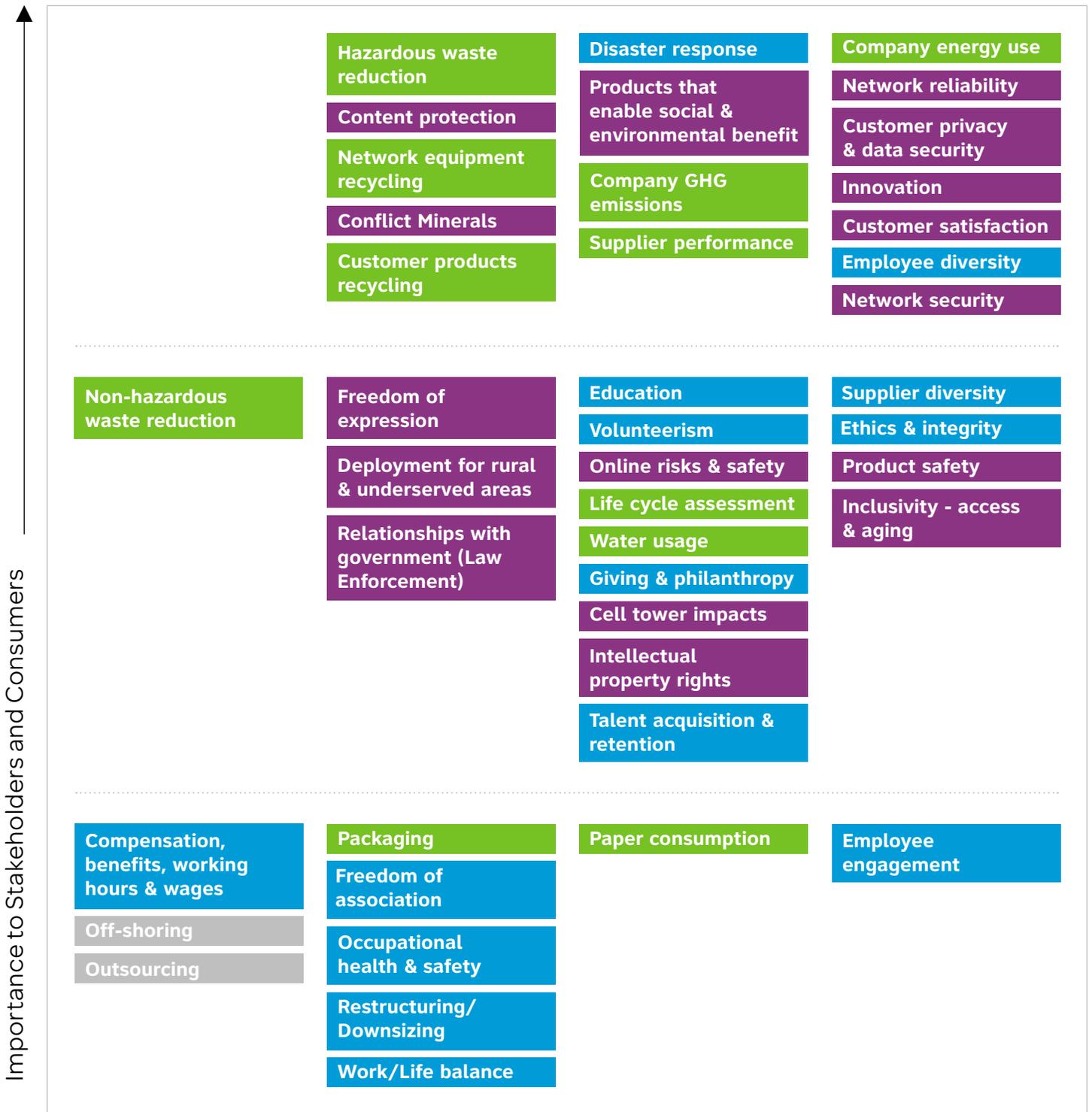




2012 Materiality Assessment

We must prioritize the issues that are most pressing to our business and that present the greatest opportunities for positive impact. We conduct a bi-annual strategic assessment of sustainability challenges and opportunities to our business. In 2010, we conducted our second assessment, culling through more than 200 publically available sources of information. To augment, we conducted a series of interviews with organizations widely regarded as experts in their respective fields, including: BSR, CDP, Pacific Institute, Environmental Defense Fund, World Resources Institute and World Wildlife Fund. We also solicited information feedback form AT&T's Consumer Advisory Panel.

Specifically, we assessed external trends in 44 areas that have direct relevant to AT&T's business success. We grouped these issues into eight broad categories: sustainable energy practices; product design and use; waste disposal, recycling and conservation efforts; privacy and security; supply chain stewardship; ethical business operations; employee relationships; and community engagement. For the vast majority of issues, we assessed external trends in three categories: market, social and regulatory. Where appropriate, we also included information on peer companies and competitors. Combined, this gave us a focused "snapshot" of the key trends and the potential impact they may have on the company. Here are our results:



Impact on AT&T's Business Success →



Disaster Response

Materiality Assessment Topics: Disaster response; Giving & philanthropy; Network reliability; Volunteerism

Issue Summary

As a member of local and global communities, a company’s resources can play an important role in disaster relief efforts. Information and communication technology companies have the added task of maintaining communications to and from affected areas.

Our Position

When disaster strikes, our company and our employees assist victims and affected communities through network preparedness and disaster response, corporate giving, employee support and volunteerism.

Data Highlights

2012 Key Performance Indicators

Amount of corporate, employee and foundation giving:

Priority	Arts and Culture	Civic and Community	Education	Health and Welfare	Total
Total	\$7.8M	\$25.4M	\$64.3M	\$33.9M	\$131.4M

- Investment in Network Disaster Recovery Program — cumulative: **\$600M**
- Working hours spent on Network Disaster Recovery — cumulative: **125,000**

Our Action

When disaster strikes, our company and our employees assist victims and affected communities through corporate giving and assistance, employee support, volunteerism and network preparedness and response.

As a communications company, we have a unique role to play in disaster preparedness and response. The ability to call first responders or check in with family members after a disaster is of critical importance. That’s why we’ve invested

billions of dollars in our networks, which helps to prepare for natural disasters. Network investments make our networks more reliable every day, including during and after disasters. Through our Network Disaster Recovery (NDR) organization, we bring unmatched resources to help ensure the flow of both wireless and wired communications during times of need, all backed by centralized command and control designed to ensure maximum effectiveness and efficiency.



We have invested more than **\$600 million in our NDR program**, which includes specially trained managers, engineers and technicians from across the United States, as well as a fleet of more than 320 self-contained equipment trailers and support vehicles that house the same equipment and components as our data-routing or voice-switching centers.

We monitor and maintain our networks 24/7 and conduct several readiness drills throughout the year to help ensure that our networks and personnel are prepared to respond quickly. When disaster strikes, our employees work around the clock to keep the network up and running.

Ensuring network reliability is only half of our disaster response efforts. In 2012, our employees reached out to help disaster victims affected by state- and federally declared disasters. In the U.S., AT&T Pioneers, a network of AT&T volunteers, and the AT&T Foundation **donated \$747,945** in disaster relief to assist employees and retired employees who were affected by Hurricane Isaac and Superstorm Sandy in Alabama, Connecticut, Florida, Indiana, Kentucky, Louisiana, Mississippi, New Jersey, New York, Oklahoma, Tennessee and West Virginia. AT&T employees made significant contributions to fund the AT&T Foundation's Disaster Relief Fund

Network Disaster Recovery

Since its inception AT&T has invested more than **\$600 million** in its NDR program & **\$15 million** in the international markets

AT&T CERTIFICATIONS

1st Company Nationwide
to receive United States Department of Homeland Security's (DHS) Private Sector Preparedness Program (PS-Prep) certification

125,000 working hours spent on NDR field exercises over the last 20 years

Fleet of more than **320** self-contained equipment trailers & support vehicles



AT&T has a Global Network presence in more than 130 cities worldwide



Engaging Employees in Their Communities

Materiality Assessment Topics: Employee engagement; Volunteerism

Issue Summary

Successful sustainability programs depend on employee support and enthusiasm. Employees are effective agents of change and champions of important causes.

Our Position

Our sustainability commitment reaches across the company. Employees enjoy working for a company that is a responsible participant in the community and steward of the environment. We also recognize that the dedication, passion and support of our 241,810 employees, as of year-end 2012, make our sustainability efforts possible. That's why we've made a commitment to continue engaging our employees around our sustainability efforts. Furthermore, we believe when employees are actively engaged, there is a significant positive impact on the overall well-being of the company, and that's a benefit to our communities, customers and shareholders.

Data Highlights

Key Performance Indicators

- Number of hours volunteered through employee and retiree volunteer programs in 2012: **>5.8M**
- Dollar amount associated with volunteerism in 2012: **>\$129M¹**
- Amount of employee giving through Employee Giving Campaign in 2013: **>\$35M**
- Number of students provided with job shadow opportunities (in collaboration with Junior Achievement [JA]): Program ended in March 2012 with us exceeding our goal of providing job shadow experiences to more than **100,000** students
- Number of mentoring hours toward the goal to provide students 1 million hours of mentoring by our employees through the end of 2016: Between the program launch on October 1 and year-end 2012, we provided students with over **30,000** mentoring hours

¹ The financial equivalent is determined by using \$22.14 per volunteer hour, which is based on the 2012 industry standard from Independent Sector, a leading nonprofit organization that determines the financial equivalent for a variety of volunteer initiatives.



2012 Goals

Provide job shadow opportunities for a cumulative total of 100,000 students by year-end 2012.

Achieve 55 percent of current employees participating in annual giving campaign.

Continue to increase hours reported and number of in-house AT&T attorneys who provide pro bono services; expand involvement in existing AT&T approved legal pro bono programs; and increase selected law firm collaborations with AT&T in-house attorneys to do pro bono work.

Enhance the Employee Resource Group (ERG) leadership positions to provide more experience, development and exposure for our ERG leaders with the goal of more fully leveraging these positions as a robust pipeline for diverse leadership for AT&T.

2012 Progress Toward Goals

In 2012, we exceeded our goal of providing more than **100,000** job shadow experiences to high school students across the country **10** months ahead of schedule.

We achieved **55.71** percent, and the average gift pledge per donor increased by double digits to **\$243**/donor.

AT&T Legal pro bono hours for 2012 increased by approximately **20** percent over the previous year. AT&T continues to work with select law firms to collaborate on various pro bono programs, including the Human Rights Initiative in the Southwest region and Wills for Heroes in the Midwest region.

In 2012:

- We saw the largest jump in ERG membership in our company history, growing from 16,000 members at the start of the year to more than **44,000** by the end of the year.
- Our third annual ERG National Conference was 50 percent larger than the 2011 conference and had more than 1,700 employees attend, including more than 100 officers and senior managers.
- In 2012, we also trained **55** national ERG leaders and **250** local chapter ERG leaders.

2013 Goals

- The newly launched Aspire Mentoring Academy will engage students who are at risk of dropping out of high school with **1 million** hours of mentoring by AT&T employees through the end of 2016.
- Engage our Employee Resource Group (ERG) members in opportunities for career development (training, mentoring, exposure and experiences) with the goal of enhancing the diversity of our talent pipeline.



