

SUSTAINABILITY REPORT 2021

KEY FIGURES

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

	2021	2020	2019
FINANCIAL/BUSINESS KPIs			
Revenue (in €m)	3,909.7	3,786.8	3,674.9
EBITDA (in €m)	711.3	468.5	683.5
Earnings per share (EPS) (in €)	2.10	1.25	2.12
Free cash flow (in €m)	394.8	243.7	355.4
RESPONSIBLE CORPORATE MANAGEMENT			
Number of confirmed incidents of corruption	0	0	0
Participation rate for Code of Conduct e-learning course (in %)	90.5	92.3	93.2
CUSTOMER-RELATED MATTERS/PRODUCT RESPONSIBILITY			
Number of customer contracts (in millions)	15.4	14.8	14.3
thereof mobile internet contracts (in millions)	11.2	10.5	10.0
thereof broadband contracts (in millions)	4.2	4.3	4.3
Number of shipments by 1&1 Logistics (in million units)	6.4	6.0	6.9
CORPORATE DIGITAL RESPONSIBILITY			
Number of reports of data privacy violations under the GDPR	38	33	52
1&1 AS AN EMPLOYER			
Number of employees	3,167	3,191	3,163
Employee turnover rate (in %)	10.4	6.1	7.5
Management positions filled internally (in %)	70.0	71.0	75.3
Women in management positions (in %)	12.9	13.0	10.0
Hours training and education per employee	17.4	17.1	n.a.
Absence due to illness (in %)	5.9	5.6	7.1
CLIMATE AND ENVIRONMENTAL PROTECTION			
Energy consumption (in MWh)	9,628.2	9,002.5	10,822.7
thereof electricity consumption (in MWh)	4,050.3	3,300.8	3,520.8
Business travel and company car trips (in km million)	4.3	5.7	12.2
CO ₂ equivalents in tonnes	3,464.9	4,703.9	6,028.4
1&1 AS A BUSINESS PARTNER			
Cost of purchased services (in €m)	1,737.6	1,929.0	1,679.4
Cost of purchased goods (in €m)	678.3	753.2	701.4

CONTENTS

KEY FIGURES	2	1&1 AS AN EMPLOYER	54
FOREWORD	4	Management Approach	54
COMPANY PROFILE	6	Our Human Resources Strategy and HR Organisation	56
Ownership Structure	7	Training and Education	61
Business Model	8	Diversity and Equal Opportunities	65
Outlook	9	Occupational Health and Safety	71
RESPONSIBLE CORPORATE MANAGEMENT	12	CLIMATE AND ENVIRONMENTAL PROTECTION	75
The Basis for Acting Responsibly	12	Management Approach	75
Compliance and Anti-corruption	14	Energy Consumption	78
Sustainability Strategy and Management	16	Material Consumption and Logistics	80
EU TAXONOMY	24	Employee Mobility	87
CUSTOMER-RELATED MATTERS AND PRODUCT RESPONSIBILITY	28	1&1 AS A BUSINESS PARTNER	91
Management Approach	28	Management Approach	91
Customer Satisfaction	30	Description of Our Supply and Value Chain	94
Product Responsibility	35	Cooperation with Our Business Partners	97
CORPORATE DIGITAL RESPONSIBILITY	38	ANNEX	102
Management Approach	38	GRI Content Index and CSR-RUG Disclosures	102
Data Privacy	40	Overview of the Recommendations of Task Force on Climate-related Financial Disclosures (TCFD)	107
Information Security	45	About this Report	108
Participating in and Shaping Digitalisation	52	PUBLICATION DETAILS	116

KEY



Internet link



Glossary, definition



Page reference

GRI [number] Reference to a GRI disclosure, see „GRI Content Index and CSR-RUG Disclosures“ on page 102

FOREWORD

Dear reader,

GRI 102-14

The more the process of digitalisation gathers speed, the greater the responsibility is to ensure that this process happens securely and is accessible to all. As one of Germany's largest telecommunications providers with more than 15.4 million customer contracts and roughly 3,200 employees, we have a particular obligation as a company and to society – something that we take extremely seriously.

Digital inclusion is a top priority for us, especially in view of our new role as Germany's fourth mobile network operator. As a new entrant to this business, we will be constructing a high-performance mobile network in the coming years that will make a difference. We are building the first fully virtualised mobile network in Europe to be based on the new OpenRAN technology. This innovative approach not only helps boost competition on the telecommunications market, but also allows full advantage to be taken of the potential offered by 5G. Thanks to our cooperation with established tower operators, we will largely be using existing antenna locations. This will help protect the environment and reduce the resources required, while also increasing our rollout speed.

Acting sustainably as a company is part of what we do every day. Our goal is to improve all the time and to meet our internal and external stakeholders' growing expectations better and better every year.

2021 sees the publication of our fifth sustainability report, which provides a transparent, detailed overview of the measures we are taking to create sustainable value. Among other things, we focused in depth on the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG), which was resolved by the federal government in 2021, and its implications, plus those parts of the EU Taxonomy that enter into force in 2022. The first stage of the Taxonomy provides a classification system for environmental issues such as climate protection or adapting to climate change in business contexts, and will have a decisive effect on our concrete action areas in the coming years. In addition, we incorporated insights from ESG (environmental, social and governance) ratings in our action areas in 2021.

We continued to expand our mobile working offering in view of the ongoing COVID-19 pandemic and helped our staff to stay safe and healthy during this challenging period by providing a wide

range of digital healthcare courses. With respect to our products, we stepped up active marketing of refurbished devices in 2021 and further expanded our portfolio of sustainably produced smartphones.

We are proud to have made tangible progress with enhancing sustainability for the fifth year in a row. We intend to continue pursuing this journey and to live up both to our vision of doing business in an environmentally and socially responsible manner and to our goal of achieving long-term success as Germany's fourth mobile network operator.

Best regards



Ralph Dommermuth



Markus Huhn



Alessandro Nava

COMPANY PROFILE

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

1&1 is one of Germany's leading telecommunications companies, with more than 15.4 million customer contracts. A listed company domiciled in Maintal, parent company 1&1 AG is part of the United Internet AG Group and a leading provider of broadband and mobile services and products in Germany.

A short history of 1&1 AG

1&1 AG's predecessor companies have been active in the fields of communications and communications engineering since 1957. The former Drillisch AG operated as a mobile communications service provider from 1994 onwards, brokering communications services provided by different network operators in its own name and for its own account. In 2017, it merged with 1&1 Telecommunication SE to form 1&1 AG. Together, the companies are a strong fourth player on the German mobile communications market. In 2019, 1&1 Mobilfunk GmbH (formerly Drillisch Netz AG) acquired the frequencies needed to build a powerful fourth mobile network in Germany's 5G auction. As a new entrant to the business, 1&1 is building an innovative mobile network based on the new OpenRAN technology.

1&1's successful participation in the 5G frequency auction in summer 2019 laid the foundations for its construction of a fourth mobile network in Germany. A national roaming agreement with Telefónica Deutschland allows the Company to offer customers comprehensive coverage even while the company is still constructing its network. Since it is a new entrant on the market, the Company can focus on state-of-the-art technology right from the start. In line with this, 1&1 is building the first fully virtualised mobile network in Europe to be based on the new OpenRAN technology.

At the end of financial year 2021, the 1&1 Group employed 3,167 active members of staff¹, including its three Management Board members (2020: 3,191; 2019: 3,163). It generated revenue of €3,909.7 million (2020: €3,786.8 million; 2019: €3,674.9 million).

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

Structure of the 1&1 Group⁽¹⁾

		Held by company no.
1	1&1 AG, Maintal	
2	Drillisch Online GmbH, Maintal	1
3	IQ-optimize Software AG, Maintal	1
4	1&1 Mobilfunk GmbH, Düsseldorf	2
5	Drillisch Logistik GmbH, Münster	1
6	Blitz 17-665 SE, Maintal	1
7	Blitz 17-666 SE, Maintal	1
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 AG are wholly-owned subsidiaries of 1&1 AG.

Ownership Structure

1&1 AG is a listed German stock corporation domiciled in Maintal. Its shares were included in Frankfurt Stock Exchange's TecDAX and SDAX indices during the reporting period. United Internet AG held 78.32% of the shares in the company on 31 December 2021, with 21.3% of the shares being in free float.² As in the previous year, Supervisory Board members held 0.16% of the shares, while 1&1 AG's Management Board did not hold any shares directly. Ralph Dommermuth, CEO of 1&1 AG, held roughly 52% of United Internet AG's share capital, measured after deduction of the company's own shares, indirectly via holding companies as of 31 December, 2021.

GRI 102-5

The 1&1 Group generated revenue of €3,909.7 million in financial year 2021 (2020: €3,786.8 million; 2019: €3,674.9 million). Investments totalled €37.2 million (2020: €207.0 million³; 2019: €20.3 million). Total dividends distributed by 1&1 to shareholders in 2021 for financial year 2020 amounted to €8.8 million (2020: €8.8 million; 2019: €8.8 million). No loan liabilities have existed following the repayment of the loan (€32.0 million) in 2019.

GRI 102-7

² Please see the "Shareholder structure" section of the 1&1 website for further details.

³ This item includes a one-time payment of €165 million in connection with the exercise of the first extension option under the MBA MVNO contract.

Business Model

GRI 102-2 GRI 102-6

The Company is one of Germany's major telecommunications providers. The Group has offered customers a comprehensive broadband and mobile portfolio for more than 30 years. Its reliable, price-leading services and products are rounded off by a multi-award winning service offering. Other portfolio components are bundled mobile and fixed network products and value-added applications such as home networking, online storage, video on demand, smart home solutions and IPTV (Internet Protocol Television).

GRI 102-7

The Company has a highly effective marketing approach: 1&1 covers the premium segment, while the brands operating under the umbrella of Drillisch Online GmbH target price-conscious customers. This broad-based product and customer segment gives the 1&1 Group a very strong market position.

MOBILE COMMUNICATIONS GLOSSARY

MBA MVNO

Mobile bitstream access mobile virtual network operator: A telecommunications provider that does not have its own physical network but instead uses an MNO's network to a certain extent, and that invoices this service in its own right.

MNO

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

Broadband Connections

1&1's powerful range of broadband products (particularly VDSL/vectoring and fibre-optic connections) and more than four million customer contracts make it one of Germany's leading providers in this field. The Company has access to one of the largest fibre-optic networks in Germany thanks to its sister company, 1&1 Versatel Deutschland GmbH, and also purchases standardised network services from a number of wholesale service providers such as Deutsche Telekom and municipal operators. The quality of 1&1's fixed network products is regularly demonstrated by the "best network" accolade awarded in the prestigious "connect Festnetztest" comparison.

Mobile Internet

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

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

5G frequency auction

The procedure used by the Bundesnetzagentur (Germany's Federal Network Agency) to award licenses for using mobile frequency ranges to mobile network providers. The auction ends with the last bid submitted by the companies taking part.

National roaming agreement

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

OpenRAN

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

Outlook

The construction of Germany's fourth mobile network will not only make 1&1 less dependent on third-party network access in the long term, but will also enable it to enhance the efficiency of its products and to establish a presence in new business areas.

GRI 102-10
GRI 203-2

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

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

The Bundesnetzagentur requires 1&1 to provide coverage for 1,000 5G base stations by the end of 2022, and for 25% of households by the end of 2025 and 50% of households by 2030. 1&1's partnerships with tower operators give it access to thousands of existing antenna locations. This helps to protect the environment and reduce the resources required when building the network, while also increasing rollout speeds.

In 2022 as in the past, key trends in the telecommunications sector include the end-to-end availability of fixed network and mobile high-speed internet; the increasing use of powerful smartphones; the continuing spread of cloud applications, IPTV and photo and music streaming services; and the growing interconnectivity of intelligent devices and machines. 5G plays a crucial role here and is revolutionising both products and applications.

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

Key elements here include:

- The national roaming agreement with Telefónica Deutschland, which allows 1&1 to offer customers comprehensive coverage even while it is still constructing the 1&1 mobile network;
- The far-reaching technology partnership with the world's sole proven OpenRAN expert, Rakuten Group Inc., from whose learning curve and experience in building a cloud-native mobile network 1&1 is benefiting;
- 1&1's partnerships with tower operators, which give it access to thousands of existing antenna locations, enabling swift, environmentally friendly network construction;
- The intercompany agreement with 1&1 Versatel to lease fibre-optic lines and data centre infrastructure for 1&1's OpenRAN mobile network;
- A clear marketing and sales focus on mobile internet products and the efficient use of economies of scale;
- Continuous improvements to the Company's user-friendly service policy;
- The extension of its creative and innovative offerings to include additional partnerships and new content;

- The expansion of the purchase of broadband wholesale services as a result of the agreement with 1&1 Versatel signed in fiscal year 2021. As a result of this agreement, 1&1 will obtain access to Deutsche Telekom's entire fibre-optic network and will participate in Deutsche Telekom's growth plans.

Responsible Corporate Management

The Basis for Acting Responsibly

Corporate Governance

GRI 102-16

GRI 102-18

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



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

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

Diversity of the Management Board and Supervisory Board

GRI 405-1

Diversity aspects are always taken into account when considering the composition of the Management Board and the Supervisory Board. The Company considers diversity to be not just desirable but actually critical to its success. In line with this, it adopts a respectful corporate culture in which individual differences with respect to culture, nationality, gender, age group and religion are welcomed and equal opportunities are encouraged – regardless of age, disability, ethnic or cultural origin, gender, religion, ideological belief or sexual identity.

The Company should take diversity with respect to e.g. age, gender or professional experience (e.g. sector expertise or international experience) in its own interests when determining the composition of the Management Board and the Supervisory Board. The Supervisory Board should have at least one female member (proportion of women: 16.66%); this target has been met with the appointment of Dr. Claudia Borgas-Herold. The proportion of women on the Management Board is still 0% at present, in line with the current target quota. In addition, candidates should be selected for, and appointed to, governing body positions on the basis of objective factors such as their qualifications, professional suitability and individual skills profile, with the Company endeavouring to give preference to women where multiple candidates are equally well qualified.

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



See the [Corporate Governance Statement](#) and the ["Reports"](#) section of the 1&1 website.

See the [Articles of Association](#) on the 1&1 website.

Our Values and Principles

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

GRI 102-16



See also "1&1 as an Employer" on page 54 and "1&1 as a Business Partner" on page 91 for the Code of Conduct for Business Partners

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.

Risk Management

GRI 102-11



See the “Risk, Opportunity and Forecast Report” in our [Annual Report](#).



See “About this Report” on page 108.

Effectively identifying and analysing the risks associated with business activities, and combating them by taking appropriate actions to manage them, are essential for securing the Company’s long-term success. The 1&1 Group’s risk and opportunities management policy aims to preserve and sustainably enhance the organisation’s values by exploiting opportunities and identifying and managing risks at an early stage. By walking the talk in this way, we ensure that 1&1 can do business in a controlled organisational environment. Our risk and opportunities management offers a responsible approach to dealing with the uncertainties that are an inevitable part of doing business. This also covers dealing with environmental risks. The system is permanently enhanced and adapted to changing circumstances.

Compliance and Anti-corruption

Materiality, Impact and Risks

GRI 102-11

GRI 102-16

GRI 103

GRI 103-1

GRI 205

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

Goals and Measures

GRI 103-2

Consequently, the Management Board has implemented a compliance management system that revolves around a core Code of Conduct. This applies to all governing body members and employees of 1&1 AG and ensures that the Company’s value system is lived up to consistently and continuously on a broad basis.



See “1&1 as a Business Partner” on page 91 for information on compliance with human rights.

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

The confidential reporting channels established within the 1&1 Group did not lead to the Company identifying any issues meeting the definition of a criminal act or administrative offense, or contravening general legal obligations. 1&1 has enhanced and modified its compliance management system in recent years in keeping with the changes in its structure and size. One action taken was to implement an electronic whistle-blower system. This system ("Integrity Line") allows employees and external whistle-blowers to report breaches of the rules electronically and in a protected manner at any time. Reports can also be submitted anonymously. The internal Whistle-blower Guidelines ensure that whistle-blowers are protected.

GRI 205-2
GRI 205-3

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

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

Results and Assessment

We mainly use specific measures to benchmark whether we have achieved our compliance goals. Measures-based performance indicators include training and e-learning course participation rates and the number of approvals issued in the course of anti-corruption and other compliance processes. A total of 3,060 employees (2020: 3,115; 2019: 2,568) had passed the test at the end of the mandatory e-learning course on the Code of Conduct as at 31 December 2021. This corresponds to an overall success rate of 90.5% (2020: 92.3%; 2019: 93.2%).

