in designing and conducting projects aimed at impacting customer satisfaction. Success is measured on the basis of key figures. We have recorded a steady increase in customer satisfaction over the years from 65.7 in 2010 to 71.1 at the end of the year 2022¹.

Analysis of customer satisfaction

Every month, 26 online surveys are conducted among customers who have had special experiences or experiences that are critical for our success. This opportunity to give us feedback is used by 83,000 customers every month.

Other instruments of qualitative and quantitative market research, data analysis and research of secondary sources are used in conjunction with the online surveys to create a comprehensive profile of our customers. During the utilisation of personal or digital customer contacts such as interviews, focus groups and online questionnaires, we ask both existing and terminating customers as well as potential new customers about their experiences when moving or changing rate plans and the reasons leading to their decisions. In 2022, we supplemented our monthly online surveys by conducting an additional 32 surveys. Compliance with privacy regulations is of course guaranteed at all times during performance of these measures.

(1) customer satisfaction score from 100 "Very satisfied" to 0 "Very dissatisfied"

Measures for a sustainable increase of customer satisfaction

Projects varying in their scope from broad to narrow are constantly being conducted on the basis of the feedback from our customers with the specific goal of increasing customer satisfaction. Major milestones such as the introduction of the free hotline for our customers have been achieved and improved step by step. Today, we offer our customers a free priority hotline that does not utilise a voice computer.

Other projects to increase customer satisfaction include:

- the delivery process that puts an ordered product into the hands of our customers the very next day,
- the optimisation of the activation and the service restoration experience for broadband lines and the related appointment with our technology department,
- the support of our customers when optimising their Wi-Fi and home network with suitable hardware and instructions and
- the untiring alignment of our offers with the needs of our customers.

Such measures are implemented across departmental lines in the Company and regularly reported to the Management Board as part of our efforts to make our customers' experience with 1&1 even more positive.

External confirmation of our success in 2022

We are delighted that these continuous improvements and consistent conduct of projects in consideration of customer needs are also confirmed by independent market research:

- In a recently published study in the mobile services sector (FOCUS-MONEY 9/2022 study: Where the Customer Is King, publication March 2022; testing 26 mobile services providers in Germany), 1&1 took first place in terms of customer satisfaction in mobile services.
- A survey published in June 2022 on the subject of customer satisfaction with internet providers (PC Magazin 6/2022) presents the same picture. 1&1 also came in first among internet providers in terms of customer satisfaction.

- Furthermore, our customers have confirmed their satisfaction by giving us the highest rate of recommendations to others in the telecommunications industry (FOCUS-MONEY 26/2022 study: consumer survey on their recommendation of providers).
- A study on the service app (Connect 2/2022 study: Service Apps of Mobile Services Providers) reveals the highest satisfaction (together with another provider) in a sector comparison on functionality and operation/handling.

Product Responsibility


Responsibility for Health as a Consequence of Digitalisation

GRI 416-1

We focus squarely on the benefit to our customers, and this applies in particular with respect to our role as the fourth German network operator. We track the state of the art in mobile network usage – and particularly 5G – continuously and closely.

Scientists have been investigating the electromagnetic radiation produced by mobile networks for decades now, and its effects on humans have been researched in numerous studies. The Federal Office for Radiation Protection [*Bundesamt für Strahlenschutz*] confirms that, as of this time, there is no reliable evidence to suggest that the new mobile phone standard could affect our health. For 5G, as for previous mobile network standards, the basic principle is that no impact on health at levels below the applicable limits has been proven.

The German government is also attempting to deepen dialogue with citizens and address any concerns relating to the new mobile network standard with its Deutschland spricht über 5G initiative. The aim is to provide reliable information on the challenges and opportunities of 5G and to increase further trust and acceptance of 5G. Among other things, the initiative is looking at sustainability aspects such as the potential for cutting carbon emissions since 5G uses less electricity.


Cf. the "Deutschland spricht über 5G" initiative.

1&1 will continue its close tracking of research on mobile network usage and will respond responsibly should any actions become necessary.

Responsibility for youth protection

As a company, we are not responsible solely for customer satisfaction, but also for those customers and other users of our services who may still need to learn how to use our products and services. This is why youth protection plays an important role for us.

GRI 417-1

The internet is a key part of the everyday lives of children and young people, be it for communication, researching lessons or entertainment. In addition to streaming offerings, classic “TV” is now accessed in many cases via the internet. However, children and young people are often not media-literate enough to deal with unfamiliar life issues or inappropriate content and lack the experience needed to assess the risks and to protect themselves. Depending on their level of development, suitable measures and education on possible dangers and risks are needed to ensure they are adequately protected and that they can use the internet and media with confidence. We are aware that as a provider of internet and tele-communications services we share this responsibility.

In line with this awareness, 1&1 ensures that both its own products and services and its partner offerings comply with the legal requirements for youth protection. Internal reviews are performed during product development and launches, and any necessary modifications are made to prevent children and young people from being confronted with inappropriate content. In addition, we take care to comply with youth protection legislation concerning both editorial content and advertising and to find the right balance between providing a comprehensive range of information and ensuring we live up to our responsibility towards children and young people. Among other measures, we do this by managing the way in which information is presented and the times at which it is transmitted.

We have appointed a youth protection officer who acts as the central point of contact for youth protection. He advises the various departments and functions internally, handles external contacts on this issue, liaises regularly with other youth protection officers and represents group companies’ interests vis-à-vis associations and supervisory authorities. In addition, a youth protection mailbox that can be reached via the “Legal Information” section of the website has been set up for 1&1. It allows people outside the organisation to contact the youth protection officer and the youth protection team at any time with questions or complaints.



See the Legal Information section of the 1&1 website.



Responsibility for our employees

Management Approach

Materiality, Impact and Risks

As an internet and telecommunications company, 1&1 shares the typical features of this sector: a rapidly changing environment, short innovation cycles and intense competition. Our dedicated and highly skilled employees and managers are a key factor in mastering these challenges.

GRI 3-3

1&1 aims to be a fair and attractive employer.

This means we place great value on a sustainable, balanced strategy encompassing all core human resources areas: from employee recruitment to customized onboarding and training formats for specific target groups, job-specific qualification programmes and support for individual career paths and staff development and their long-term retention.

Highly qualified, well-trained employees are the cornerstone of 1&1's business success. It is therefore vital for us to meet our short-, medium- and long-term staffing requirements and ensure that our work-force has the necessary specialist skills.

Goals and Measures

1&1 aims to be a fair and attractive employer. Our goal is to recruit managers and employees with specialist skills and technological know-how, to support their continuing development and to retain them at the Company.

GRI 3-3

We work constantly to enhance and expand employees' skills and managers' leadership qualities alike. We do this using focused professional development training, mentoring and coaching programmes and special offerings for high potentials such as talent programmes for managers (Leadership Next Level, Future Leader).

Human resources matters are the responsibility of Anette Kreitel-Suciu, the Head of Group HR 1&1, who regularly reports to Markus Hun, the CFO of 1&1 AG.



See "Develop and Promote Competencies", p. 65

Results and Assessment

GRI 3-3

We use a range of performance indicators to measure the effectiveness of our human resources work in different areas; these are generally calculated by HR Control and reported regularly to the Management Board. Indicators include employee satisfaction with professional development opportunities, workloads and the rates at which employees recommend our Company to others. Details can be found in the following sections

Our Human Resources Strategy and HR Organisation

GRI 2-7

The 1&1 Group is a pure-play service provider and as such its success depends to a large extent on its employees' skills and dedication. In line with this, it aims to offer an attractive working environment and performance-based pay, allowing employees to contribute and steadily develop their individual talents in the best possible way. The objective is to meet optimally the business departments' requirements in relation to all human resources issues. 1&1 had 3,163 employees at the end of 2022 (2021: 3,167; 2020: 3,191).

GRI 401-1

Our aim is to offer tailored formats in human resources and organisational development and to retain managers and employees over the long term for the Company. Metrics used to track effectiveness include the management positions that have been filled internally (2022: 66.3%; 2021: 70.0%; 2020: 71.0%) and the staff turnover rate, which did not differ significantly from the previous year's figures (2022: 8.1%; 2021: 10.4%; 2020: 6.1%).

Employee Information

Table 3

	2022	2021	2020
Total employees ⁽¹⁾	3,163	3,167	3,191
Management positions filled internally (in %)	66.3	70.0	71.0
Employee turnover (in %)	8.1	10.4	6.1

(1) Figures refer to our active regular employees.

Our Values and Corporate Culture

GRI 2-23

The values and management principles that have previously served as the value framework of the 1&1 Group are currently undergoing revision. The discussion of a new understanding of leadership and of new values begins within the framework of the "Leadership Excellence" programme for senior executives.

utives. The pilot programme was launched in the summer of 2022 and offers divisional managers the opportunity to network in peer groups across all Management Board divisions and to develop further the leadership culture at 1&1 in harmony with the guiding principle of “Leadership of the Future” and in close consultation with the Management Board. In addition, individual development as a leader is fostered with the aid of the 360° tool “Leadership Circle Profile” and coaching.

In 2022, an employee survey was again conducted for all employees at 1&1 for the first time since 2019. The employee survey is a critical instrument of organisational development at 1&1 and supports both cultural development and the achievement of our strategic goals. The aim is to provide to employees and managers a platform for fruitful dialogue as they work together to improve the performance of their departments so that strengths and potential for improvement can be identified and concrete improvement measures can be jointly developed and consistently implemented.

In addition to some strengths (team cooperation, satisfaction with the immediate supervisor, sense of responsibility), there are also various areas for development (enablement, fair treatment, use of ideas, work processes) that should be pursued in follow-up measures prepared by the Management Board in consultation with the managers.

Promoting social engagement among our employees

At the same time as the war in Ukraine continues, millions of people are fleeing their homes. Since then, aid organisations, including those in Germany, have relied on the active support of volunteers. For example, they are helping with aid deliveries, assisting with visits to the authorities or have even taken Ukrainian families into their homes.

As a company 1&1 therefore created the possibility in April 2022 for employees who would like to be actively involved in helping Ukraine to be released from work and to spend up to 10% of their regular working hours – usable on one working day a week – on this. As a company, we want to make a difference together with our employees and create a framework for the voluntary work in Ukraine Relief that makes this commitment possible and promotes it.

Fair remuneration

The fair and merit-based remuneration of our employees is an important part of our human resources strategy. Our aim is to offer to our employees attractive terms of remuneration and social benefits that are in line with the market, fair, transparent and embedded in the corporate strategy. Our internal remuneration

GRI 2-30
GRI 405-2

neration guideline lays the foundation for a comparable, legally secure and fair remuneration system. It clearly defines regulations and procedures for salary changes throughout the Group.

Depending on the position and related duties and responsibilities, variable components may be a part of the remuneration. They are paid on a merit basis. Beyond the financial remuneration itself, 1&1 offers to its employees offers various perquisites such as company pension plans, capital-forming benefits, preventive care programmes within our company health care system and discounts on our products.