Our Action

DO ONE THING (DOT)

DOT is a voluntary companywide effort that encourages employees to commit to regular, measurable actions (DOTs) that are good for themselves, their communities and/or the company. We believe that when employees are actively engaged in improving themselves, their communities and/or their company, there's a benefit for all involved. We developed DOT to meet the following three objectives:

- Educate employees about sustainability
- Increase internal understanding of our commitment to social and environmental good
- Create a simple way for interested employees to get involved in sustainability efforts

The vision of DOT is for every employee to be equipped and eager to engage their co-workers, neighbors and customers about what sustainability is and why it matters. Since its launch to all employees in May of 2011, more employees choose a DOT every month. As of December 2013, more than **21,000** employees voluntarily chose and tracked nearly **36,000** DOTs on the DOTspot Impact Calculator website.

In April 2013 we enhanced the Team DOT functionality, giving employees an option to increase their impact by easily starting large teams. This new feature garnered immediate interest, resulting in **686** DOT teams by the end of 2013.

Nearly **1,200** employees volunteered to become DOT Connectors, the self-designated leaders who have chosen to share DOT their fellow coworkers across the company. DOT materials supported employee awareness of our sustainability efforts and resulted in an increase

from the previous year in employees able to name three things that we are doing to be more sustainable. All across our organization, employees are unleashing their human potential with DOT. Whether it's through volunteering, recycling, innovatively using our technologies or much more, employees are activating their DOTs to save money, spark innovation, support One AT&T and build healthy communities.

VOLUNTEERISM

Community Engagement means engaging our employees to build strong, connected and thriving communities that unleash our human capabilities to create a healthy business environment and ensure that we listen to and support the communities in which we operate. In addition to our three program focus areas, Education, Building Sustainable Communities and Responsible Use of Technology, employees can choose to support what they care about. Community service is part of our roots and ingrained in our culture. For 100 years, we have been donating our time and talents to support underserved populations and strengthen our communities.

Each year, our employees and retirees, including the AT&T Pioneers and Employee Resource Groups, take time to enhance their communities. In 2012, our employees and retirees volunteered more than **5.8 million** hours of time in community outreach activities — worth more than **\$129 million**.²

² The financial equivalent is determined by using \$22.14 per volunteer hour, which is based on the 2012 industry standard from Independent Sector, a leading nonprofit organization that determines the financial equivalent for a variety of volunteer initiatives.



One of these volunteers is Kathy McKim, vice president of External Affairs in Sacramento, California. She is chairwoman of the board for City Year Sacramento, which recently dispatched **50** City Year Corps members dedicated to helping kids graduate from five high-need schools in Sacramento. Kathy is inspired by the City Year mentoring program because she has a daughter the same age as the students receiving mentoring. To support City Year and Sacramento schools, Kathy and other AT&T volunteers helped renovate one of the five schools.

Other employee and retiree volunteers show a dedicated commitment to supporting our troops. In 2012, employees collected cell phones for recycling, prepared and sent thousands of care packages for troops serving overseas, greeted soldiers at airports and hosted various other events nationwide to recognize the sacrifice of military members and their families through AT&T Pioneers, one of the largest industry-sponsored organizations in the country. Our employees also support the military and their families by contributing to scholarship funds and donations to military organizations through our annual Employee Giving Campaign and Employee Matching Gift program.

Read more about how our employees and company [support the military](#), [help out after disaster strikes](#) and [help students graduate high school](#).

ASPIRE MENTORING ACADEMY

AT&T launched Aspire Mentoring Academy in October 2012, and it is the key community engagement program of AT&T's **\$350 million** investment in Aspire, focused on high school success leading to college and career readiness. Aspire Mentoring Academy allows AT&T employees multiple ways to work directly with

students, providing employees an opportunity to share their knowledge and make a lasting impact on the lives of young people. Through Aspire Mentoring Academy, we are helping to raise high school graduation rates with a goal to provide students with **1 million** hours of mentoring by our employees through the end of 2016. Since the October launch, AT&T employees hosted 160 events in 71 cities — including **1,100** employee volunteers and **9,300** students providing over **30,000** hours of mentoring.

EMPLOYEE RESOURCE GROUPS

In 2012, we saw the largest jump in ERG membership in our company history, from less than 16,000 members at the start of the year to more than **44,000** by year-end. Our veteran employee resource group has more than **5,500** members, for example, who pursue activities that support veteran and military causes. Other ERGs engage employees interested in the “It Can Wait” campaign and establishing team DOTs.

Our third annual ERG National Conference in Dallas, Texas was **50 percent** larger than our 2011 conference. More than **1,700** employees attended, including more than **100** officers and senior managers, and members from **11** ERGs. The conference provided **10** different break-out sessions, **five** fireside chats, **three** officer keynotes and one conference keynote. During the ERG conference the attendees got a chance to learn about our employee programs and then take them back to their respective cities. Our members recorded a **69** percent increase in ERG volunteer hours from the previous year.



Good Jobs

Materiality Assessment Topics: Compensation, Benefits, Working hours and wages; Freedom of association; Occupational health and safety; Restructuring/Downsizing; Talent acquisition and retention

Issue Summary

Good jobs are especially valuable in this economy. Wages and compensation, freedom of association and training are important indicators of the health of a company's workforce.

Our Position

Talented, dedicated people are key to our company's success, and we strive to be the industry's employer of choice by investing in our people. Competitive pay and benefits attract and retain a highly qualified workforce.

Data Highlights

2012 Key Performance Indicators

- Number of employees, retirees and dependents afforded health and welfare benefits: **1.1M**
- Percentage of union-represented employees: **55**
- Amount invested in direct employee training development programs: **\$280 M**
- Amount invested in tuition assistance for both management and non-management employees: **Nearly \$27M**
- Percent of employees receiving regular performance and career development reviews: **100**
- Total U.S. workforce retention rate: **87 percent** women; **88 percent** people of color
- AT&T's OSHA total recordable occupational injury and illness rate (per 100 employees): **1.75**



Our Action

Our jobs are vital to the communities we serve. The vast majority of our employees are U.S.-based, and we have employees in each of the 50 states. Our global presence continues to grow. We now have employees in more than 60 countries outside the U.S.

As our business changes — most notably shifting from a wireline to a wireless focus — and economic pressures impact our company, we continue to adjust the size of our workforce. This remains an ongoing challenge for our company, as it does for many. As of the end of 2012, we had 241,810 employees. This is compared to 256,420 employees at the end of 2011.

The pressures of the economic downturn and business conditions have required us to make some adjustments in our workforce. While we continue to add jobs in those parts of our business that are growing, we are shedding some jobs in the parts of our business that are declining, particularly wireline.

As was the case in 2011, the reduction of our workforce in 2012 was tied to three primary factors:

- A decline in customer spending driven by economic pressures
- A continued industry-wide trend of residential customers shifting from wired voice to wireless and broadband service
- Streamlining our organizational structure

In 2012, our hiring numbers can be attributed to our growth areas such as wireless, video, cloud services and mobility applications. In 2012, we hired about 28,000 employees, including about 1,100 recent college graduate new hires into 10 student hiring programs, and more than 1,600 international hires.

BENEFITS

We offer competitive pay and benefits to attract and retain a highly qualified workforce. We provide health coverage, life insurance and disability coverage, and in 2012, afforded health and welfare benefits to nearly 1.1 million employees, retirees and dependents.

We offer some of the most competitive benefits in the industry for our U.S.-based employees:

In addition to medical, dental, vision, life and disability coverage, we remain committed to helping employees plan for their retirement. Through various vehicles — including defined benefit pension plans and/or 401(k) savings plans with generous matches — employees have the opportunity to save toward retirement at a time when many companies are eliminating pension plans and/or curtailing savings plans.

For many employees, we offer flexible spending accounts, health reimbursement accounts and/or health savings accounts that allow employees to pay for out-of-pocket health care and dependent care costs with funds not subject to federal taxes.

We offer a broad selection of benefits geared toward certain life events, including adoption, tuition aid, long-term care and the treatment of certain investigational medical conditions not covered by traditional health plans.

Our employees are also eligible for employee discounts on AT&T-branded products and services, where available.



UNION RELATIONSHIPS

With about **55 percent** union-represented employees, we have the largest full-time union workforce of any company in America — more than the steel or airline industries and more than the “Big Three” automakers combined.

We’ve built cooperative relationships with our unions, primarily with the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW). We work diligently with our unions to create competitive contracts that provide good wages and benefits for our employees.

We have about two dozen union contracts, so the company is generally bargaining with one union or another at any given time. Recent agreements are proof that, even in tough economic times and in the midst of major changes in the marketplace and the telecommunications industry, the company and unions can work together to provide and protect high quality middle class careers — good union jobs with wages and benefits that are among the best in the country.

HEALTH & SAFETY

Our goal is to provide a safe and healthy workplace for all employees — it’s an essential aspect of our Environment, Health and Safety (EH&S) Policy. We work diligently to protect our employees through the prevention of occupational injuries, illnesses and workplace incidents. We provide job-specific EH&S training to all employees based on established guidelines and record successfully completed courses in each employee’s training record.

In the event an accident does occur, it is our policy to respond swiftly and effectively to protect our employees, company assets,

neighboring communities and the environment. We require employees to report all alleged work-related injuries, illnesses and accidents. We investigate such incidents and look for opportunities to implement process improvements. For U.S. operations in 2012, our OSHA total recordable occupational injury and illness rate was **1.75** per 100 employees. This rate is lower than the most recent average published by the Bureau of Labor Statistics for the telecommunications industry, which was 2.1 for 2012.

TRAINING & CAREER DEVELOPMENT

We help our people grow and follow their desired career paths. In 2012, we invested about **\$280 million** in employee learning and professional development programs, not including the money spent for travel and work-time allotted for training. Our unmatched success in learning and development was recognized in 2012 by *Chief Learning Officer Magazine* when AT&T was named the No. 2 overall company for learning and development in corporate America — and won the Editor’s Choice for Business Performance Results for the second year in a row. In addition, we spent nearly **\$27 million** on tuition assistance for both management and non-management employees. During the year, **100 percent** of employees have performance reviews and receive feedback on results and demonstrated leadership. Career discussions are conducted with employees focusing on short-term and long-term planning.

Talent Development Programs

We encourage management and non-management employees to be the strongest contributors and leaders through job-based training, tuition aid, and various training and development programs. Some examples include:



AT&T University — Our flagship innovation and talent development epicenter, AT&T University helps us accelerate growth, foster innovation and develop leadership capabilities at all management levels. It was established in 2008. From 2010 on, nearly 100,000 managers have participated annually in live, virtual and Web development sessions.

AT&T Connect to Success — This mentoring program is designed to connect select managers in committed mentoring relationships and foster leadership training opportunities for all, including women and people of color.

AT&T Career-Development Resource Center — This virtual resource center supports all employees in developing strategies and learning skills to remain outstanding performers.

Career Movement — Management and non-management employees can nominate themselves for job openings throughout the company, providing hiring managers with diverse, qualified job candidates.

Continuing Skills Training — At AT&T, comprehensive training is offered across the globe. Thousands of courses are available to employees, including those tailored for our consumer call center and retail sales, business call center and direct sales, network engineering and direct sales and network. Our employees

completed more than 8 million training courses during 2012 — up more than 16 percent over 2011. Students completed more than 21.5 million hours of training, up about 16 percent over 2011. That's an average of 88 training hours per employee per year.

