

# SUSTAINABILITY REPORT 2020

## KEY FIGURES

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

	2018	2019	2020
<b>FINANCIAL/BUSINESS KPIs</b>			
Revenue in €m	3,634.5	3,674.9	3,786.8
EBITDA in €m	721.9	683.5	468.5
Earnings per share (EPS) in €	2.30	2.12	1.25
Free cash flow in €m	142.6	355.4	243.7
<b>RESPONSIBLE CORPORATE MANAGEMENT</b>			
Number of confirmed incidents of corruption	0	0	0
Participation rate for Code of Conduct e-learning course in %	91.8	93.2	92.3
<b>CUSTOMER-RELATED MATTERS AND PRODUCT RESPONSIBILITY</b>			
Number of customer contracts in millions	13.5	14.3	14.8
thereof Mobile Internet contracts in millions	9.2	10.0	10.5
thereof Broadband contracts in millions	4.3	4.3	4.3
Number of shipments by 1&1 Logistics in million units	5.4	6.9	6.0
<b>CORPORATE DIGITAL RESPONSIBILITY</b>			
Number of reports of data privacy violations under the GDPR	n. a.	52	33
<b>1&amp;1 DRILLISCH AS AN EMPLOYER</b>			
Number of employees	3,150	3,163	3,191
Employee turnover rate in %	6.9	7.5	6.1
Management positions filled internally in %	65.0	75.3	71.0
Women in management positions in %	n. a.	10.0	13.0
Hours training and education per employee	n. a.	n. a.	17.1
Absence due to illness in %	6.9	7.1	5.6
<b>CLIMATE AND ENVIRONMENTAL PROTECTION</b>			
Energy consumption in MWh	11,920.2	10,822.7	9,002.5
thereof electricity consumption in MWh	3,820.0	3,520.8	3,300.8
Business travel and company cars trips in km million	12.7	12.2	5.7
CO <sub>2</sub> equivalents in tonnes (data capture expanded in 2019)	3,506.8	5,957.4	4,587.8
<b>1&amp;1 DRILLISCH AS A BUSINESS PARTNER</b>			
Cost of purchased services in €m	1,655.4	1,679.4	1,929.0
Cost of purchased goods in €m	678.3	701.4	753.2

Table 1

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## Key



Internet link



Glossary, definition



Page reference

**GRI [number]** Reference to a GRI disclosure, see "GRI Content Index and CSR-RUG Disclosures" on page 85

## FOREWORD

Dear reader,

GRI 102-14

As one of Germany's major telecommunications providers with almost 15 million customers and over 3,100 employees, as well as our plan to build a powerful 5G mobile network, we have a corporate and social responsibility that we take very seriously.

Acting sustainable as a company is increasingly gaining ever great significance as a focal point of our actions. Our goal is to meet the increasing expectations of our internal and external stakeholders even better each year. In seeking to realise this objective, we maintain an ongoing dialogue with our customers, business partners, shareholders, investors and our employees. Without this communication, we will be unable to specify more precisely our action areas relating to sustainability and further optimise our services and products.

This year we are publishing our fourth Sustainability Report, in which we present our measures for sustainable value creation in detail and transparently. As in previous years, the sections "Service, Performance and Security" constitute the most important key elements of our sustainability efforts. In addition to in-depth analyses of the capital market, the steadily growing legal framework and standards as well as the requirements of ESG (environmental, social, governance) ratings naturally have a further influence on our action areas.

Our action areas include in particular the topics of customers, employees, Corporate Digital Responsibility and environmental and climate protection. In addition, we were able to significantly improve the quality of communication and our internal data collection processes by introducing dedicated sustainability software. In order to further expand the action areas that are important for the Company, we have also increased the number of staff in the sustainability department in line with its importance. In the wake of the COVID-19 pandemic, we have expanded our Company's occupational health management and are placing special emphasis on the safety and health of our employees in these challenging times.

We are pleased to report further progress in the area of sustainability in our fourth year of reporting. We will continue to develop and improve as a Company in the future. Particularly in view of the imminent establishment of our network, it is our ambition to live up to our ecological and social responsibility as well as to achieve the goal of our Company's economic success.

Best regards,



Ralph Dommermuth



Markus Huhn



Alessandro Nava

## ORGANISATIONAL PROFILE

GRI 102-1  
GRI 102-3  
GRI 102-4  
GRI 102-6  
GRI 102-7  
GRI 203-1

In view of its more than 15 million customer contracts, 1&1 Drillisch AG is beyond question one of the largest network independent telecommunications providers in Germany. The listed company, headquartered in Maintal, is one of the leading providers of services and products in the broadband and mobile communications sectors. Along with its two wholly-owned subsidiaries 1&1 Telecommunication SE and Drillisch Online GmbH, 1&1 Drillisch pursues a strong marketing approach that addresses the market comprehensively and in a target groupspecific manner. The Company's strong brands include yourfone, winSIM and smartmobil.de as well as 1&1, among others.

1&1 Drillisch AG belongs to the United Internet AG group of companies and is the only virtual network operator in Germany with long-term secured access to the Telefónica network via an MBA MVNO contract. 1&1 Drillisch's successful participation in the 5G frequency auction in the spring of 2019 laid the first milestone for the construction of its own mobile network. The next step was to conclude an agreement on national roaming – the use of third-party networks during the construction phase of our own network infrastructure – with the established network operators.

As of the end of fiscal year 2020, 3,191 active employees<sup>1</sup> – including the three Management Board members – worked for 1&1Drillisch (2019: 3,163; 2018: 3,150). They realised revenues of €3,786.8 million (2019: €3,674.9 million; 2018: €3,634.5 million).

### BRIEF HISTORY OF 1&1 DRILLISCH AG

The predecessor companies of 1&1 Drillisch AG were active in the field of communications and telecommunications technology as early as 1957. Since 1994, 1&1 Drillisch AG has been operating as a service provider in the mobile services sector, i.e. as an intermediary provider of communications services from various network operators – on its own behalf and for its own account. Founded as Drillisch AG in 1997, the Company has been listed on the stock exchange since 1998. In 2017, the mobile and fixed network division of 1&1 – 1&1 Telecommunication SE – became a wholly-owned subsidiary of Drillisch AG. During the 5G auction conducted by the German Federal Network Agency in 2019, Drillisch Netz AG purchased the frequencies required for the construction of its own high-performance mobile network.

Table 2

### Structure of 1&1 Drillisch Group<sup>(1)</sup>

		Held by no.
1	1&1 Drillisch AG, Maintal	
2	Drillisch Online GmbH, Maintal	1
3	IQ-optimize Software AG, Maintal	1
4	Drillisch Netz AG, Düsseldorf	2
5	Drillisch Logistik GmbH, Münster	1
6	Blitz 17-665 SE, Maintal	1
7	Blitz 17-666 SE, Maintal	1

(1) Figures refer to active core employees by headcount, excluding inactive employment contracts (mainly employees on parental leave) and excluding interns, student workers, school students, thesis students and temporary staff.

8	1&1 Telecommunication SE, Montabaur	1
9	1&1 Logistik GmbH, Montabaur	8
10	1&1 Telecom Sales GmbH, Montabaur	8
11	1&1 Telecom Service Montabaur GmbH, Montabaur	8

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

## Ownership Structure

1&1 Drillisch AG is a listed stock corporation headquartered in Maintal. Its stock was included in the indices TecDAX or SDAX of the Frankfurt Stock Exchange during the reporting year. On 31 December 2020, United Internet AG held 75.10% of the shares (2019: 75.10%; 2018: 73.29%). 24.90% (2019: 24.62%; 2018: 23.18%) of the shares were in free float.<sup>2</sup> Supervisory Board members held 0.16 % of the shares; the 1&1 Drillisch AG Management Board did not hold any stock directly, so there was no change over the previous year. As of 31 December 2020, Ralph Dommermuth, CEO of 1&1 Drillisch AG, indirectly held more than 43% of the share capital (as reduced by own shares) of United Internet AG through holding companies (2019: 43.96%; 2018: 40.95%).

GRI 102-5

In fiscal year 2020, 1&1 Drillisch Group generated revenues of €3,786.8 million (2019: €3,674.9 million; 2018: €3,634.5 million). Investments in the amount of €207.0 million<sup>3</sup> (2019: €20.3 million; 2018: €13.2 million) were made. In 2020, 1&1 Drillisch disbursed dividends totalling €8.8 million (2019: €8.8 million; 2018: €282.8 million) to its shareholders for fiscal year 2019. Thanks to the loan repayment in 2019 (€32.0 million; 2018: €0 million), there are no longer any more liabilities from loans.

GRI 102-7

## Business Model

The Company is one of the major network-independent telecommunications providers in Germany. The Group has been operating on the market for over 25 years and provides to its customers a comprehensive portfolio of services and products from the fields of broadband and mobile services.

GRI 102-2  
GRI 102-6

Besides mobile-only and broadband-only products, 1&1 Drillisch offers to its customers attractive bundled products comprising mobile and fixed network services in combination with additional content such as home networks, online storage, video on demand or IPTV. While 1&1 covers the premium segment, the group's established online brands under the umbrella of Drillisch Online GmbH such as smartmobil.de, yourfone, maXXim, PremiumSIM, winSIM, DeutschlandSIM, Galaxy EXPERTE, handyvertrag.de, free-prepaid or simplytel address a price-conscious target group. This broad product and customer segment secures a strong market position for 1&1 Drillisch.

GRI 102-7  
GRI 102-10

(2) Details can be found on the website "Shareholder structure".

(3) Excluding 5G spectrum acquisition.

As it is a so-called Mobile Bitstream Access Mobile Virtual Network Operator (MBA MVNO), 1&1 Drillisch does not have its own physical network, but instead obtains network capacities from the established network operators Vodafone and Telefónica. 1&1 Drillisch has guaranteed long-term access to up to 30% of the capacity of the Telefónica network in Germany. This gives 1&1 Drillisch a special position on the German market.

In 2017, 1&1 Telecommunication SE – the mobile services and fixed network division of United Internet – was fully incorporated into Drillisch AG; the companies have merged today into 1&1 Drillisch AG. Since that time, the Company has been offering fixed network (broadband) as well as mobile services and has increased the size of its clientele to approximately 14.8 million contract customers as of 31 December 2020 (2019: 14.3 million; 2018: 13.5 million). Moreover, the Company has access to one of Germany's largest fiber-optic networks, which is operated by 1&1 Versatel Group<sup>4</sup>, a member of United Internet Group; it also purchases standardised network services from various wholesale service providers such as Deutsche Telekom or municipal operators.

## Outlook

1&1 Drillisch's successful participation in the Federal Network Agency's 5G auction in 2019 laid the foundation for the construction of its own mobile network and for the Company's successful future.

Having its own network infrastructure secures greater independence from network operators for the Company, but it also enables finer differentiation among its products and the development of new business areas. A large customer base, access to one of the largest fiber-optic networks in Germany and a strong brand portfolio assure 1&1 Drillisch of an excellent position for taking the next step to becoming a network operator.

The basic premise for the start of network construction is national roaming – the use of third-party networks during

## MOBILE NETWORK PROVIDERS

### MNO

Mobile network operator: mobile service provider with its own physical network (radio masts, exchanges, complete technical equipment).

### MBA MVNO

Mobile bitstream access mobile virtual network operator: telecommunications company that does not have its own physical network, but can utilise the network of an MNO in a defined scope and independently bill customers for its services. An MBA MVNO operates on equal footing with the network operator and has unlimited access to all current and future technologies.

### MVNO

Mobile virtual network operator: a provider of telecommunications services that does not have its own mobile network and instead utilises the network of at least one MNO; it sells mobile services, mobile devices and added-value services such as text messages or MMS on its own behalf and for its own account. Services are based on the procurement of standardised, unbundled wholesale services from at least one MNO, allowing an MVNO significantly greater room for activities in the product and sales areas in comparison with an MSP.

### MSP

Mobile service provider: private telephone company without its own network that sells on its own behalf and for its own account mobile services, mobile devices and added-value services such as text messages or MMS on the basis of service packages structured by MNOs.

(4) For simplicity's sake, when we talk about 1&1 Versatel in the following, we mean 1&1 Versatel Group.

the construction phase of the Company's own network infrastructure. We expect a contract with Telefonica to be signed in May 2021. Without such a contract, 1&1 Drillisch will be unable to offer full-area coverage to its customers.

The requirements of the Federal Network Agency stipulate that 1&1 Drillisch must build 1,000 5G base stations by the end of 2022 and provide coverage to 25% of households by the end of 2025 and to 50% by 2030. It goes without saying that the Company fully intends to comply with these requirements.

In 2021, the most important trends in the telecommunications industry will remain the widespread availability of fixed network and mobile high-speed internet, the increasing use of powerful smartphones, the further spread of cloud applications, IPTV or photo and music streaming services and the growing interconnectivity of intelligent devices and machines with one another. 5G plays a key role here, revolutionising as it does both products and applications.

As the fourth network operator, 1&1 Drillisch wants to play a role in actively driving these trends and will continue to invest in new customers and products that strengthen the Company's good market position.

Important building blocks in this respect include:

- » An agreement on national roaming with established network operators;
- » The MBA MVNO contract with Telefónica that even today gives 1&1 Drillisch and its customers access to 5G;
- » A clear focus of marketing and sales activities on mobile internet products;
- » The effective utilisation of scaling effects;
- » The continuous improvement of the user-friendly service concept;
- » The continuation of creative and innovative services and products through additional cooperative activities and new content;
- » The ongoing optimisation of the purchase of broadband wholesale services by using the Layer 2 platform in conjunction with the fiber-optic network of 1&1 Versatel and the intensification of this cooperation.



# RESPONSIBLE CORPORATE MANAGEMENT

## The Basis for Acting Responsibly

### Corporate Governance

GRI 102-16

GRI 102-18



See "Corporate Governance" on the 1&1 Drillisch website

1&1 Drillisch AG's Management Board and Supervisory Board consider it their responsibility to ensure the Company's continued existence and create sustainable value through responsible corporate management that takes a long-term perspective. For 1&1 Drillisch, running a business involves more than pursuing economic goals – it also has an obligation to society, the environment, employees and other stakeholders.

Corporate governance at 1&1 Drillisch AG is based on the German Stock Corporation Act (*Aktiengesetz – AktG*) and the requirements of the German Corporate Governance Code (DCGK), and we publish an annual declaration of compliance with the DCGK in accordance with Section 161 AktG.

### Diversity of the Management Board and Supervisory Board

GRI 405-1

Diversity aspects are always given consideration when appointing the members of the Management Board and the Supervisory Board. The Company regards diversity as more than simply a desirable element; it is decisive for the success of the Company. Accordingly, the Company pursues overall a corporate culture of appreciation in which individual differences with respect to culture, nationality, gender, age group and religion are desired and equal opportunity – without regard for age, disabilities, ethnic-cultural origin, gender, religion and philosophy or sexual identity – is encouraged.

It is in the Company's own interest to ensure diversity with regard to age, gender or professional experience (e.g. knowledge of the industry or international experience) etc. in the composition of the Management Board and the Supervisory Board. There should be at least one female member of the Supervisory Board (proportion of women: 16.66%); this target is currently met. The proportion of women on the Management Board is currently to remain at 0%, which is in line with the current target rate. In addition, the selection and appointment of persons to governing body positions should be based on objective factors such as qualifications and professional suitability and should be in line with the individual competence profile of the potential executives, whereby the Company strives to give priority to female candidates whenever the qualifications of multiple candidates are equivalent.



See "Corporate Governance" section and the "Reports" section on the 1&1 Drillisch website

See "Articles of Association" section on the 1&1 Drillisch website (German only)

For further information, please see the "Statement on Corporate Management/Corporate Governance Report". The compensation paid to the Management Board and the Supervisory Board is set out in the Remuneration Report, which is included in the annual report. Basic information can be found in the Articles of Association.

## Our Values and Guidelines

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

GRI 102-16

### Corporate values

Our values strengthen our self-image and provide a framework for how to act. Only a set of common beliefs enable us to think and act together. Our values apply in our dealings with one another and with customers and business partners.

- » A commitment to success
- » Agility
- » A sound approach
- » Fairness
- » Openness
- » Responsibility

### Leadership principles

Our leadership philosophy is based on making people successful. Our leadership guidelines define the following characteristics for our managers:

- » We take responsibility and display courage
- » We are co-entrepreneurs
- » We act as role models
- » We empower staff and motivate them to do their best
- » We lead through active dialogue
- » We promote a strong team culture

### Code of Conduct

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.



See "1&1 Drillisch as an Employer" on page 41 for further information on our corporate culture and "1&1 Drillisch as a Business Partner" on page 75 for our Code of Conduct for Business Partners

## Risk Management

If the Company's success is to be assured over the long term, it is essential to identify and analyse the risks of business actions effectively and to address their effects by means of the appropriate steering mechanisms. The 1&1 Drillisch 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 with our risk and opportunity management, we ensure that 1&1 Drillisch can do business in a controlled organisational environment. The risk

GRI 102-11



See "Risk, Opportunity and Forecast Report" in the Annual Report



See "About this Report"  
on page 90

and opportunities management sets out a responsible approach to dealing with the uncertainties that are an inevitable part of doing business including the management of environmental risks. The system is the subject of constant further development and adaptation to changing circumstances.

## Compliance and Anti-Corruption

### Materiality, Impact and Risks

GRI 102-11  
GRI 102-16  
GRI 103-1  
GRI 205

Compliance is an important component of the management and corporate culture at 1&1 Drillisch Group. For 1&1 Drillisch, compliance encompasses the totality of all measures and actions aimed at ensuring conformity with legal statutes and regulations as well as with the Company's own in-house standards, principles and rules. In the eyes of 1&1 Drillisch AG, conduct that is legally and ethically beyond reproach lays the groundwork for all long-term company success.

### Goals and Measures

GRI 103-2

To this end, the Management Board has implemented a compliance management system that has at its core a central Code of Conduct. The Code of Conduct applies to all of the directors and employees of 1&1 Drillisch Group and ensures that the values system is consistently and continuously practised throughout the Group.



On compliance with a  
focus on human rights,  
See "1&1 Drillisch as a  
Business Partner" on  
page 75

Key elements of the Code of Conduct relate to a fair, respectful and trustworthy approach when dealing with colleagues and business partners as well as the conduct displayed toward competitors. Bribery and corruption are not tolerated at 1&1 Drillisch AG; the Code of Conduct unambiguously backs up this position through relevant prohibitions and instructions. Incidents in violation of compliance requirements are unacceptable for the Company. Any reports of any such incidents are rigorously investigated, and the underlying circumstances are clarified. Whenever any incidents are confirmed, they are immediately rectified and, if necessary, strictly sanctioned by appropriate actions.

GRI 205-2  
GRI 205-3

The Company has not identified any incidents or events of corruption through the confidential reporting channels established in 1&1 Drillisch Group, nor have any suspicions of activities of this nature arisen at any time. Parallel to the changes in the corporate structure and size in recent years, 1&1 Drillisch has further adapted the compliance management system. Actions include the implementation of guidelines providing comprehensive information to employees on topics such as corruption prevention, information security, dealing with incentives<sup>5</sup> and data protection. The guidelines can be accessed

(5) Incentives are any means of encouragement aimed at rewarding the Company's own employees or employees of business partners for services rendered and/or to motivate future increased or maximum performance. Such measures include incentives in the form of performance bonuses or customer events.

at any time on the group's intranet. In addition, current information on compliance-relevant topics is regularly communicated via the intranet.

## Results and Assessment

In 2018, an e-learning programme on the Code of Conduct was introduced in 1&1 Drillisch Group by the Compliance department. First, e-learning is an integral part of employee onboarding; second, it serves to familiarise all employees with the contents of the Code of Conduct in an interactive procedure and to communicate effectively the rules of conduct. During fiscal year 2020, the 1&1 Drillisch Group business units previously not involved in the programme were also connected to the e-learning regime. Per 31 December 2020, 3,115 employees had completed the Code of Conduct e-learning course (2019: 2,568 employees; 2018: 2,466 employees), representing a participation rate of 92.3% (2019: 93.2%; 2018: 91.8%).