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 a critical issue facing society, politics and business. Associated social developments and "megatrends" such as digitalisation and climate change, and the transformation processes these are causing are being discussed across all sectors, be it in connection with data privacy, the changing world of work or the transition to a low-carbon economy. Companies can often have a material impact – both positively and negatively – on these issues. The reverse is also true, for example as a result of changes in society's expectations (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 and how the Company deals with the resulting challenges and opportunities.

Our sustainability strategy and sustainability management activities are designed to address today's material 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

In financial year 2021, the "Customer-related Matters and Product Responsibility" action area focused primarily on continuously enhancing customer satisfaction and on 5G. We continued the key groundwork for constructing Germany's fourth mobile network, which will be based on innovative OpenRAN technology. Building our own, innovative network infrastructure also means that our digital responsibility is increasing.

Our main goals in the "Corporate Digital Responsibility" action area were to ensure and promote digital inclusion. At the same time, data privacy and information security also played a major role.

Activities in the "1&1 as an Employer" action area were dominated by the issues of recruiting and retaining young talent, and diversity and equal opportunities. For example, we came first in

the annual “Best Place to Learn” awards and focused on systematically enhancing topics in the areas of gender equality and LGBTIQ+. We also held our first Diversity Days – a three-day conference featuring a mix of presentations, workshops and discussions on this issue.

In the “Climate and Environmental Protection” action area, we moved to expand our internal data capture operations and expand the use of renewable energies at our office locations. In addition, we focused on the analysis required by the EU Taxonomy.

In the “1&1 as an Employer” action area we mainly addressed the issue of due diligence outsourcing and, among other things, trained six members of staff as auditors to perform regular on-site audits at our call centre service providers.

Materiality Analysis: Topics and Action Areas

We provide details of the process 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”.



See “About this Report” on page 108.

We used the results of our materiality analysis to continuously enhance the topics within our sustainability action areas, and to analyse where their impacts arise and what areas of 1&1 offer suitable starting points for their management. In line with the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG), we perform a risk assessment of these aspects with respect to our own business activities, our products and services, and our business relationships⁴. The following overview provides supplementary information on how the topics relate to the aspects contained in the CSR-RUG. The action areas are reflected in the structure of the report.

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

⁴ German Accounting Standard (GAS) 20 specifies that reporting on risks linked to business relationships relates “in particular to the supply and subcontracting chains”.

Material Sustainability Topics and Identification of Action Areas

Non-financial aspects from 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
ENVIRONMENTAL MATTERS	Energy	Climate and Environmental Protection		
	Materials			
	Emissions			
	Transport			1&1 as a Business Partner
	Supplier environmental assessment, environmental responsibility in the value chain			
EMPLOYEE-RELATED MATTERS	Environmental impact of our products and services		Customer-related Matters and Product Responsibility	
	Employment			
	Occupational health and safety			
	Training and education	1&1 as an Employer		
	Diversity and equal opportunity			
	Equal pay for men and women			
	Equal treatment			1&1 as a Business Partner
	Evaluation of suppliers by working conditions, social responsibility in the value chain			
RESPECT FOR HUMAN RIGHTS	Human rights	1&1 as an Employer, Corporate Digital Responsibility		
ANTI-CORRUPTION AND BRIBERY	Compliance and anti-corruption (including in accordance with competition law, legally compliant marketing)	Corporate Digital Responsibility		
SOCIAL MATTERS/ CUSTOMER-RELATED MATTERS	Customer health and safety	Customer-related Matters and Product Responsibility ⁽¹⁾		
	Labelling of products and services ⁽²⁾			
	Protection of customers' privacy	Corporate Digital Responsibility		
	Information security			
	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 Group's structures and activities:



- **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 focus on our customers in everything we think and do, and aim to provide compelling products and services. We use numerous initiatives to improve customer satisfaction, including new products and rate plans, transparency and an even more powerful and comprehensive offering. 1&1 works constantly to improve the efficiency of its business processes in order to be able to provide the best price-performance ratio, in line with current demand and changing user behaviour.
- **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 the digitalisation process, and to ensure that this is done safely. We are constantly extending data privacy and information security in the internet, based on the use of our own and our leased data centres, which are certified according to international standards.
- **1&1 as an Employer:** As an employer, we also operate in a dynamic, fast-growing environment in which we aspire to be an innovator, and where we face a highly competitive market for



See page 28.



See page 38.



See page 54.

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 all 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 around mutual support, respect and on embracing diversity, along with flat hierarchies that aid fast decision-making.



See page 75.

- **Climate and Environmental Protection:** As a telecommunications and internet specialist, our offering is based on the use of a network infrastructure and data centres that are responsible for a significant proportion of 1&1's energy usage. Most of these services are provided by wholesale service providers and companies belonging to the United Internet Group. Nevertheless, this energy usage and the resulting carbon emissions caused by 1&1 impact the environment and the climate. We therefore aim to use resources efficiently and to 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 IONOS Group⁵, which is part of the United Internet Group.



See page 91.

- **1&1 as a Business Partner:** As a telecommunications and internet provider, we work with a large number of business partners. In addition to 1&1 Versatel – which is part of the United Internet Group and which provides one of Germany's largest fibre-optic networks – these include other network service and IT hardware providers, and sales and shipping partners. 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 – both to avoid risks that could result from business relationships and to establish the trust that is needed for long-term business relationships and for taking responsibility together. A Code of Conduct for Business Partners ensures this in the case.

⁵ For simplicity's sake, when we talk about IONOS in the following, we mean the IONOS Group.

Relevance to the UN Sustainable Development Goals (SDGs)

We refer to the UN SDGs where appropriate in a number of places in this report. The SDGs comprise 17 objectives for sustainable development that aim to end poverty, protect the Earth and ensure 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's sustainability strategy focuses on SDGs 8, 9, 12 and 13; we also refer to additional SDGs and how we contribute to them in the individual chapters.



See the [UN SDGs](#).

	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>
	<p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</p>
	<p>Ensure sustainable consumption and production patterns.</p>
	<p>Take urgent action to combat climate change and its impacts.</p>

Enhancements to the Action Areas

We have identified points of reference 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 as a Business Partner”, we need first of all to draw up a comprehensive overview of the status quo. We aim here to map our supply and value chain – including the relevant actors and topics – systematically and also in light of the requirements of the new German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG). The results are also included in the “Climate and Environmental Protection” action area, where we aim to calculate our carbon footprint (also known as a “CO₂ 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

GRI 102-20

The Management Board of 1&1 AG has commissioned United Internet Corporate Services GmbH to organise the Group's sustainability management activities. 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 Group and supports these in assessing non-financial topics in their various activities, providing information and ensuring that the entire Group complies with its business responsibilities.

The Chief Financial Officer (CFO) of 1&1 AG is responsible for sustainability and also prepares, or commissions, the sustainability report. In addition, 1&1's Management Board addresses current sustainability topics and decisions in the course of the financial year. 1&1 AG's Supervisory Board discharges its responsibility of oversight by independently examining the sustainability report ("non-financial statement") to establish whether it complies with the law and is due and proper and appropriate.

Stakeholder Dialogue

GRI 102-12

GRI 102-40

GRI 102-42

GRI 102-43

GRI 102-44

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 aim is, for example, to align the interest of employees in having secure jobs and receiving appropriate salaries with the desire of shareholders to share fairly in the Company's business success. 1&1 maintains this balance of interests by regularly reviewing and optimising its business processes.



See "Customer-related Matters and Product Responsibility" on page 28.

- **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.

- **Investors:** Investors are a key stakeholder group for 1&1. Our Investor Relations department and our Management Board are in regular contact with them in the form of one-on-one discussions and road shows. Our shareholders and other stakeholders are informed simultaneously and equally of all key developments at the Company.
- **Employees:** Our employees are the key to our success. Only by leveraging their knowledge, skills and dedication can we continue to develop and to achieve long-term success. Employee feedback is important for us, which is why we regularly perform employee surveys, use these to identify measures to be taken and inform staff of the progress made. In addition, the Management Board is in regular direct contact with employees, e.g. using internal roadshows, which were held virtually in 2021.
- **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, for example. Among other things, we conduct one-on-one discussions with these partners and also help call centre service providers, for example, to train their employees.
- **Politicians and associations:** We aim to maintain a dialogue with political decision-makers and government authorities so as to create a framework for a successful digital economy in Germany. One particular issue for us is ensuring competition, which acts as a driver for innovation, investment and consumer benefits. This is why we are a member of associations such as VATM⁶ and Bitkom⁷. In addition, specialist departments are active in relevant associations and bodies.
- **Local communities:** We welcome dialogue with local communities and the wider population 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 the [Annual Report](#) and the 1&1 website.



See "1&1 as an Employer" on page 54.



See "1&1 as a Business Partner" on page 91.

GRI 102-13



⁶ Verband der Anbieter von Telekommunikations- und Mehrwertdiensten e. V. (Association of Telecommunications and Value-Added Service Providers).

⁷ Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e. V. (German Association for Information Technology, Telecommunications and New Media).

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 performed a separate analysis of selected stakeholders for this.

See "About this Report" on page 108.

EU Taxonomy

The EU Taxonomy Regulation is a uniform, binding system for classifying economic activities according to their environmental sustainability. Companies are obliged to report on the results of this classification on an annual basis. Article 9 of the EU Taxonomy sets out six environmental objectives. Concrete requirements (technical criteria) for environmental sustainability already exist for the first two of these ("climate change mitigation" and "climate change adaptation") (Commission Delegated Regulation (EU) 2021/2139). Reference will be made to these later on.

Identification of Taxonomy-eligible Economic Activities

For the 2021 reporting period, it must be established whether economic activities performed by 1&1 are described in the annexes to Commission Delegated Regulation (EU) 2021/2139 ("Taxonomy eligibility"). The EU Taxonomy refers both to activities relating to 1&1's range of products and services (e.g., data processing using data centres) and to investments and operating expenditure that are not directly linked to these (e.g., in relation to passenger cars and buildings).

Consequently, in the EU Taxonomy's first year of application only the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in the Company's sales, capital expenditure (CapEx) and operating expenditure (OpEx) must be disclosed. The EU Taxonomy can be construed in different ways in many areas and is currently leading to different assessments and interpretations when it comes to determining Taxonomy eligibility. For example, the expansion of the 5G mobile network is an important business activity at subsidiary 1&1 Mobilfunk AG. However, there is no consensus opinion as yet as to whether this activity falls within the meaning of economic activity **8.2 "Data-driven solutions for GHG emissions reductions"**, and it is therefore assessed differently by companies. As a general principle, the interpretations used in 1&1's analysis stick closely to the wording and the Company has therefore not classed this activity as Taxonomy-eligible in the first instance. However, the EU Taxonomy's dynamic environment may lead to different assessments next year.

1&1 has examined all the Company's activities with respect to Taxonomy-eligible activities. It did this by analysing Taxonomy eligibility on the basis of the descriptions of the activities for the two environmental objectives of **"climate change mitigation" (Annex 1)** and **"climate change adap-**

tation” (Annex 2) and of the services offered. In a next step, the assessments were then discussed in detail with the individual departments. As a result, the following economic activities in Annex 1 have been identified as Taxonomy-eligible for the 2021 reporting period:

1&1’s range of products and services includes a minor online storage offering. This part of the Company’s range of products and services meets the definition of **activity 8.1 “Data processing, hosting and related activities”** and has been classified as Taxonomy-eligible.

However, only those hosting and data storage activities that are performed in the Company’s own data centres have been regarded as Taxonomy-eligible. In other words, hosting and data storage activities that are performed in leased third-party data centres such as those belonging to sister company IONOS are not regarded as Taxonomy-eligible. Since it was not possible to make assignments at the level of individual transactions to show which data are stored in, and transferred to, the Company’s own and leased third-party data centres, the proportion of Taxonomy-eligible sales was determined using an allocation key. The allocation was based on the ratio of electricity used by the Company’s own data centres to that used by third-party data centres, as the power consumption is an indicator of the respective extent of data processing.

In addition, horizontal issues and infrastructure-related topics were identified. For example, the Group performs Taxonomy-eligible activities relating to activities **6.5 “Transport by motorbikes, passenger cars and light commercial vehicles”** and **7.7. “Acquisition and ownership of buildings”**.

1&1’s activities were also examined to determine whether they relate to the environmental objective of “climate change adaptation” (Annex 2). The examination revealed that no activities related to the environmental objective of “climate change adaptation” existed at 1&1 in fiscal year 2021.

List of Taxonomy-eligible KPIs

The key performance indicators (KPIs) reported pursuant to the EU Taxonomy Regulation (sales, CapEx and OpEx) are based on the figures given in 1&1 AG’s consolidated financial statements. 1&1 AG’s consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the relevant supplementary regulations set out section 315e(1) of the German Commercial Code (Handelsgesetzbuch – HGB).



See page 104 of 1&1 AG’s [consolidated financial statements](#).

The KPIs determined that were associated with Taxonomy-eligible activities and the total amounts used were agreed individually at Group level together with the overall category they belong to, allowing potential double-counting to be checked and prevented.

Sales

The EU Taxonomy Regulation defines turnover (sales) as the revenue recognised pursuant to IAS 1.82(a). The “sales” KPI disclosed for 1&1 AG represents the ratio of the sales from Taxonomy-eligible economic activities to total sales. The total sales can be taken from the income statement in 1&1 AG’s consolidated financial statements (see the “Consolidated comprehensive income statement” table on page 98).



See page 98 of 1&1 AG’s consolidated financial statements.

CapEx

The figure for CapEx is based on the additions to property, plant and equipment and intangible assets during the fiscal year under review before depreciation, amortisation and any remeasurements; no adjustments are made to the fair values. It also includes the additions to property, plant and equipment and intangible assets resulting from business combinations (application of IAS 16, 38, 40 and 41, and IFRS 16). The overall figure for capital expenditure used for the EU Taxonomy is disclosed on page 204 of the consolidated financial statements under “Additions – total” in the table entitled “Changes in intangible assets and fixed assets”.

The CapEx KPI determined for 1&1 represents the proportion of capital expenditure that is associated with Taxonomy-eligible economic activities or that relates to the purchase of products or services from Taxonomy-eligible economic activities enabling the target activities to become low-carbon or to lead to greenhouse gas reductions. The additions were allocated to the Taxonomy-eligible economic activities on the basis of the description above.

OpEx

According to the definition given in Commission Delegated Regulation (EU) 2021/2178, operating expenditure covers the direct, non-capitalised costs that relate to research and development (R&D), building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the Company or third parties that are necessary to ensure the continued and effective functioning of such assets.

1&1’s OpEx KPI represents the proportion of operating expenditure (as defined by the EU Taxonomy) associated with Taxonomy-eligible economic activities or that relates to the purchase of products or services from Taxonomy-eligible economic activities. The Taxonomy-eligible proportion is determined by analysing the relevant accounts and assigning them to the identified economic activities pursuant to the EU Taxonomy.

EU Taxonomy KPIs - 1&1 Taxonomy eligibility

		Sales ("turnover")		CapEx		OpEx	
		in €m	in %	in €m	in %	in €m	in %
Total figures for the 1&1 Group		3,909.7	100.0%	67.5	100.0%	15.9	100.0%
of which Taxonomy-eligible	8.1 Data processing and hosting	0.02	0.0005%	0.7	1.1%	0.0	0.0%
	6.5. Transport by motorbikes, passenger cars and commercial vehicles	0.0	0.0%	1.3	1.9%	0.6	3.8%
	7.7. Acquisition and ownership of buildings	0.0	0.0%	29.1	43.1%	0.0	0.0%
	Total	0.0	0.0%	31.1	46.0%	0.6	3.8%
of which Taxonomy non-eligible		3,909.6	100.0%	36.5	54.0%	15.3	96.2%

The small proportion of sales from **activity 8.1** relates to offerings in relation to online storage. The associated Taxonomy-eligible CapEx primarily relates to property, plant and equipment, and in particular to investments in servers and data centres. Since 1&1 also sources some services via third-party data centres, such as those belonging to sister company IONOS, for example the abovementioned allocation key was applied to the sales associated with activity 8.1 so as to only disclose the proportion of activities relating to the Company's own data centres.