Tuition Reimbursement Program — Financial assistance is provided to management and non-management employees pursuing academic degrees that benefit both the employee and the company. In 2012, AT&T's tuition program assisted nearly 10,200 employees; nearly 43 percent were women and nearly 56 percent were people of color.

Social Media Reverse Mentoring Program — This program began in 2010 to connect officers and senior leaders with social media-savvy first- or second-level managers. These teams engage in social networking conversations and explore how AT&T might improve senior-level knowledge of social media, while encouraging adoption of these collaboration tools.

U.S. ARMED SERVICES PERSONNEL

For more than 85 years, we have remained dedicated to supporting active military personnel, their families and military veterans.

Learn more about [AT&T military support](#).



Philanthropy

Materiality Assessment Topic: Giving & philanthropy

Issue Summary

Community investing not only benefits the community, but the company as well.

Our Position

AT&T is committed to advancing education, strengthening communities and improving lives. AT&T and the AT&T Foundation support programs and projects that create learning opportunities, promote academic and economic achievement and address community needs. These investments not only strengthen communities, but our company as well.

Data Highlights

2012 Key Performance Indicators

- Amount of corporate, employee and foundation giving:

Priority	Arts and Culture	Civic and Community	Education	Health and Welfare	Total
Total (Millions)	\$7.8M	\$25.4M	\$64.3M	\$33.9M	\$131.4M

- Amount of employee giving through United Way/Employee Giving Campaign: **>\$33M**
- Amount invested toward planned \$250 million commitment over five years to AT&T Aspire: **>\$43.6M**

2012 Goal

Invest **\$250 million** planned over five years to drive innovation in education, support effective local programs and create collective impact through collaboration with AT&T business units, national partners, employers and customers to ensure that more students who are at risk of dropping out graduate from high school prepared for college and career.

2012 Progress Toward Goal

We invested **\$43,665,918** to date. Of that:

- 71 percent** went toward programs focused on local impact;
- 15 percent** went toward programs focused on social innovation;
- 6 percent** went toward programs focused on connecting people (including our employee volunteerism efforts); and



- **8 percent** went toward other efforts such as research and evaluation.

Among our many recipients were **47 schools**, school districts and nonprofit organizations across the country that competed for dollars through a competitive RFP process. AT&T also engaged consumers around the topic, leading to a **\$90,000** contribution to Aspire programs through a causes.com campaign.

2013 Goals

- Invest **\$250 million** planned over five years to drive innovation in education, support effective local programs and create collective impact through collaboration with AT&T business units, national partners, employees and customers to ensure that more students who are at risk of dropping out graduate from high school prepared for college and career.

AT&T Aspire is our primary philanthropic focus. Read more about it [here](#).



Supplier Diversity

Materiality Assessment Topic: Supplier diversity

Issue Summary

A diverse supply chain exposes companies to perspectives, skills and ideas that enhance business success.

Our Position

Diverse businesses bring unique skills and fresh ideas, and they play a vital role in delivering the services, value and innovation necessary to serve our customers. By respecting and including different viewpoints, we are better able to serve our customers, employees and communities.

We are committed to promoting, increasing and improving the overall participation of minority-, women- and disabled veteran-owned business enterprises (as well as small business enterprises) in purchasing their materials and services. We also encourage subcontracting opportunities for minority-, women- and disabled veteran-owned businesses by requiring Supplier Diversity Participation Plans from prime suppliers.

Data Highlights

2012 Key Performance Indicators

- Spend with minority, women and disabled veterans business enterprises: **\$12.8B**
- Percent of total spend with minority, women and disabled veterans business enterprises: **23.96**

2012 Goal

Maintain our spend with diverse suppliers, and continue to increase diverse suppliers' participation. Take learning from CA pilot of Operation Hand Salute to bring to scale a national program focused on Disabled Veteran Businesses.

2012 Progress Toward Goal

In 2012, we:

- Spent **\$12.8 billion** with minority-, women- and disabled veteran-owned business enterprises.
- Increased diverse supplier participation from 23.01 percent in 2011 to **23.96 percent** in 2012.
- Took Operation Hand Salute to a national level, and increased graduates from 4 in 2011 to **14** in 2012.



2013 Goal

Continue to maintain our aggregate **21.5 percent** of our corporate spend with diverse suppliers, including meeting the **1.5 percent** target of corporate spend with Disabled Veteran Business Enterprises (DVBE).

Our Action

In 2012, we spent **\$12.8 billion** with minority-, women- and disabled veteran-owned business enterprises. This represents **23.96 percent** of our total spend.

We have also established several supplier diversity mentoring and protégé programs.

AT&T 2012 SUPPLIER DIVERSITY NATIONAL RESULTS

	AT&T Supplier Diversity Corporate Goal (percent)	2012 Supplier Diversity Spend	2012 Supplier Diversity Percent of Total Spend
MBE	15	\$9.4B	17.69
WBE	5	\$3.2B	5.91
DVBE	1.5	\$191M	0.36
Total	21.5	\$12.8B	23.96

Operation Hand Salute

Operation Hand Salute, a program for disabled veteran CEOs, matches participants with mentors and connects them with industry experts, community leaders and AT&T executives.

We launched our second class with 14 national disabled veteran CEOs to participate in a 10-week online business development program.

The program was produced by John F. Kennedy University from May 2012 — September 2012.

AT&T Prime Supplier Program

The Prime Supplier Program is one of the most essential AT&T Supplier Diversity programs. Since 1989, AT&T's Prime Supplier Program has helped our prime suppliers increase the utilization of diverse businesses in our supply chain through subcontracting and value-added reseller arrangements. Our prime suppliers are vital to the success of AT&T Supplier Diversity. The AT&T Prime Supplier Program has helped our prime suppliers establish their own supplier diversity program and develop an annual plan outlining how their company will provide better business solutions by working with diverse businesses.

Meet the Prime Matchmaker Events

These events target key suppliers in emerging markets to engage in one-on-one interviews with qualified diverse suppliers to discuss contract opportunities.



Supporting Education: AT&T Aspire

Materiality Assessment Topics: Education; Giving & philanthropy

Issue Summary

Currently, about one in five students does not graduate high school with his or her peers, and one in four African-American and nearly one in five Hispanic students still attend high schools where graduating is not the norm. Dropouts from the Class of 2010 alone will cost the nation more than \$337 billion in lost wages over their lifetimes.

Our Position

Investing in a well-educated workforce may be the single most important thing we can do to help the United States remain the leader in a digital, global economy. Education has been our priority for over a century, and raising graduation rates is the focus of our signature philanthropic initiative, AT&T Aspire. Through Aspire, we have committed to investing **\$350 million** to education between 2008-2016. We are driven to help students succeed — in school, in the workforce and in life.

Data Highlights

2012 Key Performance Indicators

- Amount of corporate, employee and foundation giving:

Priority	Arts and Culture	Civic and Community	Education	Health and Welfare	Total
Total	\$7.8M	\$25.4M	\$64.3M	\$33.9M	\$131.4M

- Amount invested toward planned \$250 million commitment over five years to AT&T Aspire: **>\$43.6M**
- Number of students provided with job shadow opportunities (in collaboration with Junior Achievement [JA]): Program concluded in March 2012 with AT&T exceeding our goal of providing job shadow experiences to more than **100,000 students**.
- Number of mentoring hours toward the goal to provide students 1 million hours of mentoring by our employees through the end of 2016: Between the program launch on October 1 and year end 2012, we provided students with over **30,000 mentoring hours**.



- Status of commissioned research completed by Civic Enterprises and John Bridgeland about the nation’s dropout crisis: Released the 2012 report update of “Building a Grad Nation: Progress and Challenge in Ending the High School Dropout Epidemic,” by the Alliance for Excellent Education, America’s Promise Alliance, Civic Enterprises and the Everyone Graduates Center at Johns Hopkins University.

2012 Goals

2012 Progress Toward Goals

Invest **\$250 million** planned over five years to drive innovation in education, support effective local programs and create collective impact through collaboration with AT&T business units, national partners, employers and customers to ensure that more students who are at risk of dropping out graduate from high school prepared for college and career.

We invested **\$43,665,918** to date. Of that:

- **71 percent** went toward programs focused on local impact,
- **15 percent** went toward programs focused on social innovation,
- **6 percent** went toward programs focused on connecting people (including our employee volunteerism efforts) and
- **8 percent** went toward other efforts such as research and evaluation.

Among our many recipients were **47 schools**, school districts and nonprofit organizations across the country that competed for dollars through a competitive RFP process. AT&T also engaged consumers around the topic, leading to a **\$90,000** contribution to Aspire programs through a causes.com campaign.

Provide job shadow opportunities for a cumulative total of 100,000 students by year-end 2012.

In 2012, we exceeded our goal of providing more than **100,000** job shadow experiences to high school students across the country; we hit this goal **10** months ahead of schedule.

Support projects to promote the use of mobile technology to enhance teaching and learning.

AT&T:

- Provided a **\$250,000** contribution to fund the development of the Young Developers Program (YDP) at Seton Hall University to teach underserved high school students to develop mobile apps that serve a social good, to motivate and prepare them to pursue a college education and to emphasize community service.



The YDP is designed to serve as a national model that can be replicated by other educational institutions.

- Contributed \$250,000 to support the development of an online and mobile math course by Curriki, a national nonprofit providing technology-based resources for educators and students.
- Provided advice and counsel to Southern Regional Education Board on the development of a mobile app for the Free Application for Federal Student Aid (FAFSA) for high school students.

2013 Goals

Invest **\$250 million** planned over five years to drive innovation in education, support effective local programs and create collective impact through collaboration with AT&T business units, national partners, employees and customers to ensure that more students who are at risk of dropping out graduate from high school prepared for college and career.

The newly launched Aspire Mentoring Academy will engage students who are at risk of dropping out of high school with **1 million** hours of mentoring by AT&T employees through the end of 2016.

Our Action

With more than **1 million** students impacted since its launch in 2008, AT&T Aspire is one of the nation's largest corporate commitments focused on helping more students graduate from high school ready for college and careers. In 2012, we announced an additional quarter-billion-dollar expansion to the program planned over the next five years, bringing the total commitment to **\$350 million**.

AT&T's commitment and investment support the achievement of the national graduation rate goal of 90 percent by 2020 through the Grad Nation movement. Progress is being made through the collective efforts of the Grad Nation campaign. Since 2002, the country as a whole has raised

the graduation rate from 72.6 percent to 78.2 percent in 2010. For the first time ever as a nation, we are on track to meet the national goal.

As of 2012, Aspire has focused on:

Investing Locally in organizations making a measureable difference in stemming the high school dropout crisis:

- Through the Aspire Local Impact request for proposal (RFP), **47 schools** and nonprofits were selected from thousands nationwide to share in nearly **\$10 million** from AT&T. Applicants were evaluated based on their alignment with evidenced-



based approaches, their accomplishments in serving students at risk of dropping out of high school and their ability to use data to demonstrate the effectiveness of their work.

Connecting People through our employees and customers:

- Aspire Mentoring Academy expands upon the company's job shadow program, which provided more than **100,000** job shadow experiences to students in its first four years. Aspire Mentoring Academy takes these efforts to a new level by offering employees three ways to mentor students across the country who are at risk of dropping out of high school. AT&T has announced a goal of providing **1 million** hours of mentoring through the end of 2016 with the program.
- AT&T's Causes.com Community, Connect For Good, promoted a campaign where Connect For Good community members pledged to take action in their communities to reduce the dropout rate.