GRI 103-3

## Sustainability Strategy and Management

### Approach

#### Definition of Sustainability

"Sustainability" – which can be defined in simple terms as ensuring that the needs of both current and future generations can be met – is now a more or less integral part of the social, political and economic sphere. Associated social developments and "megatrends" such as digitalisation and climate change, and the transformation processes these are causing, are being discussed across all sectors, be it in connection with data protection, the changing world of work or the transition to a low-carbon economy. Companies can often have a material impact on these topics – both positively and negatively. And in turn, these issues also influence companies, e.g., due to changes in expected behaviour (such as those triggered by the "Fridays for Future" movement), consumer and customer wishes, regulatory requirements and increasing investor awareness of ESG aspects. This report shows how these and other sustainability topics relate to 1&1 Drillisch and how the Company deals with the resulting challenges and opportunities.

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

## New Developments

GRI 102-48  
GRI 102-49

Following Drillisch AG's acquisition of 1&1 Telecommunication SE in autumn 2017, the sustainability strategy and the sustainability report of 1&1 Drillisch AG were also harmonised and partially restructured. This harmonisation continued to progress in 2020. In consequence, numerous points of this report differ in comparison with reports from previous years; the changes concern as well the material topics and action areas.



See "About this Report"  
on page 90

In 2019, the previous evaluation of the relevance of topics was supplemented by a comprehensive analysis of the current sustainability-related requirements imposed on 1&1 Drillisch by both the capital market and regulatory framework conditions and initiatives. This resulted in a number of new points of reference being included in this report. Based on this analysis, the action areas have been slightly adapted; the findings are presented in the various chapters.

In addition to the key elements of "Data Protection" and "Information Security", the action area "Corporate Digital Responsibility" also covers the topic of "access to digitalisation". What is more, we are placing a stronger focus on the topics of energy, emissions and climate in the action area "Climate and Environmental Protection" in response of their growing relevance. We have added the action area "1&1 Drillisch as a Business Partner" as a means of addressing the increasing interest in the question of the supply and value chain.<sup>6</sup> The action areas are completed by "1&1 Drillisch as an Employer". The topic of "Compliance and Anti-Corruption" has its place in the chapter "Responsible Corporate Management".

In fiscal year 2020, work was carried out on expanding the employee key figures to assure compliance with the update of GRI 304 as well as to fulfil our requirement for the most comprehensive data possible. For further information, please refer to the chapter "1&1 Drillisch as an Employer".

## Materiality Analysis: Topics and Action Areas



See "About this Report"  
on page 90

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

GRI 102-44  
GRI 102-46  
GRI 102-47

Our ongoing development of the topics within the sustainability action areas is based on the results of the materiality analysis, and we analyse where their effects ("impact") arise and in what areas at 1&1 Drillisch suitable starting points for their management can be found. In accordance with the CSR Directive Implementation Act (CSR-RUG), we carry out a risk assessment of the aspects for our own business activities, products and

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(6) The supply or value chain represents the activities and actors through which a product or service is developed, manufactured, distributed, delivered and supported. As a rule, this is not a linear process in the sense of a "chain"; instead, it is a complex network of actors and suppliers, which in turn are interconnected. In the following, we will primarily use the term value chain as a simplification.

services as well as our business relationships.<sup>7</sup> The following overview illustrates the correspondence of the topics to the aspects from the CSR-RUG. The action areas are reflected in the report structure.

### Material Sustainability Topics and Identification of Action Areas

Table 3

Non-financial aspects from the CSR-RUG	Material topics identified	Action Areas: Where do impacts arise? Where are the starting points in the Company?		
		Own business activity	Products/ services	Business relationships
<b>ENVIRONMENTAL MATTERS</b>	Energy	Climate and Environmental Protection	Customerrelated Matters and Product Responsibility	1&1 Drillisch as a Business Partner
	Materials			
	Emissions			
	Transport			
	Supplier environmental assessment, environmental responsibility in the value chain			
	Environmental impact of our products and services			
<b>EMPLOYEE-RELATED MATTERS</b>	Employment	1&1 Drillisch as an Employer		1&1 Drillisch as a Business Partner
	Occupational health and safety			
	Training and education			
	Diversity and equal opportunity			
	Equal pay for men and women			
	Equal treatment			
<b>RESPECT FOR HUMAN RIGHTS</b>	Evaluation of suppliers by working conditions, social responsibility in the value chain			
	Human rights	1&1 Drillisch as an Employer, Corporate Digital Responsibility		
<b>ANTI-CORRUPTION AND BRIBERY</b>	Compliance and anti-corruption (including in accordance with competition law, legally compliant marketing)	Corporate Digital Responsibility		

(7) German Accounting Standard (GAS) 20 specifies that business relationships relate "in particular to the supply and subcontracting chains."

<b>SOCIAL MATTERS/ CUSTOMER- RELATED MATTERS</b>	Customer health and safety	Customer-related Matters and Product Responsibility <sup>(1)</sup>
	Labelling of products and services <sup>(2)</sup>	
	Protection of customers' privacy	
	Information security	Corporate Digital Responsibility
	Access to digitalisation	

(1) Action area includes the topic of "customer satisfaction".

(2) This topic is also partly included in the chapter entitled "Climate and Environmental Protection", e.g. with regard to customer hardware.

## Sustainability Strategy: Action Areas and Goals

### Action Areas

We identified the following action areas by combining the material topics with the 1&1 Drillisch Group's structures and activities:



See page 20

» **Customer-related Matters and Product Responsibility:** Customer demands in relation to 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 put our customers at the heart of everything we think and do, and aim to provide compelling products and services. We use numerous initiatives to improve our customer satisfaction, including new products and tariffs, transparency, and an even more powerful and comprehensive offering. 1&1 Drillisch constantly works on improving the efficiency of its business processes so that it can offer the best price-performance ratio based on current demand and changing user behaviour.



See page 28

» **Corporate Digital Responsibility:** As digitalisation gathers pace, so do both the opportunities and risks for users, such as improved, customised services on the one

hand and the danger of data theft and vulnerabilities on the other. We aim to enable society to participate in digitalisation, and to ensure that this is done safely. We build on our usage of our own data centres as well as those we rent from third parties, all of which are certified according to international security standards, to constantly extend data protection and information security on the internet.

» **1&1 Drillisch as an Employer:** We also operate in a dynamic, fast-growing, and highly innovative environment in our role as an employer, and face a highly competitive market for specialists. We aim to be a fair and attractive employer and to help our employees grow. To do this, we want to create a working environment that enables each and every one of our staff to contribute what they know and to take advantage of development opportunities and the freedoms they have in their work. Our corporate culture is built on mutual support and flat hierarchies that facilitate fast decision-making.

 See page 41

» **Climate and Environmental Protection:** As a telecommunications and internet specialist, our offering revolves around our usage of network infrastructure and data centres, which together are responsible for a significant part of the energy used within 1&1 Drillisch Group. Most of these services are provided by wholesale service providers and companies belonging to the United Internet AG corporate group and only to a small extent by the Company itself. Nevertheless, this energy consumption and the resulting CO<sub>2</sub> emissions caused by 1&1 Drillisch have an impact on the environment and the climate. We therefore aim to use resources efficiently and contribute to climate protection. For example, investments are being made in a wide range of measures to increase energy efficiency, and renewable energy is purchased for the data centres leased by 1&1 IONOS Group<sup>8</sup>, which is part of the United Internet AG corporate group.

 See page 63

» **1&1 Drillisch as a Business Partner:** We work with a large number of business partners in our capacity as a telecommunications and internet provider. In addition to 1&1 Versatel, which is part of the United Internet AG corporate group and provides one of the largest fiber-optic networks in Germany, they include other providers of network services and IT hardware as well as sales and shipping service providers. We aim to create value together with our business partners through strong, fair partnerships. The integrity of our business partners is extremely important for us – it is necessary on the one hand in order to avoid risks that could result from business relationships and on the other to establish the trust that is needed for long-term business relationships and for taking responsibility together.

 See page 75

## Reference to the UN Sustainable Development Goals (SDGs)

We refer to the UN SDGs in a number of appropriate places in this report. The 17 SDGs for sustainable development aim to end poverty, protect the Earth and ensure

 See "UN SDGs"

(8) For simplicity's sake, when we talk about 1&1 IONOS in the following, we mean 1&1 IONOS Group.



prosperity for all. They were resolved in 2015 by the United Nations (UN) member states, with the goal being to implement them by 2030. We use the SDG symbols to indicate the action areas in which we can contribute the most to reaching specific SDGs. 1&1 Drillisch's sustainability strategy focuses on SDGs 8, 9, 12 and 13; in certain chapters, we also address other SDGs and our contributions to their achievement.

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

### Enhancements to the Action Areas

We have identified starting points for the individual action areas and topics so as to develop goals and measures, and achieve progress. In some action areas, e.g., for "1&1 Drillisch as a Business Partner", we need first of all to draw up a comprehensive overview of the status quo. This first step aims to map our supply and value chain – including the relevant actors and topics – as comprehensively as possible. The results are also

included in the “Climate and Environmental Protection” action area: Our aim here is to calculate our carbon footprint (also known as a CO<sub>2</sub> footprint or greenhouse gas footprint), an area in which emissions along the value chain play a key role. We then aim to use these analyses to identify substantive steps that need to be taken.

## Sustainability Management

### Organisation of Sustainability Management

The Management Board of 1&1 Drillisch AG has commissioned United Internet Corporate Services GmbH to organise the Group-wide sustainability management. The tasks involved include strategic development, reporting, and answering ESG rating agency queries, along with ensuring and optimising the quality of the data needed for this. The Sustainability Team liaises with core functions and relevant units in the 1&1 Drillisch Group, and supports these in assessing non-financial topics in their various business activities, providing information, and ensuring that the entire Group complies with its business responsibilities.

GRI 102-20

The Chief Financial Officer (CFO) of 1&1 Drillisch AG is responsible for the area of sustainability and also prepares the sustainability report (or ensures that it is prepared). In addition, 1&1 Drillisch’s Management Board addresses current sustainability-related topics and decisions in the course of the fiscal year. 1&1 Drillisch’s Supervisory Board discharges its responsibility of oversight by independently examining the sustainability report (“non-financial statement”) for compliance with the law, propriety, and appropriateness.

### Stakeholder Dialogue

Our ability to do business depends on our successful cooperation with a wide range of stakeholders. We liaise with these groups using a variety of different platforms and formats, with the aims of reinforcing communication and cooperation, and taking our stakeholders’ interests into account. One example of this aspect is finding a way to reconcile the interest of employees in secure jobs and reasonable salaries with the desire of shareholders to receive a fair share of the Company’s business success. 1&1 Drillisch maintains this balance of interests through its regular review and optimisation of business processes.

GRI 102-12

GRI 102-40

GRI 102-42


GRI 102-43

GRI 102-44

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

 See “Customer-related Matters and Product Responsibility” on page 20

» **Investors:** Investors are a key stakeholder group for 1&1 Drillisch. Our Investor Relations department and our Management Board are in regular contact with them in the form of one-on-one discussions and road shows. We inform our shareholders

 See “Annual Report” and the “1&1 Drillisch website”

and other interested parties simultaneously and equally about all important developments of the Company.



See "1&1 Drillisch as an Employer" on page 41

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



See "1&1 Drillisch as a Business Partner" on page 75

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

#### GRI 102-13

» **Politicians and Associations:** We aim to maintain a dialogue with political decisionmakers and government authorities so as to create a framework for a successful digital economy in Germany. One particular issue for us is ensuring competition, which acts as a driver for innovation, investments and consumer benefits. This is why we are a member of associations such as VATM<sup>9</sup> (where Martin Witt, CEO of 1&1 Telecommunication SE, functions as president) and Bitkom.<sup>10</sup> In addition, specialist departments are active in relevant associations and bodies.

» **Local Communities:** We welcome dialogue with local communities and the population at large at our locations. Since we are a telecommunications and internet provider, our operating locations do not have a significant impact. On the contrary: We create jobs outside major German cities at locations such as Maintal, Krefeld, Montabaur or Zweibrücken.



See "About this Report" on page 90

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

(9) Verband der Anbieter von Telekommunikations- und Mehrwertdiensten e. V. (Association of Telecommunications and Value-Added Service Providers).

(10) Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e. V. (German Association for Information Technology, Telecommunications and New Media).

## CUSTOMER-RELATED MATTERS AND PRODUCT RESPONSIBILITY

### Management Approach

#### Materiality, Impact and Risks

As an internet and telecommunications provider, we operate in an extremely dynamic market environment. The 1&1 Drillisch Group's success is based on its core competency: the ability to identify and systematically develop customer wishes, trends and hence new markets at an early stage. Since we already have business relationships with millions of customers and users, we have our ear close to the ground. In addition, our inhouse product development capability, highly flexible approach and strong marketing and sales operations help us to launch innovations on the market independently of, and often more quickly than, other players.

GRI 103-1

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

Thanks to 1&1 Drillisch's many years of operation on the telecommunications market, the Company has established a position of trust among customers and network providers. Data protection, information security and responding to customer feedback at all stages of product development are the building blocks that make us a reliable partner at all times. The significant customer benefits are secured by service of above-average quality, highly customised rate plans and high network availability and stability. Customer satisfaction is a unique selling proposition on the market. This is why we give the continuous assessment and management of customer satisfaction an extremely high priority, since it is not just important to our customers but is also relevant to our investors and employees.

Potential risks in connection with customer satisfaction and the sales market include the need to make any adjustments to our business model or our pricing policy (political or legal risks). In addition, new developments might hit the market too late or might not find the expected acceptance among the intended target group. Equally, new competitors entering the market could pose a risk to our market share, growth objectives or margins (technology, market or reputational risks). What is more, 1&1 Drillisch occasionally enters upstream or downstream markets when diversifying its business model or expanding its value chain. One example is its purchase at auction of mobile frequencies in 2019 and its plans to build its own 5G mobile network.

## Goals and Measures

### GRI 103-2

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

1&1 Drillisch manages more than 14.8 million customer contracts. Since customers of the different brands have different requirements, customer satisfaction, measured mainly using the customer sentiment score, is managed by dedicated teams using specifically tailored structures and processes for the individual brands. We use regular customers surveys and closely and constantly monitor market, products and competition to obtain customer feedback. The results are incorporated immediately into improvement of the product and service portfolio and contribute decisively to ensuring that the services offered by 1&1 Drillisch are in line with current and future customer needs. They include, for instance, the possibility to change from one rate plan to another at any time, equal treatment of new and current customers in many cases, active complaint management or the acceptance of the return of old devices for recycling free of charge and without hesitation. Our customer satisfaction figures are partly used in our managers' performance reviews and to determine their variable compensation components, with the relevant board members being involved regularly and in detail.

In addition, customer service is extremely important to us. This function is not only strongly represented within the organisation itself in the form of 1,300 relevant employees, but is also supported by approximately 3,900 external service agents who assist in customer care. These external employees are trained regularly and extensively at 1&1 Drillisch and can be reached via the 1&1 Drillisch phone lines.

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

## Results and Assessment

### GRI 103-3

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

## Contribution to the SDGs

<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation
<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	Ensure sustainable consumption and production patterns

## Customer Satisfaction

### Managing Customer Satisfaction through the Customer Sentiment Score

The 1&1 Drillisch Group had 14.8 million contracts as of the 2020 year-end (2019: 14.3 million; 2018: 13.5 million). Of this number, 10.5 million (2019: 10.0 million; 2018: 9.2 million) were attributable to the mobile internet business and 4.3 million (2019: 4.3 million; 2018: 4.3 million) to broadband connections. The topic of customer sentiment is firmly anchored in our company and a key part of our daily work, both for our 1&1 premium brand and for Drillisch Online's discount brands.

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

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

## Measuring Customer Satisfaction



Customer Journey:  
Customers' experiences  
when contacting and  
interacting with the  
Company

We constantly measure customer sentiment for all relevant customer contact points and customer journeys throughout the customer life cycle. These measurements are mostly event-driven, i.e., they are made immediately after a customer journey (e.g., a change in tariffs) or following some other form of contact with the organisation (e.g., Customer Service). In total, roughly 84,000 customer feedback items per month are received for 1&1 and 20,100 or so for Drillisch Online's brands. We use this information to identify potential for improvement and to develop measures designed to specifically increase customer satisfaction.



Crowdsourcing: The  
outsourcing of subtasks  
that were originally  
performed internally to  
a group of volunteers,  
e.g., via the internet

Additionally, we look at external ratings and awards, such as the broadband and fixed network test performed by the trade magazine "connect". 1&1 repeated its victory in this, the most important test in the telecommunications industry, in 2020, its third win since 2015. The annual test examines the categories "Language", "Data", "Web Services" and "Web TV". The results of crowdsourcing analyses by the Federal Network Agency are also included in the overall ranking. In telephony, 1&1's convincing performance included short connection times, and we posted "Outstanding services" when it came to high-speed internet. And 1&1 also delivered top performances in web services such as accessing websites, uploading to photo book services or playing videos.

But 1&1 achieves convincing performances in mobile services, not only the fixed network sector, and its mobile customers are more satisfied than those of any other network operator. This is also a result from the respected trade magazine "connect". The ratings in the category of customer service are particularly convincing. 1&1 won all eight sub-categories, and its lead over competitors for friendliness and quality was especially large. 1&1 is also ahead of the competition in the categories Tariff & Invoice and Brand/Provider. For instance, 1&1 is the provider with the best price-performance ratio.

Furthermore, 1&1 received the award "Internet and Triple Play Provider 2020". A study conducted by the German Institute for Service Quality (DISQ) and n-tv puts 1&1 in second place. The jury's analysis revealed an attractive price level for the 1&1 solution. The study showed that as much as 28.8% of costs could be saved in comparison with competitors. What is more, Drillisch Online engages TÜV Saarland to conduct customer surveys every two years to obtain a satisfaction rating. In the most recent TÜV survey of all tactical Drillisch Online brands in 2020, an excellent price-performance ratio and a high level of customer satisfaction were the results.

Moreover, smartmobil.de was named the winner of the mobile discounter test by "connect" on the basis of an evaluation of the tariff and network quality and a test of the hotline. The test of the service app by "connect" also ended with an extremely positive verdict. Functionality, operation and service were each rated as "Excellent". Both the smartmobil.de and yourfone brands received awards for the service app test.

## Management and Enhancing Customer Satisfaction

Customer satisfaction does not stop at departmental boundaries, which is why our teams from different areas work together to permanently enhance it.

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

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

## Uncompromising Customer Orientation at 1&1 Drillisch

We focus squarely on customer needs in order to ensure a high level of customer satisfaction. One way in which we achieve this is to test and evaluate the impact on customers of ideas for new products, campaigns, service concepts and the like before they are introduced using qualitative and quantitative market research. In 2020, 55 ad hoc market research studies were conducted. In addition, we actively engage with our customers on a variety of topics using quarterly customer dialogues and customer focus groups. This allows us to ensure across departmental boundaries that we remain close to our customers and understand their needs even better.

The **customer guidelines** of 1&1 Drillisch help our staff to think and act in a customer-oriented way in their daily work, and hence to anchor this perspective permanently within the Company:

### » "We recognise and understand customer needs"

We hear, see and understand our customers and their needs. And we interact with them empathetically.

### » "We implement customer needs"

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

### » "We delight our customers."

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



### The 1&1 Service Card

The introduction of the 1&1 Service Card in the summer of 2020 did not replace the well-known 1&1 service principle: On the contrary, 1&1 is expanding its service promise to customers yet again. The 1&1 Service Card is another driver for customer satisfaction, as well as a way of differentiating ourselves in the market. Our customers receive a 1&1 Service Card with each order. This lists all the 1&1 services that customers can use free of charge.

These include the **1&1 trade-in bonus** and our **24-hour replacement service**, for example.

- » The 1&1 trade-in bonus allows customers to send in their old smartphones, tablets, or laptops and receive a bonus in the amount of the fair value of the device concerned. The legacy devices are recycled by 1&1.
- » Regardless of what accident befalls their 1&1 smartphone, tablet, or laptop, our customers can phone and surf again comfortably the next day thanks to the 1&1 Replacement Service. Where a device has been damaged, we will replace it with an identical one free of charge within 24 hours. We recycle the faulty device and use the components in repairs, for example.

### Continuous Development Leads to More Customer Experiences


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

- » **The 1&1 Priority Hotline**  
1&1 is personally reachable for you around the clock. Not a computer with a voice synthesizer.
- » **The 1&1 WLAN Promise**  
One call is all it takes for a 1&1 expert to help you with the WLAN installation for all your devices.
- » **The 1&1 Replacement Service**  
Regardless of how your smartphone, tablet, or laptop was damaged, the 1&1 Replacement Service will replace it within 24 hours.