The level and progression of our salaries over time are set irrespective of gender or other characteristics that are not related to the position or specific specialist qualifications. To ensure reasonable and fair remuneration, we conduct internal comparisons by position every six months, take into account market developments and analyses and use external benchmarks. These evaluations compare the remuneration of our employees with annually updated benchmark data from a renowned survey provider on the remuneration customary in the market. The results of these evaluations are provided to the HR business partners and are incorporated into the salary determination process for the regular salary review and for salary adjustments outside the regular cycle.

Changes in employee remuneration legislation such as minimum wage laws are fully realised in our remuneration practice. We ensure at all times that our employees' remuneration is in compliance with all legal requirements.

Develop and Promote Competencies

Development and prospects

GRI 404-2

Our human resources and organisational development pursues the goal of developing employees according to their needs and creating prospects that will secure long-term success for people themselves and for 1&1 as an organisation. We operate on a dynamic, ever-changing market, and that means our employees must accept responsibility and structure their personal development as well as their work. We are convinced that it is essential for the motivation and the will to succeed of our employees that they clearly see future prospects for themselves and strive to realise the opportunities. As each person acquires more knowledge, the knowledge of the organisation as a whole grows at the same time. Up-to-date expertise ensures a technical lead in information security and software development, for example, just as professional and competent customer advisory service contributes to customer satisfaction.

GRI 404-3

This awareness prompts us to invest in extensive learning and development measures and to develop our employees as appropriate to their positions. The foundation is the individual "Development Journey"

of our employees that is agreed during the annual performance interview; its realisation is monitored and supported throughout the year.

The development plans include such factors as the skills required for future tasks, appropriate on-the-job or off-the-job measures and employees' own requests and preferences for development. Our actions in this respect strengthen personal responsibility and willingness to learn and ensure that employees can continue learning at every stage of their development.

Fostering talent by taking a holistic, integrated approach

Special attention is paid to the targeted identification and promotion of potential and appreciation of demonstrated performance that will retain and develop talented people in the long term. This approach is completed at 1&1 by integrating the Employer Branding, Recruiting, Talent Management, HR Communication and Organisational Development teams into the People Experience division. Thanks to close cooperation in People Experience throughout the entire employee lifecycle, employee development and retention can be optimally maintained and realized according to needs.

GRI 404-2

United Internet offerings for 1&1 talent development (MyWay¹⁰, Navigate and Women explore)

"MyWay¹⁰" provides the means by which junior managers can shape their career into a management or specialist expert role that is both company value-oriented and customisable, featuring mandatory basic modules and optional supplementary modules. Success is secured by the commitment of the participants to the programme and by the support of HR and the managers during the development planning. Thanks to these and other measures, it was possible to fill 66.3% of management positions internally in 2022 (2021: 70.0%; 2020: 71.0%).

In "Navigate", we secure the loyalty of highly motivated top performers to the Company at an early stage and develop entrepreneurial thinking and action as well as the ability to reflect and provide feedback very early in their careers. We describe paths of career development and explore together in particular the subject of assumption of responsibility.

"Women explore" offers to women the opportunity to make themselves visible and known throughout the Company, to promote the sharing of experience among one another and to deal specifically with their own strengths together with their career and networking strategy.

"Lateral Leading" is a needs-based development programme for roles with technical leadership responsibility for teams, projects, products and/or processes. Within its scope, we contribute to networking and

the sharing of experience among roles with similar professional leadership responsibilities and support knowledge building in all aspects of leadership with a high-quality learning programme.

New 1&1 learning programmes for managers

The pilot programme “Leadership Excellence”, which is being conducted for the first time in 2022, offers to managers at division head level the opportunity to network across divisional boundaries, discuss “leadership of the future” with the Management Board and promote individual development as a manager with the aid of 360° feedback and peer coaching group sessions.

The talent programme “Leadership Next Level” teaches promising young managers the skills they will require in the medium term to assume responsibility at the next level of management. Along with an assessment of their current circumstances and interaction with one another in peer coaching groups, the programme includes tools and techniques for “Leading in the New Normal”.

The “Future Leader” programme is aimed at up-and-coming executives and is designed to prepare them to assume management roles in the short and medium term. In addition to an assessment of their current circumstances, the programme focuses on conveying the competencies required to change roles during practical workshops, interaction with peers and internal leadership role models.

Thanks to the establishment of these new programmes for managers, the needs of the 1&1 management teams as a whole can be covered even more thoroughly, and a sustainable change in the management culture at 1&1 can be initiated.

Individual services for United Internet employees

The HR development division at United Internet offers in addition individual counselling services for employees and managers as well as numerous customisable on-the-job measures; it provides support for the development of specific measures such as mentoring and job shadowing. All employees can access the full scope of the relevant information and track the multitude of available development opportunities transparently and at a bundled site in the section “Development & Learning” on our extensive intranet pages.

Advance training in numbers

GRI 404-1

In 2022, we will continue to work on the centralised recording of advanced training metrics to facilitate increasingly complete reporting on their scope and nature.

Vocational and advanced training hours

	2022	2021	2020
Vocational and advanced training hours for our employees	53,568	46,323	54,520
Vocational and advanced training hours for our employees per employee ⁽¹⁾	16.9	14.6	17.1
Vocational and advanced training hours for our service providers ⁽²⁾	53,284	43,299	31,925

Table 4

(1) Figures refer to all active employees of the 1&1 Group.

(2) Expansion of the digital training portfolio in 2022.

Vocational training

Vocational training is carried out on behalf of the 1&1 Group by United Internet Sourcing & Apprenticeship GmbH, which is recognised as a vocational training company by the competent Chambers of Industry and Commerce (IHK) of the specific region. In cooperation with other members of United Internet Group, the Company hires vocational trainees who obtain the required qualifications in various commercial and technical professions requiring formal training with the aim of subsequent employment. The approach ensures the maintenance of uniformly high training standards and training formats involving various locations can be established.

GRI 2-23

We cooperate with schools, colleges and universities so that we can secure the integration of talented young people at an early stage of their education. To this end, we have developed various programmes to promote young talented people that enable apprenticeships or dual studies (in cooperation with the DHBW) or serve to integrate graduates into our corporate world.

We offer school students the opportunity to become acquainted with our Company and working life in general by participating in brief internships. In addition to cooperation programmes and events with schools, 1&1 offers career counselling and familiarisation with various professions during Girls' and Boys' Day or our own inhouse vocational training counselling.

Diversity and Equal Opportunity

For 1&1, diversity is a decisive factor for the Company's long-term success. Consequently, the organisation as a whole seeks to maintain a corporate culture in which all employees are appreciated and enjoy equal opportunities regardless of nationality, ethnic origin, religion or belief, gender or gender identity, age, disability, sexual orientation and identity. The field of activity and the position in which individual potential and talents can be realised to the fullest should be found for all employees.

GRI 405-1

GRI 406-1

As 1&1 AG, we have reaffirmed this claim with the signing of the Diversity Charter by our parent company United Internet, thereby committing ourselves to creating a working environment free of prejudice. We have set out our guiding principles for all diversity activities in the company in our „Diversity Statement“ (see right).

We do not tolerate any form of discrimination, harassment or threats in the workplace. Our ombudspersons and compliance managers and our electronic whistleblowing system provide to all employees confidential contact points – whether personal or electronic. We take every report of discrimination very seriously and are committed to investigating the circumstances of every reported occurrence.

Individual strengths – everything that makes each individual employee within the Company unique and distinctive – have made it possible for 1&1 to become what it is today. A workforce that comprises a wide variety of personalities offers optimal conditions for creativity and productivity. The resulting potential for ideas and innovation strengthens the organisation’s competitiveness and increases opportunities on future markets.

1&1’s customers, whose needs are multitudinous as well, appreciate a business partner whose diversity is similar to their own. We fulfil the wishes of our customers by offering various product lines and price structures.

We address the importance of diversity right from the onboarding events for new employees and point out our internal platform containing information on all dimensions of diversity. Employees and managers will find here statements on the topic from our Board members, practical tips for a prejudice-free everyday working life and multifaceted portraits of colleagues. In addition, we have integrated into the platform a guideline for discrimination-free and gender-sensitive language that has been adapted for application throughout the Company and the online training of the Initiative Chefsache on the topic of bias-free personnel decisions.

The diversity measures have been planned, controlled, measured and further developed by an interdisciplinary, Groupwide project team since 2020. A Company-wide survey on the topic of diversity in which almost 1,000 employees of our parent company participated across the Group was conducted for the first time in 2022. The dimensions of “gender equality” and “reconciliation of family and work” were identified by the results as the main topic areas.

Diversity Statement

1&1 stands for a corporate culture in which appreciation of diversity is a major priority. Unless a workforce reflects the manifold facets of society, it cannot offer optimal conditions for creativity and productivity or make both employees and the Company itself distinctive. This unique diversity creates an incomparable potential for ideas and innovation that increases the competitive capability of the Company and offers opportunities to all.

In 2022, we successfully participated as a Group for the second time in the “German Diversity Day” campaign day organised by *Charta der Vielfalt e.V.* and held our “Diversity Days” in May, a three-day virtual in-house conference with more than 40 sessions on the topic of diversity. Our fascinating conference programme covering a wide range of topics included keynotes from our Board colleagues, interactive workshops, staff testimonials, panel discussions and much more. The feedback from the 800 or so employees from all parts of the Group who took part was highly positive within the sense of recommending the event to others, its relevance to their work and the further development of our organisation. In response to the positive feedback, a continuation of the format is also planned for 2023.

The Diversity Days were flanked by two Group-wide participatory campaigns. The first one revolved around a search for three Diversity Superstars. Of 30 people nominated by the employees, three people were honoured for their personal commitment to the topic of diversity after an open voting and the spotlighting of their engagement. The second action saw employees creating a diversity cookbook for which recipes from all over the world were submitted and supplemented by personal stories shared with colleagues.

Besides the Diversity Days, open virtual meet-ups in German and English were organised throughout the Group over the entire year; they featured external and internal speakers describing topics such as gender-sensitive language, cultural diversity and accessibility or the reconciliation of family and career and reached an average of around 100 people per event.

We have been offering targeted, two-part diversity training for our managers in the Group since 2022. In the first part of the training, the executives are sensitised to unconscious thinking patterns; the second part offers the managers assistance in developing an inclusive team and work culture in their purview.

We also conduct a special seminar programme for the training of our colleagues from HR that aims to reduce the influence of unconscious biases and thought patterns in all HR processes from recruiting to talent management.



See “Women explore”, p. 66

Gender Equality

In the 1&1 Group, we have the short-term goal of filling the current quota of 21% women at all management levels by the end of 2023. In awareness of our social responsibility, we are striving in the medium term for a fully equal participation of women in our management positions, which should then also be reflected in a higher proportion of women in management positions. In this sense, we are seeking to raise the awareness of our employees through our actions to achieve our long-term goals. The topic of diversity and equal opportunity was once again a special focus of our attention in 2022.