Seeking Exponential Change through national partnerships and technology and innovation:

- We worked with the AT&T Foundry innovation centers — which offer an inventive business approach to bringing entrepreneurs' market-disrupting technologies to life — to host our first-ever Aspire hackathon. Since the initial Aspire hackathon, we have hosted three Aspire hackathons in cities across the country.
- AT&T teamed up with Genesys Works, a Houston-based nonprofit, to expand a proven program that gives high school seniors at risk of dropping out of school the opportunity to work and thrive in a

corporate environment and succeed in college and careers.

- GameDesk, a Los Angeles-based nonprofit that aims to revolutionize learning, is teaming up with AT&T to make its learning tools and technologies widely available to parents, students and educators. The organization reaches students in new and exciting ways by embedding academic content and assessment into fun and interactive digital games and simulations, merging academics and entertainment.

Some of the organizations we work with include:

- Alliance for Excellent Education
- America's Promise Alliance
- Big Brothers Big Sisters of America
- Boys & Girls Clubs of America
- Civic Enterprises
- Communities in Schools
- Data Quality Campaign
- GameDesk
- Genesys Works
- Girl Scouts of the USA
- Jobs for America's Graduates
- Junior Achievement USA
- Roadtrip Nation.org

Through Aspire, AT&T and the AT&T Foundation will continue to work together with educators, parents, organizations and government to be a catalyst for change on the high school dropout crisis issue.

To learn more about our AT&T Aspire initiative, visit www.att.com/aspire, and see our [Aspire By the Numbers](#) handout.



Workforce Diversity

Materiality Assessment Topic: Employee diversity

Issue Summary

A diverse workforce reflects society's makeup and is a foundation for good business.

Our Position

We believe that our success begins with our people, and a diverse and inclusive workforce benefits our business, employees, customers, investors and communities. With a diverse workforce, we can better understand the different needs of our customers and can deliver products and services that enable them to do more.

Data Highlights

2012 Key Performance Indicators

- Total 50-state workforce diversity: **38 percent** women; **39 percent** people of color
- Total 50-state management diversity: **38 percent** women; **32 percent** people of color
- Total 50-state workforce retention rate: **87 percent** women; **88 percent** people of color

2012 Goal

Enhance the Employee Resource Group (ERG) leadership positions to provide more experience, development and exposure for our ERG leaders with the goal of more fully leveraging these positions as a robust pipeline for diverse leadership for AT&T.

2012 Progress Toward Goal

- In 2012:
- We saw the largest jump in ERG membership in our company history, growing from 16,000 members at the start of the year to more than **44,000** by the end of the year.
 - Our third annual ERG National Conference was **50 percent** larger than the 2011 conference and had more than **1,700** employees attend, including more than **100** corporate officers and senior managers.
 - In 2012, we also trained **55** national ERG leaders and **250** local chapter ERG leaders.

2013 Goal

Engage our Employee Resource Group (ERG) members in opportunities for career development (training, mentoring, exposure and experiences) with the goal of enhancing the diversity of our talent pipeline.



Our Action

Our people are the foundation of our company's success. That's why we invest so much to ensure they have opportunities to learn and grow. We also strive to cultivate an inclusive environment so employees know how they contribute to the company's success.

Workforce Inclusion

We have long been a leader in providing an inclusive work environment and offering performance-based rewards.

Today, our 50-state workforce is **38 percent** female and **39 percent** people of color. Women are **38 percent** of our managers, which compares to 32 percent of managers at top technical companies, according to third party benchmarks. **Thirty-two percent** of our managers are people of color, which compares nationally to 22 percent of managers, professionals and related occupations, according to the U.S. Bureau of Labor Statistics.

- Since 1988, hundreds of recent college graduates hired have successfully completed AT&T's Leadership Development Program; **42 percent** of the participants are women and **46 percent** are people of color.
- We employ the best people from all backgrounds and perspectives to provide products and services that meet our customers' needs. Our excellent network of employees gives us the leading edge in our industry. The retention rate for all women in 2012 was **87 percent**, while the retention rate for people of color was **88 percent**.

In 2012, we launched the Champions of Diversity Award to recognize general managers who make a significant impact on diversity and inclusion at work and in our communities. We

recognized **14** general managers from several business units within the company.

Supporting and Reaching Our Diverse Customers

Our customers are becoming more diverse. We understand diverse customers and actively market to them. It is essential to conduct business in the preferred language of our customers where feasible and offer culturally-relevant products and services. We are very proud of the fact that **888** representatives at **23** call centers and **323** company-owned stores with **2,590** sales representatives provide service to millions of wireline and wireless contacts in languages other than English.

But our marketing and advertising goes beyond the languages we use to communicate with customers, especially when working with African-American, Latino, LGBT, military and disability groups. We seek to respect cultural and other nuances in our communications. We also strive to ensure that general-market advertisements are inclusive and embrace diversity, reinforcing positive perceptions and effectively reaching audiences of all cultures and backgrounds.

For example, LEAGUE at AT&T — the company's ERG that raises awareness on LGBT issues — generated millions in incremental revenue for the company. LEAGUE created a program called Pride in a Box. It was created to showcase AT&T products and services and our nationally-recognized LGBT policies at LGBT community events.



To learn more about workforce diversity please visit AT&T's Diversity Management website at www.att.com/diversity.



Work/Life Balance

Materiality Assessment Topic: Work/life balance

Issue Summary

In today's busy world, finding a balance between work and personal life can be a challenge. Flexible work arrangements can help some employees achieve a more productive and rewarding work/life balance and can have economic and environmental benefits as well.

Our Position

AT&T supports a comprehensive distributed workplace program which includes telecommuting and flexible work options for our employees for whom it makes the most sense.

Our Action

We offer many company leave options to help employees maintain a proper work/life balance. Employees may generally take up to 12 months of unpaid leave to care for a newborn or adopted child or to care for a seriously ill family member. Several additional unpaid leaves are also available, including military service and personal leaves of absence. Many organizations also allow and/or utilize flextime, compressed work weeks and part-time schedules to meet business requirements and assist in employees' work/life balance.

AT&T DISTRIBUTED WORKPLACE

The distributed workplace is the ability to work from anywhere at any time, transcending time and space in order to better meet work/life demands. Approximately **130,000** AT&T employees have the technology it takes to work from various places. Using Web meetings, conference calls and other "virtual presence" technologies, AT&T employees are working "together" even though they may be miles apart. A distributed workplace not only saves money and space, it also boosts employee productivity, reduces absenteeism, enhances recruitment and

retention and reduces environmental impact by using space more wisely.

Whether in dedicated space, shared space, working from home or on the road, AT&T's workplace has options for everyone.

Learn more in this [video](#).

Telecommuting

Telecommuting, which is part of AT&T's distributed workplace, is a work arrangement where employees work from their home locations one or more days each week. As of year-end 2012, there were nearly **22,500** approved AT&T telecommuters in **37** countries. That's **20 percent** of AT&T's management workforce.

Better Productivity & Work/Life Balance

According to a 2012 survey of AT&T telecommuters:

- **98 percent** have a better work/life balance.
- **90 percent** can better manage their job stress.



- **100 percent** of AT&T's telecommuters have flexibility in where they get their work done; **72 percent** also have flexibility in when they get their work done.

The average round-trip commute time is **54** minutes per employee. By telecommuting, employees can use the time they would have spent commuting for personal or family time. As indicated by **93 percent** of respondents, this also represented time that was given back to the company as additional productivity.

The survey also concluded that productivity increases, often dramatically, by enabling employees to perform work away from their central job locations. **Ninety-four percent** of employees say they are more productive when working from home; **97 percent** of their supervisors agree.

Our telecommuting program has tangible benefits for telecommuters and for our company. In 2011 we realized:

- **17 percent** lower absentee rate for telecommuters
- **72 percent** lower turnover rate for telecommuters
- **\$6,500** potential cost reduction for every telecommuter who gives up his or her workstation

Environmental Impact

By eliminating their commute, AT&T's telecommuters can have the following annual impact:

- **237M** miles of commuting avoided.
- **11.8M** gallons of gas saved.
- **104K** metric tons of greenhouse gas emissions avoided.

When calculating these numbers, we accounted for the "rebound effect," which means taking

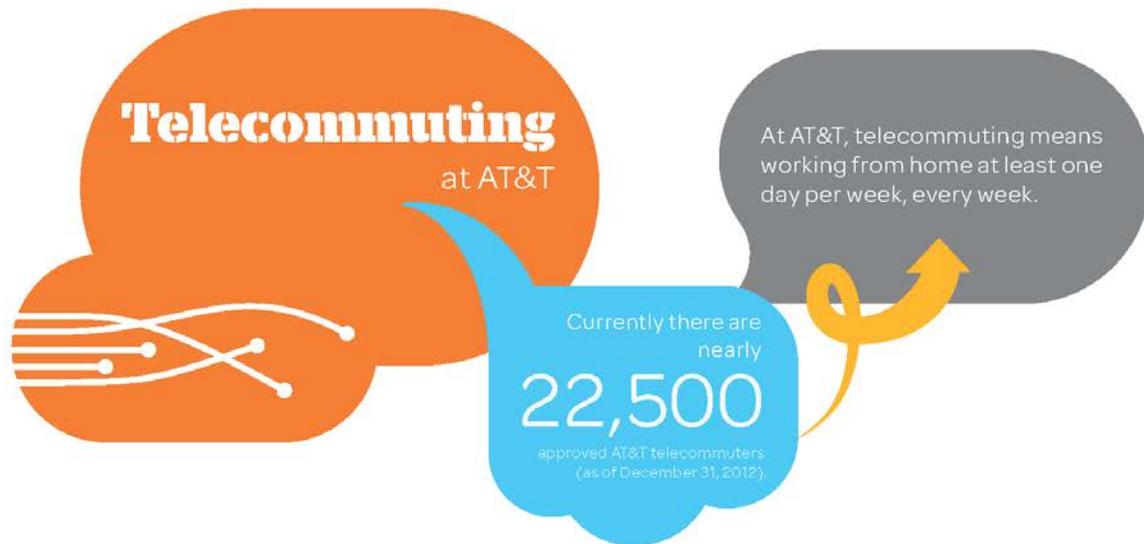
into account trips (e.g., errands, transporting kids to and from school, etc.) that would otherwise be included in the daily commute.

tPlace

In addition to our telecommuting program, we offer flexible workspaces known as tPlaces. We currently operate six tPlace workspaces.

These new on-demand workplace hubs provide AT&T managers access to an office environment that is closer in proximity to their clients, appointments and homes. Leveraging our network and technology, tPlace is comprised of a variety of work settings that allow individuals and teams to collaborate both on premises and virtually, as they need it.

We offer a variety of innovative solutions to facilitate distributed work, including remote access and conferencing and collaborating solutions such as AT&T Connect®. These technologies can help reduce travel and increase productivity by enabling employees to communicate and collaborate virtually anywhere from their laptops or mobile phones.