CapEx and OpEx in connection with **activity 6.5** is mainly attributable to maintenance and lease expenses.

The CapEx in connection with **activity 7.7** mainly comprises IFRS 16 Leases items.

Customer-related Matters and Product Responsibility

Management Approach

Materiality, Impact and Risks

GRI 103-1

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

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

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

Potential risks in connection with customer satisfaction and the sales market include the possible need to make changes 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 be accepted as expected by the intended target group. Equally, new competitors entering the market could pose a risk to our market share, growth objectives or margins (technology, market or reputational risks). What is more, 1&1 occasionally enters upstream or downstream markets when diversifying its business model or expanding its value chain. One example is its 2019 auction purchase of mobile frequencies and the construction of its own 5G mobile network.

Goals and Measures

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

GRI 103-2

1&1 manages more than 15.4 million customer contracts. Since customers of the different brands have different requirements, customer satisfaction – which is primarily measured using the customer sentiment score – is managed at brand level by dedicated teams using customised structures and processes. We conduct regular customer surveys, and market, product and competitor research to obtain feedback from our customers. The results are used directly to improve the product and service offering and make a decisive contribution to ensuring that 1&1's services meet current and future customer needs. These include, for example, the ability to switch rate plans at any time, equal treatment of new and existing customers in many cases, proactive complaints handling and customers' ability to easily return old devices for recycling free of charge. In some cases, satisfaction figures are used in our managers' performance reviews and variable remuneration components, while the segment board members responsible for this topic are involved regularly and in detail.

In addition, customer service is extremely important to us. This function not only is strongly represented within the 1&1 Group itself but is also assisted by roughly 3,400 external service agents who help provide customer care. These external employees are trained regularly and in depth at 1&1 and can be reached via 1&1's phone lines.

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



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



Ensure sustainable consumption and production patterns.

Customer Satisfaction

Managing Customer Satisfaction Using the Customer Sentiment Score

The 1&1 Group had 15.4 million customer contracts as of the 2021 year-end (2020: 14.8 million; 2019: 14.3 million). Of this number, 11.2 million (2020: 10.5 million; 2019: 10.0 million) were attributable to the mobile internet business and 4.2 million (2020: 4.3 million; 2019: 4.3 million) to broadband connections. The topic of customer sentiment is firmly anchored in our Company and is a key part of our daily work, both for our premium brand 1&1 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) – Business Process Management (BPM) and Quality Management (QM Development) (Drillisch Online).

The scores produced are more than mere figures for us: they are core measurements that we use to guide our daily work. Our main objective is to increase customer satisfaction and create compelling customer experiences.

Measuring Customer Satisfaction

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 rate plans) or following some other form of contact with the organisation (e.g. Customer Service). In total, 87,788 customer feedback items per month are received for 1&1 and 21,300 or so for Drillisch Online's brands.



Customer journey: The customer experience when contacting and dealing with the organisation.

Qualitative, in-depth interviews complement the quantitative customer surveys. The aim here is to understand what motivates customers and to use these insights to optimise product and service design. Comprehensive data analysis is used to validate and quantify all insights gained from customers.



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

We use these detailed findings to identify potential improvements and develop measures designed to specifically increase customer satisfaction.

Good service is a high priority for customers in all areas. In October 2021, a FOCUS-MONEY study confirmed that our service hotline offers this, giving 1&1 the "Fairest Customer Hotline" award and a score of "very good". A number of different elements from the customer contact process were used during assessment. These ranged from finding the right service number through availability down to how customer issues were processed.

The 1&1 brand came top of the brand popularity ratings in the "Kundenbarometer Mobilfunk" customer survey conducted by trade magazine "connect", and also won the overall prize out of the ten providers examined in connect's service app test. In particular, the "range of functions" and "security" categories were rated as outstanding due to the excellent protection offered against identity theft and privilege escalation.

In addition, the two Drillisch brands smartmobil.de and winSIM placed first and second in the Top Service Quality 2021/2022 survey conducted in financial year 2021 by online portal "Testbild". They came top of the "mobile network provider category" with scores of "very good".

Managing and Enhancing Customer Satisfaction

Customer satisfaction doesn't stop at departmental boundaries, which is why joint teams from different areas are used to enhance it.

Clear responsibilities for changes in 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. At Drillisch Online, customer ideas and suggestions in the areas of quality and project management are included in its ideas management activities. Both units are continuing their 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 at a number of regular group meetings at 1&1 AG, up to and including at Management Board level.

Uncompromising Customer Orientation at 1&1

We ensure a high level of customer satisfaction by focusing squarely on customer needs. One way in which we do this is to use qualitative and quantitative market research to test and evaluate the impact on customers of ideas for new products, campaigns, service concepts and the like before these are introduced. A total of 48 ad hoc market research studies were performed in 2021. These are conducted both internally and externally. Market studies that involve polling non-customers as well as customers are performed with the assistance of an external institute. In addition, we actively engage with our customers on a variety of topics using quarterly dialogues and focus groups. This ensures all departments stay close to them and understand their needs even better.

Customer Guidelines help staff to put customer orientation at the heart of what they think and do every day, and so ensure this approach becomes second nature within the Company:

- **"We recognise and understand customer needs"**

We hear, see and understand our customers and their needs. And we show empathy in our dealings with them.

- **“We implement customer needs“**

We focus on what our customers need in our daily work and use this knowledge to develop the right products, services and service offerings. 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 a key factor for our long-term success.

What is more, 1&1 received a “very good” rating in the 2021 broadband and fixed network test run by specialist magazine “connect” and saw a clear year-on-year improvement in its score, which rose from 902 to 912 out of a potential total of 1,000 points.

The 1&1 Service Card

The 1&1 Service Card is another element driving customer satisfaction, as well as a way of differentiating ourselves in the market. Our customers receive one of these cards with each order. It lists all the 1&1 services that customers can use free of charge.

These include e.g. the **1&1 Trade-in Bonus** and our **24-hour Replacement Service**.

- The 1&1 Trade-in Bonus allows customers to send in their old smartphones, tablets or laptops and receive a bonus corresponding to the fair value of the device concerned. The old devices are recycled by 1&1.
- It doesn’t matter 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 equivalent one free of charge within 24 hours. We recycle the faulty device and use components in repairs, for example.

Continuous Development Leads to More Customer Experiences

We aim to always 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 them. These include:

- **The 1&1 Priority Hotline**

1&1 is available to help you around the clock. In person, not via a bot.

- **The 1&1 WLAN Promise**

One call is all it takes for a 1&1 expert to help with installing the WLAN 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 all group companies walk the talk in this area: one customer, one contact, one solution. In addition to the premium 1&1 brand, Drillisch Online is aimed at a more price-conscious target group – in other words, our wide-ranging brand portfolio has a tailor-made offering to meet the needs of all customers. This means that customers in the discount segment do not have to compromise on a first-rate, award-winning customer service.

- **Cost-effective online sales:** A tried-and-tested, secure way of making purchases online.

- **Inexpensive network access:** Although we don't currently have our own network, we use Telefonica Deutschland's state-of-the-art technology in all cases.

- **Customer recommendations pay dividends:** We offer a bonus for recruiting new customers.

- **Customer service:** Available until 10 p.m. every day, and round the clock via our ServiceWorld.



See "Corporate Digital Responsibility" on page 38.

We tell the world how proud we are of what we achieve every day and of our customer service and have what we say confirmed by independent external auditors. Our brands have been certified by TÜV Saarland (under its "TÜV-tested Online Portal" scheme), while our customer service activities have been certified as complying with the ISO 9001:2015 quality management standard. This certification was renewed until 2024 following an audit in financial year 2021.

In 2021, smartmobil.de added another mobile product to its range. The Shift cellphone is continuing our expansion of the product portfolio in the direction of more sustainable phones, something that had already been demonstrated with the Fairphone. In addition, the option to acquire refurbished devices is displayed in a prominent position on the website.

Network Performance

The mobile networks used by 1&1 have a very high technical stability and already provide LTE standard quality to more than 99% of the German population.

1&1 customers can choose between a wide range of innovative and creative rate plans offering a high degree of transparency when configuring their individual network capacity. Examples of innovation and creativity are that customers can select a variety of different contract durations – a day, a month or 24 months – and different focuses with respect to telephony, SMSs and data transfer.

Product Responsibility

Responsibility for Health

1&1 – Germany's fourth mobile network operator and a new entrant to the business – will be building an innovative 5G mobile network in the coming years. The Company is basing this on a new, efficient network infrastructure – OpenRAN. In contrast to traditional network architectures, the OpenRAN approach makes a strict distinction between software and hardware. As a result, network intelligence no longer resides locally at the antenna but is fully virtualised in a private cloud. Not only does this innovative network infrastructure make operators less dependent on dominant Chinese network equipment manufacturers, it also avoids the need for costly upgrades and maintenance to the base stations.

GRI 416
GRI 416-1

We focus squarely on the benefit to our customers, and this applies in particular with respect to our new role as a network operator. 1&1 is working together with tower operators to build Germany's fourth mobile network. As a result, it will largely use existing antenna locations, helping to protect the environment and reducing the resources required and the visual impact. 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 (the 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 previous mobile network standards, the basic principle is that no impact on health at levels below the applicable limits has been proven.



See the [“Deutschland spricht über 5G”](#) initiative (German only).

The Federal Government is also attempting to deepen dialogue with citizens and address any concerns relating to the new mobile network standard with its “Deutschland spricht über 5G” initiative. The aim is to provide information on the risks, challenges and opportunities associated with 5G in a trustworthy and even-handed manner in online discussions, chats, and articles with the goal being to further increase trust in, and acceptance of, this forward-looking technology. Among other things, the initiative is looking at sustainability aspects such as the potential for cutting carbon emissions, since 5G uses less electricity.

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

Responsibility for Youth Protection

GRI 417-1

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

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



See our [Guidelines](#) on the United Internet Media website.

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

We have appointed a Youth Protection Officer who acts as the central point of contact for youth protection. He advises the various departments and functions internally, handles external contacts on this issue, liaises regularly with other youth protection officers, and represents Group companies' interests to associations and supervisory authorities. In addition, a youth protection mailbox has been set up for 1&1 that can be reached via the "Imprint" section of the website. These mailboxes allow people outside the organisation to contact the Youth Protection Officer and the Youth Protection Team at any time with questions or complaints.



See the "[Imprint](#)" section of the 1&1 website.

Corporate Digital Responsibility

Management Approach

Materiality, Impact and Risks

GRI 103-1

Customers trust us with their data for more than 15.4 million customer contracts. It goes without saying that these data must be protected, and their 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, increasing digitalisation brings more than risks that we have to 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, aim to exploit.

We aim to enable society to participate in the digitalisation process, 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 different instances 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 relation to 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.



See "Climate and Environmental Protection" on page 75.

In the political sphere, digitalisation is often discussed as a means of enabling sustainability and achieving climate goals – one that can play a decisive role in implementing climate protection measures. The infrastructure provided by the information and communications sector, and particularly data centres and mobile networks, is essential for this sustainability-oriented digitalisation process.

For the 1&1 Group 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.

Goals and Measures

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

GRI 103-2



See "1&1 as an Employer" on page 54.

Due to the importance and multifaceted nature of this topic, responsibility for it has been assigned to a number of different management board members. Generally speaking, it is the preserve of the Chief Financial Officer of 1&1 AG and the Chief Information Officer (CIO) of the companies belonging to the 1&1 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

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

GRI 103-3

Contribution to the SDGs



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

Data Privacy

Data Protection is Personal Privacy

GRI 418

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

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

Our Main Focuses

In financial year 2021, our day-to-day operations largely revolved around recurring work such as maintaining the record of processing activities and performing data protection impact assessments for processes that are expected to entail material risks to natural persons' rights and freedoms.

Due to the European Court of Justice (ECJ) judgement in the Schrems II case and the resulting requirements governing data transfer to third countries, a major part of our work in 2021 focused on data transfer outside Europe and associated issues. Day in, day out we meet the growing demand for European (internet) solutions – which is partly down to this – and the increasing responsibility for ensuring that customer data are handled as securely and sustainably as possible. In addition, the new standard contractual clauses (SCCs) that were resolved in 2021 and the measures that became necessary as a result were added to, and became another focus of, our work.

What is more, the 1&1 Group companies were involved in implementing and preparing for the German Telecommunications Telemedia Data Protection Act (Telekommunikation-Telemedien-Datenschutz-Gesetz – TTDSG), which entered into force in December 2021. Apart from setting out a number of rules that specifically affect us as a telecommunications company, this act makes clear that cookies can only be stored if consent complying with the GDPR has been given.

Whereas in previous years the establishment and expansion of a data privacy organisation was one major focus of our work, 2021 primarily focused on continuous process optimisation in the areas of data privacy management and customer contact.

Ensuring Data Privacy at 1&1

We aim to ensure data privacy throughout the Group and to embed it in our systems and processes. This is critically important to 1&1 in view of its more than 15.4 million customer contracts. As a result, we maintain the highest possible security standards and minimise risks for our customers. An extensive data privacy law training program for employees exists to permit the use of state-of-the-art technologies, which require an ongoing review to be made of data privacy law and other statutory requirements. In addition, we include data privacy aspects and requirements in product and process development at as early a stage as possible. These measures represent a continuous investment by the Company in improving the level of data privacy that it offers.

The extended data privacy organisation that has been firmly anchored in the Group since 2019 makes a significant contribution to this. In 2021, we again recruited additional data privacy coordinators to strengthen our decentralised data privacy organisation. Additional staff were also recruited for the central Legal Privacy department, which is headed by the Group Data Privacy Officer.

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

We have anchored data privacy in the Company in the following ways:

- **Integration 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 that arise for example during product design or development ("privacy by design") or when entering into contracts. The data privacy coordinators support the Legal Privacy department locally in the various Management Board members' areas of responsibility and liaise between the Legal Privacy department and the end-user departments. On the one hand, this allows information to be disseminated more quickly to the end-user departments. On the other, only by assigning employees who have been trained in data privacy law directly to the departments concerned can the two principles set out in the GDPR – "privacy by design" and "privacy by default" – be catered to adequately and at an early stage.

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

We assist compliance with all privacy law provisions using internal directives, guidelines and working instructions that make data privacy requirements more understandable and more transparent. These are easily accessible for all employees and are tailored to their day-to-day work.

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

We want each and every employee to help ensure that data are only processed lawfully, are not lost, and do 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 2021, we created a new e-learning program that is constantly updated. This is designed to provide both basic information and an increasing amount of specific content that is tailored to different areas of responsibility, enabling the program to cater to individual departments' data privacy law requirements. The goal in all cases is to provide information in as clear a manner as possible and to supplement it with a large number of practical examples, as well to permit effective assessment of what has been learned. In addition to basic training for employees, we held face-to-face courses for data privacy coordinators, among other people, along with events that focused specifically on managers' data privacy responsibilities.

- **Regular dialogue with the supervisory authorities**

Our data privacy organisation 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 requirements – of which there were 38 in 2021 (2020: 33; 2019: 52) – to the competent supervisory authorities. The Data privacy organisation staff also maintain regular contact with the latter to discuss and agree on topical data privacy issues.

- **Complaints procedures ensure effective detection**

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

- **Effectiveness checks**

The data privacy organisation performs internal ad hoc data privacy checks. In addition, it is involved in ensuring data privacy at service providers, where it performs checks. Furthermore, data privacy organisation employees and data privacy coordinators had the opportunity in 2020 to train as data privacy auditors with TÜV NORD so as to be able to perform checks forming part of audit plans professionally and in a structured manner. As a supplementary measure, TÜV Rheinland performed an external data protection audit for 1&1 Telecommunication SE and 1&1 Telcom GmbH in 2020, the result of which was positive. After TÜV SÜD's s@fer-shopping seal of approval

GRI 418-1

was discontinued last year, Drillisch was audited in 2021 by TÜV Saarland and received its “TÜV-tested Online Portal” seal of approval. This certification is comparable to the TÜV SÜD offering and also focuses on data privacy, among other things.

- **1&1 Service-PIN and e-mail verification offer enhanced security**

Customers entrust their data to us for processing. We have enhanced our security standards so as to protect these data even better in future, and have been using our 1&1 Service PIN for phone-based customer support queries at 1&1 Telecom GmbH since mid-December 2019. The Service PIN is a personal five-digit code that our customers can access and modify independently in their 1&1 Control Centre. During calls, customer service staff ask customers for three digits of the Service PIN but do not know the entire number. Drillisch Online GmbH uses a similar process and asks customers for a hotline password during their contacts with them.