GRI 405-1

GRI 2-7 GRI 405-1

The composition of our workforce broken down by gender and type of employment is shown below. In addition, 11.9% of our core employees held part-time positions in 2022 (2021: 12.0%; 2020: 10.4%).

Employees by gender in %⁽¹⁾

Table 5

	2022	2021	2020
Women	36.1	37.1	37.0
Men	63.9	62.9	63.0
Other	n. a.	n. a.	n. a.

(1) Figures refer to all core employees as at 31 December.

GRI 401-1

Of the new hires in the reporting year, 34.4% were women (2021: 43.8%; 2020: 39.5%); among newly hired managers, the proportion was 26.7% (2021: 29.2%; 2020: 25.9%).

Employees by employment type and gender in percent⁽¹⁾

Table 6

	2022	2021	2020
Women full-time	73.9	74.0	74.9
Men full-time	96.1	96.3	95.7
Women part-time	26.1	26.0	25.1
Men part-time	3.9	3.7	4.3

(1) Figures relate to our active core employees excluding student trainees, school trainees, interns, diploma students and temporary staff as of December 31 of the respective fiscal year.

Employees by employment contract and region in %⁽¹⁾

Table 7

	2022	2021	2020
Women limited-term contract	3.2	5.7	5.2
Men limited-term contract	5.4	6.9	7.1
Women indefinite-term contract	32.8	31.8	32.3
Men indefinite-term contract	58.6	55.5	55.4
Limited-term contract Germany	8.6	12.6	12.2
Indefinite-term contract Germany	91.4	87.4	87.8

(1) Figures refer to all core employees as at 31 December.

Other Diversity Dimensions

GRI 404-2

Cultural Diversity

The various nationalities of our employees represent another significant factor for diversity at 1&1. More and more people from other countries are also enriching our teams in Germany. Our training programmes on "cultural awareness" and "intercultural communication" along with regular lectures on specific country cultures serve to promote the togetherness of all people in our Company. Our "International Community" also supports the networking of colleagues across cultural borders and promotes intercultural cooperation through regular interaction activities.

We offer courses for English and German throughout the Group and provide access to an online language learning portal to all employees with the aim of securing the best possible level of understanding, even when specialist topics are the subject of communication. Language tandems for peer-to-peer learning are also formed. Employees have also been able to describe transparently their language skills and preferred language in their intranet profile for all colleagues since 2022.

LGBTIQ+

„United in Diversity“

Our Company has a major interest in carrying the topic of diversity further into the public sphere. We are the main and jersey sponsor of the Bundesliga football team Borussia Dortmund, and we once again jointly set a colourful and visible symbol for diversity and against discrimination at the match against Mönchengladbach on 11 November 2022. The players took to the pitch with a 1&1 logo in rainbow colours on their jerseys. In addition, 1&1 actively participated in the BVB action day "SchwarzBuntGelb – For More Diversity in Football. Against Hostility Toward LGBTIQ*" on 19 November 2022.

The PROUT AT WORK Foundation creates visibility for LGBTIQ+ in the world of work with its PROUT PERFORMER Awards. We are delighted to note here that Michelle Thiele, one of our staff members, is on the list of "PROUTVoices". This list honours queer people in business below management level for their active engagement as issue drivers and voices for the LGBTIQ+ community.

We are proud that with our "queer.united" initiative, which was founded by our staff and others, has laid the foundation for a platform and a network for the open intercommunication of employees regarding the interests of the LGBTIQ+ community. This includes actions to reduce the fear of contact and the creation of an open and non-discriminatory working environment. Furthermore, the initiative offers support for issues specific to the LGBTIQ+ community such as coming out at the workplace. The network comprises members of the LGBTIQ+ community and other employees who support the work in this broad area.

Just as in the past, we were able to reach some milestones and organise events within the framework of “queer.united” in this year. Among other activities, lectures on specific topics relating to LGBTIQ+ were offered. External networking with other companies and organisations is an important step for us. We have been able to initiate discussion and to share best practices in several instances. After the modification of the coronavirus regulations, monthly on-site meetings in addition to the regular virtual meetings were initiated at numerous United Internet locations in Germany where people could share experience and ideas. The Queer People Support offered internally will be further expanded in the coming months. The initiative for gender-sensitive and non-discriminatory language profited from our expertise regarding “non-binarity” that proved valuable for the realisation. Employees at 1&1 can also use optional gender pronouns in their intranet profile to express how they would like to be referenced and addressed by other employees.

Young & Old Together

The format “Young & Old Together” was launched in 2021 at the initiative of employees for the specific purpose of encouraging intercommunication among different generations. During a regular lunch meeting and in working group activities, participants share their experiences with one another, and the different needs of each age group are collected and passed on to HR.

GRI 401-1

The average age of employees at 1&1 as at 31 December 2022 was 40.1 (2021: 40.5; 2020: 38.5). The core employees who were newly hired in the reporting year were on average 34.0 years old (2021: 34.1; 2020: 33.0).

Employees by age⁽¹⁾ in %

Table 8

	2022	2021	2020
Under 30	20.6	21.0	23.9
30–39	32.1	33.2	32.1
40–49	27.5	27.1	27.3
50 and older	19.8	18.7	16.7

(1) Figures refer to our core employees as at 31 December.

Healthy and safe at 1&1

Health and safety at work are part of our duty of care vis-à-vis our employees. As we are a responsible employer, we pursue the goal of reducing accidents, illnesses and risks as much as possible and promoting the health of our employees. The company health management of 1&1 Group is provided by United Internet Corporate Services GmbH on behalf of 1&1 Group. We focus on two areas: company health management (BGM) and occupational health, including safety in data centres.

GRI 403-1

All relevant topics relating to these two pillars are discussed in annual meetings. Subjects include the latest developments, the organisation of risk assessments and the fulfilment of all legally relevant requirements such as the determination of stress situations due to the COVID 19 pandemic.

The COVID-19 pandemic since the beginning of 2020 has prompted us to focus on establishing and implementing processes and actions in line with the stricter occupational safety standards of the Coronavirus Occupational Safety Regulation in close consultation with experts on company medicine and occupational safety. In general, measures concerned the following topics:

GRI 403-2

- Regular performance of a risk assessment for COVID-19 (inspections, catalogue of measures, continuous adaptation of measures and processes) in cooperation with BAD GmbH, our external service provider for preventive health care and safety technology
- Processes for dealing with suspected and actual cases of infection
- Prevention of contagion by observance of behavioural and hygiene measures or rules
- Internal communication and training for transparency, awareness and education (coronavirus health portal, FAQ, news ticker)
- Counselling and support services (*inter alia* company health counselling for risk groups, crisis hotlines, recommendations on ergonomics when working from home)
- Processes and structures for mobile working

Company health management (BGM)

The introduction of occupational medicine and the engagement of company physicians for all locations in 2017 represented the implementation and central realisation of the topic of company health manage-

GRI 403-1

ment for all sites. Numerous support services and measures for health promotion and prevention that go far beyond the legal requirements of the Occupational Health and Safety Act have been implemented.

GRI 403-2
GRI 403-3
GRI 403-5
GRI 403-7
GRI 403-8

Among other factors, company health management at 1&1 includes the topics of risk assessments, occupational medical care and health promotion and preventive measures aimed at reducing the risk of mental and physical stress, promoting the health and well-being of employees and achieving a better work-life balance. The topics of exercise, ergonomics, nutrition, dealing with stress and strengthening resilience are prioritised. The services are offered to all core employees in Germany.

Our BGM focuses primarily on the following areas, which mainly serve as prevention:

- The Group-wide risk assessment of possible stress factors in the workplace has been carried out in a follow-up process that focused on specific divisions of the company. In addition, the training programme for managers to support mentally stressed employees, which has been successfully rolled out since 2020 as a derived measure from the risk assessment, continues to be offered. Moreover, we want to reduce the stress on our employees (e.g. in the call centres) with resilience training sessions and by teaching them how to conduct balanced and de-escalating conversations.

- Since many of our employees do their work predominantly while sitting, the workplaces are regularly inspected and adapted; if necessary, seated workplaces are replaced by height-adjustable desks. When furnishing new buildings, we pay particular attention to the spatial conditions for standing and sitting in meeting areas. What is more, there are various ergonomic services such as ergonomic seating advice, specialist articles on InsideNET and health videos or files for downloading containing recommendations for ergonomic working and corrective exercises.

GRI 403-6

- In addition, we offer professional health promotion measures and support services at all sites that are conducted by external service providers. They include flu vaccinations, occupational health care, preventive check-ups and offers for relaxation and exercise such as yoga and health courses aimed at preventing back pain and other issues. A virtual health week was held in cooperation with *Techniker Krankenkasse*. Furthermore, company runs were organised at our locations throughout Germany (by the B2Run and Berlin Team Relay providers).

GRI 403-4

- 1&1 has been supporting all employees in Germany with an employee assistance programme in cooperation with the external and independent provider *pme Familienservice* to ensure that a good work-life balance is possible even in challenging situations. The service provider's contacts can be reached by phone around the clock and are available for confidential counselling on three core topics or services: parental counselling/child care, caring for relatives and life coaching for personal challenges. pme offers prevention and support services within a framework of life situation coaching, such as training sessions to strengthen resilience, mindfulness and relaxation courses or web seminars on

healthy nutrition, for the promotion of mental and physical health. pme also supports our employees in exceptional personal situations such as stress, illness, addiction or financial hardship by offering remote counselling, psychotherapeutic emergency or crisis care and referrals to medical help, therapists or clinics in acute situations. Employees are notified at regular intervals about the service and other health-related measures through posts on the intranet.

Information about the health promotion measures and programmes is made available to employees on the intranet and during onboarding events for employees and managers, and they can submit suggestions and ideas via a health mailbox and communication channels on the intranet. The BGM team also provides personal advice to employees and managers as well as to internal interfaces such as ombudspersons.

Both the BGM and the internal communication services are strategically developed and expanded continuously. For instance, regular evaluations of health promotion services are conducted; they give us the opportunity to hear feedback from the workforce and to develop further the formats on a regular basis. The implementation of a logo in the corporate design ("UI Health & Care") and the strategic integration into the channels heightens the visibility of the BGM. Since 2022, hybrid formats for health promotion have been implemented so that the employees can enjoy the advantages from the combination of both in-person and online services, so that even better coverage can be secured at the smaller locations and so that any pandemic-related cancellations of in-person events can be countered.

In 2023, the focus of company health management will be on continuing the strategic expansion of services, measures and health communications. Among other things, a comprehensive needs assessment and the creation of multipliers are planned.

Occupational safety

Annual safety inspections with experts from BAD GmbH are carried out at all sites, taking into account the rules and regulations of the employers' liability insurance associations and legal statutes. The analysis and realisation of official reports and the holding of a central occupational safety committee meeting as well as meetings at sites with an increased number of employees also take place. Over the course of a further development process, occupational safety is in a state of continuous evolution based on regulations and rules of the government and the employers' liability insurance associations.