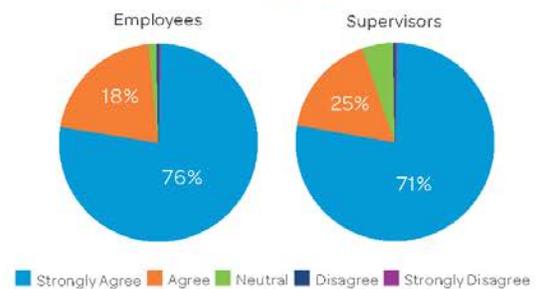
AT&T Telecommuters



Benefits of Telecommuting*

- 17** Percent lower absentee rate for telecommuters
- 72** Percent lower turnover rate for telecommuters
- \$6.5K** Potential cost reduction for every telecommuter who gives up his or her AT&T workstation

2012 Productivity Questionnaire



Annual Environmental Impact*

- 237M** Miles of commuting avoided
- 11.8M** Gallons of gas saved
- 104K** Metric tons of greenhouse gas emissions avoided
- 20K** Cars equivalently kept off the road

*Source: 2012 AT&T calculations
 **Source: TechCast



Cell Phone Recycling

Materiality Assessment Topics: Customer products recycling; Life cycle assessment

Issue Summary

Americans dispose of 152 million mobile devices each year; that's 416,000 mobile devices each day. Just 17.4 million (11 percent) of these will be collected for recycling.¹

Our Position

AT&T and its customers can play an important role in addressing this issue by adopting programs that are accessible, thus making recycling easier for everyone.

Data Highlights

2012 Key Performance Indicators

- Number of cell phones reused or recycled: Approximately **3.1M**
- Pounds of cell phone batteries and accessories recycled: **1.17M**

2012 Goal

Develop and launch a consumer engagement based 'Eco-Rating' system with a corresponding scorecard for AT&T wireless handset devices sold at retail. Beginning in the 2nd half (3Q) of 2012, all new AT&T-branded devices added to the postpaid portfolio would be evaluated against the Eco-Rating system.

2012 Progress Toward Goal

AT&T developed its Eco-Rating system in cooperation with original equipment manufacturer (OEM) device suppliers and Business for Social Responsibility. This system, designed to educate consumers about the sustainable attributes of their devices, rates the sustainable attributes of a device on a 15-point system. This system launched in July of 2012, rating each new AT&T-branded postpaid handset device.

2013 Goals

- In 2013, for the portfolio of postpaid AT&T-branded handset devices that are evaluated against the AT&T Eco-Rating system, **60 percent** of device portfolio will be rated at Eco-Rating 3 or above out of a potential of Eco-Rating 5.
- Expand the AT&T Eco-Rating system to include prepaid AT&T-branded handset devices and select accessories sold at retail that are new to the portfolio.



Our Action

In 2012 we focused heavily on our recycling program, launching a trade-in program where customers can trade in their old phone for an AT&T credit or donate the value to the non-profit Cell Phones for Soldiers.

At AT&T, customers can recycle their old phones by:

- Dropping off their old phones at an AT&T retail store recycle bin
- Trading in their old phone with an AT&T retail associate
- Trading in their old phones online by visiting <https://att.com/tradeinprogram>.

We also launched AT&T's Eco-Rating system. This new initiative is a simple and easy-to-use rating system aimed at empowering consumer choice around device sustainability. Since its launch in July 2012, each postpaid AT&T-branded handset device receives a score — up to five stars — for its overall sustainability attributes. In 2013, we expanded Eco-Ratings to cover prepaid devices and accessories that have environmental impacts, such as power supplies, headsets, speakers and battery cases. Learn more about the expansion in this [video](#).

Eco-Ratings include considerations of environmental impacts such as minimization of

hazardous substances and responsible end-of-life treatment. The ratings encourage device manufacturers to design more environmentally conscious cell phones. Customers can learn about this system online at [AT&T EcoSpace](#), as well as at any AT&T retail store.

EcoSpace is an award-winning consumer website geared at engaging with our customers around our sustainability programs and empowering consumers to live more sustainably themselves. In addition to explaining our Eco-Rating system, the site profiles various sustainability initiatives — from our [Aspire education commitment](#) to our [corporate fleet](#).

Additionally, we are working with the International Telecommunication Union's Standardization Sector on a single, [global eco-rating system](#) for handset devices. The effort includes device manufacturers and service providers.

Finally, we're making strides to reduce the environmental impact of device packaging. To learn more about our packaging initiatives please visit our [Packaging Issue Brief](#).

¹ EPA Baseline Report.
<http://www.epa.gov/wastes/conserve/materials/ecycling/docs/fullbaselinereport2011.pdf>



Energy Management

Materiality Assessment Topic: Company energy use

Issue Summary

Globalization, population growth and other factors have led to the exponential adoption and use of smart technologies. Networks carry the voice, data and video that connect us, helping spread information and spur innovation. Delivering this content requires energy.

Our Position

Effective energy management has a direct impact on a company's bottom line, is an important environmental consideration, and is critical to the competitiveness of our business and the reliability of our service to customers. In 2012 we adopted a three-pronged approach to guide our efforts: company-wide energy efficiency initiatives, collaboration and alternative energy.

Data Highlights

2012 Key Performance Indicators

Electricity	2010	2011	2012
Energy intensity (KWh electricity/Terabyte network traffic)	415	347	281
Energy intensity (MWh electricity/\$ billion revenue)	109,500	111,700	114,599
Alternative energy (solar and fuel cell) capacity (MW)	2.1	3.9	11
Alternative energy (solar + fuel cell) production (M kWh)	3.1	12.8	68.3
Energy projects implemented	4,200	4,500	5,600
Annualized energy savings from energy projects	\$44M	\$42M	\$65M
Total electricity use (MWh)	13.6M	14.1M	14.6M



2012 Goals

Reduce the electricity consumption of our company relative to data growth on our network by **60 percent** by 2014 (baseline of 2008).

By end of 2012, the Top 500 Retail Stores will have Energy Champions and Scorecards (in addition to the top **1,000** operational facilities).

Alternative energy – expand deployment by a minimum of **5 megawatts (MW)** of additional installations.

2012 Progress Toward Goals

We reduced the electricity consumption of our company relative to data growth on our network by **57 percent** compared to our 2008 baseline.

We identified Energy Champions and launched a retail-specific Energy Scorecard at **1,000** retail stores in 2012.

We surpassed our goal and added an additional **7 MW** of alternative energy power in 2012.

2013 Goals

- Reduce the electricity consumption of our company relative to data growth on our network by **60 percent** by 2014 (baseline of 2008).
- Expand alternative energy deployment by a minimum of **10 MW** of additional installations.

Our Action

THREE-PRONGED APPROACH TO ENERGY MANAGEMENT

We focus on three areas of energy management.

Overview

	<u>Internal Energy management structure</u>	<ul style="list-style-type: none"> • AT&T Energy Policy • John Schinter, Executive Director of Energy • Energy Council comprised of executives from energy-consuming business units
<u>Company-wide energy efficiency</u>	<u>Visibility and Accountability</u>	<ul style="list-style-type: none"> • Energy Scorecard at 2,000 largest energy-consuming sites (technical, administrative and retail) places premium on project execution • Reviewed quarterly to monitor performance and drive improvement • Tied to annual performance reviews



		<ul style="list-style-type: none"> Integrated tracking system and regular meetings keep progress front of mind
	<u>Energy efficiency projects</u>	<ul style="list-style-type: none"> Over 14,300 Energy Projects producing annualized savings of over \$151 million from 2010-2012. Regional Leads and Energy Champions engage in local project execution Projects focus on network and facility efficiency
<u>Collaboration with external groups</u>	<u>Rocky Mountain Institute Challenge</u>	<ul style="list-style-type: none"> Inaugural member of the RMI Portfolio RetroFit Challenge Focus on identifying and sharing broadly applicable facility efficiency techniques
	<u>Environmental Defense Fund</u>	<ul style="list-style-type: none"> Engaged Environmental Defense Fund Climate Corps Fellows every summer starting in 2010 Projects include work with lighting sensors, free air cooling, energy data analysis and water efficiency in the cooling process
	<u>City of Chicago</u>	<ul style="list-style-type: none"> Joined Retrofit Chicago's Commercial Building's Initiative to reduce energy use at our downtown Chicago facility by 20 percent within the next five years.
<u>Alternative energy</u>	<u>Solar</u>	<ul style="list-style-type: none"> 3,525 kW solar capacity at seven sites in California and New Jersey; over 3,500 kW capacity planned in 2013.
	<u>Fuel Cells</u>	<ul style="list-style-type: none"> 7,500 kW fuel cell capacity at 11 sites in California; 7,000 kW capacity planned in 2013.
	<u>Wind</u>	<ul style="list-style-type: none"> 10 percent of our electricity consumption for all AT&T facilities in Austin, Texas is purchased through Austin Energy's GreenChoice alternative energy program.

COMPANY-WIDE ENERGY EFFICIENCY

In the United States, buildings account for 38 percent of CO2 emissions and represent 73 percent of electricity consumption. Implementing energy efficiency initiatives can reduce emissions and produce cost savings.

Internal Energy Management Structure

Energy Policy

AT&T has an Energy Policy that is signed by our Chairman and CEO Randall Stephenson. It states that "As a global communications leader, effective energy management is critical to the



competitiveness of our business and the reliability of our service to customers.” The policy outlines AT&T’s commitment to “developing in our offices and labs new technologies and approaches to energy use” and calls for a comprehensive energy strategy with clear goals, metrics and management systems.

Energy Team & Champions

Dedicated full-time to energy management, AT&T’s Executive Director of Energy, John Schinter oversees AT&T’s company-wide efforts across all business units. He leads AT&T’s Energy Council as well as a dedicated 12-member Energy Team which also works full-time to oversee thousands of energy projects, analyze and collect data and track progress and goals. Working with the Energy Team are 13 regional energy leads who work with 229 Energy Champions. These Champions are largely real estate managers and network operators that who are on the ground and implementing energy management efforts. They are also held accountable for their performance and expected to achieve progress.

Energy Council

The policy also outlines the formation of the cross-functional Energy Council, which comprises key executives representing all business units that directly consume energy in their operations or that design, develop, or specify energy-consuming equipment.

In accordance with the policy, the Energy Council regularly provides information to the Citizenship and Sustainability Steering Council, which ultimately reports to the board.

Visibility and Accountability

Energy Scorecard

There is no shortage of technical tools available to help improve performance and drive energy efficiency throughout an organization. For us,

one of the most powerful tools has not been a piece of technology, but a simple management system that fosters two very basic principles: visibility and accountability.

The heart of our energy management program is the Energy Scorecard. Fed by data from a centralized database, this Scorecard generates easy-to-understand “grades” at our top 1,000 energy-consuming facilities and 1,000 retail locations. The “grades” are based on energy consumption and activity, including initiatives attempted and training related to energy efficiency projects.

The Energy Scorecards are available to all facility managers, making energy consumption performance public within the team. We have found that this increased visibility is helping to set goals and is also promoting innovation through shared learning.

Tracking and Communicating Our Progress

We routinely share information on energy performance across our entire real estate operations through newsletters, email campaigns, meetings and video conferencing. Quarterly, we publish an energy newsletter that highlights the biggest and best energy efficiency initiatives underway, and it is available to our nearly 241,810 employees.

We have also created an energy progress database accessible to employees inside the company. This database includes all past, present and potential future energy projects. This database facilitates the sharing of best practices, and creates a spirit of healthy competition across the company, which promotes progressive and effective energy management practices.



Tracking Energy Management

As the foundation of our energy management tracking program, we centrally process all of our utility invoices and extract the energy consumption data from the invoices to manage the program. This energy information is available to all of the internal network operators and real estate managers — who we call the Energy Champions. This accessibility and transparency drive accountability. The Energy Team is also able to benchmark performance, set expectations and see trends over time.