Delighting customers is a top priority throughout the group and is practised equally by all group companies: one customer, one contact, one solution. In addition to 1&1's premium brand, we also address a more price-conscious target group via Drillisch Online. Our customers are price-conscious, but they do not forego excellent and acclaimed customer service that is oriented to their needs:

- » **Cost-effective online sales:** A tried-and-tested, safe way of making purchases online.
- » **Inexpensive network access:** Although we don't have our own network, we can always use Telefónica Deutschland's state-of-the-art technology.
- » **Customer recommendations are worth it:** We offer a bonus for recruiting new customers.
- » **Customer service:** Available until 10 p.m. every day and round the clock via the Service World.

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

  
See "Corporate Digital  
Responsibility"  
on page 28

## Performance

The mobile networks used by 1&1 Drillisch have a very high technical stability and already provide LTE standard quality as well as 3G standard quality to more than 90% of the German population.

When determining their individual use of network capacity, customers at 1&1 Drillisch can choose from a broad range of innovative and creative rate plans that are simultaneously highly transparent. Innovation and creativity are demonstrated, e.g., by the choice of contract terms that are offered – one day, one month or 24 months – and the different focal points of telephony, text messaging and data transmission.

## Product Responsibility

### Responsibility for Health

1&1 Drillisch AG intends to build a state-of-the-art 5G mobile network in the coming years. 1&1 Drillisch's successful participation in the 5G frequency auction in the spring of 2019 was the first milestone on the way to constructing its own mobile network. The next step was to reach an agreement on national roaming – the use of third-party networks while it is building its own network infrastructure – with the established network operators.

GRI 416  
GRI 416-1

Our plans to operate our own network focus squarely on the benefit to our customers. 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 thoroughly researched in numerous studies.

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



See "Deutschland spricht über 5G" (German only)

The Federal Government is also aiming to deepen dialog with citizens and address any concerns relating to the new mobile network standard with its "Deutschland spricht über 5G" initiative. The risks, challenges, and opportunities associated with 5G will be discussed in a trustworthy and even-handed manner in online discussions, chats, and articles with the goal being to increase trust in, and acceptance of, this forward-looking technology even further. Among other things, the initiative will look at sustainability aspects such as the potential for cutting carbon emissions by reducing electricity usage.

1&1 Drillisch will continue to closely track research on mobile network usage, and will act responsibly should this be necessary.

## CORPORATE DIGITAL RESPONSIBILITY

### Management Approach

#### Materiality, Impact and Risks

Customers trust us with the data for their more than 14.8 million customer contracts with us. It goes without saying that this data must be protected, and its security ensured, if customers are to use our services. In line with this, guaranteeing strict security and systematically preventing unauthorised access to customer data are part of our DNA. However, digitalisation brings more than just the risks that we protect customer data and our own data and information from: It also offers new opportunities (e.g. for product development) that we, as an internet and telecommunications company, want to exploit.

GRI 103-1

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

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

In the political sphere, digitalisation is often discussed as a means of enabling sustainability and achieving climate goals that can play a decisive role in implementing climate protection measures. The links between digitalisation and sustainability can be seen, among other things, from the fact that Germany's presidency of the EU Council in the second half of 2020 intends to look at them together alongside the COVID-19 pandemic as a major topic. The infrastructure provided by the information and communications sector, and particularly data centres and networks, are essential for this sustainability-oriented digitalisation process.

For 1&1 Drillisch as an internet and telecommunications company, the ability to leverage the opportunities offered by digitalisation in the form of new products and processes for its own benefit and that of its customers is a critical success factor. This creates new challenges that the Company needs to address – especially with regard to data and information security. Our heavy focus on Corporate Digital Responsibility – the reason for numerous measures we are taking – aims to ensure we meet our responsibility to protect customer data and address the process of digital transformation with all its new opportunities and risks.

See "Climate and Environmental Protection" on page 63

## Goals and Measures

### GRI 103-2



See "1&1 Drillisch as an Employer" on page 41

We aim to enable society to participate in digitalisation, and to ensure that this is done safely. Data protection and information security at our Group are aligned in all cases with the current requirements of, and strict standards applicable in, European and German data protection, which are fundamental to our business success.

Due to the importance and multifaceted nature of this topic, responsibility for it has been assigned to different members of management boards. Generally speaking, it is the preserve of the Chief Information Officer (CIO) and CPO of the companies of 1&1 Drillisch Group.

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

## Results and Assessment

### GRI 103-3

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

## Contribution to the SDGs



Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

## Data Protection

### Data Protection means Protecting Privacy

### GRI 418

Public awareness of the significance of data protection has become even more prominent than before, especially since the entry into force of the General Data Protection Regulation (GDPR) in 2018. Our customers have also become more sensitive to risks such as data misuse or a lack of data security and take data protection factors into account when choosing their products. This is reflected in the large number of enquiries from customers about data protection (2020: 12,358<sup>11</sup>; 2019: 1,686<sup>12</sup>; 2018: 35,445).

(11) Parallel to the expansion of the data protection organisation, the report was also restructured; a new calculation method means that the previous year's values are no longer comparable. Consequently, only the figures for 1&1 and Drillisch are summarised for the first time in 2020.

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

Our aspiration is to enable customers' self-determination in handling their data, and so the protection of personal data is both self-evident for us and a basic prerequisite for our business activities. The logical consequence is that our products and services comply with the high European and German data protection standards.

### **Our focal points**

In fiscal year 2020, regular activities such as maintaining the processing directory and conducting data protection impact assessments for procedures that are likely to result in a high risk to the rights and freedoms of natural persons accounted for a large part of our daily work. In addition, the expansion of the group's own data protection organisation and the implementation of important new projects intended to strengthen overall customer data protection were important focal points of the work of corporate data protection at 1&1 Drillisch Group.

Another point of emphasis was the implementation of decisions handed down by the European Court of Justice (ECJ) and German courts as well as those issued by data protection authorities in 2020. These decisions resulted in concrete clarifications for the first time since the entry into force of the General Data Protection Regulation (GDPR) in May 2018 and led to the necessity for certain adjustments.

### **Ensuring Data Privacy at 1&1 Drillisch**

Our goal is to ensure data protection throughout the corporate group and to anchor it in our systems and processes. This is of utmost importance for 1&1 Drillisch in view of more than 14.8 million customer contracts. The Company maintains the highest security standards and minimises risks for our customers. The use of the latest technologies, which require an ongoing review of data protection and other legal requirements, has prompted the establishment of an extensive data protection training programme for employees. In addition, we integrate data protection aspects and requirements into product development as early as possible. The initiation of these measures represents the Company's continuous investment in the improvement of the level of data protection.

An extended data protection organisation contributes significantly in this respect. Following the appointment of a new group data protection officer for 1&1 Drillisch Group in fiscal year 2020, additional data protection coordinators were recruited to strengthen the decentralised data protection organisation. In addition, additional employees were recruited by the central Data Protection department under the leadership of the group data protection officer.

The group data protection officer has also been appointed as the data protection officer for the subsidiaries. She acts independently of any instructions and reports directly to 1&1 Drillisch AG's chief financial officer.

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

» **Inclusion of data privacy experts in the product development process**

The Data Privacy department and data privacy coordinators serve as internal consultants for data privacy questions such as may arise during product design or development (privacy by design) or when entering into contracts. The data protection coordinators provide local support to the Data Protection department within the specific divisions and create the link between the data protection department and the business departments. One advantage is the faster distribution of information to the business departments. Another is that the two principles of “privacy by design” and “privacy by default” stipulated by the GDPR can be given adequate consideration at an early stage solely if and when employees trained in data protection law have been placed directly in the departments.

» **Comprehensive, easy-to-understand rules**

We promote compliance with all data protection regulations by issuing internal guidelines, directives and work instructions that make data protection requirements more comprehensible and transparent. They can easily be accessed by all employees and adapted as necessary for their daily work.

» **Regular data privacy training helps prevent problems**

We want each and every employee to help ensure that data is only processed lawfully, that it is not lost, and that it does not fall into the wrong hands. We do this by training staff on data privacy requirements, using both face-to-face and e-learning formats. In 2020, we prepared a new concept for e-learning. It has been designed to include more information aimed specifically at different areas of responsibility along with basic information. The point is to address the individual data protection requirements as they vary among the departments, all with the goal of conveying information as clearly as possible on the basis of many practical application examples and effective learning control. In addition to basic training for employees, in-person training sessions – e.g. for data protection coordinators – as well as events specifically oriented to the responsibilities of our managers in the area of data protection were conducted.

GRI 418-1

» **Regular dialogue with the supervisory authorities**

The Data Privacy department is in regular contact with the competent supervisory authorities, particularly in relation to customer submissions that these pass on to the Company. We also forward notifications of breaches of GDPR data protection requirements – of which there were 33 in 2020 (2019: 52) – to the competent data protection supervisory authorities. The staff in our Data Privacy department also maintain regular contact with the latter to discuss and agree on topical data privacy issues.

» **Complaints procedures ensure effective detection**

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

**» Effectiveness checks**

The Data Privacy department performs internal ad hoc data privacy checks. In addition, it is involved in ensuring data privacy at service providers, where it performs checks. In 2020, employees from the Data Protection department and the data protection coordinators were also trained as data protection auditors by TÜV NORD so that they can carry out audits expertly and with a clear structure within the framework of an audit concept. In addition, an external data protection audit was carried out by TÜV Rheinland for 1&1 Telecommunication SE and 1&1 Telecom GmbH in 2020 and was concluded with positive results. The “s@fer-shopping” certification, a seal of quality from TÜV SÜD, was also renewed for Drillisch Online GmbH in 2020; the focus during the audit was on the topic of data protection.

**» More security with the 1&1 Service PIN**

Customers entrust us with their data for further processing. We have continued to develop our security standards to enable us to protect these data even better and have been using the 1&1 Service PIN for enquiries in telephone customer support at 1&1 Telecom GmbH since mid-December 2019. This is an individual 5-digit number that can be viewed and changed by our customers themselves in the 1&1 Control Centre. When called, the customer service agents ask for three digits of the service PIN. They do not know the complete number combination. The 1&1 Service PIN has replaced the previous “3-factor authentication” as the primary authentication method. Drillisch Online GmbH uses a similar procedure and asks for a hotline password when there is contact to customers.

**» Strengthening the rights of data subjects through simple access to data information**

Pursuant to Art. 15 GDPR, data subjects may obtain information at any time about their data we have stored. The GDPR regards access via a secure area on the web as the optimal solution. This opportunity was used to simplify the information access for 1&1 Telecom GmbH customers by enabling them to initiate the manual process, and the desired information is available in the 1&1 Control Centre (login area). Customers can view the stored data themselves at any time and are provided with transparent information.

**» No data transfer to the USA on the basis of the Privacy Shield Agreement**

In July 2020, the ECJ declared the so-called “Privacy Shield Agreement” between the EU and the USA to be null and void. Since then, data may no longer be transferred to the USA on the basis of the Privacy Shield. In response to the decision, we analysed our data processing operations and changed the basis of data transfers to other guarantees for compliance with data protection law. We pay particular attention to the security of our customers’ and users’ data – especially during the use of service providers outside the EU. We conclude additional agreements as appropriate for such cases.

**» Cookie layer**

Like almost all websites and apps, 1&1’s applications use cookies – small text files that are stored on a customer’s computer or in their mobile device’s app cache and that allow the application to recognise users it has seen before. We worked together with the office of the Rhineland-Palatinate Commissioner for Data Protection and Freedom of Information (LfDI) to revise the cookie settings on the 1&1 website and those of the Drillisch Online



brands. The multilevel consent procedure allows visitors to protect their privacy as optimally as possible by determining for themselves what information should be stored. The present cookie layer was further developed in 2020. Users can now select and deselect specific cookies and make differentiated choices.

» **Use of customer data**

Employees have access to customer data solely and exclusively within the context of their jobs, i.e. solely of the nature and in the scope necessary for customer care and for performance of the contractually agreed service. With this in mind, a number of technical and organisational “measures” have been erected within 1&1 Drillisch Group for protection of (customer) data to ensure that no unauthorised employees have access to customer data. A review of these “measures” takes place at regular intervals.

1&1 Drillisch uses customer data for marketing purposes solely within the scope prescribed by law and does not sell customer data to third parties. This is ensured by both technical and organisational measures such as the blocking of uploads, operating and work procedures for employees and regular audits of service providers.

The analysis of customer data for the improvement of the offered services and products is handled at 1&1 Drillisch on an aggregated and anonymised basis. Customers’ telephony connection data are stored (e.g., for billing purposes) for only a brief period of time in compliance with statutory regulations. Credit checks are performed solely on the basis of adequate legal grounds.

Another important aspect for 1&1 Drillisch is the security at all times of performance measurement and accurate billing of customers, and this is also a component of the annual audit of compliance with the Telecommunications Act (TKG). 1&1 Drillisch has initiated precautionary measures to prevent the misuse of customer contacts (e.g. the downloading of data in other countries). The 1&1 Drillisch security systems issue an alert whenever larger data volumes are downloaded in other countries without prior notice. The billing statements of network operators are monitored and reviewed for plausibility by comparing them with customer behaviour.

## Information Security

### Expanding Internet Security

For 1&1 Drillisch, information security is a core component of acting responsibly in the digital world. Customer trust in the measures we take to ensure information security is the basis for ensuring that they feel able to entrust us with personal digital information such as photos, documents and e-mails, up to and including traffic and payment data.

The information that is protected includes not only electronic data of customers and employees, but also information about the Company's own processes, systems and products. Our aim is to protect effectively these values from unauthorised access and misuse by ensuring confidentiality, availability and integrity – our security objectives. Our security strategy aims to establish and develop continuously the security objectives at an appropriate and uniform level throughout the Group. Establishing and expanding our efficient, scalable security organisation is particularly important here.

To meet this standard, we have implemented an information security management system (ISMS) in accordance with ISO 27001 in broad areas of the 1&1 Drillisch Group.

1&1 Drillisch has set up numerous protective devices to safeguard customer and company data against hacker attacks or similar incidents. To ensure this security today and in the future, 1&1 Drillisch always maintains the state-of-the-art level of its information technology systems, components and processes. The Company constantly works on technological improvements such as procedures for the recognition and prevention of attacks and on organisational measures. Security precautions include as well the location of the 1&1 Drillisch servers exclusively in Germany, their organisation as a redundant system and the quality of their comprehensive storage and security functions.

1&1 Drillisch 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. The latter regularly reviews the implementation of the security concept mandatory for the performance of publicly accessible telecommunications services. The audit devotes especially close attention to aspects of IT security and data protection within the context of risk analysis and presentation of the technical precautions and other protective measures. In addition, 1&1 Drillisch itself engages external companies on a rotating basis to carry out penetration tests to ensure the security of the 1&1 Drillisch environment.

### **Management Using the Information Security Management System (ISMS)**

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

The ISMS is organised on behalf of 1&1 Drillisch Group in the affiliate 1&1 IONOS SE, a member of United Internet AG Group, in the "Information Security" department with the two teams "Organisational Security (and Service Management)" and "Technical Security". The "Organisational Security (and Service Management)" team's responsibilities include information security policy management, security advisories, staff training, communications with authorities and security risk management. The "Technical Security" team is in charge of advisory tasks related to security architectures along with system and network security. Within 1&1 Drillisch Group, these tasks and so the organisation and implementation of the guidelines associated with the ISMS are the responsibility of IQ-optimize Software AG (wholly-owned subsidiary of 1&1 Drillisch AG). Employees are trained in secure development and operation, security tests are conducted and any security incidents are handled in cooperation with the business departments. 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. The ISMS of United Internet Group as a whole is certified annually according to ISO 27001.

The "Head of Information Security" at 1&1 IONOS Group reports regularly to the 1&1 Drillisch AG Management Board and IQ-optimize Software AG Management Board. Reporting covers the key security trends, any relevant security incidents that have occurred, measures taken, the results of security audits and the information security risk portfolio.

Within the framework of a cyclical meeting, a cross-company exchange of current security topics and developments in the United Internet Group takes place; IT security officers from all areas of the group participate in the meetings. IQ-optimize Software AG, operates within 1&1 Drillisch AG as a full-service IT provider. As part of its functions, IQ-optimize also provides the security officer for 1&1 Drillisch and its subsidiaries. The services of IQ-optimize include as well the entire portfolio of technical and organisational information security.

## Information Protection Measures


Vulnerabilities can have far-reaching consequences, both for 1&1 Drillisch's assets and for customers. 1&1 Drillisch takes the following technical and organisational security measures to prevent them.

GRI 417  
GRI 417-1

### Technical Measures

#### » Secure software development

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

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

#### » Proxy servers combat DDoSs

"Distributed denial of service" attacks (DDoS) are distributed and concentrated attacks from the internet intentionally seeking to reduce the availability of our services. We rely on a combination of ongoing distributed monitoring of externally provided services and close cooperation with the internet service provider (ISP) from whom services are obtained to ward off any such attacks. Ongoing attacks can be filtered semi-manually from the data stream, taking into account the "service level agreements" (SLAs) agreed with the ISP, so that only legitimate customer requests are forwarded by the ISP to the 1&1 Drillisch infrastructure.

#### » Systematic use of encryption – Transport Layer Security (TLS)

We use TLS, which is also known under its former name of SSL ("Secure Socket Layer"), for encrypted transmission of customer data. We also make TLS functionality available to customers to protect their data traffic, e.g., for entering passwords or payment information such as in online shops. MPSL (multiprotocol service provider) routes across data centres are also protected against unauthorised access or manipulation by means of encryption via a VPN connection in compliance with a recommendation of the German Federal Office for Security in Information Technology (BSI).

#### » Redundancy

Systems relevant to business processes are operated as highly available clusters. The internet Wi-Fi connections of the specific sites have also been set up redundantly via different ISP connections to ensure availability. This also applies to other infrastructure components. In addition, the data centres operated by 1&1 IONOS, which is part of the United Internet corporate group, are georedundant, which means that all customer data are stored in parallel in at least two physically separate data centres.

## Organisational Measures

### » Staff training

In addition to the technical measures taken, humans are an important part of all aspects of the security chain. Basic training and refresher courses (both face-to-face and e-learning offerings) are used to provide employees with information. E-learning programmes were utilised in 2020 as part of the implementation of the ISMS guidelines for key users in various departments. In 2021, this e-learning programme “to teach the basics of information security” will become a compulsory measure throughout the group at 1&1 Drillisch and must be repeated every two years. Only employees who have been made aware of the dangers can effectively address the risks arising from e.g., phishing or social engineering. Developers and administrators receive special face-to-face technical training that is tailored to their particular requirements. In addition, managers are given special training on data protection and compliance issues.



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

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

### » Information security rules

Our comprehensive rulebook, which is based on ISO 27001, is designed to provide employees in all departments with guidance. Our mandatory information security guidelines serve as the formal basis for this. We use a variety of different communications channels to tailor these rules to different groups and make them easily accessible for employees. In addition to the abovementioned training courses, our intranet provides tips and tricks and explanations of the rules for key employee roles. These include our internal brochure on information security and data protection, which gives clear explanations of the most important rules governing how to handle information and data. This brochure and our intranet also list the contact points to which employees must report potential or suspected security incidents – i.e., violations of the rules or other threats to the Company – without undue delay.

### » Security Audits

The Information Security unit at 1&1 Drillisch conducts product, process and system audits in order to ensure the effectiveness of the ISMS. These are supplemented by audits and checks within the departments and by external audits. One increasingly common tool here are maturity models. In particular, the technical departments that are responsible for customer data use a security maturity model developed by Information Security. The departments' development activities benefit from clear position finding, while the model also provides a tool for independent, focused, comparable improvements alongside our audits. Maturity models offer an efficient means of focusing audits that are more costly, but feature greater depth, more precisely on specific targets. They make it possible to place audits in the planning where they most effectively support maturity development. A general overarching maturity assessment has regularly been conducted annually at 1&1 Drillisch.

### » 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 broad areas of the 1&1 Drillisch Group to detect any incidents and can trigger appropriate responses. To ensure continuous improvement, we measure the time taken to distinguish between security incidents (e.g., attacks) and non-security incidents (e.g., interrupted power circuits). We also capture our response times from the point at which we receive notification of a problem to its resolution. We have also defined internal target values for certain security-relevant protection goals, e.g. "availability". SIEM has not yet been fully implemented at 1&1 Drillisch. Currently, SIEM encompasses the monitoring of infrastructures exposed to external attacks (web shops, Service Worlds, online sales partner interfaces, etc.). Various monitor points ensure automatic and manually controlled detection of current attacks based on the two sets of eyes principle.