E-mail verification for new and existing customers was introduced in 2021. If e-mail addresses are incorrect or outdated, the wrong people may be contacted and personal data may be transferred. Even though the 1&1 Group does not process and send particularly critical data by e-mail, the objective was to introduce additional measures to enhance customer security. E-mail addresses are verified by using a second factor such as a code that is sent via an SMS message and must then be entered on a page that the customer has been sent by e-mail.

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

Article 15 of the GDPR states that data subjects have the right at all times to obtain information about the personal data on them that are stored by us. The GDPR considers access to a secure area of the web to be the optimum solution here. We took this opportunity to simplify customers’ right of access at 1&1 Telecom GmbH: they can initiate a manual process and the desired information is then made available in the 1&1 Control Centre (login area). This means that customers can view the data stored for themselves at all times, and are provided with transparent information.

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

In July 2020, the ECJ ruled that the Privacy Shield Agreement between the EU and the USA was invalid. Since then, data may no longer be transferred to the USA on the basis of the Privacy Shield. We analysed our data processing operations in the light of the ruling and changed the basis for data transfers to other guarantees of compliance with data privacy law. We pay particular attention to the security of our customers’ and users’ data, especially when using service providers outside the EU. We do this firstly by selecting them particularly carefully and secondly, of course, by entering into appropriate supplementary agreements on these issues, defining standard contractual clauses and using additional security mechanisms.

- **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 1&1 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. Users can now select and deselect specific cookies and make differentiated choices. The cookie layer was modified again in 2021 during our implementation of the TTDSG, and now offers a fully consent-based solution in which the "reject" and "accept" buttons are given equal weighting.

- **Using and protecting customer data**

Employees only have access to customer data in the context of the job they do, i.e. only in the way and to the extent required for customer support and to provide the contractually agreed service. With this in mind, the 1&1 Group has taken a very wide range of technical and organisational measures to protect (customer) data and ensure that no unauthorised employees have access. (Examples here are the introduction of a service PIN for phone-based customer contact and the verification of e-mail addresses.) These measures are reviewed at regular intervals.

1&1 only uses customer data for advertising purposes within the framework permitted by law and does not sell customer data to third parties. A mix of technical and organisational measures – such as blocking uploads, procedural and working instructions for employees, and regular supplier checks – ensure this is the case.

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

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

Information Security

Expanding Internet Security

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

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

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

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

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



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

the external perimeter network /the external services provided. Each penetration test was performed by a separate, independent external service provider. The Bundesnetzagentur also audited the security planning required under section 109 of the TKG.

Management Using the Information Security Management System

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

The ISMS is organised on behalf of the 1&1 Group by the Information Security department at United Internet Group sister company IONOS SE. This department comprises two teams: Organisational Security (and Service Management) and Technical Security. Among other things, the Organisational Security (and Service Management) team handles the management of information security guidelines, security instructions, staff training, communication with government authorities and security risk management. The Technical Security team provides advice in relation to security architectures, and applications, systems and network security. Within the 1&1 Group, these tasks – and hence the organisation and implementation of the guidelines associated with the ISMS – are the responsibility of IQ-optimize Software AG (a wholly-owned subsidiary of 1&1 AG). This unit trains employees how to ensure secure development and operations, performs security tests and handles any security incidents together with the departments concerned. To do this, 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 for the United Internet Group as a whole is certified annually as complying with ISO 27001.

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

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

The various Group companies exchange information about current security topics and developments within the United Internet Group at a regular meeting attended by the IT security officers from all areas of the Group. IQ-optimize Software AG acts as a full-service IT provider for 1&1

AG. In this role, IQ-optimize also provides the Security Officer for 1&1 and its subsidiaries. Additionally, IQ-optimize's services cover the entire portfolio of technical and organisational information security measures.

Information Protection Measures

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

GRI 417
GRI 417-1

Technical Measures

- **Secure software development**

The best approach is to prevent security vulnerabilities arising in the first place. For example, the Secure Software Development Life Cycle (SSDLC), which consistently includes security in the software development process at a methodological level right from the start, is used in application 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.

- **Protection against DDoSs**

Distributed denial of service attacks (DDoS) are concerted internet attacks originating from multiple sources that are designed to reduce the availability of our services. We combat these using a combination of ongoing distributed monitoring of external services and close cooperation with the internet service provider (ISP) via which services are made available. 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 the ISP only forwards legitimate customer requests to the 1&1 infrastructure.

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

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

- **Redundancy**

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

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 courses were used for key users in a number of units in 2020 during the implementation of the ISMS guidelines. In 2021, this e-learning program – which is designed “to teach the basics of information security” – became a compulsory measure for all 1&1 Group staff and must be repeated every two years. In addition, a campaign was run in the fourth quarter of 2021 to raise staff awareness of phishing via e-mails. This campaign was successfully completed, with more than 100 employees attending, and will be extended to other areas of the Company in 2022. 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 specific training on data privacy and compliance issues.

- **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 present these rules to different groups and make them easily accessible for employees. In addition to the above-mentioned training courses, our intranet provides tips and tricks and explanations of the rules for key employee roles. These also include our internal “Information Security and Data Privacy” brochure, which gives clear explanations of the most important rules governing how to handle information and data. The 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.



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, for example, that a personal relationship exists or that a superior has issued instructions to this effect.

- **Security audits**

1&1's Information Security unit 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. A security maturity model developed by Information Security is used in particular in the technical departments that are responsible for customer data, but also prior to integrating external service providers who are to perform data processing on behalf of the controller. 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 way of planning more effort-intensive but in-depth audits more effectively. They allow audits to be planned in for those places where they support maturation most effectively. To date a general, overarching maturity assessment is performed once a year at 1&1.

- **Continuous monitoring**

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

- **Security incident handling**

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



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

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

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

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

Secure E-commerce

Customer trust is a critical factor in e-commerce. In addition to concerns about the security of their personal data, consumers 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.

GRI 417-1

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

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

Participating in and Shaping Digitalisation

The 1&1 Group's business model is built on access to communication, information and entertainment. Thanks to the frequencies bought at auction by the then Drillisch Netz AG (now 1&1 Mobilfunk GmbH) in summer 2019, we are able to take the next step and establish our own high-performance 5G infrastructure.



See "Customer-related Matters and Product Responsibility" on page 28.

The Company has a particular responsibility here in view of 1&1's new role as Germany's fourth mobile network operator. As a new entrant to the field, 1&1 has opted for state-of-the-art technology and is building the first fully virtualised mobile network in Europe to be based on the new OpenRAN technology. This innovative cloud-native network architecture enables real-time speeds and ensures independence from dominant network equipment manufacturers. 1&1 has selected OpenRAN pioneer Rakuten as its partner for its active network infrastructure. A new entrant on the Japanese market, this company successfully rolled out the world's first virtual mobile network. 1&1 has ambitious goals to expand its network: it intends to provide coverage for 1,000 base stations by the end of 2022, while 25 per cent of German households should have rapid mobile access by the end of 2025 and 50 per cent of households by the end of 2030. This corresponds to the requirements set out by the Bundesnetzagentur (the Federal Network Agency), which 1&1 signed up to on successfully participating in the 5G frequency auction in the summer of 2019. 1&1 wants not only to comply with these goals, but in fact to exceed them.

Designing mobile communications to be secure and reliable is an absolute precondition, and this also applies to the new network architecture in 1&1's O-RAN. We performed extensive risk assessments together with our partners and are implementing a security management system that is certified in accordance with ISO 27001. We comply with all key elements of the recommendations regarding the security of OpenRAN mobile networks issued by the BSI (Germany's Federal Office for Information Security) and are in close contact with the authority on this. In addition, 1&1 is a member of the international O-RAN Alliance, whose expert bodies analyse the security of OpenRAN technology in depth, and continuously enhance it.

Following the successful 5G auction, 1&1 AG and the established network operators – Telefónica Deutschland, Vodafone and Deutsche Telekom – 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". By doing so, the Company will help close gaps in coverage in rural areas in particular: constructing large number of masts will contribute to improving mobile phone reception in these regions. In return, 1&1 can transfer the license fees payable for the frequencies to the federal government in instalments until 2030. This step illustrates the benefits of cooperation for both consumers and network operators.

What is more, the 1&1 Group enables a wide range of customers to participate in the process of digitalisation thanks to its broad portfolio, which covers everything from premium to discount rate plans. These measures contribute to the idea of “digital participation”. Today, the availability of affordable internet access options is seen as vital for achieving economic and social development, and even for exercising human rights.⁸

⁸ See e.g. the Bitkom article (German only) dated 24 November, 2019.

1&1 as an Employer

Management Approach

Materiality, Impact and Risks

GRI 103-1

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

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

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

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

Goals and Measures

GRI 103-2

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



See "Our Values and Corporate Culture" on page 57.

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 corporate culture by ensuring our corporate values are reflected in strategic human resources issues such as compensation, continuing education and training, and occupational safety.



See "Training and Education" on page 61.

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 programs and special offerings for high potentials, among other things.

We are also convinced that the diversity of our workforce is one of the preconditions for creativity and productivity. We leverage this wealth of potential ideas and innovations by using a variety of formats to promote diversity and equal opportunities.



See "Diversity and Equal Opportunities" on page 65.

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



See "Occupational Health and Safety" on page 71.




Personnel issues are the responsibility of 1&1's head of Group HR, who reports on an ongoing basis to 1&1 AG's CFO.

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

4 QUALITY EDUCATION 	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p>
5 GENDER EQUALITY 	<p>Achieve gender equality and empower all women and girls.</p>
8 DECENT WORK AND ECONOMIC GROWTH 	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>

Our Human Resources Strategy and HR Organisation

GRI 102-7
GRI 401

The 1&1 Group is a pure-play service provider and its success therefore depends to a large extent on its employees' skills and dedication. In line with this, it aims to offer an attractive working environment and performance-based pay, allowing employees to contribute their individual talents in the best possible way, and to develop. The objective is to optimally meet the operating departments' requirements in relation to all human resources issues. This ensures timely responses to the Company's and employees' needs. Working methods are tailored to the different organisational units involved within the overarching system of trust-based flexitime. 1&1 had 3,167 employees as at the end of 2021 (2020: 3,191; 2019: 3,163).

GRI 102-8
GRI 401-1

Examples of overarching goals and targets are our aim of offering tailored staff and organisational development formats, recruiting managers from within the organisation and retaining employees. Metrics used to track effectiveness include the management positions that have been filled internally (2021: 70.0%; 2020: 71.0%; 2019: 75.3%) and the staff turnover rate (2021: 10.4%; 2020: 6.1%; 2019: 7.5%). In addition, we have set ourselves the goal of appointing more women to management positions.

Employee Information	2021	2020	2019
Total employees ⁽¹⁾	3,167	3,191	3,163
Management positions filled internally in %	70.0	71.0	75.3
Employee turnover in %	10.4	6.1	7.5

(1) Figures refer to our active core employees.

Our Values and Corporate Culture

Our corporate values and management principles comprise the 1&1 Group's value system. Our Group-wide Code of Conduct shows how we act in line with these values. All employees receive a digital version of our Corporate Values and the Code of Conduct when they join 1&1, and these are also discussed during the onboarding process.

GRI 102-16



See "The Basis for Acting Responsibly" on page 12.



Onboarding: The induction process for new employees.

We prepare our managers for their responsibility as role models and have also anchored this as a core element of our management principles, so to ensure we are walking the talk with our values. In our regular (virtual) manager onboarding meetings, small groups of managers discuss our values and management principles and gain a firm understanding of what they mean for our day-to-day work. Our Management Board colleagues kick off and introduce the topic, and actively reach out to our new managers on it. It is then discussed in more detail and put in an operational context in the obligatory three-part "Leadership Training – Leadership Foundations" course, which all new managers have been required to take since 2020.

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

We strive 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.

Our highly flexible human resources policy and communication ensure timely responses to the Company's and employees' needs.

A Learning and Feedback Culture

Learning should be an option for, and accessible to, all staff. In keeping with this principle, all training courses, networking events and personal and professional development offerings were continued where sensible in a digital learning format in the 2021 reporting period, and delivered in a variety of unit lengths, from hour-long to full-day formats. As soon as the current pandemic situation permits, we will progress this as a judicious mix of virtual and face-to-face offerings and modular training courses of different lengths, so as to guarantee flexible learning in the future, too. This combination of different learning formats and times will also help to make hybrid collaboration a concrete reality.

Above and beyond this, we developed a comprehensive intranet offering on the subject of virtual collaboration in 2021. Managers and staff also discussed numerous examples of best practice to ensure we are all learning continuously from and with each other even in these extraordinary times. As a result, we have built strong digital working formats as an organisation. We intend to expand these further in future. New learning formats and short training modules such as working lunch sessions, brown bag lunches, plus the “Good to Know” offerings for managers and experts in which we address current topics, are also helping us to build this continuous virtual sharing and learning process.

Our office building in Karlsruhe, “Hinterm Hauptbahnhof,” also aims to encourage shared learning, room for personal and professional development, and creative freedom. The multi-space concept we have implemented there represents a major step towards state-of-the-art, forward-looking working. It facilitates and promotes creative, dynamic and flexible working. The various different areas within the offices cater to the different requirements of daily work. Staff will find the right setting for everything – team sessions, focused individual work, brief meetings, confidential phone calls, creative workshops or short breaks. This simplifies day-to-day working and in particular makes teamwork easier, more flexible and more efficient. Above and beyond this, our employees have a wide range of additional working locations at their disposal that encourage them to develop and grow. This is also assisted by the use of collaborative working tools as a standard.

In addition, flat hierarchies permit unbureaucratic communication channels and rapid decision-making – and not just at our Karlsruhe location. This allows us to be agile and react flexibly to new challenges. Our open feedback culture is another essential foundation for working together and helps foster a high-performance and respectful environment. We can only actively practice values such as openness and fairness in an environment in which colleagues provide feedback to one another respectfully and constructively. Only such an environment allows continuous improvements that benefit individual employees, teams and the Company alike. This is why high-quality feedback play a key role for us in establishing an open, supportive corporate culture.

Staff and managers assess each other directly in our annual feedback and performance reviews. In addition, employees can obtain digital, self-guided 360-degree feedback on themselves at any time, both from their direct superiors and from colleagues. This takes the form of a documented process and can be used in relation to project tasks, for example. This option raises awareness of the need for openness and reflection throughout the entire organisation and makes staff more confident about giving and requesting feedback. As a result, feedback becomes a natural part of everyday work and can be used for continuous improvement.

Other feedback methods are described on our intranet and can be deployed as needed in specific situations by both teams and individuals. 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. Moderators can also be provided for specific team workshops, allowing an individual feedback culture to be established in the teams concerned. In addition, obtaining feedback from colleagues is a fixed part of the process used when employees want to take on positions with greater responsibility.

Internal Employee Communication

Ensuring we listen to employees and providing them with appropriate communication channels are challenges for a rapidly growing company such as 1&1. At the same time, there is an increasing need to provide them with information about our strategy and how the Company is developing. This is why we have established a variety of successful channels for internal employee communication over the years. Additionally, the COVID-19 pandemic means that many events are being held in digital form, which has changed the nature of communication.

- An annual management kick-off at the beginning of the year offers managers and experts information about 1&1's overall development. However, this format could not be held due to the COVID-19 pandemic. As an alternative, a series of "all hands meetings" were used to convey information about the Company's overall development to employees, experts and managers.
- Colleagues from the different companies within the 1&1 Group already work together as a team on content issues in many areas. From the 2020 reporting period onwards, we also increasingly put this approach into practice in our internal communications, with a joint 1&1 intranet group replacing the previously separate groups. This harmonized approach means that we can offer identical information to all 1&1 staff. Our aim is to ensure the best possible internal networking and communication.

Fair Pay

GRI 102-41
GRI 405-2

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 that are aligned 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.

Some positions and levels of responsibility offer performance-based variable compensation components. These are remunerated on the basis of the employee's achievements. In addition, 1&1 offers a number of benefits above and beyond the financial compensation it pays; these include a company pension, capital formation benefits, prevention programs forming part of our occupational health program, 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. To do this, employees' salaries are compared with benchmark data on normal market remuneration from a well-known survey provider. The results of the comparison are made available to the HR business partners and are incorporated in the salary formation process for both regular salary reviews and extraordinary salary adjustments.