Absenteeism in numbers

The described measures aim to reduce stress-related absenteeism and accidents at the workplace and to promote the health and well-being of employees. We intend to analyse the causes of absenteeism

GRI 403-2
GRI 403-9
GRI 403-10

and accidents with our experts for health care in future as well so that we can determine any further measures that might be necessary.

Absenteeism

Table 9

	2022	2021	2020
Absenteeism due to illness (rate in %)	7.5	5.9	5.6
Number of accident reports	11	15	13
of which on the way to and from work (in %)	9.1	6.7	15.3

(1) Figures refer to the core employees of the 1&1 Group as at 31 December.



Responsibility for Our Environment

Management Approach

Materiality, Impact and Risks

As a leading German telecommunications specialist, we see our role as building bridges to a positive, sustainable digital future. We aim to conserve energy and resources as well as possible and to continuously increase our energy efficiency and our contribution to protection of the environment and the climate.

We aim to conserve energy and resources as well as possible, to continuously increase our energy efficiency and to help to protect the environment and the climate.

The telecommunications and internet services that we offer are based on our mobile network, data centre operations and the sale of hardware. We use our own and our leased data centres (largely the data centres belonging to the United Internet Group affiliate IONOS) to ensure we can deliver these services. We also procure services for the use of the fibre optic network from the United Internet Group affiliate 1&1 Versatel. Offering products and services that run in data centres and on mobile networks leads to high energy consumption. This consumption and the related CO₂ emissions have an impact on the environment and the climate. Within the Group itself, key factors influencing energy consumption are our own data centres, the power for our office buildings, the fuel for our vehicles, the materials used in our logistics operations in particular and our own use of IT hardware

(Scope 1 and 2). In the future, our own energy consumption will continue to increase, partly due to the ongoing rollout of our own 5G network, even though it is the more efficient technology compared to 3G and 4G. In turn, the share of energy content of intermediate inputs will decrease continuously.

In addition, our business relationships in other areas have a material impact on the environment, especially from the use of our business partners' mobile networks and fixed networks and the associated energy consumption. Environmental impacts also result from the use of energy and resources and from potential pollution along the added-value chain for the devices and products that we offer to customers (especially smartphones, tablets and routers). Factors here range from their manufacture to shipments to customers to disposal of the devices, i.e. over the full duration of their lifecycles (Scope 3). As not all the data necessary to map CO₂ emissions along the entire added-value chain have been quantified at this stage, no total value for Scope 3 emissions is currently available.

GRI 3-3
GRI 201-2



See "Responsibility for Products and Customer Interests", p. 56



See “Digital Responsibility”, p. 38

The role of digitalisation as an enabling technology for enhanced climate protection should be emphasised, both in our own business and in relation to products and business relationships. The prerequisite for such a positive effect is that the additional energy demand is met by renewable energies rather than fossil fuels because otherwise the use of digital technologies would be accompanied by a growing CO₂ footprint. In addition, the design of new technologies is expected to increase energy efficiency. For example, the new mobile communications standard 5G requires less power than previous network solutions. Smart home solutions also enable a more energy-efficient design of people’s own homes.

Environmental and climate protection are relevant for a large number of our stakeholders. This is evident at both the societal and political levels. As the war in Ukraine and the resulting bottlenecks in energy supplies continue, attention has focused even more closely on the expansion and use of renewable energies. There is increasing activity revolving around the issue at the political level as well, e.g. in the form of the German climate protection programme and CO₂ pricing, the Paris Agreement and the UN Climate Conferences (COP). Investors and analysts are giving increasing weight to this issue when selecting their investments. Moreover, customers themselves place ever higher value on companies that operate sustainably.

The physical risks posed by climate change such as rising temperatures and increasingly extreme/poor weather conditions that could cause damage to mobile network infrastructures impact 1&1 indirectly. Rising temperatures can lead to an increased demand for cooling in the indispensable data centres that would in turn result in a rise in greenhouse gas emissions. Furthermore, as an energy consumer, the Company is required to reduce avoidable CO₂ emissions. Failure to do so may give rise to market or reputational risks that could have far-reaching consequences for the Group’s profitability. Political and technological risks that may develop from the present concerns about climate change (such as stricter regulatory legislation, the related effort and expense for implementation of any changes and the possible rise in energy prices) must also be considered. These risks could negatively impact our profitability if we do not exploit in good time sustainable alternatives to cover adequately our energy requirements. If the expectations of various stakeholders are not met, our reputation or our revenue and earnings development may suffer a negative impact. Conversely, the environmental risks described above offer numerous opportunities to promote positive change through specific measures.¹

GRI 3-3

Goals and Measures

The management approach aims to promote the efficient utilisation of resources, enabling us to cut costs and contribute to climate protection. Our goal is to increase steadily the efficiency of our infrastructure,

(1) Irrespective of the described materiality of climate and environmental protection, the EU Guidelines recommend reporting on climate issues even if they are material solely from one of the two possible perspectives (either “environmental and social” or “financial”).

especially of our data centres, devoting special attention to energy consumption. While a reduction in absolute consumption would be desirable, this is not a realistic goal because of the advancing digitalisation of the economy and society – neither for data centres, which as the “backbone” of digital applications are confronted by growing demand, nor for the fibre optic network we use, which is demand during digital transformation as it is by far the most effective transmission technology. Our goal is to consider at all times the entire lifecycle of our products and services and to promote actively the circular economy.

Results and Assessment

GRI 3-3

Energy consumption in all relevant business fields is measured and, wherever meaningful, considered in relative terms (per employee or relative to revenue, for instance) so that growth effects and other factors can be taken into account. This is the foundation for our efforts to assure the steady ongoing development of the quality and completeness of our sustainable performance indicators so that our mapping and quantification of the major greenhouse gas emission sources (“hot spots”) become more and more complete. Please see the following sections for further details.

Energy consumption

Using the network infrastructure and the server capacity provided by our data centres is necessary to supply internet and telecommunications services to our customers. At the same time, their operation is the biggest influencing factor for our required energy consumption. Since 1&1 did not yet operate its own mobile or landline network as at the end of reporting year 2022 and the relevant data from our business partners are not yet available in detail, we will concentrate on the presentation of our own energy consumption in the following. Details relating to the information in the following overview table can be found in the related sections.

GRI 302-1
GRI 302-3
GRI 302-4
GRI 305-1
GRI 305-2
GRI 305-3

Energy consumption

Table 10

	2022	2021	2020
Electricity consumption – office buildings and own data centres in MWh ⁽¹⁾	4,404.4	4,050.3	3,300.8
Heating consumption (natural gas) in MWh ⁽²⁾	7,067.9	2,895.7	2,650.9
Petrol consumption in MWh	355.5	198.2	143.1
Diesel consumption in MWh	2,900.5	2,484.0	2,907.7
Total fuel consumption in MWh⁽³⁾	3,256.0	2,682.2	3,050.8
Total energy consumption in MWh	14,728.3	9,628.2	9,002.5
Revenue in € million	3,963.7	3,909.7	3,786.8
Energy intensity (ratio of energy consumption to revenue) in Wh/€	3.7	2.5	2.4

(1) The increase in electricity consumption in 2021 is attributable to an expansion in data collection due to the inclusion of additional sites.

(2) The increase in thermal energy consumption in the reporting year 2022 is due to the expansion in data collection through the inclusion of additional locations.

(3) Conversion factors/heating values: petrol: 8.5 kWh/l; diesel: 9.8 kWh/l. The decline in fuel consumption in 2020 and 2021 is due to the restrictions caused by the COVID-19 pandemic and to the new Guidelines on Working from Home introduced at the Company.

Electricity Consumption in Our Data Centres

1&1's servers are organised redundantly and feature extensive storage and back-up functions, so as to make the services we provide to our customers as secure and reliable as possible. In addition, the high-performance data centres run by our affiliate IONOS that we use are georedundant. This ensures that neither power failures nor environmental influences restrict the operation of the applications, ensuring that our customers have unhindered and permanent access to them. This added reliability comes at the cost of increased electricity consumption, which is addressed by using renewable energy and constantly improving energy efficiency.

Energy consumption by our office buildings

A significant proportion of our office buildings were supplied with certified green electricity in the reporting year, thereby reducing the potential environmental impact.

Energy consumption and CO₂ emissions of office buildings

Table 11

	2022	2021	2020
Electricity consumption MWh ⁽¹⁾	4,404.4	4,050.3	3,300.8
Heating consumption in MWh ⁽²⁾	7,067.9	2,895.7	2,650.9
thereof gas	2,204.1	-	-
thereof district heating	4,776.8	-	-
thereof heating oil	86.9	-	-
Total energy consumption in MWh	11,472.3	6,946.0	5,951.7
CO ₂ equivalents from electricity consumption in tonnes (Scope 2)	0.0	0.0	414.8
CO ₂ equivalents from heating consumption in tonnes (Scope 1)	1,786.9	376.4	540.1
thereof gas	443.0	-	-
thereof district heating	1,337.5	-	-
thereof heating oil	6.4	-	-
Total Carbon emissions in tonnes(3)	1,786.9	376.4	954.9

(1) Figures refer to the offices and associated infrastructure of the 1&1 Group. The figures also include the electricity consumption for the 1&1 data centres (not yet reported separately). The share for the 1&1 Group was determined approximately on the basis of the share of employees at the respective locations, as the electricity consumption is only available within an overall evaluation for the United Internet Group.

(2) The data on measured gas, district heating and heating oil consumption comes from locations that together represent more than half of the Group's workforce and office space. Since heat consumption at some locations can only be determined from the landlords' utility bills and these were not yet available for the reporting year at the editorial deadline, the consumption figures for the calendar year 2021 were used. For all locations without consumption data, the heat consumption was estimated. The share for the 1&1 Group was approximated on the basis of the share of employees, as this information is only available within an overall evaluation for the United Internet Group. In previous reporting years, only the measured values for individual locations were taken into account without differentiating between the heat energy sources. In this respect, comparisons with previous years are not meaningful.

(3) Calculated based on the Federal Environment Agency's data on CO₂ emissions per kilowatt hour of the German electricity mix; partly using green electricity, which results in no CO₂ emissions.

Material Consumption and Logistics

Since we are an access and applications provider, our business with "physical" products involves in particular the use of electronic devices and hardware. We develop the applications ourselves or in co-operation with partner organisations and operate them in our own data centres or in the data centres operated by our affiliate IONOS that we use. Simultaneously, we provide to our customers primarily information and communications technology hardware (ICT) in the form of devices such as smartphones and routers, tablets, laptops, web-surfing hardware and accessories in conjunction with rate plans for the use of our mobile network and broadband services. In addition, our employees use IT hardware to perform their tasks.