#### » Security Incident Handling

There is a standardised process for handling security incidents. Once an incident is detected, rectification of the malfunction and the reporting chain are carried out in accordance with centrally documented processes. Where necessary, the Security Team or external experts are called in.

#### » Information security during the COVID-19 pandemic

The COVID-19 pandemic has expanded existing mobile work opportunities to many areas and employees. Because technologies and policies governing mobile working were already in place, information security was not significantly impaired. Information security was adapted and optimised in response to this (in part) new situation through modifications of technical security solutions and of organisational measures. Many employees were already able to work from home using an infrastructure provided and administrated by their companies via a VPN or the Citrix Workspace app or were already using established cloud-based collaboration tools on the internet. The security organisation also supported the secure maintenance of remaining IT components in this agile situation. For example, flexible interface integration allowed systems relevant for business that were previously accessible solely on the intranet to be made available securely on the internet to personnel engaged in mobile work. Equally, the flexible model of the VoIP telephone system and ACD made it possible to integrate securely home offices into hotlines that can be reached globally by customers. The security concept is based, among other things, on "corporate identity management" working with multi-factor authentication and DDoS proxy protection.



VoIP telephone system (voice-over-IP telephone system): no longer requires a conventional telephone line; calls are transmitted via an internet connection

ACD (automatic call distribution): distributes incoming calls from customers to a company's telephone system ("inbound telephony") to the individual employees in customer service

### Integrating Business Acquisitions

We perform a thorough review of existing technical and organisational information security measures before entering into business combinations with other companies, and at key points in the integration process that follows. A maturity analysis based on international standards is used for this. Information Security at the 1&1 Drillisch Group then expands on the level of maturity found by conducting a risk assessment and recommending actions. A variety of integration measures are then resolved and implemented, depending on the results and on our business strategy. Where it makes

sense to do so, acquired companies are included in the ISMS. The goal is to establish an appropriate, Group-wide security standard. In 2020, all companies of 1&1 Drillisch AG had been integrated into the group's ISMS.

## Secure E-Commerce

### GRI 417-1

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

Such measures include the regular audits of the online shops of our Drillisch Online core brands (maXXim, smartmobil.de, simplytel, DeutschlandSIM, PremiumSIM, winSIM, yourfone, Galaxy EXPERTE, handyvertrag.de, free-prepaid) by the recognised expert organisation TÜV SÜD and others. The annual certification and review process caters to our customers' wishes: Security and quality are just as important to them as the price of our products and services. For us as an online retailer, certification with the well-known s@fer-shopping seal of approval offers an opportunity to reduce aborted transactions, positively impacting online sales. The requirements of the s@fer-shopping seal of approval include aspects of data and system security, data protection and online content and processes. The comprehensive, multistage process needed to gain TÜV SÜD's seal of approval includes an on-site audit. Not only is order processing checked for reliability as part of this process, but the way in which customer service deals with customer queries is also reviewed, and the security of customers' personal data and payments processing are verified.


After successfully completing the certification process, we are entitled to use the s@fer-shopping seal of approval for Drillisch Online's online shops. This demonstrates our commitment to offering customers a secure, satisfying 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. The certification was successfully completed for the tenth time in succession during the reporting year 2020.

## Participating in and Shaping Digitalisation

The business model of 1&1 Drillisch Group is founded on access to communication, information and entertainment. The frequencies acquired by 1&1 Drillisch Netz AG 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.

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

In addition, the 1&1 Drillisch Group enables a wide range of customers to participate in digitalisation thanks to its broad portfolio, which covers everything from premium to discount tariffs. These measures contribute to the idea of “digital participation”. Today, the availability of affordable internet access options is seen as being vital for achieving economic and social development and even for exercising human rights.<sup>13</sup>

  
See “Customer-related  
Matters  
and Product  
Responsibility”  
on page 20

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



# 1&1 DRILLISCH AS AN EMPLOYER

## Management Approach

### Materiality, Impact and Risks

#### GRI 103-1

1&1 Drillisch is a telecommunications and internet company, and as such shares the features that are typical for this sector: a rapidly changing environment, short innovation cycles and intense competition. One key factor in mastering these challenges are our dedicated and highly skilled employees and managers.

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

Our staff and applicants expect nothing less. Highly qualified, well-trained employees are the cornerstone of 1&1 Drillisch's business success. It is therefore vital for us to meet our short-, medium- and long-term staffing requirements and ensure that our workforce has the necessary specialist skills. If we fail to do this, 1&1 Drillisch might not be able to do business effectively or to achieve its growth targets.

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

### Goals and measures

#### GRI 103-2

In line with this, 1&1 Drillisch aims to be a fair and attractive employer, and its 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.



See "Our Values and Corporate Culture" on page 43

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



See "Training and Education" on page 47

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, among other things.



See "Diversity and Equal Opportunities" on page 52

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

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

See "Occupational Health and Safety" on page 58

Personnel issues are the responsibility of the head of Human Resources (HR) at 1&1 Drillisch AG, who reports regularly to the CEO of 1&1 Drillisch AG.

## Results and Assessment

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

GRI 103-3

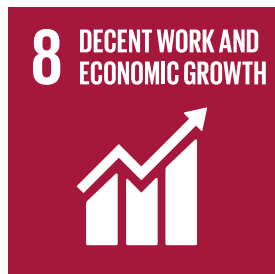
## Contribution to the SDGs



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Achieve gender equality and empower all women and girls



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

## Our Human Resources Strategy and HR Organisation

GRI 102-7  
GRI 401

As it is a service-only company, 1&1 Drillisch Group's success depends in great measure on the skills and commitment of its employees. The goal is therefore to offer an attractive working environment and to pay remuneration appropriate to performance so that employees can optimally contribute and upgrade their individual skills. 1&1 Drillisch has experienced strong growth over the past years and at the same time has developed its human resources policy appropriately. In addition to the continuous optimisation of operational human resources work, an important component of this development has been the establishment of the "Centres of Excellence" and the "Talent Acquisition" and "Talent Development" areas. The aim is to be able to serve optimally the needs of the operating divisions in all personnel matters. This ensures that prompt action can be taken in response to meet the needs of the Company and of its employees. Within the framework of the trust-based working hours, the working methods are tailored to the specific circumstances of each organisational unit. 1&1 Drillisch employed 3,191 people at the end of 2020 (2019: 3,163; 2018: 3,150).

GRI 401-1

Examples of overarching goals and targets are our aim of offering appropriate staff and organisational development formats, recruiting managers from within the organisation and retaining employees. Metrics used to track effectiveness include the number of management positions that have been filled internally (2020: 71.0%; 2019: 75.3%; 2018: 65.0%) and employee turnover (2020: 6.1%; 2019: 7.5%; 2018: 6.9%).

In 2020, the course was also set for the digitalisation of the HR department at 1&1 Drillisch and a holistic approach was pursued in the form of a corresponding IT strategy.

Table 4

Staff Information	2018 <sup>(2)</sup>	2019	2020
Total employees <sup>(1)</sup>	3,150	3,163	3,191
Management positions filled internally in %	65.0	75.3	71.0
Staff turnover in %	6.9	7.5	6.1

(1) Figures refer to our active core employees.

(2) Figures refer to the annual average number of active core employees; the information on staff turnover for 2018 includes only 1&1 Telecommunication SE and its subsidiaries.

## Our Values and Corporate Culture

GRI 102-16



See "The Basis for Acting Responsibly" on page 9

Our corporate values and management guidelines comprise 1&1 Drillisch's value system. Our Group-wide Code of Conduct shows how to act in line with these values. Every employee receives a bound copy of the value framework and the Code of Conduct upon joining 1&1 Drillisch, and these documents are also addressed during the employee onboarding process.



Onboarding: The induction process for new employees

Wanting to make the values tangible and perceptible in our everyday work lives, we prepare our managers for their responsibility as role models and have anchored this responsibility as an essential component in our management guidelines. Within the

framework of a regular (virtual) management onboarding, they examine the values and management guidelines in small groups and determine what these values and guidelines mean for their daily work. The kick-off and introduction are handled by our colleagues on the Management Board, who enter into active dialogue with the new managers. A further deepening and operationalisation take place within the framework of the mandatory three-module "Leadership Training" programme that all new managers have been completing since the first quarter of 2020.

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

We try to create a working environment that encourages inspiration and creativity, enabling our employees to develop and flourish with us. In addition, flat hierarchies permit unbureaucratic communication channels and rapid decision-making. This allows us to be agile and react flexibly to new challenges.

The human resources policy and communication are characterised by a high degree of flexibility, which ensures that the needs of the Company and the requirements of the employees can be given prompt consideration.

### **Learning and Feedback Culture**

Learning should be possible for and accessible to all employees. This was the backdrop for the decision in the reporting year 2020 to convert wherever expedient all training programmes, networking events and development opportunities into digital learning sessions that are offered in time units varying from one day to one hour. As soon as the present pandemic situation allows, a good mix of virtual and in-person formats as well as modular training units of different lengths will be created and continue to make learning flexible.

Moreover, we created a comprehensive programme on the topic of "virtual cooperation" on the intranet in 2020. What is more, executives and employees shared numerous best practice examples as part of their continuous learning from and with each other, even in these unusual times. Through these actions, we as an organisation have developed powerful digital working formats. We want to do even more in this direction in the future. New learning formats and additional short training activities also contribute to this continuous sharing and learning process in a virtual setting.

The new office building "Hinterm Hauptbahnhof" in Karlsruhe is also intended to promote a shared learning culture, freedom of development and creativity. The multi-space concept we have implemented there takes a huge step towards groundbreaking and modern working methods. Creativity, dynamic and flexibility in everyday work are made possible and encouraged. The various sections of the new office space are oriented along the lines of the different requirements of daily work. Whether work on a team,

concentration as an individual on a specific task, brief consultations, confidential phone calls, creative workshops or even short breaks – there is the right area for every purpose. This simplifies daily work and makes “teamwork” in particular less complex, more flexible and more efficient. The new office block does more than just provide space for 2,500 workplaces for United Internet Group; it features as well numerous additional work sites that will allow our employees to develop and grow. In addition, the full-area utilisation of collaborative communications tools contributes to the achievement of these goals.

Furthermore, flat hierarchies – not only at the new location in Karlsruhe – lead to unbureaucratic communication channels and quick decisions, enabling us to respond agilely and flexibly to new requirements. Our open feedback culture constitutes another essential base for our cooperation and contributes to a working environment of appreciation that encourages performance. Values such as openness and fairness can be actively practised solely in an environment in which colleagues give one another respectful and constructive feedback. And only in such an environment are continuous improvements that benefit employees, the team and the Company possible. That is why qualified feedback plays a major role for us in shaping an open and supportive corporate culture.

The 360° feedback instrument has been implemented throughout the 1&1 Drillisch AG corporation and is an established element in the Group’s personnel and organizational development. The emphasis here is on the annual feedback and performance review in which employees give direct feedback to their supervisors and vice versa. This opportunity heightens awareness throughout the entire organisation for openness and reflection and instils confidence in giving and receiving feedback. Feedback becomes a self-evident part of everyday work and can be used continuously to develop further.

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

The year 2020 also saw the gradual implementation of the Development Zone, which revolves around the topics of employee development and feedback, throughout the entire 1&1 Drillisch Group. Besides mapping the processes for development dialogue, there is the chance here to receive personal and confidential feedback from the entire company. It is an opportunity for each and every employee to obtain an individual evaluation of development opportunities for the active planning of his or her further development.

## **Employee Communication**

Ensuring we listen to our employees and providing them with appropriate communication channels are challenges for a growing company such as 1&1 Drillisch. At the same

time, there is a growing need to tell them about our strategy and how the Company is developing. This is why we have developed successful employee communication channels. The COVID-19 pandemic also means that many events are held in digital format, which has changed the way we communicate.

- » An annual management kick-off at the beginning of the year offers managers and experts information about 1&1 Drillisch's overall development. The COVID-19 pandemic prevented the conference from taking place in this form. Instead, a series of "all-hands meetings" were used to convey information on overall development to employees, experts and executives.
- » Our "Ask the Board" format facilitates open, direct dialogue between the Management Board members and employees. It permits employees to ask Board members directly and face to face about the Company's current performance, management issues and other important topics in an informal setting. The events take place regularly at all German locations. In 2020, a total of 6 (2019: 7; 2018: 3) were held in 1&1 Drillisch Group. As this year's events took virtual form and were independent of location, many more employees registered for the active intercommunication and plied the board members with their questions.
- » In many areas, the colleagues from the various companies in 1&1 Drillisch Group already work together as one team with respect to content. We have been practising this cooperation even more strongly in our internal communications since the reporting year 2020: a joint group for 1&1 Drillisch has emerged from the groups previously managed separately on the intranet. As a result of this harmonisation, identical information is offered to all 1&1 Drillisch employees. Our aim is to ensure optimal internal networking and communication.

Owing to the special situation in 2020, the present communication and information formats were converted into digital form throughout the Company.

## **Employee Satisfaction**

We started conducting employee surveys at 1&1 in 2009 in order to obtain feedback and identify room for improvement, after which we take appropriate measures to implement our findings. The surveys have been a regular fixture since 2017 and by now have been implemented in the whole 1&1 Drillisch Group.

The most recent survey was performed in October 2019, and internal communication of the results started in December 2019. Because of the ongoing pandemic, the focus in fiscal year 2020 was on measures for the protection of all employees and on ensuring compliance with all necessary protective measures; work-life balance was another major element. Nevertheless, work continued at the same time on various overarching initiatives that emerged from the most recent employee survey. The measures concern primarily the following topics:

- » Information and internal procedures
- » Fairness and appreciation
- » Respect in interaction with one another

Employees' survey responses are the most important indicator of whether our human resources work is a success. In order to obtain as objective a view of ourselves as possible, we evaluate not only internal surveys but also assessments by external institutions and independent sector rankings.

## Training and Education

### Development and Prospects

GRI 404  
GRI 404-2

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

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

GRI 404-3

Among other things, staff development plans include acquiring skills needed to perform pending tasks, suitable on-the-job or off-the-job measures and employees' personal development wishes and preferences. This reinforces employees' readiness to take responsibility for themselves and willingness to learn, and ensures they can acquire new skills at every stage of their development. Our proactive feedback culture and 360 degree feedback process supports continuous learning and development. The results of the annual performance reviews are collated centrally.

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

## SPECIFIC DEVELOPMENT IN CUSTOMER CARE

Our strong customer focus means we rely on skilled employees to provide a professional service. In keeping with this, we regularly train both our (internal) employees and staff at our (external) service providers on our products and services, and on sales methods. The more our employees know, the more confident and self-reliant they will be in dealing with customers, guaranteeing high-quality customer care.

To ensure we meet this commitment to quality from the first customer contact onwards, we overhauled the training given to new call center agents in the “Learning Paths” project and put the focus on practically based content. In addition, we developed and implemented a number of different workshops and short training courses as part of the sales and quality campaigns we launched in 2020, so as to enhance external staff members’ communications skills and sales performance.

A final core action item in the fiscal year was to digitalize our training and further education offerings. Key training modules were successively converted to webinar format, and a growing number of e-learning modules produced, in order to continue guaranteeing the quality of our training operations. In 2020, we completed the rollout of our learning goals matrix – a way of structuring and implementing coaching and on-the-job training situations particularly easily and efficiently – for our (external) service providers. The launch of the “Verint QM” project saw the first milestones on the road towards uniform coaching documentation using a tool offering call listening and significant evaluation functionality.

## Personal Development Opportunities

GRI 404-2

There is a major need for training in the Company’s customer care unit. Both new and current employees receive training in the subjects of communication, sales, handling of objections, complaint management and other business-related topics. In addition, 1&1 Drillisch supports training programmes requested by employees by granting paid leave for participation in such programmes. In 2020, the training platform was established by all 1&1 Drillisch companies, securing access to the extensive programme of courses for all employees.

### » 1&1 Campus

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

### » TEC Campus

Our technical staff have extremely specific, in-depth knowledge. Our goal is to promote information sharing and joint learning, which is why we have expanded our 1&1 Campus to include a platform offering training in tools, processes and methodologies, along with e-learning material and presentations by staff for staff.

The TEC Campus focuses on specialist technical training and presentations, including development practices, developer onboarding and agile methodologies. This allows topics such as information security and business process management to reach a broader target audience. The TEC Campus also hosts internal conferences such as the TEC DAY or the PASK (Project/ Agile/Scrum/Kanban) conference.



**» Trainee Programme**

We want to fill future management and specialist positions more regularly from within our own ranks, so we offer talented junior staff members an 18-month trainee programme. Its objective is to give participants the opportunity to become acquainted with the diversity of 1&1 Drillisch AG in the divisions and various positions. Besides the on-the-job training, participants benefit from extensive development measures in the form of specialised training and seminars on the topic of “leadership”. Dialogue with managers and the sharing of experience with other trainees is a top priority. Throughout the entire course of the programme, participants are supported by experienced experts from the departments as well as from HR. In addition, an experienced manager is appointed to act as a mentor to every one of them. We launched the trainee programme for the first time with five participants in the departments OPS CC, Finance and Online Marketing in May 2020. The continuation of the trainee programme with another five trainees is scheduled for 2021.

**» Talent development (MyWay+, Navigate and Women explore)**

The structure of the talent development programmes leads to a predictive development of personalities. Individual development plans are oriented to the target position, e.g. the development into an expert or manager during MyWay+. Thanks to these and other measures, it was possible to fill 71.0% (2019: 75.3%; 2018: 65.0%) of management positions internally.

The “Navigate” program is designed to retain highly motivated high fliers within the Company early on and develop their entrepreneurial mindset and skills, powers of reflection, and ability to give and take feedback from a very early stage.

“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 and their career and networking strategy and to draw conclusions on the topic of “gender diversity” for the entire organisation.

**» Individual Offers**

In addition, the corporate people and organisational development unit offers personalised consulting for employees and managers plus a large number of customisable on-the-job measures, and helps staff implement specific activities such as mentoring and 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. Depending on personal preferences, there are a number of input channels that aid in easily finding the desired results. As is true of all our products, we have continuously incorporated the feedback and input from our internal customers.

## Outlook

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

## Training and Education in Figures

In 2021, we will continue to work on the centralised recording of training and education metrics to facilitate increasingly complete reporting on their scope and nature.

GRI 404-1

Training and education hours	2020
Training and education hours (employees)	54,520
Per capita training and education hours (employees) <sup>(1)</sup>	17.1
Training and education hours (service providers)	31,925

Table 5

(1) Data include all employees of 1&1 Drillisch Group.

## Recruiting and Retaining Young Talent

Despite an extremely competitive market for telecommunications and IT specialists, 1&1 Drillisch is able to recruit top performers to key positions and hence ensure that the Company can grow its business. Our successful recruitment strategy is based on a competitive, applicant-friendly acquisition and selection process, flanked by targeted employer marketing, partnerships with education and training providers and our products' halo effect.

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

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

## Education

### GRI 102-12

Education (apprenticeships) is provided on behalf of the 1&1 Drillisch Group by United Internet Sourcing & Apprenticeship GmbH, which is recognised as a training company by the competent chambers of industry and commerce (IHK). Together with other companies of the United Internet Group, apprentices are qualified in various commercial and technical apprenticeships with the goal of subsequent employment. This will ensure uniformly high training standards and establish training formats across our sites.

## University and School Students

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

### GRI 102-12

We also have a special responsibility to our interns. We have signed up to the Fair Company Initiative, whose members commit to providing fair conditions such as appropriate compensation and personal support. The interns who join our Company every year for placements in the IT, Product Management, Online Marketing, Finance and HR departments regularly highlight how much they have learned from the time at 1&1 Drillisch.



See "Fair Company Initiative"

We also offer school students short internships that give them a chance to get to know our organisation and the work life in general. 1&1 Drillisch cooperates and holds events with schools, as well as offering careers advice and career discovery opportunities during Germany's Girls' and Boys' Days, among other things. Apprentices also offer extremely popular one-week programming courses for children and young people aged 13 and over during the summer and fall vacations. Given the current pandemic, all these formats were enhanced so that they can be offered online.