Changes to the law governing employee compensation, such as minimum wage legislation, are fully implemented in our compensation practice. We ensure that the compensation we pay our employees complies at all times with all statutory requirements.

Training and Education

Development and Prospects

One of the basic principles for our People & Organisational Development work 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 the areas of information security and software development protects our technology lead, while professional, competent customer care enhances customer satisfaction.

GRI 404
GRI 404-2

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

Among other things, staff development plans include the skills needed to perform upcoming 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 learn new things at every stage of their development. The results of the annual performance reviews are collated centrally.

GRI 404-3

We benchmark the success of our learning measures using a mix of tracking satisfaction with development opportunities, measuring our “return on education,” evaluating how measures have been implemented at the individual employee level during the next performance review, and cost control metrics.

Personal Development Opportunities

Our Customer Care operations have substantial training requirements. New and existing employees alike receive training here in the areas of communication, sales, dealing with objections, complaints management and other business-related topics. We agree additional training courses requested by employees with them on an individual basis and support them by paying their salaries while they attend. The training platform that has been in place at all 1&1 companies since 2020 gives all staff access to a wide range of courses.

GRI 404-2

FUNCTION-SPECIFIC DEVELOPMENT MEASURES FOR 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, the training given to new call centre agents puts a particular focus on practically based content.

1&1 Campus

The central training portal, 1&1 Campus, bundles internal training and e-learning offerings, giving staff quick and 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 we are continually improving our offering. The KPIs produced suggest they are of an extremely high quality. In addition to the courses offered by People & Organisational Development, the range also includes training designed for customer care units, plus seminars taken from our technical training catalogue –TEC Campus – and our Online Marketing Campus – training offerings by and for employees.

TEC Campus

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

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.

Talent management (MyWay^{TO}, Navigate and Women explore)

We use our talent promotion programs for proactive personal development. Individual development plans are aligned with the target positions concerned (e.g., professional development for experts and managers in the case of MyWay^{TO}) Partly as a result of these measures, we were able to fill 70.0% of management positions internally in 2021 (2020: 71.0%; 2019: 75.3%).

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

“Women explore” gives high-performing women the opportunity to increase their visibility and profile within the Company, to network with one another and to actively examine their strengths and their career and networking strategies, as well as to draw conclusions about gender diversity for the Company as whole.

Individual offerings

In addition, Human Resources Development offers personalized consulting for employees and managers plus a large number of customizable on-the-job measures, and helps staff develop specific activities such as mentoring and shadowing. All employees can access all relevant information about development and learning on our extensive intranet pages, which provides a transparent, consolidated overview of the wide range of development opportunities on offer. A variety of different input channels cater to employees’ personal preferences and make finding the results they are looking for easy. As with all our products, we have consistently incorporated feedback and input from our internal customers.

Training and Education in Figures

We are continuing our work on centrally capturing key training figures in 2022 so as to facilitate more and more comprehensive reporting on its scope and nature.

GRI 404-1

Training and education hours	2021 ⁽¹⁾	2020
Training and education hours per year (employees)	46,323	54,520
Per capita training and education hours (employees) ⁽²⁾	14.6	17.1
Training and education hours per year (service providers) ⁽³⁾	43,299	31,925

(1) No classroom-based training and education courses were held in 2021 because of the pandemic.

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

(3) Expansion of the digital training portfolio in 2021.

Recruiting and Retaining Young Talent

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

A Wide Range of Opportunities in a Growing Company

As a growing company, we offer our staff secure jobs, exciting projects, personalized training opportunities and attractive prospects. Individual employees' career paths can be tailored to fit their wishes to a large extent, and all employees can have a hand in influencing their own development.

Initial Training and Education

GRI 102-12

United Internet Sourcing & Apprenticeship GmbH, which has been officially recognized by the competent chambers of industry and commerce (IHK) as a company that offers vocational training places, performs the training on behalf of the 1&1 Group. Apprentices are trained in a number of different commercial and technical trades together with other companies belonging to the United Internet Group, with the goal being to offer them permanent positions once they have qualified. This enables us to ensure uniformly high training standards and multi-location training formats.

Attracting Future Talent

We work together with universities and colleges to attract fresh talent at an early stage. We have developed a variety of trainee programs offering an apprenticeship or a dual degree course (in cooperation with the Baden-Württemberg Cooperative State University (DHBW)) or helping fresh graduates find their feet in our corporate environment.

GRI 102-12



See the "[Fair Company Initiative](#)" (German only).

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 their time at 1&1.

Above and beyond this, we offer school students short internships that give them a chance to get to know our organisation and the world of work in general. What is more, 1&1 cooperates and holds events with schools, as well as offering careers advice and career discovery opportunities during Germany's Girls' Day and Boys' Day and our own in-house apprenticeship counselling.

Diversity and Equal Opportunities

1&1 considers diversity to be not just desirable but actually critical to its success. In line with this, the Company aims for an overall corporate culture in which employees are treated with respect and have equal opportunities, regardless of their nationality, ethnic origin, religion or belief, gender and gender identity, age, disability or sexual orientation and identity. They should also be able to find the environment and function in which they can make the most of their individual potential and talents.

GRI 405
GRI 405-1
GRI 406
GRI 406-1

We underlined this aspiration last year by signing up to the Diversity Charter, which commits us to creating a non-discriminatory working environment. A diversity statement has served as the mission statement for all of the Company's diversity activities since 2019:

We refuse to tolerate any form of discrimination, harassment or bullying in the workplace. 1&1 provides a number of different contacts who can be approached confidentially, such as Human Resources, Compliance and trained persons of trust. We take any indications of discrimination extremely seriously and are committed to clarifying all issues reported to us.

The Group would not be what it is today if it had not been for individual strengths – i.e., everything that makes individual employees unique and distinctive within the Company. A workforce drawn from a very wide range of different personalities offers an ideal framework for creativity and productivity. The potential new ideas and innovations that arise from this enhance our Company's competitiveness and increase its opportunities in the markets of the future.

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

We discuss the importance of diversity during the onboarding events for new recruits and draw attention to the internal information platform on all aspects of diversity that was set up in 2020. On it, employees and managers can find statements by our Management Board members on the topic, practical tips for ensuring a non-discriminatory daily working environment and numerous portraits of colleagues. In addition, we have included enterprise-wide guidelines for ensuring non-discriminatory, gender-sensitive language and the online training course on non-discriminatory human resources decisions developed by the "Initiative Chefsache" network.

DIVERSITY STATEMENT

Respect for diversity is a core aspect of 1&1'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.

In 2020, we trained our HR staff on the issue of unconscious bias, with a focus on its relevance for our HR processes and piloted a training format for managers that will be rolled out more broadly in the coming year.

Diversity Days

Our Diversity Days allowed us to transport new ideas into the organisation and made colleagues aware of the potential that diversity offers us as an enterprise – both in terms of our workforce and in terms of our customers.

99% of the nearly 1,000 staff who took part in the Diversity Days would recommend them to others, and 87% felt that the topics presented and discussed were highly relevant to their work and our organisational development – really positive feedback. As a result, we are planning to continue the Diversity Days in 2022.

We joined in the “German Diversity Day” organized by Charta der Vielfalt e.V., the association behind Germany’s Diversity Charter, for the first time in 2021; we took part in a three-day virtual in-house conference in May, our “Diversity Days,” which offered more than 35 sessions on the topic. The exciting and varied program featured keynotes by Management Board members, interactive workshops, reports by staff on their own experiences, panel discussions and a whole lot more.

Following the Diversity Days, an internal podcast series was launched featuring interviews on diversity issues with a number of well-known people in the Company. This was developed independently by female employees as part of our “Women explore” program.

Gender Equality

At the 1&1 Group, we have set ourselves the medium-term target of appointing women to 18% of the posts in the top two management levels below the 1&1 AG Management Board. In the long term and in awareness of our social responsibility, we are aiming for women to achieve full parity in our management positions, which should then also be reflected in a greater proportion of women in these roles. We are therefore striving to raise awareness among our employees through our actions, so as to achieve our long-term targets. In line with this, diversity and equal opportunities were a particular focus for us once again in 2021.

The following table provides a breakdown of our staff by gender and employment type. In addition, 12.0% of our core employees worked part-time in 2021 (2020:10.4%, 2019: 11.4%).

Employees by gender in % ⁽¹⁾	2021	2020	2019
Women	37.1	37.0	37.7
Men	62.9	63.0	62.3
Non-binary	n.a.	n.a.	n.a.

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

Women accounted for 43.8% of new hires in the reporting period (2020: 39.5%; 2019: 42.6%) and 29.2% of newly recruited managers (2020: 25.9%; 2019: 30.0%). As at 31 December 2021, there were a total of nine (2020: 9; 2019: 7) women in the top two management levels below the 1&1 AG Management Board, corresponding to a quota of 12.9% (2020: 13.0%; 2019: 10.0%). This means we are four women short of the 18% target (2020: 4; 2019: 6). Consequently, we still have not yet met our target and see the need for continued action in 2022.

Employees by employment type and gender in % ⁽¹⁾	2021	2020	2019
Women, full-time	74.0	74.9	74.0
Men, full-time	96.3	95.7	97.4
Women, part-time	26.0	25.1	26.0
Men, part-time	3.7	4.3	2.6

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

Employees by employment contract and region in % ⁽¹⁾	2021	2020
Women, temporary employment contracts	5.7	5.2
Men, temporary employment contracts	6.9	7.1
Women, permanent employment contracts	31.8	32.3
Men, permanent employment contracts	55.5	55.4
Temporary employment contracts, Germany	12.6	12.2
Permanent employment contracts, Germany	87.4	87.8

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

A total of 21 (2020: 21) women from all areas of the Company took part in our “Women explore” talent and network offering in 2021. “Women explore” aims to increase high-performing women’s visibility and profile within the Company, to enable them to network with one another and to actively examine their strengths and their career and networking strategies, and to draw conclusions for the Company as whole. The participants attended in-person and virtual network

meetings, collaborated in self-organized learning groups and shared information and opinions with the program owners on the Management Board and a variety of managers and experts. This helped raised overall awareness of the issue and triggered valuable discussions. Among other things, it allowed our organisation to identify insights and generate ideas for further improvements in the areas of gender diversity and increasing the number of women in management positions.

As part of “Women explore”, our female role models – who act as discussion partners and mentors for female colleagues within the Company and demonstrate a range of potential career paths for women at 1&1 – give presentations about careers at 1&1. We provide our female managers and experts with networking and development offerings such as the regular “Women in Management” get-together.

Work-life Balance

Diversity also depends on all employees being able to easily combine their family duties with their profession. We therefore offer staff the ability to work remotely from home on individual days without a particular reason.

Our external, independent family service 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 and working part-time. This allows participants to swap experiences and best-practice examples. It is particularly important to us in this area to highlight fathers who work part-time as role models and to encourage a discussion about equal care.

Diversity and Equal Opportunities

An International Mindset

1&1 considers its employees' different nationalities to be an additional diversity factor. These contribute to service quality, particularly in the area of customer care, since customers of different nationalities can be provided with support in their native language.

LGBTIQ+

The PROUT AT WORK foundation raises awareness of LGBTIQ+ in the world of work with its PROUT PERFORMER awards. We are delighted to report here that one of our employees, Michelle Thiele, is on the list of "PROUTVoices." This honours queer people in business below the management level who actively drive forward the issue and give a voice to the LGBTIQ+ community.

We are proud that we have been able to lay the foundations for a platform and network for open communication among employees about LGBTIQ+ community issues, thanks among other things to the "queer.united" initiative that was founded by staff members. Issues here include overcoming any contact anxieties and creating an open and non-discriminatory working environment. In addition, the initiative offers assistance for LGBTIQ+ specific issues such as coming out at work. The network comprises members of the LGBTIQ+ community and other colleagues who provide support for the topics involved.

In addition, since 2021 employees have been able to use optional gender pronouns in their intranet profiles to indicate how they would like to be referred to, and addressed, by other staff.

Young and Old Together

As a company, we also want to help spread the topic of diversity in public. As the main sponsor and jersey sponsor for German Bundesliga football club Borussia Dortmund, we visibly took a stand together in favour of plurality and diversity, and against discrimination, in the game against Bayern Munich on March 6, 2021. 1&1's logo was redesigned for the occasion, so that the players ran out onto the pitch wearing shirts with a rainbow version.

„United in Diversity“

As a company, we also want to help spread the topic of diversity in public. As the main sponsor and jersey sponsor for German Bundesliga football club Borussia Dortmund, we visibly took a stand together in favour of plurality and diversity, and against discrimination, in the game against Bayern Munich on March 6, 2021. 1&1's logo was redesigned for the occasion, so that the players ran out onto the pitch wearing shirts with a rainbow version.

The average age of 1&1's employees as at 31 December, 2021, was 40.5 (2020: 38.5; 2019: 38.4). The average age of newly recruited core staff in the reporting period was 34.1 (2020: 33.0; 2019: 34,9⁹).

Employees by age ⁽¹⁾ in %	2021	2020	2019
under 30	21.0	23.9	21.7
30-39	33.2	32.1	36.1
40-49	27.1	27.3	26.2
50 years and above	18.7	16.7	16.0

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

⁹ The figure was subsequently adjusted due to the inclusion of Strato, home.pl, United Domains and World4You.

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 minimize accidents, illness and risks as far as possible and to promote the health of our employees. United Internet Corporate Services GmbH provides the 1&1 Group's occupational health management offering on behalf of the 1&1 Group. Our main focuses are on occupational health management including preventive measures, with the aim being to reduce the risk of psychological and physical stress and to increase occupational safety at our locations.

GRI 403

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

Since the beginning of 2020, COVID-19 has led 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 rules. This was achieved in close cooperation with occupational medicine and occupational 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 behavioural 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 and recommendations on how to ensure ergonomic home offices)
- Modifications to working processes and structures to accommodate mobile working

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. The structure of 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. 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. In addition, we implemented a large number of measures for health promotion and disease prevention above and beyond the statutory requirements.

GRI 403-2

GRI 403-3

GRI 403-5

GRI 403-7

GRI 403-8

Among other things, occupational health management at 1&1 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. Central interfaces have also been implemented to permit them to exchange information at an overarching level with the staff 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 recommen-

dations on how to work ergonomically, and on compensatory workplace exercises. Additionally, we aim to reduce employee stress in our call centres by providing anti-stress training and teaching them how to ensure conversations remain calm and to deescalate.

- Above and beyond this, all locations provide professional health promotion and support measures that are performed by third parties. These include flu vaccinations, support from our occupational medicine staff, check-ups and relaxation and exercise offerings such as yoga and back-strengthening courses. **GRI 403-6**
- New, largely virtual health promotion formats were developed and implemented in response to the situation caused by the COVID-19 pandemic. For example, health courses that could no longer take place on-site due to the restrictions on social contact were offered in digital form. In addition, a virtual health week was held together with statutory health insurance fund BARMER as an alternative to local health day events. “B2Mission 2021” – an app-based jogging and exercise challenge – was offered instead of the normal company races. “B2Fit 2021” – a digital program on health topics such as exercise, nutrition, resilience and sleep designed to help employees live more healthily in the long term and to enhance their wellbeing – was also piloted. In addition to the thrill of the challenge, the initiatives were designed to motivate employees to keep healthy and fit during the COVID-19 pandemic, and at the same time to strengthen the idea that we are in this together. Above and beyond this, a coronavirus healthcare portal on the intranet allows staff to obtain a sound overview and rapidly access relevant webinars and web-based courses, along with other self-help offerings and key internal information. **GRI 403-4**
- 1&1 helps all employees achieve a positive work-life balance even in challenging situations through its Employee Assistance Program (EAP), in partnership 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 counselling/childcare, care for relatives and personal emergencies. The parental counselling/childcare support offered covers everything from tips about the German statutory parental allowance through finding age-appropriate vacation childcare down to school counselling 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 counselling, 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. **GRI 403-4**

In 2022, 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 enhance the healthcare portal and internal communications. Plans exist to enhance the visibility of the Company's Occupational Health Management program by introducing a logo using the corporate design and strategically including it in the relevant channels. In addition, hybrid health promotion formats are being planned: these aim to combine face-to-face and online offerings to leverage the benefits of both formats for employees and to combat any pandemic-related cancellations of face-to-face events.