Customer hardware

Device disposal

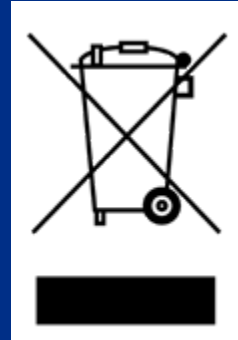
GRI 417-1



"1&1 collection points" and e.g. "smartmobil.de"

Smartphones, routers and other devices that we provide to our customers may contain components that must not be discarded in the usual household waste. Our task is to assume responsibility for the entire life cycle of these products and to recycle materials properly after use so that their disposal does not result in the release of any pollutants into the environment. We have signed a waste disposal contract with our partner, the specialist waste disposal service provider Interzero, to ensure that environmentally friendly processes are used for the disposal of the devices that we have put into circulation. We provide information to customers about the professional disposal of their mobile and landline hardware with every delivery and list Interzero's collection points on our website to ensure that all customers have the opportunity to return their old equipment for recycling or disposal.

According to the industry association Bitkom, there were roughly 206 million old mobile phones and smartphones in circulation in Germany in 2021 that were no longer in use, but still functioned or could be recycled. An efficient circular economy requires the reuse or professional recycling of such devices to ensure that valuable raw materials such as precious metals and rare earths can be recovered from this equipment.



Handling of old devices

Both European directives and Germany's Electrical and Electronic Equipment Act (*Elektronikgerätegesetz – ElektroG*) ban the discarding of old equipment and all electronic parts included in deliveries in household waste and require their professional disposal for recycling. The goals are the protection of the environment and human health and the conservation of resources.

GRI 301-3

Reusing customer hardware

A number of Drillisch brands have been offering refurbished devices since 2019. In 2022, this option was available for ten brands, including winSIM, smartmobil.de, maXXim, yourfone and others. All mobile phones that customers return within 30 days are checked thoroughly and tested for reusability. All personal data on the devices are erased, functionality is tested in-house and the devices are examined for wear and tear. If the devices are in perfect working order, they are cleaned and any missing accessories (headphones, charging cables etc.) are supplied. Returned devices are offered in perfect working order and complete with accessories, in original packaging and with a 24-month guarantee at a significantly lower price than that of new devices. In addition to the price benefits for customers, these measures preserve key resources and reduce supply chain activity, lowering in turn CO₂ emissions. A standard

process for the internal reprocessing of returned equipment on a larger scale was introduced in the reporting year 2021, and a dedicated team with responsibility for the process was established.

refurbished-handys.de is a new wireless services brand of Drillisch Online GmbH that exclusively markets used smartphones including rate plans. At refurbished-handys.de, well-preserved devices from customer returns are professionally checked and refurbished. Devices of well-known top brands that look like new and function perfectly can be ordered at refurbished-handys.de at low prices.

refurbished-handys.de makes an active contribution to environmental protection and a sustainable recycling economy. Those who opt for a refurbished smartphone instead of a new one contribute to the fact that fewer valuable resources are consumed and thus CO₂ emissions are emitted. Customers who opt for a refurbished device with the condition description „as good as new“ receive it - if no original packaging is available – in specially developed, sustainable packaging. This consists of 100 percent recycled fibers and the devices are additionally protected by a biodegradable cover made of sustainable corn starch.

The 1&1 trade-in campaign, also known as the “1&1 Trade-in Bonus”, offers a transparent, customer-friendly procedure for the return of used mobile phones, tablets and notebooks. In 2022, more than 46,000 old devices were accepted and subjected to a sustainable recycling process by 1&1. 1&1 combines the goal of conserving resources with a financial incentive for customers, who can exchange their old devices for a bonus when ordering new equipment. Depending on the model, the bonus may be as much as several hundred euros. The trade-in bonus is credited directly to customers’ bank accounts when the old device has been received. Approximately 9,000 kilograms of old electronic devices have been recycled in this programme, conserving valuable resources and reducing waste.

We also support our customers in the event of defective hardware. After receiving a replacement unit, they return the defective unit to us or to a certified repair service provider, who tests the device functions and repairs if possible any defects that may be found. The objective is to extend the life of the devices and to avoid scrapping them. In 2022, 53,000 mobile devices and tablets along with 78,000 DSL routers were returned as part of this process.

Hardware in Data Centres and Office Buildings

For 11 years now, we have passed internally used and retired servers and network equipment to the recycling specialist AfB gGmbH for environmentally appropriate recycling. Once at AfB, the first objective is to extend the life of the IT equipment or individual parts by cleaning, upgrading and repairing them so that they are suitable for reuse, keeping equipment and materials in use for as long as possible – a concept known as the circular economy. The IT equipment is dismantled and recycled responsibly solely if it is not possible to reuse equipment or certain parts. AfB is a disability inclusion company; according to its own figures, roughly 50% of its current employees are people with disabilities. This means we not only ensure our hardware is handled by environmental and recycling experts, but also improve employment opportunities for people with disabilities.

GRI 2-23
GRI 301-1

GRI 305-3

AfB has reclaimed or recycled the following volumes of old IT equipment for 1&1 over the past three years:

Table 12

Old IT equipment ⁽¹⁾	Number of devices			Reclaimed and reused in %			Raw materials recovered through recycling in %		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
PC	355	89	364	97.2	73.8	87.6	2.8	26.2	12.4
Notebooks	666	389	327	94.5	95.3	93.6	5.5	4.7	6.4
Tablets	31	7	24	9.7	52.9	23.5	90.3	47.1	76.5
Flat screens	462	143	502	46.8	60.8	72.6	53.2	39.2	27.4
Mobile devices	454	192	261	9.6	47.8	30.8	90.4	52.2	69.2
Servers	81	203	270	46.2	20.0	50.0	53.8	80.0	50.0
Printers	2	8	8	1.4	27.8	64.7	98.6	72.2	35.3

(1) Figures refer to the 1&1 Group (approximated on the basis of the share of employees and on the basis of the performance share of the data centres of 1&1 IONOS – as information is only available for the United Internet Group as a whole).

In 2022, we delivered 9.2 tonnes (2021: 57.3 tonnes; 2020: 76.7 tonnes) of hardware to AfB, helping to save 173.5 tonnes² (2021: 162.2 tonnes; 2020: 432.8 tonnes) of CO₂ equivalents.³

Logistics and (Secondary) Packaging

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

Materials Used for Shipments

GRI 301-1

GRI 305-3

Compared to the previous year, the total number of shipments from the logistics center remained the same (2022: 6.4 million; 2021: 6.4 million; 2020: 6.0 million). At the same time, the consumption of

(2) Following the update to the life cycle assessment, the environmental impacts reported are not only up to date, but also cover additional types of IT equipment and mobile devices. As a result, these figures cannot be compared with the previous year.

(3) Approximate values determined on the basis of the employee share of 1&1 Group and its subsidiaries.

packaging material (plastic and PPC) has been reduced since 2019. The main reason for this was a change in the law in 2019.

Since November 2022, we have been using shipping boxes made from 100% recycled material. In addition, we do not use SizzlePak filling material and have replaced its use with cardboard inserts made from recycled material.

Consequently, 1&1's logistics operations did not produce any significant amounts of plastic in 2022. The use of PPC also increased from 430.02 tonnes in 2021 to 449.8 tonnes in 2022. The volume of materials required depends on factors such as the relative proportions of devices or SIM cards shipped and can therefore fluctuate over the years.

Packaging materials ⁽¹⁾	2022	2021	2020
Total paper, paperboard and cardboard (PPC) consumption in tonnes	449.8	430.0	432.7
Total plastic consumption in tonnes	0.0	0.0	0.0
Number of shipments in millions	6.4	6.4	6.0
Amount of PPC per shipment in grams	70.4	67.4	71.8
Amount of plastics per shipment in grams	0.0	0.0	0.0
CO ₂ equivalents in tonnes ⁽²⁾ (Scope 3)	9.6	9.2	9.2

Table 13

(1) Figures refer to the entire 1&1 Group.

(2) Calculated using DEFRA 2020, 2021 and 2022 conversion factors.

SIM cards for Drillisch Online's brands are sent using recycled envelopes that are stamped with Germany's "Blue Angel" label logo. Envelopes made from recycled material will be used for sending 1&1 letters by post in the future. The changeover will take place gradually from December 2022. In addition, all envelopes receive the Deutsche Post "GoGreenPlus" logo in addition to the "Blue Angel" ecology label.

Recycling of (secondary) packaging materials by our service providers Landbell AG and "Duales System Deutschland GmbH – The Green Dot" led to the reduction of carbon emissions equivalent to 221.6 tonnes in 2021 (2020: 223.7 tonnes).⁴

Our logistics operations also aim to reduce the use of transport materials when servicing is required (e.g. when a faulty piece of equipment has to be replaced for a customer). Where loaned devices must be exchanged, customers receive the new device from a selected delivery service that replaces the device directly on site. The new device is delivered in specially developed reusable shipping packaging that can

(4) At the editorial deadline of the report, the corresponding data for the reporting year were not yet available.

be used to return the old device directly. This not only reduces material costs, but also saves time for the customers.

Furthermore, we have made increasing use of QR codes for the return of items since June 2022. Our customers no longer have to print out a return label for the return shipment and paste it on the return box. Presenting the provided QR code when handing in the return package in the Hermes shop is all that is required.

Emissions from shipping channels

GRI 305-3

We also assume responsibility for the impact from shipping operations: all 1&1 products have been delivered using climate-friendly means of transport since August 2022. We work with Germany's leading shipping companies and can guarantee CO₂-neutral delivery by avoiding and offsetting emissions.

Because sustainability is a major priority for us, we assume in full the additional costs incurred for our customers.

Based on the evaluations of the logistics service providers, greenhouse gas emissions of 1,532.5 tonnes (2021: 1,422.4 tonnes; 2020: 1,695.2 tonnes)⁵ were generated for the transport of 1&1 shipments in 2022. These emissions were not generated by our organisation itself, but are the result of our business activity and therefore count towards our Scope 3 emissions⁶.

Offset measures have secured CO₂-neutral deliveries to our customers since August 2022. In addition, we procure our packaging and print materials from local suppliers, which allows us to avoid long transport routes and cut back on CO₂ emissions.

Paper Consumption

We are constantly working to reduce our paper consumption by taking advantage of digitalisation. Most of the copy paper used by 1&1 bears the EU Ecolabel, and some bears the FSC seal for sustainable forestry. We are currently setting up a process to fully quantify our paper consumption. This includes copying paper, flyers and advertising leaflets. As soon as we have reliable data, we will publish the data here.

(5) Values are based on the information provided by our logistics service providers. They are reported according to „Well-to-Wheel“ (WTW).

(6) The Greenhouse Gas Protocol (2011) requires purchased transport and distribution services for products sold to be assigned to upstream Scope 3 emissions (category 4).

Employee Mobility

Environmentally Aware Business Travel and Fuel Usage

The fact that our Group is distributed across a number of locations in Germany makes high demands on employee mobility. Carbon emissions are produced when our employees travel. We aim to reduce travel-related emissions, both by avoiding business trips and by using climate-neutral options such as rail travel.