## Diversity and Equal Opportunities

1&1 Drillisch regards diversity as more than simply a desirable element; it is decisive for the Company's success. Accordingly, the Company as a whole strives for a corporate culture in which all employees are appreciated, regardless of their nationality, ethnic origin, religion, ideological beliefs, gender and gender identity, age, disability or sexual orientation and identity. Each employee should be able to find the area of activity and function in which they can make the most of their individual potential and talents.

GRI 405  
GRI 405-1  
GRI 406

### DIVERSITY STATEMENT

Respect for diversity is a core aspect of 1&1 Drillisch's corporate culture. The reason for this is simple: Only a workforce that mirrors the many different facets of society offers the best possible conditions for creativity and productivity, and makes employees – and the organisation itself – unique. This unique diversity creates an incomparable wealth of potential ideas and innovations, increasing the Company's competitiveness and providing opportunities for all.

All departments of our Company are conscious of the subject at all times, from the selection and hiring processes to personal development. Individual suitability and commitment are the sole criteria for development and a career with us. This is described transparently and understandably for everyone on our internal development and career pages.

Our "Diversity Statement", developed in 2019, serves as a guiding principle for all diversity activities in the Company. Diversity measures are planned, managed and evolved by an interdisciplinary project team newly set up in 2020.

Without the strengths of individuals – meaning everything that makes the individual employees unique and distinctive within the Company – 1&1 Drillisch would not have been able to become what it is today. A workforce comprising personalities from all walks of life offers ideal general conditions for creativity and productivity. The resulting potential for ideas and innovation strengthens the Company's competitiveness and enhances its chances on the markets of the future.

Equally, 1&1 Drillisch's customers have a wide range of needs and appreciate a business partner who can match their own diversity. We aim to fulfill customer wishes by offering a variety of product ranges and pricing models.

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

We immediately begin stressing the importance of diversity in our Company during the onboarding events for new employees. In addition, one of the elements of our onboarding for new managers is the online training of the "Initiative Chefsache" on the topic "Unconscious Bias: Training for Impartial Personnel Decisions." Further measures to raise

awareness among employees and executives are planned and will be incorporated into the onboarding events and our “Leadership Development” programme.

## GRI 406-1

We do not tolerate any form of discrimination, harassment or threats in the workplace. 1&1 Drillisch has a number of different contacts who can be approached confidentially, such as Human Resources, Compliance and designated persons of trust. We take any indications of discrimination extremely seriously and are committed to clarifying all issues reported to us.

## Implementing Diversity

## GRI 102-8

## GRI 401-1

## GRI 405-1

Table 6

The following table provides a breakdown of our staff by gender and age. In addition, 10.4% (2019: 11.4%; 2018: 9.7%) of our core employees worked part-time in 2020.

Employees by gender in %	2018 <sup>(1)</sup>	2019 <sup>(2)</sup>	2020
Women	37.9	37.7	37.0
Men	62.1	62.3	63.0

(1) Figures refer to our active employees, including employees on parental leave per 31 December.

(2) Figures refer to active employees per 31 December.

39.5% of new hires in the reporting year were women (2019: 42.6%); among newly hired managers, the proportion was 25.9% (2019: 30.0%). Per 31 December 2020, a total of nine women (2019: 7) worked in the top two levels of management, representing a ratio of 13.0% (2019: 10.0%). The difference to the 18% target is four women (2019: 6), so the gap has narrowed from the previous year. Nevertheless, we are still below our target value and continue to see a need for action for 2021.

Table 7

Employees by age <sup>(1)</sup> in %	2018	2019	2020
under 30 year	18.5	21.7	23.9
30-39 years	39.1	36.1	32.1
40-49 years	27.8	26.2	27.3
50 years and above	14.8	16.0	16.7

(1) Active employees as of December 31 of the fiscal year concerned.

The average age of employees at 1&1 Drillisch per 31 December 2020 was 38.5 years old (2019: 38.4; 2018: 39.0). Our core employees newly hired in the reporting year were on average 33.0 (2019: 34.9<sup>(14)</sup>) years old.

(14) The 2019 figure was adjusted due to the inclusion of Strato, home.pl, United Domains, and World4You.

Employees by employment type, by gender in % <sup>(1)</sup>	2019	2020
Women full-time	74,0	74,9
Men full-time	97,4	95,7
Women part-time	26,0	25,1
Men part-time	2,6	4,3

Table 8

(1) Figures refer to our active core employees, excluding working students, pupils, interns, graduands and temporary staff per 31 December of the financial year.

Employees by employment contract, by region in % <sup>(1)</sup>	2020
Women, temporary employment contracts	5.2
Men, temporary employment contracts	7.1
Women, permanent employment contracts	32.3
Men, permanent employment contracts	55.4
Temporary employment contracts, domestic	12.2
Permanent employment contracts, domestic	87.8

Table 9

(1) The figures refer to our active employees as of 31 December of the fiscal year 2020.

## Gender Diversity

Our target is to fill 18% of the positions on the two top management levels with women. In 2020, the focus was therefore particularly on the topic of diversity.

### Goals

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

#### 1. Employer Branding/HR Marketing

The goal is to strengthen our attractiveness as an employer for women on the market and to fill more vacant positions with women. We want to achieve this by participating in related events, using gender-neutral wording in job advertisements, reviewing and, if necessary, redesigning internal processes and pursuing our goals at our levels, including vocational trainee marketing.

1&1 has also been a partner of the network *Komm, mach MINT* – National Pact for Women in STEM Professions (science, technology, engineering, mathematics). The initiative, which is funded by the Federal Ministry of Education and Research, aims (among other goals) to inspire girls and women to take up STEM courses and professions and to counter the looming shortage of skilled workers in these areas.



See "Komm, mach MINT"



Gender Bias: refers to systematic falsification effects arising from gender stereotyping and prejudice and influencing both perceptions and decisions

## 2. Development

Our aim in offering qualification programmes and processes for mining potential is to heighten the awareness of our executives and promote their competencies in dealing with questions of bias and stereotypes and to foster women for and in management and professional responsibility.

## 3. Networking/Information Sharing and Communication

We want to raise awareness of (gender) diversity in the organisation and do our part in anchoring diversity as a value practised daily even more solidly in our corporate culture. We seek to achieve this through various networking and interaction formats.

## 4. Framework



See "Occupational Health and Safety" on page 58

The objective is to create and reinforce framework conditions within the Company for gender diversity. For example, 1&1 Drillisch uses the "Employee Assistance Programme" (EAP), an external and independent family service that aids in the reconciliation of family and career.

## Review

In 2018, we established a new position that specifically addresses the fostering of diversity in general and of women in particular. An important step in recent years has been to improve understanding of the stimuli coming from the organisation and effect mechanisms by means of pertinent analyses and reporting, to orient our measures in terms of the results and to merge them into a general road map.

We start actively promoting women at all levels at a very early stage; for example, we sponsor programming courses for schoolchildren that are conducted by our vocational trainees. We were able to conduct two courses in 2020 in cooperation with the *BeoNetzwerk des Stadtjugendausschuss e.V., Karlsruhe*.

The COVID-19 pandemic, however, prevented us from participating in other events as originally scheduled. They include the nationwide Girls' and Boys' Days and the career fairs "her Career" and "women & work", which were cancelled on short notice by the organisers. In some cases, a virtual version of the formats is being planned for the coming year and we expect to be taking part.

We have initiated a talent and networking programme for our female employees called "Women explore". In 2020, 21 women from all areas of the company took part – a repeat of the programme is planned for 2021. The aim of "Women explore"

is to call attention to women who perform well and make them known throughout the Company, to promote the sharing of experience among one another, to enable participants to examine specifically their own strengths together with their career and networking strategy and to draw conclusions for the organisation as a whole. The participants came together during in-person and virtual network meetings, collaborated on these topics in self-organised learning groups and shared views with the programme's Management Board sponsors and various executives and experts. The activities contributed to the raising of awareness across the board and prompted important dialogues. Insights and ideas for our organisation concerning further improvements relating to gender diversity and the increase of more women in executive positions resulted.

Part of the work of "Women explore" led to the creation of a pool of female "role models" who are available to their female colleagues in our Company for interaction and mentoring and demonstrate the many different career paths possible for women at 1&1 Drillisch in a way that is internally transparent for everyone.

Moreover, our role models and other female colleagues give presentations on the topic of careers at 1&1 Drillisch at external events. For example, this year we took part in a series of events showcasing exciting, inspiring, and courageous women who are driving their organizations forward that was organized by Digital Media Women e.V.

We provide our female managers and experts with networking and development offerings such as the regular "Women in Management" get-together and the "Female Leadership" workshop.

### **Work-life Balance**

Diversity also depends on all employees being able to easily combine their family duties with their profession. In line with this, a pilot project offers staff the ability to work remotely from home on isolated "cover days" without a particular reason.

The external, independent family service that we set up in 2019 offers tailor-made assistance where needed: support with childcare (e.g., free emergency childcare places for children up to 12 years of age); vacation programs (including virtual formats); tips on the German statutory parental allowance, kindergartens, and the like; finding home helps; and assistance with care for family members and in personal emergencies. This allowed us to offer staff ongoing support in challenging situations, particularly during the COVID-19 period.

Since 2020 we have also offered regular networking events and lectures on subjects such as "parental leave and careers." This allows participants to swap experiences and best-practice examples.



### **An International Mindset**

1&1 Drillisch regards the different nationalities of its employees as yet another diversity factor. They make a very special contribution to the quality of our customer service because customers of different nationalities can talk to an agent who speaks the same native language.

### **LGBT+**

The PrOut@Work foundation and the UHLALA Group use the “Germany’s Top 50 LGBT+ Voices 2020” award to raise awareness of lesbian, gay, bisexual, trans, and inter people in the workplace, and hence to send a signal in favor of diversity. The honor is given to LGBT+ standard-bearers in companies who not only demand more equality for themselves but also serve as a voice for, and represent, their queer colleagues.

We are very proud that Michelle Thiele, one of our staff members, was among the award winners for the second year in a row. Michelle has had a successful career at 1&1 Telecommunication SE for 12 years. Although born with a man’s body, she self-identified as a woman from an early age. Since 2018, she has been an openly transgender woman at work. Now, supported by the acceptance and recognition she has received for her courage in taking this step, she works actively within the Company to raise awareness for the needs of queer people, and as a contact and support for trans and inter employees.

She is planning to set up an internal LGBT+ network together with other colleagues.

### **Outlook on Diversity and Equal Opportunities**

Even though we have already been able to implement many successful measures regarding diversity and equal opportunity, we intend to pursue and expand on our work in the coming year. As we focus on the topic of “Unconscious Bias” planned for 2021, we will set up targeted communication, development and networking services that will encourage executives and employees throughout the Company to deal consciously with stereotypes and diversity and give them even more extensive opportunities to advocate greater diversity in their own role and work environment.

## Fair Pay

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

GRI 102-41  
GRI 405-2

Some positions and levels of responsibility offer performance-based variable compensation components. The 1&1 Drillisch Group offers employees a number of additional benefits above and beyond the financial compensation it pays; these include a company pension, capital formation benefits, prevention programmes forming part of our occupational health programme and discounts on our products.

The salaries we pay, and the way in which these progress over time, are independent of employees' gender or other factors that are not related to the position in question or the skills required. We compare positions internally every six months, keep up to date with market developments and analyses and track external benchmarks in order to guarantee fair, appropriate compensation. Changes to the law governing employee compensation, such as minimum wage legislation, are fully implemented in all companies' compensation practice. We ensure that the compensation we pay our employees complies at all times with all statutory requirements.

## Occupational Health and Safety

Ensuring health and safety in the workplace is part of our duty of care towards our employees. Our goal as a responsible employer is to minimise accidents, illness and risks as far as possible and to promote the health of our employees. The occupational health management of the 1&1 Drillisch Group is provided by United Internet Corporate Services GmbH on behalf of the 1&1 Drillisch Group. We are mainly concerned with occupational health management including preventive measures designed to reduce the risk of psychological and physical stress and to increase occupational safety at the sites.

GRI 403

All issues relating to these two areas are discussed at annual meetings. These include current developments and organizing hazard assessments as well as compliance with all statutory requirements such as surveying the impact of the COVID-19 pandemic.

COVID-19 led from the beginning of 2020 onwards to a focus on establishing and implementing processes and measures ensuring compliance with the enhanced work safety standard and the SARS-CoV-2 health and safety regulations. This was achieved in close cooperation with occupational medicine and work safety experts. Broadly speaking, measures were taken to address the following topics:

GRI 403-2

- » The development and establishment of a company policy on the subject and preparations for crisis scenarios
- » A COVID-19 hazard assessment (inspections, a list of measures, ongoing updates to measures and processes); these were given a seal of approval by BAD GmbH, our external service provider for preventive healthcare and safety engineering
- » The establishment of processes for handling suspected cases and infections
- » The use of behavioral and hygiene measures and rules to prevent infection
- » Internal communication and training for transparency and awareness-raising and implementation of a coronavirus healthcare portal
- » Advisory and support offerings (e.g., provision of advice to risk groups by the Company medical staff, crisis hotlines, recommendations on how to ensure ergonomic home offices)
- » Modifications to processes and structures for working from home

## Occupational Health Management

### GRI 403-1

We implemented an enterprise-wide occupational health management system in 2017 by setting up our Company medical service and appointing Company physicians for all locations. This Group-wide system complies with the requirements of the German Health and Safety at Work Act (*Arbeitsschutzgesetz – ArbSchG*). The latter clearly sets out the tasks that companies have to perform and their responsibilities, which were implemented by 1&1 Drillisch. Compliance with these statutory requirements is verified by supervisory authorities and the competent occupational health and safety agency, with the latter also providing technical advice on how to implement specific measures.

### GRI 403-2

### GRI 403-3

### GRI 403-5

### GRI 403-7

### GRI 403-8

Among other things, occupational health management at 1&1 Drillisch includes hazard assessments, occupational medicine, health promotion offerings, and preventive measures designed to reduce the risk of mental and physical stress and to improve employees' work-life balance. These measures cover all core employees in Germany.

Our occupational health management activities are constantly being strategically optimized and extended. For example, we have set up bodies such as the Health and Safety Committee, whose regular meetings are used to define, evaluate, and modify measures. In addition, coordinators have been appointed at the individual locations to help with the implementation of Company-specific and preventive measures. Standardized processes have been created to help staff order specific equipment. In addition, central interfaces have been implemented to permit them to exchange information at an overarching level with the colleagues responsible for our Employee Assistance Program (EAP), and the Health and Safety and Workplace Reintegration Management functions.

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

- » Facility Management regularly performs hazard analyses at our premises and holds fire safety drills, including evacuations.
- » We work together with occupational medicine specialists to provide occupational healthcare. Since many of our employees mainly work sitting down, workplaces are regularly checked and adapted, and seated workstations replaced by adjustable-height desks where necessary. When fitting out new buildings, we take care to ensure that meeting areas in particular offer space for both sitting and standing. In addition, we provide a range of offerings on ergonomics. These include blog entries, health videos, and downloadable pdf files containing recommendations on how to work ergonomically, and on compensatory workplace exercises. We also aim to reduce the strain on employees in our call centers by providing stress management training, and teaching them how to ensure conversations remain calm and to deescalate conflicts.
- » Above and beyond this, all sites provide professional health promotion measures that are performed by third parties. These include influenza vaccinations, occupational medical support, check-ups, and virtual relaxation and exercise offerings that have been adapted to the new conditions resulting from the COVID-19 pandemic. We also performed a hazard assessment for the first time in 2018 that looked at potential stress factors in the workplace. This survey of all workplace types was completed in the same year and a structured follow-up process to implement the resulting measures was launched in 2019. For example, we developed and tested a training format for managers to support employees suffering from psychological stress that was rolled out and successfully implemented in 2020.
- » One of the findings to clearly emerge from our 2018 employee survey was the wish for even more health promotion offerings. To achieve this, the Health team is liaising closely with departments such as People & Organizational Development to continuously extend our occupational health management and health communication policy to incorporate strategic aspects and expand our offering. Exercise, nutrition, stress management, and enhancing resilience during the COVID-19 period have top priority here. We use the intranet to inform employees of our health promotion measures and offerings, and also provide a health mailbox for them to submit suggestions and ideas. In addition, we perform regular evaluations of our health promotion offerings so as to obtain feedback from employees, and regularly enhance the formats used.

GRI 403-6

GRI 403-4

## GRI 403-4

- » Since June 1, 2019, 1&1 Drillisch has helped all employees in Germany achieve a positive work-life balance even in challenging situations using its EAP, which is run in cooperation with an external, independent family service. Service provider contacts are available by phone around the clock to provide confidential advice on three core topics: parental counseling/childcare, care for relatives, and personal emergencies. The parental counseling/childcare support offered covers everything from tips about the German statutory parental allowance through finding age-appropriate vacation childcare down to school counseling and emergency childcare. Advice on caring for relatives addresses issues associated with how to finance care and other background information on this topic, as well as finding household help and shoppers. In addition, our Family Service supports employees experiencing difficult personal situations such as stress, illness, addiction, or financial crises. It offers both preventive and support measures such as remote counseling, resilience training, mindfulness and relaxation courses, emergency psychotherapy and crisis support, plus help finding medical assistance, therapists, and clinics in acute cases. Employees are regularly informed of the service and of other health-related measures using intranet posts.
- » New, largely virtual health promotion formats were developed and implemented in response to the new situation caused by the COVID-19 pandemic. For example, "B2Mission 2020" – an app-based jogging and exercise challenge – was offered as an alternative to the normal company races. This allowed employees at all locations in Germany to join together as the 1&1 team and compete against other companies from the rest of the country over a four-week period. In addition to the thrill of the challenge, the initiative was designed to motivate employees to keep moving, and therefore fit, during the COVID-19 pandemic and to strengthen the idea that we are in this together. We also implemented a coronavirus healthcare portal on the intranet to allow staff to obtain a sound overview and rapidly access relevant webinars and other web-based courses, along with other selfhelp offerings and key internal information.

In 2021, our occupational healthcare management activities will focus on strategically enhancing our offerings, measures, and health-related communications. Among other things, the aim is to introduce a communications policy that uses multipliers to expand the healthcare portal and internal communications. Other virtual formats such as health days are also being planned to compensate for face-to-face events that had to be canceled because of COVID-19.

## Occupational Safety

Annual safety inspections complying with healthy and safety agency/statutory rules and regulations are performed at all locations together with BAD GmbH's experts. Public authority reports are also evaluated and implemented, and a central Health and Safety Committee meeting. Meetings are also held at locations that have significant numbers of staff. Our health and safety activities are continuously enhanced in line with statutory/healthy and safety agency rules and regulations.

## Employee Absences in Figures

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

[GRI 403-2](#)  
[GRI 403-9](#)  
[GRI 403-10](#)

Absentee rate	2018 <sup>(1)</sup>	2019 <sup>(2)</sup>	2020
Absence due to illness (ratio in %)	6.9	7.1	5.6
Number of accident reports	0	6	13
thereof on the way to and from work (in %)	0	16.7	15.3

Table 10

(1) Figures refer to the core employees of the 1&1 Telecommunication SE and its subsidiaries as of December 31.

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

# CLIMATE AND ENVIRONMENTAL PROTECTION

## Management Approach

### Materiality, Impact and Risks

GRI 103-1  
GRI 201-2



See "Customer-related Matters and Product Responsibility" on page 20



See "1&1 Drillisch as a Business Partner" on page 75



See "Corporate Digital Responsibility" on page 28

Our offer of internet and telecommunications services relies on the usage of our company-owned and leased 1&1 Drillisch data centres, which are certified in accordance with international security standards, as well as the data centres of our affiliate 1&1 IONOS, which is part of the United Internet Group, and the use of the fiber-optic network of our affiliate 1&1 Versatel, which is also part of the United Internet Group. This accounts for a significant proportion of our Group's energy consumption, and this energy consumption and the resulting CO<sub>2</sub> emissions have an impact on the environment and climate. To a lesser extent, the use of electricity for office buildings, fuel for vehicles, materials (especially in our logistics operations) and our own use of IT hardware also contribute to our energy consumption. Given our plans to build a 5G network, our energy consumption can be expected to increase further in future.