In addition to collecting data from invoices, audits are performed quarterly at our largest 1,000 facilities.

Using data from the database, we have entered more than 1,400 unique properties — including our top 1,000 facilities — in the ENERGY STAR® Portfolio Manager.

Integrated Energy Dashboard

Making energy data accessible and clear to energy managers across the company is essential to keeping on top of its management. In 2011, our Energy Team partnered with a leading technology provider to implement a centralized, user-centered energy management media platform. When fully deployed, the Integrated Energy Dashboard (IED) platform and associated tools and systems will deliver energy program information in an intelligent and interactive manner, helping us improve reliability and support multiple energy-related goals throughout the AT&T organization.

Energy Efficiency Projects

Network Initiatives

Cell Sites

In 2012, we continued to implement and explore several energy-saving solutions in our wireless network. As part of our ongoing multiyear initiative to reduce energy consumption and site

maintenance, we replaced tower light controllers and incandescent bulbs with LEDs. In 2011, we replaced tower light controllers and bulbs at 1,181 sites. In 2012, we completed replacements at 1,045 additional sites. For 2013, we plan to complete another 450 sites. Our average annualized energy savings from these projects is 763 kWh (per site).

Central Office Switches

Central offices house equipment, including switches that provide dial tones and allow users to originate and receive communications via the network. In 2012, we assessed our central office switch network for efficiency opportunities including the complete removal of switches to save electricity and heating, ventilation and cooling (HVAC).

We divide our Central Office switch efficiency efforts into three categories — replacement, optimization & elimination. In 2012, we replaced nine legacy switches with nine newer, more efficient switches as part of our work to modernize and consolidate the network. We also completed 26 switch optimizations, efficiently sizing them to conserve energy, as part of a multiyear goal, with additional switches targeted for the coming years. These continued central office switch network efficiency actions resulted in a cumulative annual electricity reduction of 60 million kWh.

Facility Initiatives

Projects and Savings

In 2012, we implemented 5,659 projects that totaled an annualized savings of \$65 million. We estimate that these projects will result in approximately 437 million kWh annualized energy savings. This is equivalent to 308,545 metric tons of CO₂-e, which is itself equivalent to the annual emissions of 64,280 passenger vehicles and the electricity used to power



46,189 houses annually, according to the EPA GHG Equivalencies Calculator.

This chart shows a high-level view of the types of projects we have pursued over the last three years and their associated annualized electricity savings in kWh:

	2010	2011	2012
Cooling & Heating	199,864,127	353,309,786	212,222,672
Lighting	225,984,399	43,483,314	169,525,150
Building & Envelope & Management Systems	17,990,111	12,822,475	55,636,336
TOTAL	443,838,637	409,615,575	437,384,158

Workplace 2020

Advances in technology, greater mobility and globalization are leading to a highly distributed workforce. In 2012, we conducted the Workplace 2020 study to explore these trends and how they are redefining the how, when and where we work. Through telecommuting and shared space initiatives, approximately 130,000 employees have the ability to work from locations other than AT&T assigned offices and 22,495 (20 percent of the eligible AT&T employee base) are approved to work from home. This represents 29 percent growth in approved telecommuters over last year. In the future, our workplace will consist of 50 percent assigned offices and 50 percent shared offices, dramatically increasing our utilization of space while reducing our portfolio footprint.

Learn more about [Workplace 2020](#).

Real Estate Reduction

By using space more wisely, we are able to reduce the amount of energy used to power it. In 2012, we vacated space at 149 facilities, or

3.9 million square feet of space. This portfolio reduction will help us conserve 93 million kWh¹ of electricity each year, which is equivalent to the electricity use of approximately 9,853 households, according to the EPA GHG Equivalencies Calculator.

Energy Saving Software

1E's NightWatchman is an energy-saving software product that turns off company desktop and laptop PCs that are connected to the internal network each night. We have deployed the software across our U.S. operations to power down over 200,000 retail and non-retail computers at night for an estimated annual savings of over 45 million kWh — equivalent to the electricity needed to power 4,753 U.S. homes for a year.

Training Employees

Equipping our energy managers with the proper tools and knowledge is critical to driving progress. Nearly 100 percent of our Energy Champions are ENERGY STAR® certified through an internal ENERGY STAR® online training course that is available to them at any time.

COLLABORATION WITH EXTERNAL GROUPS

Rocky Mountain Institute

We are currently working with Rocky Mountain Institute (RMI) on their [Portfolio RetroFit Challenge](#). The challenge serves as a vehicle through which companies and RMI can collaborate on the investigation and implementation of deep energy efficiency measures across office buildings and we will share the results with others that may benefit from the experience.



Environmental Defense Fund

For the third year, we participated in the EDF Climate Corps program, an initiative launched by Environmental Defense Fund to help leading companies shave operational costs and reduce emissions by identifying large-scale energy efficiency opportunities. In 2012, we hosted two Climate Corps fellows. One helped develop a plan for installing energy dashboard systems at 600 AT&T locations, which could save up to 5 percent of electricity consumption. The other focused on how to use less water in our buildings' cooling towers.

City of Chicago

In 2012, we joined [Retrofit Chicago's Commercial Building's Initiative](#) to reduce energy use at our downtown Chicago facility by 20 percent within the next five years. This will also enhance our office space as part of an overall goal to retrofit 50 percent of commercial and industrial building stock. To date, this initiative has resulted in a 30 percent energy reduction.

ALTERNATIVE ENERGY

At the end of 2012, our alternative energy portfolio included 3.5 megawatts (MW) of solar installations and an additional 7.5 MW of clean, onsite fuel cell power from Bloom Energy Servers, for a total alternative energy capacity of 11 MW. These sources of power will produce 68.3 million kWh annually, which is equivalent to the electricity use of over 7,200 homes for a year, per the [EPA Equivalencies Calculator](#). We also continue to participate in Austin Energy's GreenChoice alternative energy program.

Solar

In 2012, two solar systems came online in New Jersey, providing a combined 573 kW. Due to our business needs, regulatory and financing

structures, our efforts in solar have been focused in California and New Jersey.

- The 107 kW Freehold, N.J. system will produce 128,000 kWh of electricity annually
- The 466 kW Middletown, N.J. system will produce 656,000 kWh of electricity annually

Fuel Cells

In 2012, AT&T and Bloom Energy Corporation announced that a second wave of Bloom Energy Servers (Bloom Boxes) will be installed at 17 additional AT&T sites in California and Connecticut, making AT&T Bloom Energy's largest non-utility customer at the time. AT&T was the first telecommunications service provider to utilize Bloom Energy Servers to help power its operations. This breakthrough solid oxide fuel cell technology provides clean, reliable, affordable onsite power that reduces CO₂ emissions by approximately 50 percent compared to the grid and virtually eliminates all SO_x, NO_x and other harmful smog forming particulate emissions.

In addition to the existing 7.5 MW of capacity that was already in operation at the end of 2012, the planned expansion of Bloom Box installations will provide a combined 17.1 MW, helping to power 28 AT&T sites in California and Connecticut when complete. These installations are expected to produce 149 M kWh of energy annually — enough to power approximately 13,680 homes per year.

Wind

We are always exploring collaborative relationships to expand our alternative energy portfolio. In Austin, Texas we have continued our involvement with Austin Energy's GreenChoice alternative energy program, through which we purchase 10 percent of our electricity



consumption for all AT&T facilities in the area. This effort will help us avoid 7.2 million kWh of fossil fuel-generated electricity each year.

ENERGY METRIC

In 2008, we established an intensity metric to measure our electricity usage as compared to our network traffic growth. We did this to show progress in our efficiency efforts at a time when heavier network demands are driving higher electricity use. Here is our progress to date:

Intensity Metric	2008	2009	2010	2011	2012
kWh/terabyte	654	498	415	347	281
YOY Change		-24%	-17%	-16.5%	-19%

Looking ahead, we have set a goal to achieve an intensity metric of 262 kWh for each terabyte of traffic that flows over our network by 2014, which represents a 60 percent decrease compared to our 2008 baseline. If we meet this aggressive goal, we will be carrying almost **three times as much data for each kWh of electricity we use** in 2014 compared to 2008. This goal becomes increasingly ambitious given that mobile data traffic on AT&T's national wireless network has increased more than 30,000 percent from January 2007 through December 2012.

The methodology for calculating our intensity metric was developed to allow long-term tracking of efficiency. Since different companies' networks are configured differently and carry traffic in different ways, it is exceedingly difficult to compare one network to another. We believe that the critical measure is relative performance of a network over time, using a consistent methodology.

How do we calculate our metric?

There are two components to the Intensity Metric: electricity consumption and network traffic.

The electricity consumption value is calculated by aggregating all directly-billed electricity as well as estimates of electricity consumption for leased facilities where electricity usage is part of the rent globally.

The network traffic value is calculated by gathering data (or estimations when actual measurements are not available) from all network layers, including our global backbone as well as our U-Verse television distribution network and mobility network. Specifically, it includes:

- Traffic carried on all AT&T global networks, including estimates of private line usage, both local and long-haul
- All packet data traffic (Ethernet, frame, ATM and IP, including 107.0 million Mobility subscribers)
- Voice network traffic (TDM, IP, Mobility)
- Consumer broadband distribution network serving 16.3 million broadband subscribers
- U-verse® video distribution network serving 4.5 million consumers using an efficient multicast based IP network

Our network traffic calculation is a comprehensive measurement, and we took extreme care to ensure that traffic was only counted once to prevent inaccuracies in traffic volume. Since a network has many points at which traffic can be counted, it is analogous to counting cars on a toll road. One way of counting cars could be to say that we'll count the cars each time they pass through a toll booth. The challenge with this method is that there could be several toll booths on the trip depending on the duration and route. AT&T



employed a different methodology, counting each car once, regardless of how many toll booths it traversed on its route. Also, where actual traffic measurements were not available, AT&T took a disciplined and conservative approach in estimating such traffic, ensuring it was not counted elsewhere.

U-verse® utilizes an efficient multicast based IP network design that allows for very efficient data traffic management, but a large number of network elements are still required to distribute and route the traffic.

¹ The associated electricity savings has been adjusted to more accurately reflect the energy intensity of our administrative spaces.



Engaging Our Supply Chain

Materiality Assessment Topics: Supplier standards; Supplier performance

Issue Summary

In order for a company to fully understand its economic, environmental and social impact, it needs to understand the impact of its supply chain.

Our Position

We believe it is important to understand more about the social and environmental performance of our suppliers and expect our suppliers to share our commitment to citizenship and sustainability (C&S).

Data Highlights

2012 Key Performance Indicators

- Average score of top suppliers on the balanced C&S Scorecard (percent): **62**
- Spend with minority, women and disabled veterans business enterprises: **\$12.8B**
- Percent of total spend with minority, women and disabled veterans business enterprises: **23.96**

2012 Goal

By the end of 2015, a majority of spend with strategic suppliers will be with those who track greenhouse gas (GHG) emissions and have specific GHG goals.

2012 Progress Toward Goal

We are actively engaging our strategic suppliers and are on track toward the 2015 goal with an increasing portion of our annual spend being with suppliers who track GHG emissions and have specific GHG goals.

2013 Goals

- By the end of 2015, a majority of spend with strategic suppliers will be with those who track greenhouse gas (GHG) emissions and have specific GHG goals.
- By the end of 2017, achieve an average score of **80 percent** for top suppliers on the balanced C&S Scorecard.