GRI 302-1
GRI 305-1
GRI 305-2
GRI 305-3

Employee mobility services are provided by United Internet Corporate Services GmbH's purchasing functions in cooperation with the HR functions. Responsibility ranges from business trip management through vehicle fleet monitoring down to defining the terms on which company cars are provided and can be used.

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

- **Avoiding business trips**

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

- **Climate-friendly travel**

As part of the approvals process, we draw employees' attention to the fact that they should use the train as their preferred means of transport. This allows climate-neutral travel for long-distance trips. What is more, employees can use the car pool service on our intranet to arrange to travel together.

- **Vehicle fleet**

Our company car rules limit the impact our fleet has on the environment, e.g. by restricting the available engine options. In addition, we track the market constantly to ensure our fleet is always state of the art from both an environmental and an economic perspective. We are also examining the use of alternative technologies, with our goal in all cases being to take economically and environmentally acceptable decisions. Moreover, in the reporting period we introduced a cap on carbon emissions of 180 g/km per vehicle as measured by the WLTP for all vehicles acquired in 2021 and later and made the purchase of electric vehicles possible.

- **Leasing of company bicycles**

&1 has offered a company bicycle leasing scheme since June 2020. Employees can use the scheme to lease bicycles at a subsidised monthly rate and can actively contribute to protecting the environment and improving the traffic situation by cycling to work, among other things.

• Paperless travel expense claims

Starting in 2019, 1&1 AG and its subsidiaries introduced a workflow for submitting paperless travel expense claims that also offers improved transparency as to alternative means of transport and travel expenses.

Fuel Consumption and Carbon Emissions

We cooperate with external partners when making decisions about rental and company vehicles. Using data provided by software programs, they offer us insights into the use of our vehicle fleet so that we can continuously monitor the development of fuel consumption and the associated greenhouse gas or CO₂ emissions. Air travel is organised by external tour operators who also provide us with regular sustainability information. We receive an annual environmental balance sheet on any journeys by rail directly from Deutsche Bahn.

Our employees travelled more than 6.5 million kilometres in the 2022 reporting period (2021: 4.1 million kilometres; 2020: 5.0 million kilometres⁷), generating 987.5 tonnes of carbon emissions (2021: 779.0 tonnes; 2020: 921.0 tonnes⁸). The tables below provide a detailed breakdown of the Group's travel activity.

GRI 2-4

Table 14

Rail travel⁽¹⁾

	2022	2021	2020 ⁽²⁾
Person-kilometres (Pkm) for long-distance travel	627,144	124,693	69,113
CO ₂ equivalents from long-distance travel in tonnes (Scope 3)	0	0	0
Pkm travelled in local transport	53,253	9,504	6,362
CO ₂ equivalents from local travel in tonnes (Scope 3)	0	0	0
Percentage share of climate-neutral rail routes travelled	100.00	100.0	100.0

(1) Figures refer to the entire 1&1 Group and are taken from the so-called „environmental balance sheets“ of Deutsche Bahn. The figures for 2020 and 2021 were corrected due to errors in the proper group allocation of the environmental balance sheets, which have now been rectified.

(2) The decline in the 2020 and 2021 figures is due to the restrictions caused by the COVID-19 pandemic. In addition, Deutsche Bahn began using exclusively green electricity for local trains in fiscal year 2020, making climate-neutral travel possible.

(7) The prior-year figures were adjusted retrospectively in reporting year 2022.

(8) The prior-year figures were adjusted retrospectively in reporting year 2022.

Rental vehicles⁽¹⁾

	2022	2021	2020 ⁽⁴⁾
Fuel consumption (petrol and diesel) in litres ⁽²⁾	16,865.6	12,325.0	19,039.9
Total kilometres travelled	299,061	166,554	257,296
CO ₂ equivalents in tonnes ⁽³⁾ (Scope 3)	51.3	23.6	35.2

Table 15

(1) The figures relate to 1&1 AG and its subsidiaries.

(2) Calculated on the basis of the average fuel consumption data for passenger cars and estate cars per 100 km provided by the *Umweltbundesamt* (the Federal Environmental Agency); 7.4 l.

(4) The figures are based on service provider data.

(5) The decline in the 2020 and 2021 figures is due to the restrictions caused by the COVID-19 pandemic. The figures for 2020 were adjusted retroactively.

Company vehicles⁽¹⁾

	2022	2021	2020 ⁽⁵⁾
Fuel consumption (petrol and diesel) in litres	320,923	279,403	316,602
Fuel consumption per company vehicle in litres ⁽²⁾	1,283.7	1,214.8	1,486.4
Total kilometres travelled ⁽³⁾	5,140,134	3,730,403	4,560,813
Kilometres travelled per company vehicle	20,560	16,219	21,412
CO ₂ equivalents in tonnes ⁽⁴⁾ (Scope 1)	839.2	730.9	829.2

Table 16

(1) Data refer to the 1&1 Group; in some cases, long-term rental vehicles and refuelling of rental vehicles are also included.

(2) Number of vehicles reported as assets as of December 31 of the reporting period in question; 2019: 219; 2020: 213; 2021: 230; the number of vehicles in the fleet may vary over the course of the year.

(3) Figures based on manual entries by users when refuelling.

(4) The figures are partly based on service provider data and partly calculated using the conversion factors published by DEFRA for 2019, 2020 and 2021.

(5) The decline in the 2020 and 2021 figures is due to the restrictions caused by the COVID-19 pandemic. The figures for 2020 were adjusted retroactively.

Air travel⁽¹⁾

	2022	2021 ⁽⁴⁾	2020 ⁽³⁾
Total kilometres flown	398,402.0	98,317.0	164,559.7
CO ₂ equivalents in tonnes ⁽²⁾ (Scope 3)	97.1	24.5	56.6

GRI 2-4

Table 17

(1) Data refer to 1&1 Group.

(2) The figures are based on service provider data.

(3) The decline in the 2020 and 2021 figures is due to the restrictions caused by the COVID-19 pandemic. The figures for 2020 were adjusted retroactively.

(4) The figures for 2021 were corrected due to errors in the proper group allocation of the environmental balances, which have now been rectified.

The services offered by 1&1 include to a minor extent online storage. This part of our service offering fulfils the criteria of Activity 8.1 **“Data processing, hosting and related activities”**. The scope of the activities covered by the description of the activity is at this time still subject to varying interpretations. For this reason, 1&1 has identified those activities that focus on hosting and the storage of data such as online storage as taxonomy-eligible activities for the reporting year 2022. Other activities that involve solely the transmission of data (as a marginal activity) are not classified under Activity 8.1.

In contrast to the previous year, revenue from hosting and data storage activities that are carried out by third-party data centres are also considered taxonomy-eligible for financial year 2022. The description of activities does not distinguish between own and third-party data centres, so 1&1 has decided to no longer separate the revenues for financial year 2022. All revenues accruing from Activity 8.1 are now reported as taxonomy-eligible, irrespective of whether the data are processed in our own or in third-party data centres.

In addition, 1&1 procured third-party services for the conduct of its own business activities. In terms of the EU taxonomy, these procurements represent the acquisition of output of taxonomy-eligible or taxonomy-aligned activities. They include above all the following crossover and infrastructure activities:

- 6.5 “Carriage by motorcycles, passenger cars and light commercial vehicles”
- 7.3 “Installation, maintenance and repair of energy-efficient equipment”
- 7.7 “Acquisition and ownership of buildings”

1&1’s activities were also examined to determine whether they relate to the environmental goal of “adaptation to climate change” (Annex 2 Commission Delegated Regulation 2021/2139). No activities from Annex 2 Commission Delegated Regulation 2021/2139 that are not already covered by the classification as activities from Annex 1 Commission Delegated Regulation 2021/2139 were identified.

Taxonomy-aligned economic activities for financial year 2022

1&1 has analysed the taxonomy-eligible economic activities using the pertinent technical assessment criteria in close collaboration with the various business departments. The following conclusions have been drawn. 1&1 does not report taxonomy-alignment under activity 8.1 for the financial year 2022, as the technical assessment criteria of the EU taxonomy are currently not fully met. Investment and operating expenses in connection with cross-cutting or infrastructure activities are the acquisition of production from taxonomy-aligned economic activities and individual measures through which the target activities are carried out in a low-carbon manner or the emission of greenhouse gases is reduced („category (c)”). In order to meet taxonomy-alignment for the acquisition of production from taxonomy-aligned economic activities, evidence of alignment is required from partner companies. According to the current status,

there is no sufficient evidence to meet the required criteria. The corresponding expenses are therefore reported as non-taxonomy-aligned for the reporting year 2022.

Explanatory comments on the KPIs

The key performance indicators (KPIs) reported pursuant to the EU Taxonomy Regulation (revenue, CapEx and OpEx) are based on the figures given in 1&1 AG's consolidated financial statements. The consolidated financial statements of 1&1 AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) as they are applicable in the European Union (EU) and with the commercial law provisions that must be observed in supplement pursuant to section 315e(1) Commercial Code [*Handelsgesetzbuch; HGB*].

Revenue

The EU Taxonomy Regulation defines sales revenues as the income recognised pursuant to IAS 1.82(a). The revenue KPI disclosed for 1&1 represents the ratio of the sales revenue from taxonomy-relevant economic activities to total sales revenue. Total sales revenue can be found in the income statement included in 1&1 AG's consolidated financial statements under "Consolidated comprehensive income statement".



See Annual Report
p. 98

CapEx

Capital expenditures are derived from the additions to tangible and intangible assets during the financial year under review before depreciation and any revaluations for the financial year in question and without changes in fair value (in particular application of IAS 16, 38, IFRS 16 Leases with Right-of-Use Assets). The total capital expenditures used for the EU taxonomy are disclosed in the consolidated financial statements under "Development of intangible and tangible assets". These capital expenditures represent the denominator of the CapEx KPI.



See Annual Report
p. 204

The numerator of the CapEx KPI corresponds to both the shares of the denominator that relate to assets or processes associated with taxonomy-compliant economic activities („category (a)“) and the shares that relate to the acquisition of output from taxonomy-compliant economic activities and individual measures („category (c)“).

Based on the asset classes, it was possible to allocate the investments to the corresponding taxonomy activities.

OpEx

The direct, non-capitalised costs for research and development (R&D), building renovation measures, short-term leasing, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of tangible assets by the Company or third parties that are necessary to ensure the continued

functioning of said assets serve as the basis or denominator for the OpEx KPI. Training costs are to be included in the Delegated Regulation 2021/2178 to be included in the numerator. It is therefore our understanding that these cost our understanding, these cost centers are also to be included in the denominator.

At 1&1, the OpEx KPI indicates the proportion of operating expenses (as defined by the EU taxonomy) that are associated with taxonomy-aligned economic activity („category (a)”) or relates to the acquisition of production and individual measures through which the target activity is carried out in a low-carbon manner be carried out or greenhouse gas emissions are reduced, and relates to individual building renovation measures („category (c)”).