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

Above and beyond this, the role of digitalisation as an enabling technology for greater climate protection should be emphasised, both in our own business and in relation to products and business relationships.<sup>15</sup> One precondition for such a positive effect is that the additional energy requirements are not met from fossil fuels but from renewable energies, since otherwise the use of digital technologies, algorithms, blockchain and the like would be accompanied by larger carbon footprints. In addition, it can be expected that the new 5G mobile network standard will lead to an increase in electricity consumption, among other things because it offers new technological opportunities, such as ways of networking machinery and vehicles (the "Internet of Things", IoT).

Environmental and climate protection are relevant for a large number of stakeholders. This can be seen both at the level of society as a whole, e.g., in the Fridays for Future movement, and with our employees, whose interest in environmental protection can be seen in many areas of their daily work. The topic is also increasingly

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

(15) e.g., Bitkom article (German only), 18 March 2021

being addressed at a political level, e.g., through Germany's Climate Protection Programme, CO<sub>2</sub> pricing, the Paris Agreement and the UN Climate Change Conferences (Conference of the Parties – COP). Investors and analysts are giving increasingly greater weight to this issue when selecting their investments, and customers value the use of green electricity in cloud products, e.g., as is the case with IONOS.

In addition to the physical risks posed by climate change – especially rising temperatures, which lead to the need to cool data centres more, but also increasingly extreme/poor weather conditions that could cause infrastructure damage – the topic also has an indirect impact on 1&1 Drillisch. As an energy user, the organisation needs to reduce its carbon emissions if it is to avoid potential market and reputational risks. In addition, political and technological risks that could increasingly result from the urgency of the topic must be borne in mind; one potential example here is stricter legislation that takes a corresponding level of effort and expense to implement. If the expectations of our various stakeholders are not met, this could negatively impact our reputation or revenues and earnings; conversely, positioning ourselves positively here could offer opportunities.<sup>16</sup>

## Goals and Measures

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

GRI 103-2

## Results and Assessment

Energy consumption is measured in all relevant areas and, where this makes sense, is also examined on a relative basis (e.g., per employee or in proportion to revenue), so as to take growth effects into account, for example. We aim to use this and other data in future to calculate our carbon footprint that will document and quantify material sources of greenhouse gas emissions ("hot spots") increasingly comprehensively. Please see the following sections for further details.

GRI 103-3

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



## Contribution to the SDGs



Ensure sustainable consumption and production patterns



Take immediate action to combat climate change and its impacts

## Energy Consumption

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

The use of network infrastructure server capacity provided by data centres is necessary to supply our internet and telecommunications services to our customers. At the same time, their operation is the main reason for the energy consumption caused by 1&1 Drillisch. Since 1&1 Drillisch has not operated its own mobile or fixed line network to date and the relevant data from our business partners are not yet available in detail, we will concentrate in the following on the presentation of our own energy consumption. Further details on the information given in the following table overview can be found in the relevant sections.

Table 11

Energy consumption	2018	2019	2020
Electricity consumption office buildings and own data centres in MWh	3,820.0	3,520.8	3,300.8
Heating consumption (natural gas) in MWh	2,474.5	2,416.3	2,650.9
Petrol consumption in MWh	130.2	115.2	143.1
Diesel consumption in MWh	5,495.5	4,770.4	2,907.7
Total fuel consumption in MWh <sup>(1)</sup>	5,625.7	4,885.6	3,050.8
Total energy consumption in MWh	11,920.2	10,822.7	9,002.5
Revenue in € million	3,634.5	3,674.9	3,786.8
Energy intensity (ratio of energy consumption to revenue) in Wh/€	3.3	2.9	2.4

(1) Conversion factors/heating values: Petrol: 8.5 kWh/l; Diesel: 9.7 kWh/l.

## Electricity Consumption in the Data Centres

To make the services for our customers as secure and reliable as possible, the servers at 1&1 Drillisch are organised as a redundant system and are characterised by extensive storage and backup functions. In addition, the 1&1 IONOS high-performance data centres we use are operated georedundantly. This approach ensures that applications can be run regardless of restrictions caused by power outages or environmental influences and gives our customers unrestricted, permanent access to them. This added security comes at the cost of increased electricity consumption, which is combated by using renewable energy and constantly improving energy efficiency.

## Energy Consumption by Our Office Buildings

A significant share of the electricity purchased for our office buildings in the reporting period was certified green electricity, something that reduces the potential environmental impact.

Energy consumption and carbon emissions from office buildings	2018	2019	2020
Electricity consumption in MWh <sup>(1)</sup>	3,820.0	3,520.8	3,300.8
Heating consumption (natural gas) in MWh <sup>(2)</sup>	2,474.5	2,416.3	2,650.9
<b>Total energy consumption in MWh</b>	<b>6,294.5</b>	<b>5,937.1</b>	<b>5,951.7</b>
CO <sub>2</sub> equivalents from electricity consumption (Scope 2)	810.8	443.3	414.8
CO <sub>2</sub> equivalents from heating consumption (Scope 1)	505.7	493.6	540.1
<b>Total carbon emissions in tonnes<sup>(3)</sup></b>	<b>1,316.5</b>	<b>936.9</b>	<b>954.9</b>

Table 12

(1) Data refer to the offices and associated infrastructure of the 1&1 Drillisch sites in Maintal, Krefeld, Dresden, Nuremberg, Münster and Munich that are supplied directly by the provider. The figures also include the electricity consumption for the 1&1 Drillisch data centres (not yet disclosed separately). Data were not yet available in full by the editorial deadline of this report.

(2) Figures refer to the Montabaur site, including the logistics centre, and to the 1&1 Drillisch locations in Maintal, Krefeld and Münster (2018) and (as from 2019) Maintal only. Data were not yet available in full by the editorial deadline of this report.

(3) Calculated on the basis of the suppliers' data on CO<sub>2</sub> emissions per kilowatt hour, conversion factors from DEFRA (Department for Environment, Food and Rural Affairs UK) 2018 and 2019, respectively, and the Federal Environment Agency's data on CO<sub>2</sub> emissions per kilowatt hour of the German electricity mix (2018, 2019: 474 grams; 2020: 401 grams); in part, use of green electricity, from which no CO<sub>2</sub> emissions result.

## Material Consumption and Logistics

As an access and applications provider, we use physical products, and especially electronic devices and hardware, to conduct our business. The applications are developed by us or together with partner organisations, and are operated in our own data centres or those we use from 1&1 IONOS. Our customers are primarily provided with information and communications technology hardware in the form of devices such as smartphones and routers, tablets, web surfing hardware and accessories, along with tariffs for using our mobile network and broadband services. In addition, our employees use IT hardware to perform their tasks.

GRI 301

## Customer Hardware

### Device Disposal

#### GRI 417-1

Smartphones, routers and other devices that we provide our customers may contain components that cannot be disposed of as household waste. We have to take responsibility for these products' entire life cycle, and to recycle materials professionally after use so that no pollutants are released into the environment. We have concluded a disposal contract with our partner and specialised service provider DSD (Der Grüne Punkt - Duales System Deutschland) for the environmentally-friendly disposal of the equipment we put into circulation. We inform customers about how to dispose of their mobile and fixed network hardware professionally every time we make a delivery, and list collection points of DSD on our website. This ensures that all customers have the opportunity to return their old equipment for recycling or disposal.

According to industry association Bitkom, there were roughly 199 million old cellphones and smartphones in circulation in Germany in 2020 that were no longer in use but still worked or could be recycled. The average period of use is not much more than a year. Valuable raw materials such as precious metals and rare earths can be recovered from these devices – if they are recycled.

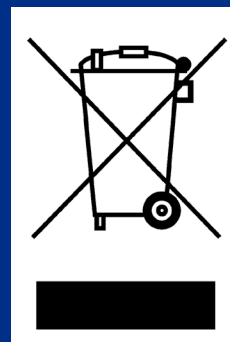


See "1&1 collection points" and, e.g., "smartmobil collection points" (each German only)

### Reusing Smartphones

In 2019 and 2020, 1&1 and three Drillisch Online brands launched campaigns during the reporting period to remarket smartphones that still work. 1&1's trade-in campaign offered customers who signed a new contract including a new iPhone up to €700 if they sent in their functioning old one. When the Samsung Galaxy S20 series was launched in February 2020, customers also received up to €800 for their old device. In addition, the yourfone, maXXim and Galaxy EXETERTE brands added refurbished mobile phones to their product lines in 2019 and 2020. These devices, which come from returns within 30 days, are marketed at a significant discount to the price of new ones. They are in good working order, have been quality assured, and come complete with accessories, original packaging and a 24-month guarantee.

The internal refurbishing of returned devices on a larger scale was piloted in the reporting year 2020 and will be transferred to a standard process for the refurbishing of these devices from the third quarter of 2021.



### HANDLING OLD EQUIPMENT

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

## Hardware in Data Centres and Office Buildings

For over eleven years now, we have ensured used servers and network equipment are recycled in an environmentally appropriate way by passing them on to recycling specialist AfB gGmbH. This organisation recycles them professionally or reclaims them for reuse, prolonging the life of the hardware and conserving resources. AfB is a disability inclusion company; according to its own figures, roughly 45% of its current employees are people with disabilities. This means that not only do we ensure our hardware is dealt with by environmental and recycling experts, but we also improve employment opportunities for people with disabilities.

GRI 102-12  
GRI 301-1

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

GRI 305-3

Old IT equipment <sup>(1)</sup>	Number of devices			Reclaimed and reused in %			Raw materials recovered through recycling in %		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
PCs	504	311	349	82.5	87.4	87.6	17.5	12.6	12.4
Notebooks	444	648	313	94.4	97.0	93.6	5.6	3.0	6.4
Tablets <sup>(2)</sup>			23			23.5			76.5
Flat screens	600	410	480	62.5	45.0	72.6	37.5	55.0	27.4
Mobile devices	331	296	249	59.1	44.2	30.8	40.9	55.8	69.2
Servers	446	404	270	29.4	42.0	50.0	70.6	58.0	50.0
Printers	9	2	8	27.8	0.0	64.7	72.2	100.0	35.3

Table 13

(1) Data refer to 1&1 Telecommunication SE and its subsidiaries (approximated on the basis of the share of employees and the share of services at the 1&1 IONOS data centres as data are available solely within a general evaluation for United Internet Group).

(2) The "tablet" category was reported separately by AfB in the 2020 reporting period. Since these devices were included in the "flat-screens" category in previous years, no figures can be provided for past periods.

In 2020, we were able to send 76.7 tonnes (2019: 87.7 tonnes; 2018: 88.5 tonnes) of hardware to AfB, contributing to savings of 432.8 tonnes<sup>17</sup> (2019: 70.2 tonnes; 2018: 70.7 tonnes) of CO<sub>2</sub> equivalents.<sup>18</sup>

<sup>(17)</sup> 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 those for the previous year.

<sup>(18)</sup> Approximate values determined on the basis of the employee share of 1&1 Telecommunication SE and its subsidiaries.

## Logistics and (Secondary) Packaging

Part of our business involves providing our customers with products such as smart-phones and routers so they can use our services. This task is performed for all 1&1 Drillisch 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, e.g., by post for security reasons. The (secondary) packaging materials that we use largely comprise paper, paperboard and cardboard (PPC) with a high recycled content of 75–80%. We aim to continuously optimise 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 number of shipments from the logistics centre decreased by around 12% (2020: 6.0 million; 2019: 6.9 million; 2018: 5.4 million). At the same time, the consumption of packaging material (plastic as well as PPK) was reduced since 2019. This is primarily a consequence of a change in legal provisions from the year 2019.

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

As a result, 1&1’s logistics operations did not produce any significant amounts of plastic in 2020, whereas the comparable figure for 2019 was 0.5 tonnes. PPK consumption has also been reduced from 485.1 tonnes in 2019 to 432.7 tonnes in 2020. The number of shipments also fell slightly during the reporting period. The volume of materials required depends on, e.g., the relative proportions of devices or SIM cards shipped, and can therefore fluctuate over the years.



### The 1&1 Service Card

The introduction of the 1&1 Service Card in the summer of 2020 did not supersede the well-known 1&1 Service Principle; on the contrary 1&1 is ramping up its service promise to customers. The 1&1 Service Card is another driver of customer satisfaction and a differentiator on the market. Our customers receive the cards with every order. It lists all the services that a 1&1 customer can use free of charge.

Table 14

<b>Packaging materials<sup>(1)</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Total paper, paperboard and cardboard (PPC) consumption in tonnes	575.4	485.1	432.7
Total plastic consumption in tonnes	2.7	0.5	0.0
Number of shipments in millions	5.4	6.9	6.0
Amount of PPC per shipment in grammes	106.5	70.4	71.8
Amount of plastic per shipment in grammes	0.5	0.1	0.0
CO <sub>2</sub> equivalents in tonnes <sup>(2)</sup> (Scope 3)	12.1	10.4	9.2

(1) Figures for 2018 refer to 1&1 Telecommunication SE and its subsidiaries, with regard to shipment figures additionally to Drillisch Online and as of 2019 to the entire 1&1 Drillisch Group with regard to packaging material.

(2) Calculated using DEFRA 2018, 2019 and 2020 conversion factors.

Recycling by our service providers of (secondary) packaging materials led to the equivalent of 223.3 tonnes of CO<sub>2</sub> being saved in 2019.<sup>19</sup>

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

All mobile phones our customers have returned are examined in detail and tested for recyclability. During the examination, all personalised data on the device are erased, functions are tested and the device is checked for signs of use. If the devices are in defect-free condition, they are cleaned, polished, supplemented with missing accessories (headphones, charging cables etc.) and finally offered at a significant price advantage over new devices.

### Emissions from Shipping Distances

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

GRI 305-3

Packages destined for our customers are delivered by our logistics services providers (these include DHL, Hermes and GLS). According to an internal estimate, they travelled a total of about 886.3 million kilometres in delivering our package shipments in 2020. In 2019, however, the figure was 875.4 million kilometres, so there was an increase of 10.9 million kilometres. Based on the information and estimates provided by our logistics services providers, this generated approximately 1,579.1 tonnes

(19) The data for the reporting year were not yet available per the editorial deadline of the report.

(2019: 1,779.0 tonnes) of greenhouse gas emissions. These emissions were not generated by our organisation itself, but are the result of our business activity and therefore count towards our Scope 3 emissions.<sup>20</sup>

Table 15

Shipping distances	2019	2020
Kilometres travelled for package deliveries in millions <sup>(1)</sup>	875.4	886.3
CO <sub>2</sub> equivalents in tonnes <sup>(2)</sup> (Scope 3)	1,779.0	1,579.1

(1) Estimate based on the distances between the target locations and the logistics centre in Montabaur; the figures do not include upstream journeys to depots, detours, any multiple deliveries or returns; mean figures were calculated in some cases.

(2) The figures are based on the information and estimates supplied by our logistics services providers.

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

### Paper Consumption

GRI 301-1  
GRI 305-3

The following table shows paper consumption in the 1&1 Drillisch Group. The data captured was expanded substantially in 2019 to include both additional companies and other types of paper. This led to a sharp rise in the figures. Furthermore, the figures fluctuate from one year to the next as a large amount of paper is often ordered and distributed once a year. If, e.g. a larger quantity is ordered at the end of a year, this reduces the order quantity in the following year. Moreover, the paper ordered in one year is not completely consumed in the same year. Most of the copy paper used in the group bears the "EU Ecolabel" that identifies products and services with a lower environmental impact than comparable products and, in some cases, the FSC label representing sustainable forestry.

Table 16

Paper consumption <sup>(1)</sup>	2018	2019	2020
Total paper consumption in tonnes	153.2	1,623.3	1,354.5
Paper consumption per employee <sup>(2)</sup> in kilogrammes	57.2	411.2	359.4
CO <sub>2</sub> equivalents in tonnes <sup>(3)</sup> (Scope 3)	139.6	1,479.5	1,123.5

(1) Data for 2018 refer to 1&1 Telecommunication SE and its subsidiaries (approximately determined on the basis of the share of employees, since data are available only within an overall evaluation for the United Internet Group); from 2019 they include the entire 1&1 Drillisch Group.

(2) Arithmetic average; the figures relate to the employees at the companies and locations listed in (1).

(3) Approximate figure calculated on the basis of the conversion factors published by DEFRA for 2018, 2019 and 2020.

(20) The Greenhouse Gas Protocol (2011) requires purchased transportation 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

Our Group is distributed across several locations in Germany – a fact that makes high demands on employee mobility. Carbon emissions are produced when our employees travel.

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

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

The services in the area of employee mobility are provided by the purchasing departments of United Internet Corporate Services GmbH and the 1&1 Drillisch Group in cooperation with the personnel departments. Responsibility for this topic ranges from business trip management through vehicle fleet monitoring down to defining the terms on which company cars are awarded and can be used.

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

#### » **Avoiding business trips**

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

#### » **Climate-friendly travel**

Our approval process is designed to encourage employees to use the train as their preferred means of transportation. This allows climate-neutral travel for long-distance trips. In addition, employees can use the car pool service on our intranet to travel together.

#### » **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. Vehicle fleet management is largely performed by the procurement departments of United Internet Corporate Services GmbH and the 1&1 Drillisch Group. What is more, as from 2021 carbon emissions will be capped at 160 g/km per vehicle and it will be possible to purchase electric vehicles.

#### » **Paperless travel expense claims**

Following a successful pilot project, the 1&1 Telecommunication SE and its subsidiaries introduced a workflow for submitting paperless travel expense claims that also offers improved transparency as to alternative means of transportation and travel expenses.



## Fuel Consumption and Carbon Emissions

We work together with external partners on the use of rental and company cars. These partners provide us with regular information on vehicle fleet usage and evaluate fuel cards, enabling us to monitor trends in fuel consumption and associated greenhouse gas and carbon emissions. Air travel is organised by travel agents who also provide us with regular information on carbon emissions, among other things. German rail network operator Deutsche Bahn supplies us with an annual client environmental data report ("Umweltbilanz").

In the reporting year 2020, our employees travelled more than 5.7 million kilometres (2019: 12.2 million kilometres<sup>21</sup>; 2018: 12.7 million kilometres), generating carbon emissions of 921.1 tonnes (2019: 1,751.6 tonnes<sup>22</sup>; 2018: 2,038.7 tonnes). The following table provides a detailed breakdown of the Group's travel activity.

Table 17

<b>Rail travel<sup>(1)</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020<sup>(3)</sup></b>
Passenger kilometres (pkm) for long-distance travel	2,451,958	2,576,816	836,333
Pkm for long-distance travel per employee <sup>(2)</sup>	950.4	814.7	262.1
CO <sub>2</sub> equivalents from long-distance travel in tonnes (Scope 3)	0	0	0
Pkm for local travel	204,609	213,210	74,748
CO <sub>2</sub> equivalents from local travel in tonnes (Scope 3)	11.2	11.7	0
Climate-neutral rail travel in % of total	92.3	92.4	100.0

- (1) Data for 2018 refer to 1&1 Telecommunication SE and its subsidiaries (approximately determined on the basis of the share of employees, since data are available only as part of an overall evaluation for the United Internet Group); from 2019 they include the entire 1&1 Drillisch Group. The figures are taken from Deutsche Bahn's annual client environmental data report ("Umweltbilanz").
- (2) The figures relate to the employees of the companies listed under (1).
- (3) The decline in the 2020 figures is due to the restrictions caused by the COVID-19 pandemic. In addition, Deutsche Bahn introduced 100% green electricity for local trains in fiscal year 2020, making climate-neutral travel possible.

Table 18

<b>Rental cars<sup>(1)</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020<sup>(5)</sup></b>
Fuel consumption (petrol and diesel) in litres <sup>(2)</sup>	33,953.9	57,800.8	4,664.4
Fuel consumption per employee in litres <sup>(3)</sup>	13.2	18.3	1.5
Total kilometres driven	458,837	781,092	63,032
CO <sub>2</sub> equivalents in tonnes <sup>(4)</sup> (Scope 3)	58.1	113.2	35.2

- (1) Data refer to 1&1 Telecommunication SE and its subsidiaries. The data collection was expanded in 2019 under review to include another external partner.
- (2) Calculated on the basis of the average fuel consumption data for passenger cars and station wagons per 100 km provided by the Umweltbundesamt (the Federal Environmental Agency); as from 2018: 7.4 l.
- (3) The figures relate to the employees of the companies listed under (1).
- (4) The figures are based on service provider data.
- (5) The decline in the 2020 figures is due to the restrictions caused by the COVID-19 pandemic.

(21) Figures adjusted retrospectively in the 2020 reporting period.