Occupational Safety

Annual safety inspections complying with health 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 is held. Meetings are also held at locations that have significant numbers of staff. Our health and safety activities are continuously enhanced in line with statutory/health 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 together with our occupational medicine specialists, so as to identify any other measures that may be necessary.

Absentee rate	2021	2020	2019 ⁽¹⁾
Absence due to illness (in %)	5.9	5.6	7.1
Number of accident reports	15	13	6
thereof on the way to and from work (in %)	6.7	15.3	16.7

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

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

Climate and Environmental Protection

Management Approach

Materiality, Impact and Risks

As a leading German telecommunications specialist, we see our role as building bridges to a positive, sustainable digital future. We aim to conserve energy and resources as well as possible, to continuously increase our energy efficiency and hence to help protect the environment and the climate. The telecommunications and internet services that we offer are based on our mobile network and data centre operations, and on the sale of hardware. We use our own and our leased data centres, largely including the data centres belonging to United Internet Group sister company IONOS, in order to ensure we can deliver these services. We also source the fibre-optic network from United Internet Group sister company 1&1 Versatel. Offering products and services that run in data centres and on mobile networks leads to high energy consumption. This energy usage and the resulting carbon emissions impact the environment and the climate. Within the Group, key factors influencing energy consumption are our own data centres, the power for our office buildings, the fuel for our vehicles, the materials used in our logistics operations in particular and our own use of IT hardware. Our energy consumption can be expected to increase further in future, too, given the establishment of our own 5G network, among other things.

In addition, our other business relationships have a material impact on the environment, especially from the use of our business partners' mobile networks and fixed networks, 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 that we offer customers (especially smartphones, tablets and routers). Factors here range from their manufacture through shipping to customers down to their disposal.

GRI 103-1
GRI 201-2



See "Customer-related Matters and Product Responsibility" on page 28.

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



See "Corporate Digital Responsibility" on page 38.

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.¹⁰ 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 is expected that new technologies will be designed to be more energy-efficient. For example, the new 5G mobile network standard uses less electricity than previous network solutions, while smart home solutions enable more energy-efficient home design.

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 increasingly being addressed at a political level, e.g. through Germany's Climate Protection Program, carbon pricing, the Paris Agreement and the UN Climate Change Conferences (Conference of the Parties – COPs). It is also becoming more and more of an issue for investors and analysts when selecting investments, while customers emphasise the importance of using green energy e.g. for cloud products, as is the case for IONOS.

The physical risks posed by climate change – such as rising temperatures and increasingly extreme/poor weather conditions that could cause damage to mobile network infrastructures, for example – impact 1&1 indirectly. As an energy user, the organisation needs to reduce its carbon emissions if it is to avoid potential market and reputational risks. In addition, the growing political and technological risks due to the urgency of the topic must be borne in mind. One potential example here is stricter legislation requiring corresponding effort and expense to implement and leading to rising energy prices. These risks could negatively impact our profitability if we do not address sustainable alternative sources of energy supplies in good time. If our various stakeholders' expectations are not met, this could negatively impact our reputation, revenues, or earnings; conversely, positioning ourselves positively here could offer opportunities.¹¹

¹⁰ See e.g. the Bitkom article (German only) dated 18 March, 2021.

¹¹ Irrespective of the materiality of climate and environmental protection demonstrated, the EU Guidelines recommend reporting on climate issues even if they are only material from one of the two possible perspectives (either "environmental and social" or "financial").

Goals and Measures

The management approach aims to promote the efficient use of resources, enabling us to cut costs and contribute to climate protection. Particularly in view of our energy consumption, our goal is to continuously increase the efficiency of our infrastructure, and especially of our data centres. 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 our data centres, which in their role as the backbone for digital applications are experiencing increasing demand, and to the fibre-optic network that we use, which is by far the most powerful transmission technology and hence 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 these and other data in future to calculate our carbon footprint; this will document and quantify the material sources of greenhouse gas emissions (“hot spots”) more and more comprehensively going forward. Please see the following sections for further details.

GRI 103-3

Contribution to the SDGs



Ensure sustainable consumption and production patterns.



Take urgent 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

Using the network infrastructure and the server capacity provided by our data centres is necessary to supply internet and telecommunications services to our customers. At the same time, their operation is the main reason for 1&1's energy consumption. Since 1&1 does not currently operate its own mobile network or fixed network and our business partners have not yet provided the relevant detailed data, the focus in the following is on a presentation of our own energy consumption. Further details on the information given in the following table can be found in the relevant sections.

Energy consumption	2021	2020	2019
Electricity consumption - office buildings and own data centres in MWh ¹	4,050.3	3,300.8	3,520.8
Heating consumption (natural gas) in MWh	2,895.7	2,650.9	2,416.3
Petrol consumption in MWh	198.2	143.1	115.2
Diesel consumption in MWh	2,484.0	2,907.7	4,770.4
Total fuel consumption in MWh⁽²⁾	2,682.2	3,050.8	4,885.6
Total energy consumption in MWh	9,628.2	9,002.5	10,822.7
Revenue in € million	3,909.7	3,786.8	3,674.9
Energy intensity (ratio of energy consumption to revenue) in Wh/€	2.5	2.4	2.9

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

(2) Conversion factors/heating values: petrol: 8.5 kWh/l; diesel: 9.7 kWh/l. The decline in fuel consumption in 2020 and 2021 is due to the restrictions caused by the COVID-19 pandemic and to the new Guidelines on Working from Home introduced at the Company.

Electricity Consumption in Our Data Centres

1&1's servers are organised redundantly and feature extensive storage and back-up functions, so as to make the services we provide to our customers as secure and reliable as possible. In addition, the high-performance data centres run by our sister company IONOS that we use are georedundant. This approach ensures that power outages and environmental factors do not affect the operation of the applications concerned, and gives our customers unconstrained, permanent access to them. This added reliability comes at the cost of increased electricity consumption, which is addressed by using renewable energy and constantly improving energy efficiency.

Energy Consumption by Our Office Buildings

A significant proportion of the electricity supplied to 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	2021	2020	2019
Electricity consumption in MWh ⁽¹⁾	4,050.3	3,300.8	3,520.8
Heating consumption (natural gas) in MWh ⁽²⁾	2,895.7	2,650.9	2,416.3
Total energy consumption in MWh	6,946.0	5,951.7	5,937.1
CO ₂ equivalents from electricity consumption in tonnes (Scope 2) ³	0.0	414.8	443.3
CO ₂ equivalents from heating consumption in tonnes (Scope 1)	376.4	540.1	493.6
Total carbon emissions in tonnes⁽⁴⁾	376.4	954.9	936.9

(1) Data refer to the offices and associated infrastructure of the 1&1 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 data centres (not yet disclosed separately). Data were not yet available in full by the editorial deadline of this report. The increase in electricity consumption is attributable to an expansion in data collection due to the inclusion of additional sites and companies (1&1 Logistik GmbH). The proportion for 1&1 Telecommunication SE was determined approximately on the basis of the proportion of employees, since these figures are only available as part of an overall evaluation for the United Internet Group.

(2) Figures refer to the Montabaur site, including the logistics centre, and to the 1&1 location in Maintal. Data were not yet available in full by the editorial deadline of this report. The proportion for 1&1 Telecommunication SE was determined approximately on the basis of the proportion of employees, since these figures are only available as part of an overall evaluation for the United Internet Group.

(3) The reduction in CO₂ equivalents in the reporting year 2021 is attributable to the conversion to green electricity of the office buildings of Drillisch and IQ optimize Software AG.

(4) Calculated using the utilities' data on CO₂ emissions per kilowatt hour, the conversion factors provided by DEFRA (the UK's Department for Environment, Food and Rural Affairs) for 2019, 2020 and 2021 and the data provided by the Umweltbundesamt (the Federal Environmental Agency) for CO₂ emissions per kilowatt hour in the German electricity mix (2019: 474 grams; 2020: 401 grams; 2021: 366 grams). Green electricity, which does not result in any CO₂ emissions, was used in some cases.

Material Consumption and Logistics

GRI 301

As an access and applications provider, our business with physical products makes particular use of electronic devices and hardware. We develop applications ourselves or together with partner organisations and operate them in our own data centres or in the data centres run by our sister company IONOS that we use. In contrast, we primarily provide our customers with information and communications technology hardware (ICT) in the form of devices such as smartphones and routers, tablets, laptops, web surfing hardware and accessories, along with rate plans for using our mobile network and broadband services. In addition, our employees use IT hardware to perform their tasks.

Customer Hardware

Device Disposal

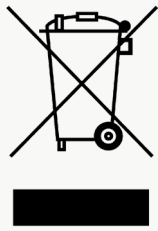
GRI 417-1



"1&1 collection points"
and e.g. "smartmo-
bil.de"

Smartphones, routers and other devices that we provide our customers may contain components that cannot be disposed of as household waste. Our job is to take responsibility for these products' entire life cycle, and to recycle materials properly after use so that no pollutants are released into the environment as waste. We have signed a waste disposal contract with our partner, specialist waste disposal service provider Interseroh, to ensure that the devices that we supply can be disposed of in an environmentally friendly manner. We inform customers about how to dispose of their mobile and landline hardware professionally every time we make a delivery, and list Interseroh's collection points 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 206 million old cellphones and smartphones in circulation in Germany in 2021 that were no longer in use but still worked or could be recycled. An efficient circular economy requires such devices to be reused or professionally recycled so as to ensure that valuable raw materials such as precious metals and rare earths can be recovered.



Handling of Old Devices

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

Reusing Customer Hardware

A number of Drillisch brands have been offering refurbished devices since 2019. In 2021, this option was available for the yourfone, winSIM, smartmobil.de, maXXim and galaxyexperte.de brands. All customer cellphones that are returned within 30 days are checked thoroughly and tested for reusability. This involves deleting all personal data on the device, checking the functionality in-house and also checking for wear and tear. If the devices are in perfect working order, they are cleaned and polished, and any missing accessories (headphones, charging cables, etc.) are supplied. These devices are marketed at a significant discount to the price of new ones. They are in perfect working order, have been quality assured and come complete with accessories, original packaging and a 24-month guarantee. In addition to the price benefits for customers, this conserves key resources and reduces the use of supply chains, hence cutting carbon emissions. Internal handling of returned devices was expanded in the 2021 reporting period using a standard reclamation process. A dedicated team is responsible for this.

The 1&1 trade-in campaign, which is also known as the “1&1 Trade-in Bonus”, offers a transparent, customer-friendly way of returning used cellphones, tablets and notebooks. More than 26,000 old devices were received within a year of the 1&1 Trade-in Bonus program being launched and were forwarded to a sustainable recycling process by 1&1. 1&1 combines the goal of conserving resources with a financial incentive for clients. Customers can exchange their old devices for a bonus when ordering new ones. This can be up to several hundred euros, depending on the model concerned. The trade-in bonus is credited directly to customers' bank accounts when the old device has been received. Roughly 5,200 kg of old electronic devices have been recycled as a result. This conserves valuable resources and cuts waste.

In addition, 1&1 introduced free use of the 1&1 LTE antenna hardware required for the use of its “Sofort-Start-Option” and “Sofort-Online” products. This means that customers no longer have to buy the hardware when they enter into the contract. Rather, they simply return it free of charge after use to 1&1. After this, it is checked and, if necessary refurbished, before being made

available to the next customer. This avoids the need for a six-figure number of newly produced devices every year, conserving valuable resources and massively reducing the volume of functioning hardware being consigned to waste.

Hardware in Data Centres and Office Buildings

GRI 102-12
GRI 301-1

For 11 years now, 1&1 Telecommunication SE and its subsidiaries have ensured that internally used servers and network equipment are recycled in an environmentally appropriate way when they are retired 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 we not only ensure our hardware is handled by environmental and recycling experts, but also improve employment opportunities for people with disabilities.

GRI 305-3

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

Old IT equipment ⁽¹⁾	Number of devices			Reclaimed and reused in %			Raw materials recovered through recycling in %		
	2021	2020 ⁽³⁾	2019	2021	2020	2019	2021	2020	2019
PCs	89	364	311	73.8	87.6	87.4	26.2	12.4	12.6
Notebooks	389	327	648	95.3	93.6	97.0	4.7	6.4	3.0
Tablets ⁽²⁾	7	24		52.9	23.5		47.1	76.5	
Flat screens	143	502	410	60.8	72.6	45.0	39.2	27.4	55.0
Mobile devices	192	261	296	47.8	30.8	44.2	52.2	69.2	55.8
Servers	203	270	404	20.0	50.0	42.0	80.0	50.0	58.0
Printers	8	8	2	27.8	64.7	0.0	72.2	35.3	100.0

(1) The figures relate to 1&1 Telecommunication SE and its subsidiaries (determined approximately on the basis of the proportion of employees and services at the 1&1 IONOS data centres, since figures are only available as part of an overall evaluation for the 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.

(3) The figures for 2020 were adjusted.

In 2021, we delivered 57.3 tonnes (2020: 76.7 tonnes; 2019: 87.7 tonnes) of hardware to AfB, helping to save 162.2 tonnes¹² (2020: 432.8 tonnes; 2019: 70.2 tonnes) of CO₂-equivalents¹³.

Logistics and (Secondary) Packaging

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

Materials Used for Shipments

The total number of shipments of letters and packages shipped by our logistics centre fell by approximately 5.7% year-on-year (2021: 6.4 million; 2020: 6.0 million; 2019: 6.9 million). At the same time, the consumption of packaging materials (both plastic and PPC) has been reduced since 2019. The main reason for this was a change in the law in 2019.

GRI 301-1
GRI 305-3

We report the amount of (secondary) packaging used in shipping and selling products annually, 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 (ZSVR)). The process has changed compared to 2019 as a result of the introduction of the new German Packaging Act (Verpackungsgesetz – VerpackG). 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 involved, in a larger number of cases.

Consequently, 1&1’s logistics operations did not produce any significant amounts of plastic in 2021. The use of PPC also fell from 432.69 tonnes in 2020 to 430.02 tonnes in 2021. The volume

¹² 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.

¹³ Approximate values determined on the basis of the proportion of employees accounted for by 1&1 Telecommunication SE and its subsidiaries.

of materials required depends on, for example, the relative proportions of devices or SIM cards shipped, and can therefore fluctuate over the years.

Packaging materials ⁽¹⁾	2021	2020	2019
Total paper, paperboard and cardboard (PPC) consumption in tonnes	430.0	432.7	458.1
Total plastic consumption in tonnes	0.0	0.0	0.5
Number of shipments in millions	6.4	6.0	6.9
Amount of PPC per shipment in grams	67.4	71.8	70.4
Amount of plastics per shipment in grams	0.0	0.0	0.1
CO ₂ equivalents in tonnes ⁽²⁾ (Scope 3)	9.2	9.2	10.4

(1) The figures relate to the 1&1 Group in its entirety.

(2) Calculated on the basis of the conversion factors published by DEFRA for 2019, 2020 and 2021.

SIM cards for Drillisch Online's brands are sent using recycled envelopes that are stamped with Germany's "Blue Angel" label logo.

Recycling of (secondary) packaging materials by our service providers Landbell AG and "Duales System Deutschland GmbH – The Green Dot" led to the equivalent of 223.7 tonnes of carbon emissions being saved in 2020 (2019: 223.3 tonnes)¹⁴.

Our logistics operations also aim to reduce the use of transport materials when servicing is required (e.g. when a faulty piece of equipment has to be replaced for a customer). Where loaned devices 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 specially developed reusable shipping packaging that can be used to return the old device directly. This not only reduces material costs but also saves customers time.

In addition, we expanded our returns management in 2020 – a move that led to its further professionalisation during the reporting period, with structural modifications being made to the working environment and the workstations being optimised.

¹⁴ The figures for the current reporting period were not available by the editorial deadline for this report. The data for 2019 only covers Landbell AG.

Emissions from Shipping Distances

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

GRI 305-3

Packages destined for our customers are collected for delivery by a variety of logistics services providers (these include DHL, Hermes and GLS). An internal estimate suggests that, all in all, our packages travelled approximately 809.84 million km in 2021 (2020: 886.32 million km; 2019: 875.38 million km). This corresponds to a year-on-year decrease of 76.48 million km. Based on the information and estimates provided by our logistics services providers, this generated approximately 1,422.4 tonnes of greenhouse gas emissions (2020: 1,695.2 tonnes; 2019: 1,904.0 tonnes)¹⁵. These emissions were not generated by our organisation itself, but are the result of our business activity and therefore count towards our Scope 3 emissions¹⁶.