To determine the taxonomy-eligible portion at 1&1, the corresponding cost centers for building refurbishment measures, short-term leasing, and maintenance and repair expenses were analyzed and allocated to the identified economic activities in accordance with the EU taxonomy on the basis of their designation and the posting texts.

KPIs of the EU taxonomy reporting for financial year 2022

Table 18

		Sales („turnover“)		Capital expenditures		Operating expenses	
		in €m	in %	in €m	in %	in €m	in %
Total figures for the 1&1 Group		3.963,7	100,0%	280,8	100,0%	23,9	100,0%
of which Taxonomy- eligible	6.5 Transport by motorbikes, passenger cars and commercial vehicles	0,00	0,00%	1,53	0,55%	0,32	1,32%
	7.3 Installation, maintenance and repair of energy efficiency equipment	0,00	0,00%	0,11	0,04%	0,03	0,14%
	7.7 Acquisition and ownership of buildings	0,00	0,00%	27,29	9,72%	0,00	0,00%
	8.1 Data processing, hosting and related activities	0,35	0,01%	2,43	0,86%	0,78	3,25%
	Total	0,35	0,01%	31,36	11,17%	1,13	4,71%
of which Taxonomy non- eligible		3.963,34	99,99%	249,44	88,83%	22,74	95,29%
of which Taxonomy not- aligned ⁽¹⁾		0,00	0,00	0,00	0,00	0,00	0,00

(1) The templates are deposited in the appendix.



Annex

GRI Content Index

Statement of use: 1&1 AG has reported the information cited in this GRI content index for the period 01.01.2022 - 31.12.2022 with reference to the GRI Standards.

GRI 1 used: GRI 1: Foundation 2021

GRI Standard	Location
GRI 2: General Disclosures 2021	
GRI 2-1 Organizational details	P. 6, 7, 111
GRI 2-2 Entities included in the organization's sustainability reporting	P. 7, 104
GRI 2-3 Reporting period, frequency and contact point	P. 104, 111
GRI 2-4 Restatements of information	P. 12, 89, 90
GRI 2-6 Activities, value chain and other business relationships	P. 8, 9, 28
GRI 2-7 Employees	P. 63, 71
GRI 2-9 Governance structure and composition	Annual Report, Chapter: Declaration on Corporate Governance, p. 19 ff.
GRI 2-10 Nomination and selection of the highest governance body	Annual Report, Chapter: Declaration on Corporate Governance, p. 21 ff.
GRI 2-11 Chair of the highest governance body	Annual Report, Chapter: Report of the Supervisory Board, p. 11 ff.
GRI 2-13 Delegation of responsibility for managing impacts	P. 19
GRI 2-14 Role of the highest governance body in sustainability reporting	P. 104
GRI 2-15 Conflicts of interest	Annual Report, Chapter: Declaration on Corporate Governance, p. 25, 27
GRI 2-17 Collective knowledge of the highest governance body	Annual Report, Chapter: Declaration on Corporate Governance, p. 26, 27
GRI 2-19 Remuneration policies	Annual Report, Chapter: Remuneration Report, p. 234 ff.
GRI 2-20 Process to determine remuneration	Annual Report, Chapter: Remuneration Report, p. 236 ff.
GRI 2-21 Annual total compensation ratio	Annual Report, Chapter: Remuneration Report, p. 258

GRI Standard	Location
GRI 2-22 Statement on sustainable development strategy	P. 4
GRI 2-23 Policy commitments	P. 22, 23, 24, 30, 63, 68, 84
GRI 2-24 Embedding policy commitments	P. 31
GRI 2-25 Processes to remediate negative impacts	P. 32
GRI 2-26 Mechanisms for seeking advice and raising concerns	P. 25
GRI 2-28 Membership associations	P. 20
GRI 2-29 Approach to stakeholder engagement	P. 19, 102
GRI 2-30 Collective bargaining agreements	P. 64
GRI 3: Material Topics 2021	
GRI 3-1 Process to determine material topics	P. 15, 100
GRI 3-2 List of material topics	P. 15
GRI 3-3 Management of material topics	P. 24, 25, 26, 27, 28, 38, 39, 40, 56, 57, 58, 62, 63, 78, 79, 80
GRI 201: Economic Performance 2016	
GRI 201-1 Direct economic value generated and distributed	P. 7
GRI 201-2 Financial implications and other risks and opportunities due to climate change	P. 78
GRI 203: Indirect Economic Impacts 2016	
GRI 203-1 Infrastructure investments and services supported	P. 6
GRI 203-2 Significant indirect economic impacts	P. 9
GRI 205: Anti-corruption 2016	
GRI 205-1 Operations assessed for risks related to corruption	P. 24
GRI 205-2 Communication and training about anti-corruption policies and procedures	P. 25
GRI 205-3 Confirmed incidents of corruption and actions taken	P. 25
GRI 301: Materials 2016	
GRI 301-1 Materials used by weight or volume	P. 84, 85
GRI 301-3 Reclaimed products and their packaging materials	P. 83
GRI 302: Energy 2016	
GRI 302-1 Energy consumption within the organization	P. 80, 88
GRI 302-3 Energy intensity	P. 80
GRI 302-4 Reduction of energy consumption	P. 80
GRI 305: Emissions 2016	
GRI 305-1 Direct (Scope 1) GHG emissions	P. 80, 88

GRI Standard	Location
GRI 305-2 Energy indirect (Scope 2) GHG emissions	P. 80, 88
GRI 305-3 Other indirect (Scope 3) GHG emissions	P. 80, 85, 87, 88
GRI 308: Supplier Environmental Assessment 2016	
GRI 308-1 New suppliers that were screened using environmental criteria	P. 33, 35
GRI 308-2 Negative environmental impacts in the supply chain and actions taken"	P. 29
GRI 401: Employment 2016	
GRI 401-1 New employee hires and employee turnover	P. 63, 71, 73
GRI 403: Occupational Health and Safety 2018	
GRI 403-1 Occupational health and safety management system	P. 74
GRI 403-2 Hazard identification, risk assessment, and incident investigation	P. 74, 75, 76
GRI 403-3 Occupational health services	P. 75
GRI 403-4 Worker participation, consultation, and communication on occupational health and safety	P. 75
GRI 403-5 Worker training on occupational health and safety	P. 75
GRI 403-6 Promotion of worker health	P. 75
GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 75
GRI 403-8 Workers covered by an occupational health and safety management system	P. 75
GRI 403-9 Work-related injuries	P. 76
GRI 403-10 Work-related ill health	P. 76
GRI 404: Training and Education 2016	
GRI 404-1 Average hours of training per year per employee	P. 67
GRI 404-2 Programs for upgrading employee skills and transition assistance programs	P. 65, 66, 72
GRI 404-3 Percentage of employees receiving regular performance and career development reviews	P. 65
GRI 405: Diversity and Equal Opportunity 2016	
GRI 405-1 Diversity of governance bodies and employees"	P. 22, 68, 70, 71
GRI 405-2 Ratio of basic salary and remuneration of women to men	P. 64
GRI 406: Non-discrimination 2016	
GRI 406-1 Incidents of discrimination and corrective actions taken	P. 68
GRI 408: Child Labor 2016	
GRI 408-1 Operations and suppliers at significant risk for incidents of child labor	P. 32, 34
GRI 409: Forced or Compulsory Labor 2016	

GRI Standard	Location
GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	P. 34
GRI 414: Supplier Social Assessment 2016	
GRI 414-1 New suppliers that were screened using social criteria	P. 31, 33, 35
GRI 414-2 Negative social impacts in the supply chain and actions taken	P. 29, 31, 33, 34
GRI 416: Customer Health and Safety 2016	
GRI 416-1 Assessment of the health and safety impacts of product and service categories	P. 51, 53, 60
GRI 417: Marketing and Labeling 2016	
GRI 417-1 Requirements for product and service information and labeling	P. 47, 51, 60, 83
GRI 418: Customer Privacy 2016	
GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P. 43

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

Table 19

Element	Recommendation	Chapter/section	Page
Governance	Governance around climate-related risks and opportunities	Responsibility for Our Environment	p. 78
Strategy	Actual and potential impacts of climate-related risks and opportunities on the business (areas), strategy and financial planning	Responsibility for Our Environment	p. 78
Risk Management	How the organisation identifies, assesses and manages climate-related risks	Responsibility for Our Environment; Risk Management) (AR)	p. 78; AR
Metrics and Targets	Metrics and targets used to assess and manage relevant climate-related risks and opportunities	KPI's in chapter entitled "Responsibility for Our Environment"	p. 78

About This Report

This Sustainability Report is intended for anyone who would like to find out more about 1&1's sustainability activities. This target group comprises in particular our stakeholders: shareholders, investors, analysts, customers, employees, business partners, NGOs, political representatives and the interested general public.

Report Structure, Methodology and General Regulations

This Sustainability Report includes 1&1's consolidated non-financial report as required by the CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG) (sections 315b and 315c in conjunction with section 289c Commercial Code (Handelsgesetzbuch – HGB)). The consolidated non-financial report is integrated with this separate non-financial report.

This report contains the statutory and supplementary disclosures for the material aspects for 1&1: environmental matters, employee-related matters, social matters, respect for human rights and anti-corruption and bribery matters. These aspects, which are listed as a minimum in the CSR-RUG, are supplemented by responsibility for products and customer concerns and digital responsibility. These are material topics for 1&1 and must be reported.

In preparing the report, we have given due regard to the internationally recognised guidelines for the preparation of sustainability reports of the Global Reporting Initiative (GRI) as well as to the CSR-RUG. The report was prepared with reference to the GRI standards. Both the CSR-RUG and the GRI standards expect presentation of information on how the material topics and their impact are managed (in particular the associated goals and measures) and the procedures used for risk identification and mitigation. The CSR-RUG uses the term "policy" ("Konzept") in this context, whereas the GRI speaks of the "management approach". The latter term is used in this report as our objective is to prepare a sustainability report in compliance with the GRI standards that contains the non-financial report. The management approaches in this report include the concepts found in the CSR-RUG. What is more, we have consulted the European Commission's guidelines for reporting on non-financial information, which refer to the EU Directive 2014/95/EU regarding disclosure of non-financial and diversity information by certain large undertakings and groups on which the CSR-RUG is based. Furthermore, this report refers in its management approaches to the contribution made to the achievement of the SDGs.



The disclosures on diversity required by the CSR-RUG can be found in the Corporate Governance Statement/Corporate Governance Report.

Process Used to Define Material Topics

We applied the principle of materiality when defining the report content and considered the expectations of our stakeholders. The main requirements used to define the material topics were those set out in the GRI standards, the CSR-RUG and the abovementioned EU guidelines. We observed the GRI Reporting Principles (2016) of Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness during the definition process.