Our Action

Overview

<u>Engaging Our Supply Chain</u>	<u>Citizenship & Sustainability (C&S) Principles of Conduct for Suppliers</u>	The C&S Principles of Conduct for Suppliers outline fundamental expectations for working with AT&T.
	<u>Strategic Supplier Sustainability Scorecards</u>	The sustainability scorecard is based on key weighted data from the annual supplier surveys. We are increasing the accountability of our suppliers with sustainability scorecards. The scorecards use data that we have been gathering since 2009 with our annual surveys. Results are incorporated into the overall quality scorecards that are used in performance reviews with strategic suppliers.
	<u>Labor Practices and Human Rights Program</u>	We are working with our suppliers to assess their labor practices and human rights policies and performance.
	<u>U.S. EPA SmartWay Program</u>	AT&T is now a member of the U.S. EPA SmartWay Transport Program. This will help us in our continued efforts to reduce transport-related emissions.
<u>Embedding Sustainability in the Contract Process</u>	<u>Sustainability Clauses</u>	Our contract library contains a clause specifically addressing C&S as well as several clauses that cover sustainability considerations like energy efficiency.
	<u>Contract Manager Training</u>	We are beginning to train our contract managers about sustainability in the supply chain and are providing the tools necessary to engage our strategic suppliers on sustainable business practices.
<u>Collaborating with Suppliers</u>	<u>Energy Efficiency</u>	We are working with Alliance for Telecommunications Industry Solutions (ATIS) to set industry expectations for network equipment energy efficiency.
	<u>Packaging</u>	Working with suppliers, we are innovating to reduce size and environmental impact of packaging.
	<u>Supplier Sustainability Awards</u>	Annually, we recognize suppliers that are leading the way.



ENGAGING OUR SUPPLY CHAIN

C&S Principles of Conduct for Suppliers

We outline our expectations in our [Citizenship & Sustainability Principles of Conduct for Suppliers](#) guidelines, which cover topics including sustainable business practices, diversity, ethics and labor rights.

Conflict Minerals

Use of minerals from the conflict zones of the Democratic Republic of Congo and surrounding areas is an important human rights issue that requires increased supply chain transparency. AT&T is a member of the Global Electronics Sustainability Initiative and also has signed on with the Private-Public Alliance for Responsible Trade with the U.S. State Department. These organizations are developing standard processes to address issues relating to conflict minerals. Read more about our efforts on [conflict minerals](#).

Strategic Supplier Sustainability Scorecard

AT&T measures the performance of its strategic suppliers on their adherence to sustainable business practices. Areas of focus include the environment, health, safety, energy efficiency, greenhouse gas emissions, hazardous substances, labor and water. The sustainability scorecard is based on key weighted data from the annual supplier surveys that have been conducted since 2009.

Additional data is being gathered from the CDP Supply Chain Initiative. Each year we send the CDP Supply Chain survey to suppliers who represent approximately 80 percent of our total spend. We know that the majority of our spending is with suppliers who track GHG emissions or have plans to do so. We've set a goal that by the end of 2015, the majority of our

spending with strategic suppliers will be with those who track GHG emissions and have specific GHG goals.

We also are working with EcoDesk to gather supplier sustainability information. Results are incorporated into the overall quality scorecards that are used in performance reviews with strategic suppliers. Scorecard results are also starting to be factored into the overall procurement process.

Labor Practices and Human Rights

As reflected in our Supplier Sustainability Principles, we take issues around labor practices and human rights in our supply chain seriously. In 2012, we began working with our suppliers on assessing and, in some cases, auditing their labor practices and human rights policies and performance. In 2013, we will continue this engagement to include additional suppliers.

U.S. EPA SmartWay Program

AT&T's involvement in the [SmartWay](#) program requires us to benchmark and measure progress in our transport emissions management. This will help us further integrate energy efficiency, air quality and climate change initiatives into our transportation decision-making process. The program will also provide support to identify potential additional carbon reductions and cost savings opportunities in our distribution network.

EMBEDDING SUSTAINABILITY IN THE CONTRACT PROCESS

Sustainability Clauses

Our contract library contains a clause specifically addressing citizenship and sustainability (C&S), as well as several clauses that cover sustainability considerations like energy efficiency. The C&S clause is embedded in models that are used by contract managers when creating new



agreements, and covers expectations that the supplier abides by the Principles of Conduct for Suppliers, and that the supplier responds to requests from AT&T on sustainability.

Contract Manager Training

In 2013, we are beginning to train our contract managers about sustainability in the supply chain and are providing the tools necessary to engage our strategic suppliers on sustainable business practices. By training the people who know our suppliers most closely, we're hoping to set expectations about the resource efficiency and social issues associated with the products and services they provide to us.

COLLABORATING WITH SUPPLIERS

Energy Efficiency

We are working with our major network suppliers to establish goals to improve the efficiencies of next-generation network equipment and we work with the Alliance for Telecommunications Industry Solutions (ATIS) on using the Telecommunications Energy Efficiency Ratio (TEER) metric. Already we are seeing results collaborating with strategic network suppliers with including TEER baselines and goals in our agreements. Additionally, as noted under "Supplier Sustainability Awards" below, we have acknowledged Cisco Systems for their contribution in energy efficiency.

Packaging

AT&T continues to address packaging issues in its supply chain. In 2012, we reduced the amount of cardboard and plastic in our DSL packaging. In 2013, we will engage suppliers even further for innovative solutions to both reduce packaging materials and environmental impact. Learn more about our [packaging efforts](#).

Supplier Sustainability Awards

The AT&T Supplier Sustainability Awards were established to honor the suppliers that made outstanding contributions to our sustainability efforts. In 2012, we honored four suppliers that helped us advance our sustainability commitment in the areas of energy efficiency, environment and water use. The winners by category were the following:

- **Energy Efficiency Category**
Cisco Systems, for their contribution enabling AT&T to meet its annual Energy Intensity goals in part using their Carrier Routing System CRS-3 core router in AT&T's common IP backbone where traffic is growing significantly year over year.
- **Environmental Category**
Quest Resource Management Group, for helping AT&T Global Fleet Operations achieve its sustainability goals by providing a single source for all of our waste collection services including a closed-loop re-refined oil process.
- **Greenhouse Gas Emissions Category**
Schneider Electric — Professional Services, for their contribution to AT&T providing expertise and guidance for AT&T's tracking and reporting of GHG Emissions.
- **Water Use Category**
Water & Energy Systems Technology, Inc. (WEST, Inc.), for their contribution enabling AT&T to save 6.6 million gallons of water since November 2011 at cooling towers in Arizona through use of the NanoFiltration system.

SUPPLIER DIVERSITY

Read more about AT&T's long history of embracing [diversity in our supply chain](#).



Greenhouse Gas Emissions

Materiality Assessment Topics: Company GHG emissions; Company energy use

Issue Summary

The ability to measure and understand greenhouse gas (GHG) emissions is an important piece of a company's efforts to manage its environmental impact and to illuminate associated business threats and opportunities.

Our Position

We're committed to measuring and understanding our GHG emissions and taking steps to manage them.

Data Highlights

2012 Key Performance Indicators

- Domestic carbon footprint (metric tons CO₂-equivalent): **8,839,290**
- Domestic and international carbon footprint (metric tons CO₂-equivalent): **8,912,080**
- Greenhouse gas intensity (metric tons CO₂-equivalent/\$ million of revenue): **69.93**
- Greenhouse gas intensity (metric tons CO₂-equivalent/Petabyte of data): **170.67**
- Alternate fuel vehicles in service:
 - **7,061** total:
 - **5,226** compressed natural gas (CNG)
 - **1,806** Hybrid
 - **3** All-Electric
 - **26** Extended Range Electric
- Total gallons of unleaded gasoline avoided through the deployment of alternative-fuel vehicles — annual: **3.6M**
- Total gallons of unleaded gasoline avoided through the deployment of alternative-fuel vehicles — cumulative: **7.7M**



2012 Goals

Reduce our Scope 1 emissions 20 percent by 2020, using a 2008 Scope 1 baseline of 1,172,476 mtons CO₂-e.¹

By the end of 2015, a majority of spend with strategic suppliers will be with those who track greenhouse gas (GHG) emissions and have specific GHG goals.

Reduce the electricity consumption of our company relative to data growth on our network by 60 percent by 2014 (baseline of 2008).

By end of 2012, Top 500 Retail Stores will have Energy Champions and Scorecards (in addition to the top 1,000 operational facilities).

Alternative energy — expand deployment by a minimum of 5 megawatts (MW) of additional installations.

Replace retiring passenger vehicles with alternative-fuel models and deploy up to 8,000 compressed natural gas (CNG) service vehicles through 2014.

2012 Progress Toward Goals

We achieved an adjusted **937,917** mtons CO₂-e of Scope 1 emissions which equates to a 20 percent reduction as compared to our 2008 baseline.²

We are actively engaging our strategic suppliers and are on track toward the 2015 goal with an increasing portion of our annual spend being with suppliers who track GHG emissions and have specific GHG goals.

We reduced the electricity consumption of our company relative to data growth on our network by **57 percent** compared to our 2008 baseline.

We identified Energy Champions and launched a retail-specific Energy Scorecard at **1,000** retail stores in 2012.

We surpassed our goal and added an additional **7 MW** of alternative energy power in 2012.

As of year-end 2012, AT&T had deployed a cumulative total of **7,061** alternative-fuel vehicles, with more than **5,200** CNG vehicles.

2013 Goals

- Reduce our Scope 1 emissions by **20 percent by 2020**, using a 2008 Scope 1 baseline of 1,172,476 mtons CO₂-e.³
- By the end of 2015, a majority of spend with strategic suppliers will be with those who track greenhouse gas (GHG) emissions and have specific GHG goals.
- Reduce the electricity consumption of our company relative to data growth on our network **by 60 percent** by 2014 (baseline of 2008).
- Expand alternative energy deployment by a minimum of **10 MW** of additional installations.
- Replace retiring passenger vehicles with alternative-fuel models and deploy up to **8,000** compressed natural gas (CNG) service vehicles through 2014.



Our Action

We've been measuring and disclosing our GHG emissions since 2008. These are our results for 2012.

PERFORMANCE

Our GHG emissions decreased in 2012 compared to 2011, both for Scope 1 and Scope 2 emissions.