Shipping distances	2021	2020	2019
Kilometers traveled for package deliveries in millions ⁽¹⁾	809.8	886.3	875.4
CO ₂ equivalents in tonnes ⁽²⁾ (Scope 3)	1,422.39	1,695.24	1,904.02

(1) Estimate based on the distances between the target locations and the logistics center 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. They are reported using the “well-to-wheel” (WTW) method. The figures for 2019 and 2020 were adjusted in the 2021 reporting period due to the harmonization of the method used for capturing carbon emissions data.

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

¹⁵ The figures for 2019 and 2020 were adjusted in the 2021 reporting period due to the harmonization of the method used for capturing carbon emissions data. They are reported using the “well-to-wheel” (WTW) method and are based on the information supplied by the service providers.

¹⁶ The Greenhouse Gas Protocol (2011) requires purchased transport and distribution services for products sold to be assigned to upstream Scope 3 emissions (category 4).

Paper Consumption

GRI 301-1
GRI 305-3

The following table shows paper consumption by the 1&1 Group. The figures can vary from year to year, since in many cases a large amount of paper is ordered and distributed once a year. If, for example, an order is placed for a large amount at the end of a year, the quantity ordered in the following year will decline. What is more, the paper ordered in a particular year is not used up entirely in that same year. The vast majority of copy paper used in the Group has been certified in accordance with the EU Ecolabel, which is used to denote products and services with a lower environmental impact than comparable options. In some cases it has an FSC logo, which indicates sustainable forestry management.

Paper consumption ⁽¹⁾	2021	2020	2019
Total paper consumption in tonnes	1,035.0	1,354.5	1,623.3
Paper consumption per employee ⁽²⁾ in kilograms	264.5	358.9	411.2
CO ₂ equivalents in tonnes ⁽³⁾ (Scope 3)	858.5	1,123.4	1,479.5

(1) The figures relate to the 1&1 Group in its entirety.

(2) Arithmetic average; the figures relate to the employees at the companies listed in (1). The figure for 2020 was adjusted.

(3) Approximate figure calculated on the basis of the conversion factors published by DEFRA for 2019, 2020 and 2021.

Employee Mobility

Environmentally Aware Business Travel and Fuel Usage

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

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.

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

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

- **Avoiding business trips**

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

- **Climate-friendly travel**

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

- **Vehicle fleet**

Our company car rules limit the impact our fleet has on the environment, e.g. by restricting the available engine options. In addition, we track the market constantly to ensure our fleet is always state of the art from both an environmental and an economic perspective. We are also examining the use of alternative technologies, with our goal in all cases being to take economically and environmentally acceptable decisions. What is more, in the reporting period we introduced a cap on carbon emissions of 160 g/km per vehicle as measured by the NEDC for all vehicles acquired as from 2021 and made it possible to purchase electric vehicles.

- **Leasing of company bicycles**

1&1 has offered a company bicycle leasing scheme since June 2020. Employees can use the scheme to lease bicycles at a subsidised monthly rate and can actively contribute to protecting

the environment and improving the traffic situation by cycling to work, among other things. Employees have reacted positively to the offering.

- **Paperless travel expense claims**

Starting in 2019, 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 transport 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”).

Our employees travelled more than 4.3 million kilometres in the 2021 reporting period (2020: 5.7 million kilometres; 2019: 12.2 million kilometres¹⁷), generating 778.3 tonnes of carbon emissions (2020: 921.1 tonnes; 2019: 1,751.6 tonnes¹⁸). The following tables provide a detailed breakdown of the Group’s travel activity.

¹⁷ Figure adjusted retrospectively in the 2020 reporting period.

¹⁸ Figure adjusted retrospectively in the 2020 reporting period.

Rail travel⁽¹⁾	2021	2020⁽³⁾	2019
Passenger kilometers (pkm) for long-distance travel	317,005	836,333	2,576,816
Pkm for long-distance travel per employee ⁽²⁾	100.0	262.1	814.7
CO ₂ equivalents from long-distance travel in tonnes (Scope 3)	0	0	0
Pkm for short-distance travel	27,776	74,748	213,210
CO ₂ equivalents from local travel in tonnes (Scope 3)	0	0	11.7
Climate-neutral rail travel in % of total	100.0	100.0	92.4

(1) The figures relate to the entire 1&1 Group and are taken from Deutsche Bahn's annual client environmental data report ("Umweltbilanz"). The proportion for 1&1 Telecommunication SE was determined approximately on the basis of the proportion of employees, since these figures are only available as part of an overall evaluation for the United Internet Group. A separate environmental data report exists for Drillisch.

(2) The figures relate to the employees of the companies listed under (1)

(3) The decline in the 2020 and 2021 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.

Rental cars⁽¹⁾	2021	2020⁽⁵⁾	2019
Fuel consumption (gasoline and diesel) in liters ⁽²⁾	12,325.0	19,039.9	57,800.8
Fuel consumption per employee in liters ⁽³⁾	5.5	6.0	18.3
Total kilometers driven	166,554	257,296	781,092
CO ₂ equivalents in tonnes ⁽⁴⁾ (Scope 3)	23.6	35.2	113.2

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

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

(3) The figures relate to the employees of the companies mentioned under (1); 2019: 3,163; 2020: 3,191; 2021: 3,167.

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

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

Company cars⁽¹⁾	2021⁽⁵⁾	2020⁽⁵⁾	2019
Fuel consumption (gasoline and diesel) in liters	279,403	316,602	505,349
Fuel consumption per company car in liters ⁽²⁾	1,214.8	1,486.4	2,307.5
Total kilometers driven ⁽³⁾	3,730,403	4,560,813	7,741,490
Total kilometers driven per company car	16,219	21,412	35,349
CO ₂ equivalents in tonnes ⁽⁴⁾ (Scope 1)	730.9	829.2	1,327.5

(1) Data refer to the 1&1 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; 2019: 219; 2020: 213; 2021: 230; 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 2019, 2020 and 2021.

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

Air travel⁽¹⁾	2021	2020⁽⁵⁾	2019
Kerosene consumed in liters ⁽²⁾	3,433.9	5,841.9	40,805.8
Kerosene consumed per employee in liters ⁽³⁾	1.5	2.2	15.4
Total kilometers flown	59,911.0	164,559.7	1,139,826.9
CO ₂ equivalents in tonnes ⁽⁴⁾ (Scope 3)	23.9	56.6	328.7

(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); 2019: 3.58 l; 2020: 3.55 l; 2021: 3.56 l.

(3) The figures relate to the employees of the companies mentioned under (1); 2019: 3,163; 2020: 3,191; 2021: 3,167.

(4) The figures relate to travel agent data.

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

1&1 as a Business Partner

Management Approach

Materiality, Impact and Risks

1&1 operates exclusively in Germany and as such has to comply with strict standards in the areas of environmental and employee protection, and human rights. At the same time, expectations are growing that the organisation will use these high standards as the basis for its work with its business partners and suppliers. This is required both by frameworks such as the UN SDGs and the GRI Standards and e.g. by the German government in its National Action Plan for the Implementation of the UN Guiding Principles on Business and Human Rights („NAP“)¹⁹ and the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG) that was resolved in 2021. Equally, investors and analysts are joining consumers, civil society players and the media in looking more closely at the issue of value chains.

GRI 103-1



See the [online version of the NAP](#).

In principle, the same topics are relevant in our supply and value chain as in our own business. In other words, they are the 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 the right to rest. Other rights covered relate to the internet and the digital arena, such as freedom of opinion and information, and the protection of privacy.



See also “1&1 as an Employer” on page 54 and “Corporate Digital Responsibility” on page 38.

When it comes to business partnerships and supplier relationships, companies in Germany are subject to the same strict statutory requirements as 1&1 itself. In addition, telecommunications is largely a regulated market and many suppliers have also introduced voluntary commitments. This means that there is a very low risk of child labour or forced labour, for example, in the domestic links of our value chain. However, such risks can take on a different dimension abroad in view of the legal, political and social frameworks there. What is more, business partners’ specific activities may give rise to other relevant topics, depending on how far up the value chain an examination goes. This means that other stakeholders may be affected indirectly by the way we behave as a business partner.

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

¹⁹ According to the NAP (page 4), “few countries’ economies are so internationally entwined as that of the Federal Republic of Germany”.

Examples include business partners' employees and those of their suppliers, residents living near production sites and people or groups affected by potential environmental impacts.

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

Goals and Measures

GRI 103-2

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.



See our [Code of Conduct](#) for Business Partners.



See page 99 of our [Code of Conduct](#) for Business Partners.



See our [General Terms and Conditions](#) for Procurement.



Carrier: A network operator.

Relevant guidelines include our Code of Conduct and, in particular, our 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. It builds on our corporate values to define minimum social and environmental standards and lays down rules on how to comply with them. The Code of Conduct for Business Partners has been incorporated into the contracts entered into with business partners by including it in the General Terms and Conditions for Procurement drawn up by United Internet Corporate Services GmbH, which provides a large number of services for the 1&1 Group.

We source significant volumes of wholesale services, especially in the areas of network services and devices. The areas entrusted with procuring these wholesale services also see themselves as "partner managers". They ensure that the products and services concerned are of a high quality and fit for the future and manage reliable business relationships on the basis of trust. Carrier Management is responsible for end-to-end management and coordination of the relationships with wholesale telecommunications partners, both for fixed networks and for MBA MVNO and national roaming (mobile communications). Partner Account Management Access is responsible for hardware procurement (information and communications technology (ICT) products and de-

vices) for our customers in the case of both fixed networks and mobile accounts. Ultimate responsibility lies with the Management Board members for Product Management in the Access Division and the Management Board members at Versatel and 1&1 Mobilfunk. In addition, special areas coordinate the outsourcing of customer care services, among other things.

Results and Assessment

We are currently working to map our value chain. This topic will be included in our sustainability report as soon as we have meaningful data with which to document it.

GRI 103-3

Contribution to the SDGs



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

Description of Our Supply and Value Chain

GRI 102-9

1&1 offers its customers a comprehensive portfolio of individually tailored mobile voice and data services and products, plus fixed network connections (broadband). Offerings include both standalone mobile and broadband products and attractive bundles of products with a variety of accessories. We see it as our role to examine our impact on the environment and society in all links in our value chain.

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



Upstream

1&1 primarily sources network services (mobile and fixed network) and ICT products from its upstream value chain²⁰. The Company uses its access rights to Telefónica's mobile network and also sources fixed network services from 1&1 Versatel (another member of the United Internet Group) and other wholesale service providers. In addition, it procures devices such as smartphones and routers from international manufacturers. These wholesale services are in turn based in part on a multistage upstream value chain stretching all the way back to raw materials extraction. Moreover, 1&1 sources services from specialised partners and outsourcing providers. Taken together, these items make up the bulk of our procurement volumes. All in all, we sourced revenue-related services and goods worth approximately €2.5 billion (2020: €2.7 billion; 2019: €2.5 billion) from our business partners in 2021. Sourcing wholesale services places high demands on the business relationships involved.

²⁰ The upstream value chain comprises cradle-to-gate goods and services (Greenhouse Gas Protocol, 2011).

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

Servers and devices such as smartphones and tablets have environmental impacts that can be relevant; this applies 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 mining 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.

GRI 308-2
GRI 414-2



See page 99ff. of our Code of Conduct for Business Partners.

Our Value Added



1&1 primarily adds value itself in the areas of product development and enhancement, marketing, sales and customer care; in addition, the organisation has its own logistics capabilities. 1&1 provides a large number of services that belong to its core business and for which it has a competitive advantage. First and foremost, these include information technology (IT). Among other things, IT services are procured from IQ-optimize Software AG, a wholly-owned Group subsidiary.

All the know-how and expertise that an MBA MVNO needs to do business successfully are bundled here.

What is more, the company acts as the interface on the technical side to the network operators, ensuring hassle-free usage for 1&1 customers. This means that 1&1 is not dependent on third-party service providers and can respond quickly and flexibly when changes are required. The services provided by IQ-optimize are flanked by 1&1 Telecommunication SE's technical infrastructure. This gives rise to a number of synergy effects, including knowledge sharing and joint

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

The figure breaks down the blue “Our value added” link in the value chain shown above in greater detail. We add value – from product development down to customer care – solely in Germany. Impacts on the environment and society, such as the energy we consume, the impact of transport and logistics or our responsibility as an employer, are examined in detail in the various chapters of this sustainability report.

Downstream

Due to 1&1’s high quality standards, important parts of the value chain such as service operations for customers are performed both by internal employees and by external service providers, with these support employees being trained centrally by an internal unit. Downstream²¹ activities are highly relevant, since in many cases the long-term relationships resulting from the contracts entered into with customers can facilitate growth. This means that the use phase for our products is a material part of our business – including from a sustainability perspective. Other business partners in the downstream value chain are shipping partners, who are responsible for delivering devices to customers, and partners who ensure that waste devices are recycled or disposed of in an environmentally friendly manner.



See “Measures and Tools Relating to Call Centre Service Providers” on page 101.

See “Customer Hardware” on page 80f., “Hardware in Data Centres and Office Buildings” on page 82f., and “Emissions from Shipping Distances” on page 85f.

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

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.

²¹ Downstream activities cover goods and services following their sale/distribution by the reporting enterprise and the transfer of control to another unit or organisation.

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 our major suppliers of smartphones and other ICT devices specify that ethical principles and working standards must be observed. Partner Management is in close contact with our major wholesalers here.

GRI 308-1

GRI 414-1

Responsibility for Human Rights Due Diligence

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

GRI 414-2

- A human rights **policy statement** (a public commitment plus the expectations to be met by employees and business partners)
- **Procedures for identifying** 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 a review of 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)

The new German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG) will enter into force on 1 January 2023. 1&1 has already taken measures to prepare for the new human rights due diligence requirements this will bring. Among other things, these include process-driven preventive measures in its own operations and the implementation of a grievance procedure. In the following year, 1&1 will compare the new due diligence requirements with the measures it has already implemented, identify any new action areas that may be required and introduce any necessary new measures.

Policy Statement



See the [United Nations](#).



See the [UN Guiding Principles](#).

Respect for human rights is an integral component of 1&1's 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 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 Identifying 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 can effectively meet its human rights due diligence requirements. 1&1 takes all perceived injustices extremely seriously. Our overarching goal is to become aware of any incidents at an early stage and to get to the bottom of all complaints regarding human rights violations. There were no indications in financial year 2021 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 Group is very small. All 1&1 Group staff are employed in Germany and no human rights risks have been established for them.

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. The 1&1 Group has commissioned United Internet Corporate Services GmbH to provide purchasing and procurement services, and this company has introduced a Code of Conduct for Business Partners that formulates the expectations it has of business partners regarding human rights topics, among other things. Reporting on human rights due diligence mainly takes place in the context of 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 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 Code of Conduct for Business Partners has been incorporated into the contracts entered into with business partners by including it in United Internet Corporate Services GmbH's General Terms and Conditions for Procurement.

GRI 308**GRI 414**

See the [Code of Conduct](#) for Business Partners.

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 requirements (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, and in particular of sensitive corporate data and personal data (information security and data privacy).

Human Rights and Labour Rights

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

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

In concrete terms, the Code of Conduct for Business Partners contains requirements to comply with the rules governing working times, wages and social security benefits (such as the minimum wage in Germany) (wages and working times). In addition, business partners 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



See the [ILO conventions and recommendations](#).

International Labour Organization (ILO) or national legislation (no child labour). Above and beyond this, business partners must ensure working environments are free from psychological, physical, sexual or verbal abuse, intimidation, threats or harassment, and must undertake to ensure equal opportunities in their human resources decisions. Discrimination on the basis of nationality and national origin, ethnicity, political affiliation, gender, religion or belief, disability, age or sexual identity is prohibited (prohibition 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

GRI 414-1

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.

GRI 308-1

Implementation



See our [General Terms and Conditions](#) for Procurement.

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

Measures and Tools Relating to Call Centre Service Providers

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

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

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

The results are documented in a review report and addressed, in the form of concrete recommendations for measures, to Compliance, Legal and the management functions responsible for implementing the measures, among other instances. In financial year 2021, a total of eight outsourcing service providers were reviewed. This means that, five years after the DDO process was introduced, a large proportion of the call centres with which interfaces exist have now been reviewed. There were no material indications of adverse impacts in relation to the social aspects of working practices, human rights and compliance.