(22) Figures adjusted retrospectively in the 2020 reporting period.

<b>Company cars<sup>(1)</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020<sup>(5)</sup></b>
Fuel consumption (petrol and diesel) in litres	581,868	505,349	316,602
Fuel consumption per employee in litres <sup>(2)</sup>	2,394.5	2,307.5	1,486.4
Total kilometres driven <sup>(3)</sup>	8,223,864	7,741,490	4,560,813
Total kilometres driven per company car	33,843	35,349	21,412
CO <sub>2</sub> equivalents in tonnes <sup>(4)</sup> (Scope 1)	1,528.9	1,327.5	829.2

Table 19

- (1) Data refer to the 1&1 Drillisch Group; in some cases, long-term rental cars and refuelling of rental cars are also included.
- (2) Number of vehicles reported as assets as of December 31 of the reporting period in question; 2018: 243; 2019: 219; 2020: 213; the number of cars in the fleet may vary over the course of the year.
- (3) The figures are based on manual data input by users when refueling.
- (4) The figures are partly based on service provider data and partly calculated using the conversion factors published by DEFRA for 2018, 2019 and 2020.
- (5) The decline in the 2020 figures is due to the restrictions caused by the COVID-19 pandemic.

<b>Air travel<sup>(1)</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020<sup>(5)</sup></b>
Kerosene consumed in litres <sup>(2)</sup>	49.605	40.806	5.842
Kerosene consumed per employee in litres <sup>(3)</sup>	19,2	15,4	2,2
Total kilometres flown	1.385.603	1.139.827	164.560
CO <sub>2</sub> equivalents in tonnes <sup>(4)</sup> (Scope 3)	440,4	328,7	56,6

Table 20

- (1) Data refer to 1&1 Telecommunication SE and its subsidiaries.
- (2) Calculated on the basis of the average kerosene consumption data per passenger and 100 km provided by the Bundesverband der deutschen Luftverkehrswirtschaft (German Aviation Association – BDL); 2018, 2019: 3,58 l; 2020: 3,55 l.
- (3) The figures relate to the employees of the companies listed under (1).
- (4) The figures relate partly to travel agent data and partly to calculations based on the conversion factors published by DEFRA for 2018, 2019 and 2020.
- (5) The decline in the 2020 figures is due to the restrictions caused by the COVID-19 pandemic.

# 1&1 DRILLISCH AS A BUSINESS PARTNER

## Management Approach

### Materiality, Impact and Risks

#### GRI 103-1



See "Online Publication of the NAP"



See "1&1 Drillisch as an Employer" on page 41  
See "Corporate Digital Responsibility" on page 28

With business activities exclusively in Germany, 1&1 Drillisch has to comply with strict standards in the areas of environmental protection and labour and human rights. At the same time, expectations are growing that the organisation will use these high standards as the basis for working with its business partners and suppliers. This is required both by frameworks such as the UN SDGs and the GRI Standards and by the German government in its National Action Plan for the Implementation of the UN Guiding Principles on Business and Human Rights ("NAP")<sup>23</sup>, and is also being discussed in the context of a possible German Supply Chain Act (Sorgfaltspflichtengesetz). Investors and analysts are joining consumers, civil society players and the media in looking more closely at the issue of value chains.

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

As regards business partnerships and supplier relationships, companies in Germany are subject to the same strict statutory requirements as 1&1 Drillisch 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 e.g., in the domestic links in our value chain. However, such risks can take on a different dimension abroad in view of the legal, political and social frameworks there. In addition, business partners' specific activities may give rise to other relevant topics, depending on how far up the value chain an examination goes (it may extend as far back as the extraction of raw materials). This means that other stakeholders may be affected indirectly by the way we behave as a business partner. Among others groups, these may include business partners' employees and those of their suppliers, residents living near production sites, and people or groups affected by potential environmental impacts.

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

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

The ability to work together reliably with wholesalers and business partners is crucial for 1&1 Drillisch. 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 the close cooperative exchanges that come from personal support. Another reason why the integrity of our business partners is essential for us is that negative events could impact 1&1 Drillisch (market and reputational risk). In addition, due diligence requirements in the value chain are currently attracting political attention (see above), which could result in political and legal risks.

## Goals and Measures

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

Relevant guidelines include our Code of Conduct and, in particular, the Code of Conduct for Business Partners. The latter is a major component of ensuring that partners observe the duties of care that are relevant for compliance, and a key way of reducing compliance risks within the value chain. The Code builds on our corporate values to define minimum social and environmental standards, and lays down rules on how to comply with them. The Code of Conduct for Business Partners has been incorporated into the contracts entered into with business partners by including it in the General Terms and Conditions for Procurement of the United Internet Corporate Services GmbH, which provides a variety of procurement services for 1&1 Drillisch Group.

Significant volumes of wholesale services are sourced in the form of network services and devices. The areas entrusted with procuring these wholesale service also see themselves as “partner managers”. They ensure that the products and services concerned are of a high quality and fit for the future, and manage reliable business relationships on the basis of trust. Carrier Management performs end-to-end management and coordination of the relationships with wholesale telecommunications partners, both for fixed networks and for mobile accounts. Partner Account Management is responsible for hardware procurement (information and communications technology (ICT) products and devices) for our customers in the case of both fixed networks and mobile accounts. Ultimate responsibility lies with the management board members for Product Management and Partner Management. In addition, special areas coordinate the outsourcing of customer care services, among other things.

GRI 103-2



See “Code of Conduct for Business Partners” on page 82



See “Code of Conduct for Business Partners” (German Only)



See “General Terms and Conditions for Procurement” at United Internet Corporate Services GmbH (German only)



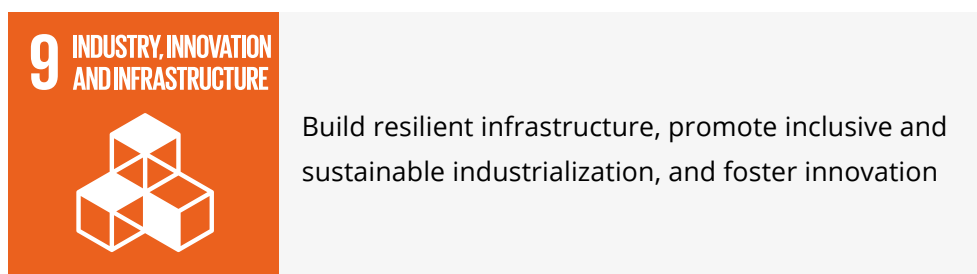
Carrier: Network operator

## Results and Assessment

### GRI 103-3

In connection with our supply and value chain, we would first like to create an increasingly complete presentation of the relevant actors and topics (mapping). As soon as we have meaningful data with which to present them, these topics will be included in the Sustainability Report. In addition, details are given in the following sections.

## Contribution to the SDGs

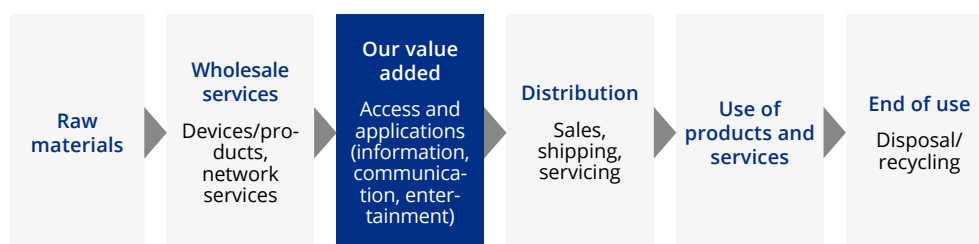


## Description of our Supply and Value Chain

### GRI 102-9

1&1 Drillisch offers to its customers a comprehensive portfolio of tailored services and products from the sector of mobile voice and data services as well as fixed network connections (broadband), encompassing mobile-only and broadband-only products as well as bundled products with various product accessories.

The following graphic shows a simplified overview of the 1&1 Drillisch Group's supply and value chain:



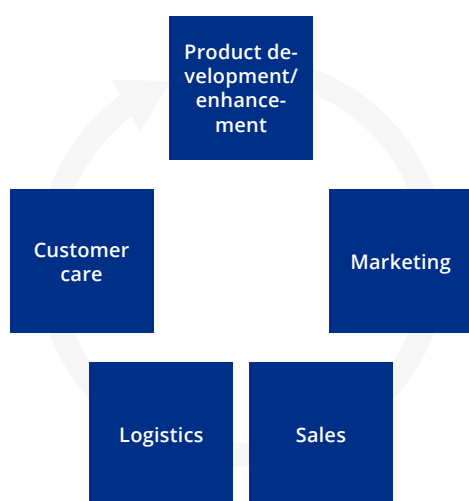
## Upstream

1&1 Drillisch mainly sources network services (fixed network and mobile) from the upstream value chain.<sup>24</sup> The Company uses its right of access to the Telefónica mobile

(24) The upstream value-added chain comprises purchased goods and services up to the point of receipt by the reporting entity (Greenhouse Gas Protocol, 2011).

network and also purchases fixed network services from 1&1 Versatel, a member company of the United Internet Group, as well as from other wholesale service providers. Moreover, the Company procures devices such as smartphones and routers from international manufacturers. In turn, these wholesale services are based in part on a multistage upstream value chain stretching all the way back to raw materials extraction. In addition, 1&1 Drillisch sources services provided by specialised partners and outsourcers. Taken together, these items make up the bulk of our procurement volumes. All in all, we sourced revenue-related services and goods worth approximately €2.7 billion (2019: €2.5 billion; 2018: €2.4 billion) from our business partners in 2020. Sourcing wholesale services places high demands on the business relationships involved.

### Our Value Added



1&1 Drillisch primarily adds value in the areas of product development and enhancement, marketing, sales and customer care; in addition, the organisation has its own logistics capabilities.

1&1 Drillisch itself provides many services that belong to the Company's core business and for which 1&1 Drillisch has a competitive advantage. These services include first and foremost information technology (IT). IT services are procured from IQ-optimize Software AG, a wholly-owned subsidiary.

All the know-how and expertise that an MBA MVNO needs for a successful business are concentrated here. What is more, the company is the interface on the technical side to the network operators so that disruption-free use by 1&1 Drillisch customers can be guaranteed. So 1&1 Drillisch is independent of any third-party service providers and can respond quickly and flexibly whenever adaptations are required. The services provided by IQ-optimize are supplemented by the technical infrastructure of 1&1 Telecommunication SE. A number of synergy effects result, among them the exchange of knowledge and the joint analysis of requirements, along with a stronger position from the united front in our cooperation with business partners and a united approach to suppliers.

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

### Downstream

Due to the high quality standards of 1&1 Drillisch, important parts of the value chain such as service operations for customers are carried out by both internal employees and

external service providers, whereby the training of these support employees is carried out centrally by an internal corporate unit. Downstream<sup>25</sup> activities can be highly relevant, since in many cases the contractual commitments of our customers can lead to long-term customer relationships which can facilitate growth. This means that the use phase for our products is a material part of our business – including from a sustainability perspective. Other business partners in the downstream value chain are shipping partners, who are responsible for delivering devices to customers, and partners who ensure that waste devices are recycled/disposed of in an environmentally friendly manner.

## Impacts on the Value Chain

### Upstream

We primarily source network services and ICT products from the upstream value chain. These must mainly be seen from the perspective of their environmental impact, since the use of networks involves the consumption of substantial energy and resources.

GRI 308-2  
GRI 414-2

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



See “Code of Conduct for Business Partners” on page 82

### Our Value Added

Our own value creation – from product development down to customer care – takes place exclusively in Germany. Impacts on the environment and society, such as our energy consumption or our responsibility as an employer, are examined in detail in the various chapters of this Sustainability Report.

### Downstream

Services that we commission from specialised partners and outsourcers include parts of our customer service and sales operations and shipping products to customers. Social impacts in the form of data protection, data security and working conditions must be




See “Measures and Tools Relating to Call Centre Service Providers” on page 83

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

taken into account here, and we expect our service providers to comply with the strict requirements in these areas.

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

 See "Customer Hardware" on page 67, "Hardware in Data Centres and Office Buildings" on page 68 and "Emissions from Shipping Distances" on page 70

## Cooperation with our Business Partners

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

GRI 308-1

GRI 414-1

## Responsibility for Human Rights Due Diligence

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

GRI 414

GRI 414-2

- » A human rights **policy statement** (public commitment plus expectations made of employees and business partners)
- » **Procedures for the identification** of actual or potential adverse impacts on human rights (relating to the organisation's own activities, supply chains, business relationships etc.)
- » Measures to **ward off** potential adverse impacts and to review the effectiveness of these measures
- » **Reporting** (on the approach to due diligence and the effectiveness of the measures taken)
- » A **grievance mechanism** (provision of and participation in appropriate channels for making complaints, so as to give affected individuals access to remedies)





See "United Nations"



See "United Nations  
Guiding Principles"

## Policy Statement

For 1&1 Drillisch, respect for human rights is an integral component of its corporate culture. The Company has committed itself to observing the United Nations' Universal Declaration on Human Rights. We have taken measures to prevent, mitigate and redress any potential adverse human rights impacts. In this context, 1&1 Drillisch complies with the UN Guiding Principles on Business and Human Rights. We have included principles designed to ensure respect for human rights in our corporate values and our Code of Conduct.

## Procedures for the Identification of Adverse Impacts, and Grievance Mechanism

We have established grievance procedures in the form of confidential reporting channels to enable adverse impacts to be identified at an early stage. By appointing central and local compliance managers and designated persons of trust, the organisation has created confidential points of contact for employees outside their immediate working environments. These grievance mechanisms ensure that 1&1 Drillisch can effectively meet its corporate due diligence requirements with regard to human rights. 1&1 Drillisch takes all perceived injustices extremely seriously. Our overarching goal is to become aware of any incidents at an early stage and to get to the bottom of all complaints regarding human rights violations. There were no indications in fiscal year 2020 of any violations suggesting actually or potentially adverse human rights impacts.

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

The risk of human rights violations within the 1&1 Drillisch Group is extremely small: All of 1&1 Drillisch Group's employees are located in Germany; no human rights risks were established for these employees.

As regards our business partners, we consider appropriate working conditions – from the remuneration paid through working times down to occupational safety – to be a relevant topic. 1&1 Drillisch Group has commissioned United Internet Corporate Services GmbH to provide purchasing and procurement services. United Internet Corporate Services GmbH has introduced a Code of Conduct for Business Partners that formulates our expectations of our business partners with regard to human rights matters, among other things. Reporting on due diligence with regard to human rights is mainly performed in connection with the Sustainability Report.

## Code of Conduct for Business Partners

The Code of Conduct for Business Partners builds on our corporate values to define minimum social and environmental standards in the areas of business integrity and compliance, human rights and labour rights, health and safety and the environment. The Code specifies how the requirements are to be met and provides information on suitable channels for reporting any indications of problems. For example, 1&1 Drillisch provides employees at its business partners who want to notify it of potential violations of the law or of the Code of Conduct for Business Partners with a confidential reporting channel. At the same time, its business partners must ensure that employees are aware of this confidential reporting channel and that they can use it without any fear of reprisals. The contractual integration of the Code of Conduct for Business Partners has been effected by including it in the "General Terms and Conditions for Procurement" of United Internet Corporate Services GmbH.

GRI 308  
GRI 414



See "Code of Conduct  
for Business Partners"  
(German only)

## Business Integrity and Compliance

The Code of Conduct for Business Partners requires business partners to take appropriate measures to comply with all applicable laws, regulations and orders (compliance). No undue benefits may be requested or offered; anti-corruption laws and regulations and competition law and antitrust regulations must be observed; and sanctions and embargoes that have been imposed must be complied with (fair competition). In addition, suitable technical and organisational measures must be taken to protect the confidentiality, availability and integrity of all information transmitted by 1&1 Drillisch, and in particular of sensitive corporate data and personal data (information security and data protection).

## Human and Labour Rights

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

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

In concrete terms, the Code contains requirements to comply with the rules governing working times, wages and social security benefits (such as the minimum wage in Germany) (wages and working times). In addition, business partners may not use any form of forced, prison, slave or compulsory labour, and the use of conflict minerals must be examined and prevented, especially during the procurement and manufacture of goods (voluntary labour). 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 that are free from psychological, physical, sexual or verbal abuse, intimidation, threats or harassment, and must undertake to ensure equal opportunities in their human resources decisions. Discrimination on the basis of nationality and national origin,



See "ILO Conventions  
and Recommendations"

ethnicity, political affiliation, gender, religion or belief, disability, age or sexual identity is prohibited (prohibition on discrimination).

### **Health and Safety**

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

### **Environment**

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

### **Measures and Tools Relating to Call Centre Service Providers**

The major expansion of reporting channels in the past continued to ensure in the reporting year that employees from the external call centres were able to point out any cases of fraud that they observed in the course of their support and sales activities.

In 2016, 1&1 Telecommunication SE and its subsidiaries introduced a systematic review of the outsourcing service providers with which it interfaces (due diligence outsourcing or DDO). A fundamental audit of the service providers has already been established throughout the 1&1 Drillisch Group. This due diligence is built around self-reporting by the service provider using lists of questions on specific topics, plus a subsequent analysis and assessment. 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.

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.

The results are documented in a review report and addressed, in the form of concrete recommendations for measures, to Compliance, Legal and the management responsible for implementing the measures, among other instances. In fiscal year 2020, a total of eight outsourcing service providers were reviewed. This means that four years after the DDO process was introduced, a large proportion of integrated call centres have been reviewed. There were no material indications of adverse impacts in relation to the social aspects of working practices, human rights and compliance.

## ANNEX

### GRI Content Index and CSR-RUG Disclosures

GRI 102-54  
GRI 102-55

The GRI Content Index maps all GRI disclosures made to the relevant sections of this report. This report has been prepared in accordance with the GRI Standards: Core option. All GRI disclosures relate to the 2016 GRI Standards with the exception of GRI 403, which relates to 2018. The topic-specific disclosures in part (II) of the table have been assigned to the aspects in the German CSR Directive Implementation Act (*CSR-Richtlinie-Umsetzungsgesetz* – CSR-RUG).