GRI 3-1

Definition of Materiality

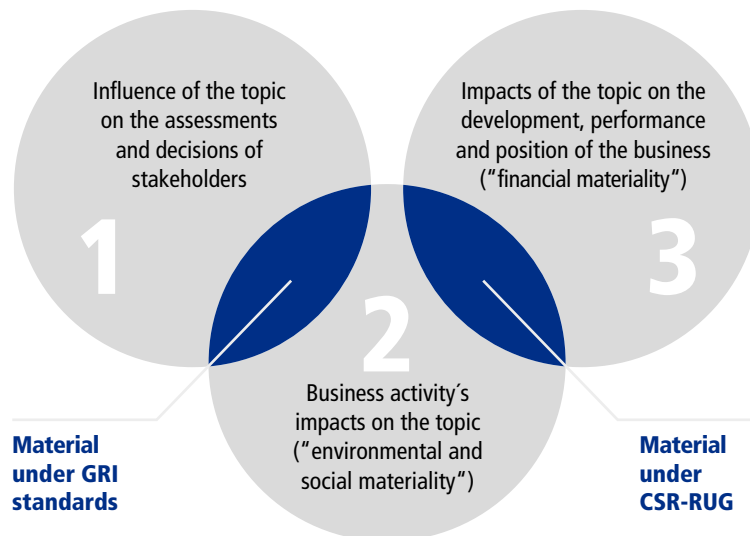
Since these general regulations are based on different definitions of "materiality", the analysis takes a variety of viewpoints into account (see the figure).

The major issues were identified according to the following two dimensions:

- Their influence on the assessments and decisions of stakeholders and/or
- The significance of the economic, environmental and social impacts of the organisation's activities

According to the CSR-RUG and the EU guidelines, the non-financial aspects of environmental, labour and social issues, corruption and bribery, and human rights must be disclosed as a minimum to the extent necessary for an understanding of the development, performance and position of the Company's business and the impact of its operations on these aspects.

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



Translation into Criteria for Defining Materiality

In order to do justice to both definitions, we evaluated the following criteria to define the material topics at the 1&1 Group.

1. Influence on the Assessments and Decisions of Stakeholders

Stakeholder Analysis

GRI 2-29

1&1 primarily assessed the relevance of potential topics for sustainability by considering the suggestions and opinions of financial market participants and customers since these stakeholders are particularly involved in, or impacted by, business operations. Comprehensive customer feedback is collected on an ongoing basis using (satisfaction) surveys. Financial market participants – primarily shareholders, analysts and the financial and trade press – give their assessments in both regular and ad hoc discussions. Employees and business partners, who are other important stakeholder groups, report their issues primarily to the Human Resources, Procurement and Carrier Management departments.

As a result, 1&1 has been able to date to identify the topics that its internal and external partners consider to be relevant.

Supplementary Analysis of Capital Market Requirements and General Regulations

As part of a strategy process performed in 2022, we also analysed what sustainability expectations 1&1 currently has to meet to satisfy investors, ESG ratings and analysts, and more recent general regulations, standards and initiatives. For one, this ensures that we can meet the requirements of the capital markets, which are attributing increasingly greater importance to ESG topics and are a key target group for the Sustainability Report. For another, it helps to ensure that our materiality analysis remains up to date since innovations are often rapidly reflected in capital market decisions and in initiatives

Important new points of reference incorporated into the Sustainability Report are several ESG ratings (CDP, Gaia, S&P and Sustainalytics), ESG assessments and investor enquiries, the Sustainable Development Goals of the United Nations, the revised guidelines of the EU Commission for reporting on non-financial information as part of the EU action plan Sustainable Finance (including the 2019 addendum on climate-related reporting) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the linking of climate reporting with financial information of 2017.

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

We also addressed additional regulatory requirements during the 2022 reporting period, including (among others) the EU Taxonomy Regulation and the new German Act on Corporate Due Diligence in Supply Chains (*Lieferkettensorgfaltspflichtengesetz*). In complying with the provisions of the Corporate Sustainability Reporting Directive (CSRD), 1&1 is also dealing intensively with the determination of the double materiality analysis for the reporting year 2023.



See „Sustainability Management“, p. 19

2. Business Activity's Impacts

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

We adopted as broad a social perspective as possible on our organisation and our sector when defining 1&1's potential impacts on society and the environment. To do this, we analysed other general regulations, standards, initiatives, agreements, studies and research results, among other things - including materials with a sector-specific focus, where applicable. Examples include the UN SDGs, the UN Global Compact, the Paris Agreement and studies and discussion papers produced by civil society organisations and research institutions. We comply with the CSR-RUG in the process and examine the potential impacts of our own business activities, products and services, and business relationships.

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

The main criterion that we used to assess business relevance was whether a particular topic was included in the 1&1 Group's financial reporting. We focused primarily on the Report on Risks and Opportunities in this context, although we also looked at other areas of the annual reporting. The sustainability topics identified in this way are considered to be directly relevant to the business.



See also the TCFD
Status Report.


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

Next, we started the process of identifying such risks by taking a look at regulatory developments. Among other things, these include the EU Sustainable Finance Action Plan, along with Germany's decision to introduce carbon pricing and its National Action Plan to implement the UN Guiding Principles on Business and Human Rights.

Finally, the expectations of investors, ESG ratings and the conclusions of analysts as to the transparency and management of ESG topics are used as indicators of business relevance. According to the GRI standards and EU guidelines, financial materiality is particularly interesting to these stakeholders.¹


(1) The EU guidelines and other provisions draw attention to the fact that the various (risk) perspectives may overlap and that the probability of their doing so is likely to increase even further in future..

The conclusions of the outlined analysis process are reflected in the final result of the materiality matrix and in the description of the fields of action in the section "Sustainability Management at 1&1".

 See „Sustainability Management“, p. 19

Other Reporting Requirements

The CSR-RUG also requires reporting of the principal risks that are linked to the Group's operations or to its business relationships, products and services and that are highly likely to have grave impacts on the abovementioned aspects to the extent that these risks are necessary for an understanding of the organisation's development, performance and position, and of the impacts on the abovementioned aspects. For further information, please see the Risk Report in the Group's Annual Report, which presents the centrally managed risk management system. As already mentioned, risk assessment will play a key role in the development of the new dual materiality matrix in the coming year.

 See the 1&1 Group's Annual Report.

Reporting Period, Reporting Cycle and Scope of Application

1&1's Sustainability Report is published annually. This report covers the financial year from 01 January 2022 to 31 December 2022, as is the case with the financial reporting. Where appropriate, prior-period figures for financial years 2020 and 2021 are presented or outlooks are given, as required under the GRI standards. Such places are specifically indicated.

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GRI 2-2

Since this is the Sustainability Report for the 1&1 Group, the statements it contains apply essentially to all divisions and locations and to all 1&1 Group subsidiaries. This includes all KPIs published in the report. Where individual disclosures do not yet apply to all companies, locations and areas covered by this report, this is indicated. We intend to expand continuously the data pool on which the reporting is based. The previous report was published in April 2022.

Preparation, Publication and Examination of the Sustainability Report

The consolidated non-financial report in the form of this Sustainability Report has been prepared and published by 1&1 AG's chief financial officer on behalf of 1&1 AG's Management Board. In the course of its concluding independent examination, the Supervisory Board addressed the report as a whole in depth and reviewed it for its legal compliance, correctness and expediency. The Supervisory Board critically examined the content of Sustainability Report and discussed it with the Management Board, which was available to answer supplementary questions and provide additional information. Following its own examination, the Supervisory Board came to the conclusion that there were no grounds for any objections to the Sustainability Report.

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This report will be publicly available in German and English as a PDF download on 1&1 AG's website (www.1und1.ag/corporate-governance#nachhaltigkeitsbericht) as of the end of March 2023.

Templates of the taxonomy key figures

Turnover 2022

Economic activities (1)	Codes (2)	Absolute Turnover (3)	Proportion of turnover (4)	Substantial contribution criteria						DNSH criteria (‘Does Not Significantly Harm’)						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		€m	%	%	%	%	%	%	%	J/N	J/N	J/N	J/N	J/N	J/N	J/N	Percent	Percent	E	T
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
None																	0.00%			
Turnover of environmentally sustainable activities (Taxonomy aligned) (A.1)		0.00	0.00%														0.00%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Data processing, hosting and related activities	8.1	0.35	0.01%																	
Turnover of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		0.35	0.01%																	
Total (A.1 + A.2)		0.35	0.01%														0.00%			
B. Taxonomy non-eligible activities																				
Turnover of Taxonomy non-eligible activities (B)		3,963.34	99.99%																	
Total (A + B)		3,963.7	100%																	

Capital expenditures 2022

Economic activities (1)	Codes (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria					DNSH criteria (‘Does Not Significantly Harm’)							Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2022 (18)	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		€m	%	%	%	%	%	%	%	J/N	J/N	J/N	J/N	J/N	J/N	J/N	Percent	Percent	E	T
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
None																	0.00%			
CapEx of environmentally sustainable activities (Taxonomy aligned) (A.1)		0.00	0.00%														0.00%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and commercial vehicles		6.5	1.53	0.55%																
Installation, maintenance and repair of energy efficiency equipment		7.3	0.11	0.04%																
Acquisition and ownership of buildings		7.7	27.29	9.72%																
Data processing, hosting and related activities		8.1	2.43	0.86%																
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		31.36	11.17%																	
Total (A.1 + A.2)		31.36	11.17%														0.00%			
B. Taxonomy non-eligible activities																				
CapEx of Taxonomy non-eligible activities (B)		249.44	88.83%																	
Total (A + B)		280.8	100.00%																	

Operating expenses 2022

				Substantial contribution criteria					DNSH criteria ('Does Not Significantly Harm')											
Economic activities (1)	Codes (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy-aligned proportion of OpEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		€m	%	%	%	%	%	%	%	J/N	J/N	J/N	J/N	J/N	J/N	J/N	Percent	Percent	E	T
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
None																	0.00%			
OpEx of environmentally sustainable activities (Taxonomy aligned) (A.1)		0.00	0.00%														0.00%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and commercial vehicles	6.5	0.32	1.32%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	0.03	0.14%																	
Data processing, hosting and related activities	8.1	0.78	3.25%																	
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		1.13	4.71%																	
Total (A.1 + A.2)		1.13	4.71%														0.00%			
B. Taxonomy non-eligible activities																				
OpEx of Taxonomy non-eligible activities (B)		22.74	95.29%																	
Total (A + B)		23.9	100.00%																	

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Legal information

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Note:

For better readability, the generic masculine form is sometimes used in the report for gender-specific terms. 1&1 points out that the use of the generic masculine is to be understood explicitly as gender-independent.

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

This interim Statement is available in German and English. Both versions can also be downloaded from <http://www.1und1.de> and <http://www.1und1.AG>. In all cases of doubt, the German version shall prevail.

Disclaimer:

This report contains certain forward-looking statements which reflect the current views of 1&1 AG's Management Board with regard to future events. These forward-looking statements are based on our current plans, estimates, and expectations, and only reflect facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which 1&1 AG often cannot influence but which might cause our actual results to differ materially from these statements. Such risks, uncertainties, and other factors are described in detail in the Risk Report section of 1&1 AG's Annual Reports. 1&1 AG does not intend to revise or update such forward-looking statements.



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