Six members of staff have been trained as auditors for our strict data privacy and data security requirements so as to ensure that regular reviews of these areas can also be performed at the call centre service providers we use. Going forward, these employees will perform regular on-site audits of these service providers in addition to the above-mentioned DDO reviews. No on-site audits could be performed in 2021 due to the pandemic. As soon as this becomes possible again, at least one regular audit per year and service provider is planned. The idea is to alternate full audits performed by two auditors with focused checklist audits across a two-year cycle. The latter should be performed unannounced if possible, or at most at short notice.

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).

GRI 102: General Disclosures

GRI Standard number	GRI Standard title	Reference to relevant sections of the report / other sources, comments	Page number
ORGANIZATIONAL PROFILE			
GRI 102-1	Name of the organization	Company Profile	6
GRI 102-2	Activities, brands, products, and services	Company Profile	6ff.
GRI 102-3	Location of headquarters	Company Profile; Publication Details	6 115
GRI 102-4	Location of operations	Company Profile	6ff.
GRI 102-5	Ownership and legal form	Company Profile, Ownership Structure	7
GRI 102-6	Markets served	Company Profile	6ff.
GRI 102-7	Scale of the organization	Company Profile; Our Human Resources Strategy and HR Organization	6ff. 56ff.
GRI 102-8	Information on employees and other workers	Our Human Resources Strategy and HR Organisation; Diversity and Equal Opportunities	56ff. 67
GRI 102-9	Supply chain	Description of Our Supply and Value Chain; Human and Labour Rights	94 99 f.
GRI 102-10	Significant changes to the organization and its supply chain	Company Profile; "General Information about the Company and Group" in the Annual Report (AR)	9 ff.
GRI 102-11	Precautionary Principle or approach	Risk Management; Compliance and Anti-corruption; "Risk, Opportunity and Forecast Report" (AR)	14 ff.
GRI 102-12	External initiatives	Stakeholder Dialogue; 1&1 as an Employer (Fair Company Initiative; Diversity Days); Hardware in Data Centres and Office Buildings	22 64 82 f.
GRI 102-13	Membership of associations	Stakeholder Dialogue	23 f.
STRATEGY			
GRI 102-14	Statement from senior decision-maker	Foreword	4 f.

ETHICS AND INTEGRITY			
GRI 102-16	Values, principles, standards, and norms of behavior	The Basis for Acting Responsibly; Compliance and Anti-corruption; Our Values and Guidelines; Our Values and Corporate Culture	12 ff. 57 ff.
GOVERNANCE			
GRI 102-18	Governance structure	The Basis for Acting Responsibly; Declaration on Company Management/ Corporate Governance Report (AR)	12 f.
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Management	22
STAKEHOLDER ENGAGEMENT			
GRI 102-40	List of stakeholder groups	Stakeholder Dialogue; Process Used to Define Material Topics	22 f. 110
GRI 102-41	Collective bargaining agreements	Fair Pay	60 f.
GRI 102-42	Identifying and selecting stakeholders	Stakeholder Dialogue; Process Used to Define Material Topics	22 f. 110
GRI 102-43	Approach to stakeholder engagement	Stakeholder Dialogue; Process Used to Define Material Topics	22 f. 110
GRI 102-44	Key topics and concerns raised	Definition of Materiality: Topics and Action Areas; Stakeholder Dialogue; Process Used to Define Material Topics	17 f. 22 f. 113 f.
REPORTING PRACTICE			
GRI 102-45	Entities included in the consolidated financial statements	About this Report: Reporting Period, Reporting Cycle, and Scope of Application	114 f.
GRI 102-46	Defining report content and topic boundaries	Definition of Materiality: Topics and Action Areas; Stakeholder Dialog; Process Used to Define Material Topics	17 f. 109 f.
GRI 102-47	List of material topics	Materiality Analysis: Topics and Action Areas	17 f.
GRI 102-48	Restatements of information	New Developments; In addition, new representations are marked at the respective places.	16 f.
GRI 102-49	Changes in reporting	New Developments	16 f.
GRI 102-50	Reporting period	About this Report: Reporting Period, Reporting Cycle, and Scope of Application	114 f.
GRI 102-51	Date of most recent report	About this Report: Reporting Period, Reporting Cycle, and Scope of Application	114 f.
GRI 102-52	Reporting cycle	About this Report: Reporting Period, Reporting Cycle, and Scope of Application	114 f.
GRI 102-53	Contact point for questions regarding the report	Contact information	116
GRI 102-54	Claims of reporting in accordance with the GRI Standards	GRI Content Index	102 ff.
GRI 102-55	GRI Content Index	GRI Content Index	102 ff.
GRI 102-56	External assurance	About this Report: Preparation, Publication, and Examination of the Sustainability Report	115

Topic-specific Standards 2016 (GRI 200 – Economic, GRI 300 – Environmental, GRI 400 – Social) und Management Approach (GRI 103)²² and 2018 (GRI 403).

GRI Standard number	GRI Standard title	Reference to relevant sections of the report / other sources, comments	Page number
SOCIAL MATTERS			
GRI 103	Management Approach	COMPLIANCE AND ANTI-CORRUPTION	14 ff.
GRI 203	Indirect Economic Impacts		
GRI 203-1	Infrastructure investments and services supported	Company Profile; "General Information about the Company and Group" among others in chapters of the Annual Report (AR)	6 ff.
GRI 203-2	Significant indirect economic impacts	Outlook	9 f.
ANTI-CORRUPTION AND BRIBERY			
GRI 103	Management Approach	COMPLIANCE AND ANTI-CORRUPTION	14 ff.
GRI 205	Anti-corruption		14 ff.
GRI 205-2	Communication and training about anti-corruption policies and procedures	Compliance and Anti-corruption	15 f.
GRI 205-3	Confirmed incidents of corruption and actions taken	Compliance and Anti-corruption	15 f.
ENVIRONMENTAL MATTERS			
GRI 103	Management Approach	CLIMATE AND ENVIRONMENTAL PROTECTION	75 ff.
GRI 201	Economic performance		
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Climate and Environmental Protection	75 ff.
GRI 301	Materials		
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	82 ff. 86 ff.
GRI 302	Energy		
GRI 302-1	Energy consumption within the organization	Energy Consumption; Employee Mobility	78 ff. 87 ff.
GRI 302-3	Energy intensity	Energy consumption	78 ff.
GRI 302-4	Reduction of energy consumption	Energy consumption	78 ff.
GRI 305	Emissions		
GRI 305-1	Direct (Scope 1) GHG emissions	Energy Consumption; Employee Mobility	78 ff. 87 ff.
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Energy Consumption; Employee Mobility	78 ff. 87 ff.
GRI 305-3	Other indirect (Scope 3) GHG emissions	Energy Consumption; Material Consumption and Logistics: Hardware in Data Centres and Office Buildings; Materials Used for Shipments; Emissions from Shipping Distances; Paper Consumption; Employee Mobility	78 ff. 87 ff.

GRI 308	Supplier Environmental Assessment	1&1 AS A BUSINESS PARTNER	91 ff.
GRI 308-1	New suppliers that were screened using environmental criteria	Cooperation with our Business Partners; Responsibility for Human Rights Due Diligence	97 ff. 100
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Impacts on the Value Chain	95 f.
EMPLOYEE MATTERS			
GRI 103	Management Approach	1&1 AS AN EMPLOYER	54 ff.
GRI 401	Employment		
GRI 401-1	New employee hires and employee turnover	Our Human Resources Strategy and HR Organisation; Diversity and Equal Opportunities	56 ff.
GRI 403	Occupational Health and Safety		71 ff.
GRI 403-1	Occupational health and safety management system	Occupational Health Management	72 ff.
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety; Occupational Health Management; Employee Absences in Figures	72 ff.
GRI 403-3	Occupational health services	Occupational Health Management	72 ff.
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health Management	73 f.
GRI 403-5	Worker training on occupational health and safety	Occupational Health Management	72 f.
GRI 403-6	Promotion of worker health	Occupational Health Management	73 f.
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health Management	72 f.
GRI 403-8	Workers covered by an occupational health and safety management system	Occupational Health Management	72 f.
GRI 403-9	Work-related injuries	Employee Absences in Figures	74
GRI 403-10	Work-related ill health	Employee Absences in Figures	74
GRI 404	Training and Education		61 ff.
GRI 404-1	Average hours of training per year per employee	Training and Education; Training and Education in Figures	63 ff.
GRI 404-2	Programmes for upgrading employee skills and transition assistance programs	Training and Education; Development and Prospects; Personal Development Opportunities	61 f.
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Training and Education; Development and Prospects	61 f.

²² 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.

GRI 405	Diversity and Equal Opportunity		65 ff.
GRI 405-1	Diversity of governance bodies and employees	Diversity of the Management Board and Supervisory Board; Diversity and Equal Opportunities; Gender Equality; Diversity Days; "Statement on Corporate Management/ Corporate Governance Report" (AR)	12 65 ff.
GRI 405-2	Ratio of basic salary and remuneration of women to men	Fair Pay	60 f.
GRI 406	Non-discrimination		
GRI 406-1	Incidents of discrimination and corrective actions taken	Diversity and Equal Opportunity	65 ff.
RESPECT FOR HUMAN RIGHTS			
GRI 103	Management Approach	Compliance and Anti-corruption; 1&1 as Business Partner	14 ff. 91 ff.
GRI 408	Child labor		
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Code of Conduct for Business Partners; Human and Labour Rights	95 f. 99 f.
GRI 409	Forced or compulsory labor		
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Code of Conduct for Business Partners; Human and Labour Rights	95 f. 99 f.
GRI 414	Supplier Social Assessment		
GRI 414-1	New suppliers that were screened using social criteria	Cooperation with our Business Partners; Responsibility for Human Rights Due Diligence	95 f. 99 f.
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	95 ff. 99
CUSTOMER MATTERS			
GRI 103	Management Approach	CUSTOMER-RELATED MATTERS AND PRODUCT RESPONSIBILITY; CORPORATE DIGITAL RESPONSIBILITY	28 ff. 38 ff.
GRI 416	Customer health and safety	Verantwortung mit Blick auf die Gesundheit	35
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Product Responsibility	35 f.
GRI 417	Marketing and Labeling		
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 f. 47 f. 51 f. 80 f.
GRI 418	Customer Privacy		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Ensuring Data Privacy at 1&1	42 f.

(1) 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.

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

Element	Recommendation	Chapter/section
Governance	Governance around climate-related risks and opportunities	Climate and environmental protection management approach
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
Risk Management	How the organisation identifies, assesses and manages climate-related risks	Climate and environmental protection management approach; "Risk Management" (AR)
Metrics und Targets	Metrics and targets used to assess and manage relevant climate-related risks and opportunities	KPIs in chapter entitled "Climate and Environmental Protection"

About This Report

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

Report Structure, Methodology, and Frameworks

This sustainability report includes 1&1's consolidated non-financial report 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 report is integrated with this separate non-financial report.



The disclosures on diversity required by the CSR-RUG are to be found in the [Corporate Governance Statement/Corporate Governance Report](#).

This report contains the statutory and supplementary disclosures for the material aspects for 1&1: environmental matters, employee-related matters, social matters, respect for human rights, and anti-corruption and bribery matters. This list of the minimum aspects required by the CSR-RUG has been supplemented by “customer-related matters”. These are material for 1&1 and must therefore be reported. In addition to customer satisfaction, customer-related matters include information security, data privacy 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 report. 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 as regards 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

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

GRI 102-46

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).

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

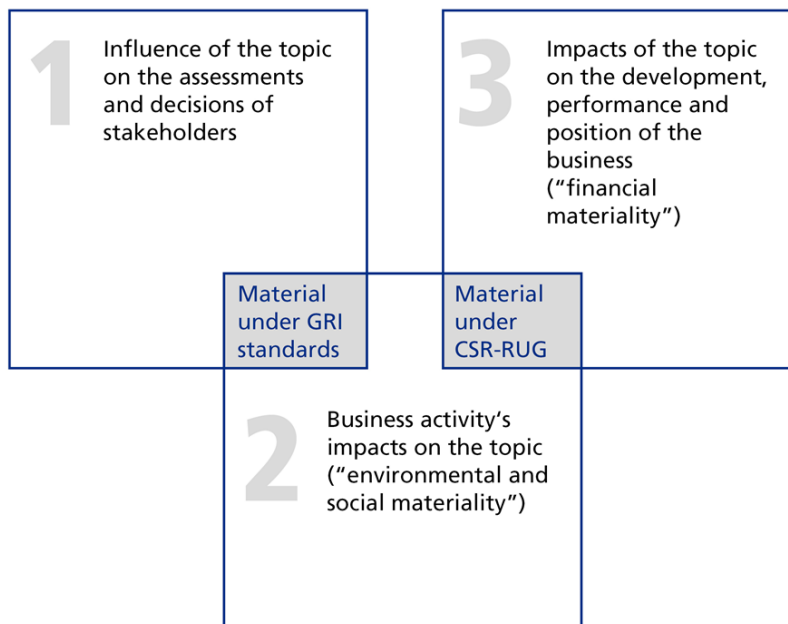
- their influence on the assessments and decisions of stakeholders and/or
- the significance of the economic, environmental and social impacts of the organisation’s activities

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 matters, 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 Group.

1. Influence on the Assessments and Decisions of Stakeholders

Stakeholder Analysis

GRI 102-40
GRI 102-42
GRI 102-43

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

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

Supplementary Analysis of Capital Market Requirements and Frameworks

In 2019, we also analysed what sustainability expectations 1&1 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.

We also addressed additional regulatory requirements during the 2021 reporting period. These include the requirements contained in the EU's Taxonomy Regulation, the new German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG), the TCFD recommendations mentioned earlier and potential changes resulting from the revision of the CSR Directive and the implementation of the LkSG. The results are being incorporated into a sustainability strategy and an updated materiality analysis.

2. Business Activity's Impacts

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

We adopted as broad a social perspective as possible on our organisation and our sector when defining 1&1's potential impacts on society and the environment. To do this, we analysed 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 Group's financial reporting. We focused primarily on the Report on Risks and Opportunities in this context, although we also looked at other areas of the annual reporting. The sustainability topics identified in this way are considered to be directly relevant to the business.



See also the [TCFD Status Report](#).

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

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

Finally, the expectations of investors, ESG ratings and analysts as to the transparency and management of ESG topics are used as indicators of business relevance. According to the GRI Standards and EU Guidelines, financial materiality is particularly interesting to these stakeholders²³.

²³ The EU Guidelines, among other things, draw attention to the fact that the various (risk) perspectives may overlap, and that the probability of their doing so is likely to increase even further in future.

Results: Materiality Matrix

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

GRI 102-44

Materiality Matrix: 1&1 Sustainability Topics



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).



See “Responsible Corporate Management” on page 12.

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 “GRI Content Index and CSR-RUG Disclosures” on page 102.

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

Other Reporting Requirements



See the 1&1 Group’s [Annual Report](#).

The CSR-RUG also requires the principal risks to be reported that are linked to the Group’s operations or to its business relationships, products and services and 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. For further information 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

1&1’s sustainability report is published annually. This report covers the financial year from 1 January 2021, to 31 December 2021. Where appropriate, prior-period figures for financial years 2019 and 2020 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 Group, the statements it contains apply in principle to all divisions and locations, and to all 1&1 Group subsidiaries. Where individual disclo-

asures 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 2021.

Preparation, Publication and Examination of the Sustainability Report

The consolidated non-financial report taking the form of this sustainability report is prepared and published by 1&1 AG's Chief Financial Officer on behalf of 1&1 AG's Management Board. In the course of its subsequent independent examination, the Supervisory Board addressed the non-financial report as a whole in depth and examined it to establish whether it complies with the law, and is due and proper and appropriate. The Supervisory Board critically reviewed the content of the consolidated non-financial report and discussed it with the Management Board, which was available to answer supplementary questions and provide additional information. Following its own examination, the Supervisory Board came to the conclusion that there were no grounds for any objections to the non-financial statement.

This report will be publicly available in German and English as a PDF download on 1&1 AG's website as from early April 2022.

GRI 102-56



See the "[Sustainability Report](#)" on the 1&1 website.

Publication Details

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

GRI 102-3

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GRI 102-53

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Rounding differences compared to the mathematically exact values for monetary units, percentages, etc. can occur in tables and references.

This report is available in German and English. Both versions can also be downloaded from www.1und1.de. In case of doubt, the German version shall prevail.

Disclaimer:

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



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