Table 21

#### GRI 102: General Disclosures

GRI Standard number	GRI Standard titles	Reference to relevant sections of the report / other sources, comments	Page
<b>ORGANISATIONAL PROFILE</b>			
GRI 102-1	Name of the organisation	Organisational Profile	5
GRI 102-2	Activities, brands, products and services	Organisational Profile	6
GRI 102-3	Location of headquarters	Organisational Profile	5
GRI 102-4	Location of operations	Organisational Profile	5
GRI 102-5	Ownership and legal form	Organisational Profile	6
GRI 102-6	Markets served	Organisational Profile	5
GRI 102-7	Scale of the organisation	Organisational Profile; Our Human Resources Strategy and HR Organisation	6 43
GRI 102-8	Information on employees and other workers	Our Human Resources Strategy and HR Organisation; Implementing Diversity	53
GRI 102-9	Supply chain	Description of Our Supply and Value Chain; Human and Labour Rights	77
GRI 102-10	Significant changes to the organisation and its supply chain	Organisational Profile; "General Information about the Company and Group" in the Annual Report (AR)	6
GRI 102-11	Precautionary Principle or approach	Risk Management; Compliance and Anti-Corruption; "Risks, Opportunities and Forecast Report" (AR)	10 11
GRI 102-12	External initiatives	Stakeholder Dialogue; 1&1 Drillisch as an Employer (Fair Company Initiative; Diversity Day; Komm, mach MINT) Hardware in Data Centres and Office Buildings	18 51 68
GRI 102-13	Membership of associations	Stakeholder Dialogue	19

**STRATEGY**

GRI 102-14	Statement from senior decision-maker	Foreword	4
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**ETHICS AND INTEGRITY**

GRI 102-16	Values, principles, standards and norms of behaviour	The Basis for Acting Responsibly; Our Values and Guidelines; Compliance and Anti-Corruption; Our Values and Corporate Culture	9 10 11 43
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**GOVERNANCE**

GRI 102-18	Governance structure	The Basis for Acting Responsibly; "Statement on Corporate Management/ Corporate Governance Report" (AR)	9
GRI 102-20	Executive-level responsibility for economic, environmental and social topics	Sustainability Management	18

**STAKEHOLDER ENGAGEMENT**

GRI 102-40	List of stakeholder groups	Stakeholder Dialogue; Process Used to Define Material Topics	18 93
GRI 102-41	Collective bargaining agreements	Fair Pay	58
GRI 102-42	Identifying and selecting stakeholders	Stakeholder Dialogue; Process Used to Define Material Topics	18 93
GRI 102-43	Approach to stakeholder engagement	Stakeholder Dialogue; Process Used to Define Material Topics	18 93
GRI 102-44	Key topics and concerns raised	Materiality Analysis: Topics and Action Areas; Stakeholder Dialogue; Process Used to Define Material Topics	13 18 95

**REPORTING PRACTICE**

GRI 102-45	Entities included in the consolidated financial statements	About this Report: Reporting Period, Reporting Cycle and Scope of Application	97
GRI 102-46	Defining report content and topic Boundaries	Materiality Analysis: Topics and Action Areas; Process Used to Define Material Topics	13 91
GRI 102-47	List of material topics	Materiality Analysis: Topics and Action Areas	13
GRI 102-48	Restatements of information	New Developments; In addition, new representations are marked at the respective places.	13
GRI 102-49	Changes in reporting	New Developments	13
GRI 102-50	Reporting period	About this Report: Reporting Period, Reporting Cycle and Scope of Application	97
GRI 102-51	Date of most recent report	About this Report: Reporting Period, Reporting Cycle and Scope of Application	97
GRI 102-52	Reporting cycle	About this Report: Reporting Period, Reporting Cycle and Scope of Application	97
GRI 102-53	Contact point for questions regarding the report	Contact information	98
GRI 102-54	Claims of reporting in accordance with the GRI Standards	GRI Content Index	85
GRI 102-55	GRI content index	GRI Content Index	85
GRI 102-56	External assurance	About this Report: Preparation, Publication and Examination of the Sustainability Report	97

Table 22

**Topic-specific Standards 2016 and 2018 (GRI 403) (GRI 200 – Economic, GRI 300 – Environmental, GRI 400 – Social) and Management Approach (GRI 103)<sup>26</sup>**

GRI Standard number	GRI Standard titles	Reference to relevant sections of the report / other sources, comments	Page
<b>SOCIAL MATTERS</b>			
<b>GRI 203</b>	<b>Indirect Economic Impacts</b>		
GRI 203-1	Infrastructure investments and services supported	Organisational Profile; "General Information about the Company and Group" among others in chapters of the Annual Report (AR)	5
<b>ANTI-CORRUPTION AND BRIBERY</b>			
<b>GRI 103</b>	<b>Management Approach</b>	Compliance and Anti-Corruption	11
<b>GRI 205</b>	<b>Anti-Corruption</b>		11
GRI 205-2	Communication and training about anti-corruption policies and procedures	Compliance and Anti-Corruption	11
GRI 205-3	Confirmed incidents of corruption and actions taken	Compliance and Anti-Corruption	11
<b>ENVIRONMENTAL MATTERS</b>			
<b>GRI 103</b>	<b>Management Approach</b>	Climate and Environmental Protection	63
<b>GRI 201</b>	<b>Economic performance</b>		
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Climate and Environmental Protection	63
<b>GRI 301</b>	<b>Materials</b>		66
GRI 301-1	Materials used by weight or volume	Material Consumption and Logistics: Hardware in Data Centres and Office Buildings; Materials Used for Shipments; Paper Consumption	68 69 71
<b>GRI 302</b>	<b>Energy</b>		65
GRI 302-1	Energy consumption within the organisation	Energy Consumption; Employee Mobility	65 72
GRI 302-3	Energy intensity	Energy Consumption	65
GRI 302-4	Reduction of energy consumption	Energy Consumption	65
<b>GRI 305</b>	<b>Emissions</b>		65
GRI 305-1	Direct (Scope 1) GHG emissions	Energy Consumption; Employee Mobility	65 72
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Energy Consumption; Employee Mobility	65 72

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

		Energy Consumption;	
		Material Consumption and Logistics:	65
		Hardware in Data Centres and Office	68
		Buildings;	69
GRI 305-3	Other indirect (Scope 3) GHG emissions	Materials Used for Shipments;	70
		Emissions from Shipping Distances;	71
		Paper Consumption;	72
		Employee Mobility	
<b>GRI 308</b>	<b>Supplier Environmental Assessment</b>		82
GRI 308-1	New suppliers that were screened using environmental criteria	Cooperation with our Business Partners; Responsibility for Human Rights Due Diligence	80
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Impacts on the Value Chain	79
<b>EMPLOYEE MATTERS</b>			
<b>GRI 103</b>	<b>Management Approach</b>	1&1 Drillisch as an Employer	41
<b>GRI 401</b>	<b>Employment</b>		43
GRI 401-1	New employee hires and employee turnover	Our Human Resources Strategy and HR Organisation; Implementing Diversity	43 53
<b>GRI 403</b>	<b>Occupational Health and Safety</b>		58
GRI 403-1	Occupational health and safety management system	Occupational Health Management	59
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety; Occupational Health Management; Employee Absences in Figures	58 59 62
GRI 403-3	Occupational health services	Occupational Health Management	59
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health Management	60 61
GRI 403-5	Worker training on occupational health and safety	Occupational Health Management	59
GRI 403-6	Promotion of worker health	Occupational Health Management	60
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	59
GRI 403-8	Workers covered by an occupational health and safety management system	Occupational Health Management	59
GRI 403-9	Work-related injuries	Employee Absences in Figures	62
GRI 403-10	Work-related ill-health	Employee Absences in Figures	62
<b>GRI 404</b>	<b>Training and education</b>		47
GRI 404-1	Average hours of training per year per employee	Training and Education; Training and Education in Figures	50
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	Training and Education; Development and Prospects; Personal Development Opportunities	47 48
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Training and Education; Development and Prospects	47



<b>GRI 405</b>	<b>Diversity and Equal Opportunity</b>		<u>52</u>
GRI 405-1	Diversity of governance bodies and employees	Diversity of the Management Board and Supervisory Board; Diversity and Equal Opportunities; Implementing Diversity; "Statement on Corporate Management/ Corporate Governance Report" (AR)	<u>9</u> <u>52</u> <u>53</u>
GRI 405-2	Ratio of basic salary and remuneration of women to men	Fair Pay	<u>58</u>
<b>GRI 406</b>	<b>Non-discrimination</b>		<u>52</u>
GRI 406-1	Incidents of discrimination and corrective actions taken	Diversity and Equal Opportunities	<u>53</u>
<b>RESPECT FOR HUMAN RIGHTS</b>			
<b>GRI 103</b>	<b>Management Approach</b>	Compliance and Anti-Corruption; 1&1 Drillisch as a Business Partner	<u>11</u> <u>75</u>
<b>GRI 408</b>	<b>Child labour</b>		<u>82</u>
GRI 408-1	Operations and suppliers at significant risk for incidents of child labour	Code of Conduct for Business Partners: Human and Labour Rights	<u>82</u>
<b>GRI 409</b>	<b>Forced or compulsory labour</b>		<u>82</u>
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Code of Conduct for Business Partners: Human and Labour Rights	<u>82</u>
<b>GRI 414</b>	<b>Supplier Social Assessment</b>		<u>80</u> <u>82</u>
GRI 414-1	New suppliers that were screened using social criteria	Cooperation with our Business Partners; Responsibility for Human Rights Due Diligence	<u>80</u>
GRI 414-2	Negative social impacts in the supply chain and actions taken	Impacts on the Value Chain; Responsibility for Human Rights Due Diligence; Code of Conduct for Business Partners	<u>79</u> <u>80</u> <u>82</u>
<b>CUSTOMER MATTERS</b>			
<b>GRI 103</b>	<b>Management Approach</b>	Customer-related Matters and Product Responsibility; Corporate Digital Responsibility	<u>20</u> <u>28</u>
<b>GRI 416</b>	<b>Customer health and safety</b>		<u>26</u>
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Product Responsibility	<u>26</u>

<b>GRI 417</b>	<b>Marketing and Labelling</b>		<b>36</b>
GRI 417-1	Requirements for product and service information and labeling	Information Protection Measures; Secure E-Commerce; Material Consumption and Logistics, in particular Customer Hardware	36 39 67
<b>GRI 418</b>	<b>Customer Privacy</b>		<b>29</b>
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Ensuring Data Privacy at 1&1 Drillisch	31

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

Element	Recommendation	Chapter/section, cross-reference	Page
Governance	Governance around climate-related risks and opportunities	Climate and Environmental Protection management approach	63
Strategy	Actual and potential impacts of climate-related risks and opportunities on the business (areas), strategy and financial planning	Climate and Environmental Protection management approach	63
Risk Management	How the organisation identifies, assesses and manages climate-related risks	Climate and Environmental Protection management approach; "Risk Management" (AR)	63
Metrics and Targets	Metrics and targets to assess and manage relevant climate-related risks and opportunities	KPIs in chapter entitled Climate and Environmental Protection	63

Table 23

## About this Report

This Sustainability Report is addressed to all 1&1 Drillisch stakeholders. These comprise in particular investors, analysts, customers, employees, business partners, NGOs, political representatives and the general public.

## Reporting Structure, Methodology, Frameworks

This Sustainability Report contains 1&1 Drillisch's consolidated non-financial statement as required by the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG) (sections 315b and 315c in conjunction with section 289c of the German Commercial Code (*Handelsgesetzbuch – HGB*)). The consolidated non-financial statement and the non-financial statement for the parent company, 1&1 Drillisch AG, have been combined in this separate non-financial report.

This report contains the statutory and supplementary disclosures for the material aspects for 1&1 Drillisch: environmental matters, employee-related matters, social



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

matters, respect for human rights and anti-corruption and bribery matters. This list of minimum aspects required by the CSR-RUG has been supplemented by “customer-related matters”. These are material for 1&1 Drillisch and must therefore be reported. In addition to customer satisfaction, customer-related matters include information security, data protection and digital transformation in general – all of which are particularly relevant to the sector. This is why these topics are presented in a separate chapter entitled “Corporate Digital Responsibility.”

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

## **Process used to Define Material Topics**

### **GRI 102-46**

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

## **Definition of Materiality**

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

Sustainability reports prepared in accordance with the GRI Standards must define material topics using the following two dimensions:

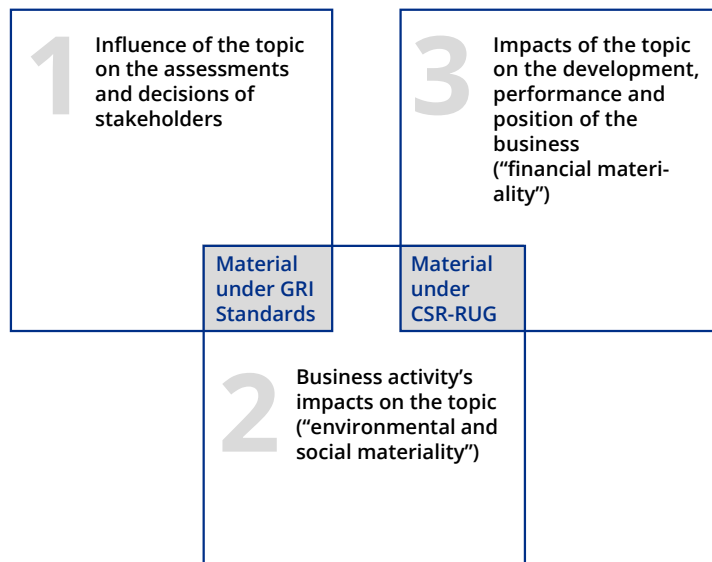
- » Their influence on the assessments and decisions of stakeholders and/or
- » The significance of the economic, environmental and social impacts of the organisation’s activities.

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

- » the development, performance and position of the organisation's business and
- » the impact of its operations on the abovementioned aspects.

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

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



### 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 Drillisch Group.

## 1. Influence on the Assessments and Decisions of Stakeholders

### Stakeholder Analysis

GRI 102-40

GRI 102-42

GRI 102-43

In 1&1 Drillisch has given special consideration to the suggestions and opinions of financial market participants and customers for the assessment of the sustainability relevance of topics because these stakeholders are involved in or affected by the operational business in a special way. Customer feedback is continuously and comprehensively collected through (satisfaction) surveys. Financial market participants – primarily shareholders, analysts and the financial/specialist press – express their estimations in regular and event-related discussions. Employees and business partners, which are other important stakeholder groups, direct their concerns primarily to the departments Human Resources, Purchasing and Carrier Management.

As a result, 1&1 Drillisch has identified the relevant topics from the perspective of the internal and external stakeholders.

### Supplementary Analysis of Capital Market Requirements and Frameworks

In 2019, we also analysed what sustainability expectations 1&1 Drillisch currently has to meet to satisfy investors, ESG ratings and analysts, along with recent frameworks, standards and initiatives. Firstly, this ensures that we can meet the requirements of the capital markets – which are becoming increasingly interested in ESG topics and which are a key target group for the Sustainability Report. Secondly, it helps ensure that our materiality analysis remains up to date, since innovations are often rapidly reflected in capital market decisions and in initiatives.

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

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

In fiscal year 2020, we dealt with further regulatory requirements that are foreshadowed. They include the framework conditions of the EU Taxonomy Regulation, the TCFD recommendations previously mentioned and the potential adaptations pursuant to a revision of the CSR Directive and the implementation of the Due Diligence Act.

## 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 Drillisch’s potential impacts on society and the environment. To do this, we analysed frameworks, standards, initiatives, agreements, studies and research results, among other things – including materials with a sector-specific focus, where applicable. Examples include the UN SDGs (which we also examined from a sector-specific perspective), the UN Global Compact, the Paris Agreement and studies and discussion papers produced by civil society organisations and research institutions. We comply with the CSR-RUG in the process and examine the potential impacts of our own business activity, products and services and business relationships.

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

The main criterion that we used to assess business relevance was whether a particular topic is included in the 1&1 Drillisch 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.

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.

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



See also “TCFD-Report”



See “Global Risks Report 2020”

Finally, the expectations of investors, ESG ratings and analysts regarding transparency and management of ESG issues serve as indicators for business relevance. According to GRI standards and EU guidelines, the financial materiality perspective is of particular interest to these stakeholders.<sup>27</sup>

### Results: Materiality Matrix

#### GRI 102-44

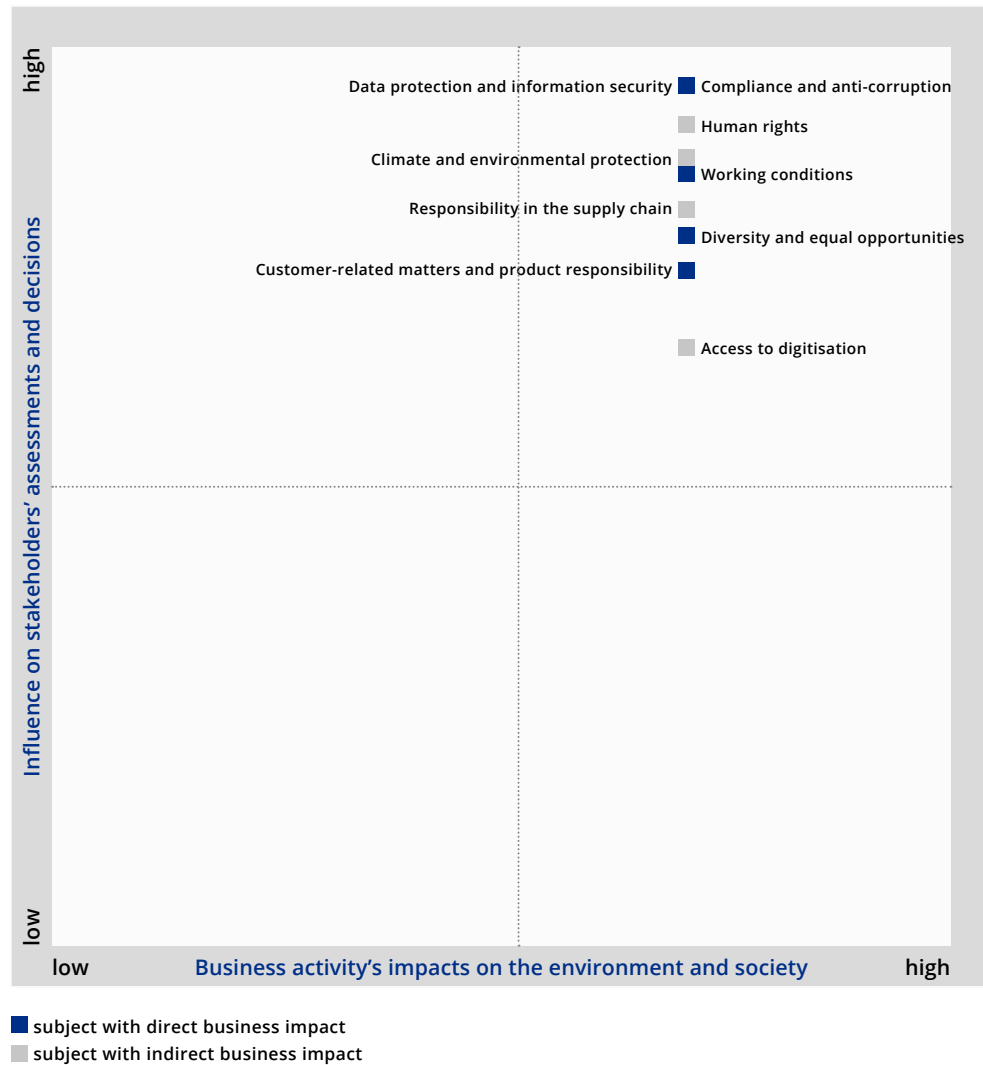
The materiality matrix shows the results of the analysis. The horizontal axis shows the impacts of 1&1 Drillisch's business activity on the environment and society; this dimension is common to both the GRI Standards and the CSR-RUG. The vertical axis shows the relevance of topics for stakeholders in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

The square boxes show the business relevance of the topics as defined by the CSR-RUG. Topics that have been assigned 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).

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(27) The EU guidelines and others point out that the various (risk) perspectives can overlap and will probably do so even more frequently in the future.

## Materiality Matrix: 1&1 Drillisch's Sustainability Topics



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

See "Responsible Corporate Management" on page 9





See "GRI Content Index and CSR-RUG Disclosures" on page 85

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



See "1&1 Drillisch Annual Report"

## Other Reporting Requirements

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

## Reporting Period, Reporting Cycle and Scope of Application

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

The 1&1 Drillisch's Sustainability Report is published annually. This report covers the fiscal year from January 1, 2020, to December 31, 2020. Where appropriate, prior-period figures for fiscal years 2018 and 2019 are presented or outlooks are given, as required under the GRI Standards. Such places are specifically indicated.

Since this is the Sustainability Report for the 1&1 Drillisch Group, the statements it contains apply in principle to all divisions and locations and to all subsidiaries. Where individual disclosures do not yet apply to all companies, locations and areas covered by this report, this is indicated. We intend to continuously expand the data pool on which the reporting is based. The previous report was published in April 2020.

## Preparation, Publication and Examination of the Sustainability Report

GRI 102-56

The non-financial statement taking the form of this Sustainability Report is prepared and published by 1&1 Drillisch AG's Chief Financial Officer on behalf of the Company's Management Board. In the course of its subsequent independent examination, the Supervisory Board addressed the Non-financial Report as a whole in depth and examined it for compliance with the law, propriety and appropriateness. The Supervisory Board critically reviewed the context of the non-financial statement and discussed it with the Management Board, which was available to answer supplementary questions and provide additional information. Following its own examination, the Supervisory Board came to the conclusion that there were no grounds for any objections to the non-financial statement.



See "Sustainability Report" on the 1&1 Drillisch website

This report will be publicly available in German and English in early April 2021 as a PDF download on 1&1 Drillisch AG's website.

## PUBLICATION DETAILS

1&1 Drillisch AG is a member of the United Internet Group.

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GRI 102-53

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### **Note:**

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

This report is available in German and English. Both versions can be downloaded from [www.1und1-drillisch.de](http://www.1und1-drillisch.de). In cases of doubt, the German version shall prevail.

### **Disclaimer:**

This report contains certain statements oriented to the future which are based on the current assumptions and projections of the management of 1&1 Drillisch. Various risks, uncertainties and other factors, both known and unknown, can cause the actual results, financial position, development or performance of the Company to deviate substantially from the assessments shown here. The Company does not undertake any obligation to update such future-oriented statements and to adapt them to future events or developments.



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