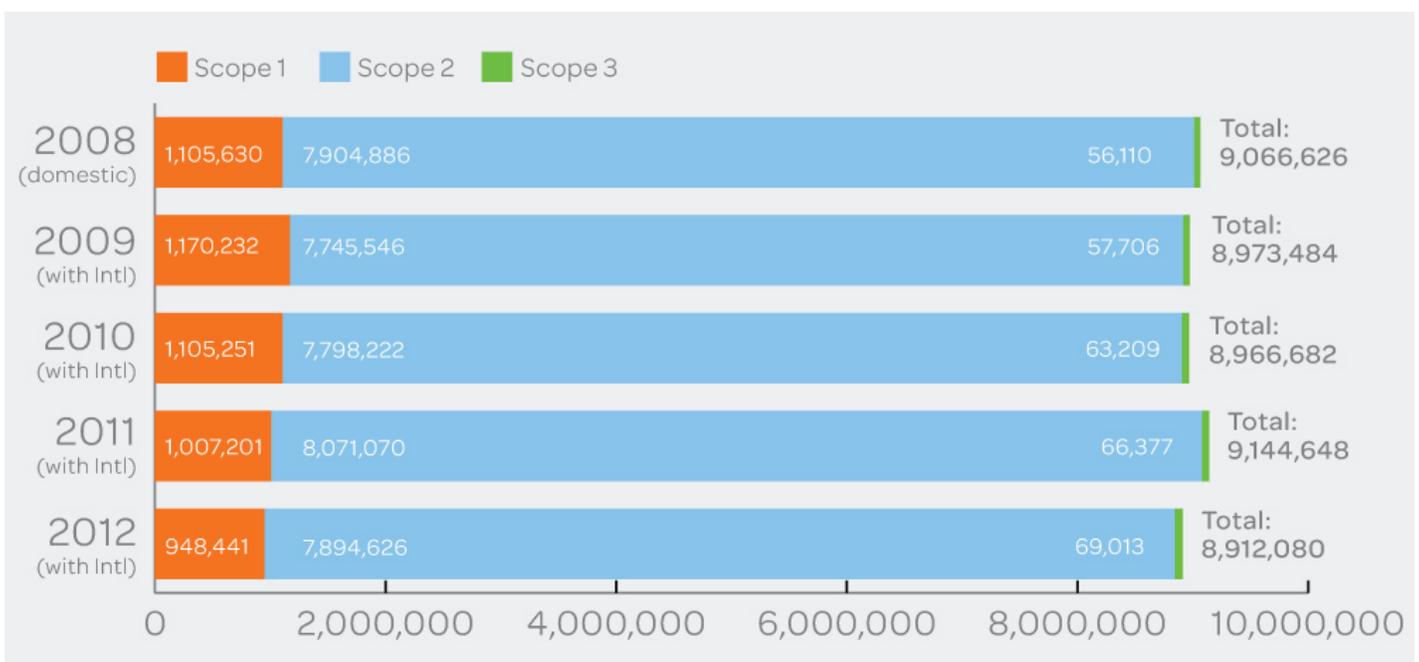
For our 2012 Greenhouse Gas inventory, we obtained independent assurance of our Scope 1, 2 and 3 (business travel) emissions from Ernst & Young. Their statement can be found in this [Independent Accountant's Report](#). We believe it's important to have this metric be accurate, and Ernst & Young's increased rigor around this process helps us realize continual, year-over-year progress.

Scope 1 (Direct Emissions)

Direct emissions account for **10.6 percent** of our total GHG emissions, down in 2012 compared to 2011. Almost **64 percent** of our direct emissions come from our fleet, and our commitment to

operate a more efficient and clean fleet through alternative-fuel vehicles (AFVs), anti-idling policies and telematics led to an overall decrease in Scope 1 emissions. Much of this progress has been a result of fuel efficiency gained from our adoption of **7,061** AFVs deployed through 2012 and operational efficiency. This is part of AT&T's commitment to deploy approximately **15,000** AFVs through 2018. Read more about our [fleet initiatives](#).

Another large component of our direct emissions — more than **11 percent** — came from the stationary engines and portable generators that provide back-up power for AT&T. These generators are a critical component of AT&T's [Network Disaster Recovery](#) organization, which works to keep wireless and wired communications flowing when disaster strikes. Generators also provide support for field operations where power is not available.

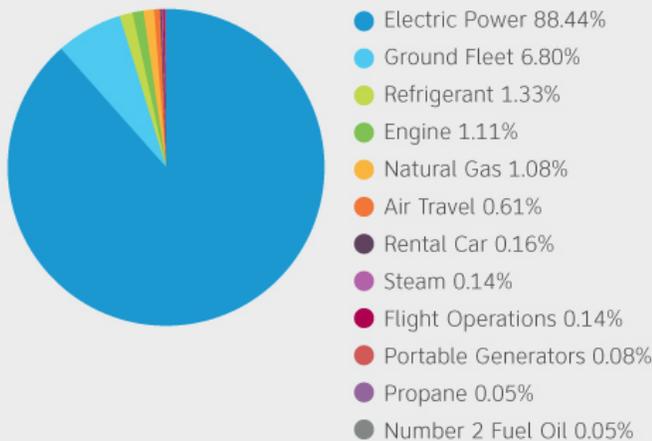




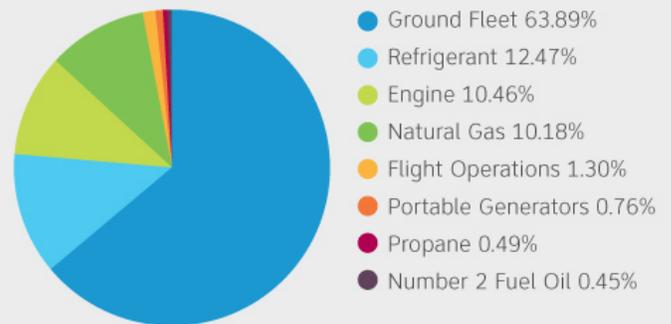
We have a goal to reduce our Scope 1 emissions 20 percent by 2020, using a 2008 Scope 1 baseline of **1,172,476** mtons CO₂-e. We achieved an adjusted **937,917** mtons CO₂-e of

Scope 1 emissions in 2012, which equates to a 20 percent reduction as compared to our 2008 baseline.⁴

Total 2012 Emissions by Source



Scope 1 GHG Emissions by Source



Scope 2 (Indirect Emissions)

Our scope 2 emissions account for **more than 88 percent** of our total GHG emissions. These come from purchased electricity and steam. We saw more than a **2 percent** decrease in these emissions in 2012 over 2011.

Normalizing our electricity use to the data carried on our network, we did see a **19 percent** decrease from 2011 in kilowatt hours per terabyte of data carried on our network. We also have a goal to reduce the electricity consumption of our company relative to data growth on our network by **60 percent** as compared with year 2014 (baseline of 2008).

Read about our [energy management efforts](#).

Scope 3 (Other Emissions)

We continue to measure our business-related travel in our scope 3 emissions. To address these GHG emissions, we continued our internal deployment of telepresence to more than **240** telepresence sites spanning more than **20** countries. In 2012, our company collectively logged more than **100,000** telepresence meeting hours. Over that same period, we realized more than **\$19 million** in travel dollars saved and more than **11,600** mtons of CO₂ emissions averted.

We are applying the Greenhouse Gas Protocol Corporate Standard for tracking and reporting Scopes 1, 2 and 3 emissions and are collecting baseline emissions from suppliers. In 2013 we



are focusing on collecting data from suppliers in the categories of purchased goods & services and capital goods. Over the next five years we plan to track and report on additional scope 3 supplier emissions categories. To that end, we are working with the CDP Supply Chain Initiative and EcoDesk to measure the emissions from our top suppliers. Each year we send the CDP Supply Chain survey to suppliers who represent approximately **80 percent** of our total spend. We know that the majority of our spending is with suppliers who track GHG emissions or have plans to do so. We've set a goal that by the end of 2015, the majority of our spending with strategic suppliers will be with those who track GHG emissions and have specific GHG goals. [Read more](#) about our efforts to engage our supply chain.

For additional detail about AT&T's GHG emissions, please see our [Methodology and Process Detail document](#).

^{1, 3} For the purposes of tracking progress toward our goal, we are holding refrigerants, engines and portable generators steady in an effort to align performance with actual emissions changes and avoid an inaccurate representation of our progress.

^{2, 4} The primary contributor to this significant reduction in emissions is the progress we have made in increasing the efficiency of our fleet operations. The total Scope 1 reduction occurred faster than we anticipated because our use of natural gas was substantially lower than we expected due to a warm winter and a slower ramp-up of natural gas used for our Bloom Box fuel cells. We plan to keep our Scope 1 goal in place because we expect to see an increase in our use of clean natural gas as we bring more Bloom Box fuel cells online in coming years. This will reduce electricity consumption from the grid but will increase our natural gas consumption.



Packaging

Materiality Assessment Topic: Packaging

Issue Summary

Packaging is necessary to protect products, but it can have negative environmental impacts, particularly when it is made from petroleum-based products or materials that are not recyclable. Many companies, including AT&T, strive to make packaging more sustainable. In fact, Navigant Research estimates that sustainable packaging will comprise 32 percent of the total packaging market by 2014.¹

Our Position

We strive first and foremost to minimize the amount of packaging used for our products, and when packaging is necessary, choose materials that have low environmental impact.

Data Highlights

2012 Goal	2012 Progress Toward Goal
<p>Develop and launch a consumer engagement based “Eco-Rating” system with a corresponding scorecard for AT&T wireless handset devices sold at retail. Beginning in the 2nd half (3Q) of 2012, all new AT&T-branded devices added to the postpaid portfolio would be evaluated against the Eco-Rating system.</p>	<p>AT&T developed its Eco-Rating system in cooperation with original equipment manufacturer (OEM) device suppliers and BSR. This system, designed to educate consumers about the sustainable attributes of their devices, rates the sustainable attributes of a device on a 15-point system. This system launched in July of 2012, rating each new AT&T-branded postpaid handset device.</p>
2013 Goals	
<ul style="list-style-type: none"> • In 2013, for the portfolio of postpaid AT&T-branded handset devices that are evaluated against the AT&T Eco-Rating system, 60 percent of device portfolio will be rated at Eco-Rating 3 or above out of a potential of Eco-Rating 5. • Expand the AT&T Eco-Rating system to include prepaid AT&T-branded handset devices and select accessories sold at retail that are new to the portfolio. 	



Our Action

PLANT PLASTICS

Since 2009, we have saved more than 800 tons of packaging. In 2012 alone, we saved more than 300 tons of paper and plastic in our accessory packaging. This built upon our 2011 introduction of a new accessory packaging composed of up to 30 percent plant-based materials. The plastic is sourced from ethanol harvested from natural sugarcane that is a rapidly renewable agricultural crop and replaces nearly a third of the fossil fuels traditionally used.

COOPERATION WITH OUR MANUFACTURERS

In cooperation with original equipment manufacturer (OEM) device suppliers, the following goals were met for new handset models in the AT&T mobility portfolio:

- Reduce packaging, use non-petroleum-based inks and use recycled materials in documentation
- Suppliers to use a minimum of 10 percent non-virgin stock for inbox materials
- Create uniform/standardized handset boxes that reduce our current box size by 20 percent across the majority of our handset portfolio.

AT&T ECO-RATING

In 2012, we launched our Eco-Rating system, a consumer-friendly and easy-to-understand rating that serves as a way for consumers to make more informed choices by allowing them to better understand important environmental attributes of AT&T-branded mobile devices. Three of the 15 criteria in the rating system are for the

use of environmentally preferable materials in products and packaging. Consumers can already find the Eco-Rating information on new AT&T-branded postpaid handset devices and, starting this year, they will also see Eco-Ratings on select prepaid handset devices and electronic accessories (e.g., power supplies, handsets, speakers and battery cases).

Eco-Ratings encourage progress. We have a goal that 60 percent of our postpaid handset portfolio will receive 3-stars or above in 2013.

Watch this [video](#) to learn about the expansion of Eco-Ratings or visit [AT&T EcoSpace](#).

INDUSTRY BENCHMARKS

To continue the success of package minimization and to reduce the impact of wireless products on the environment, AT&T worked with CTIA's [Green Working Group](#) to identify and implement benchmarks on environmental stewardship.

In 2012, we adopted industry benchmarks for postpaid device packaging covering areas such as printing with non-petroleum based inks, labeling to encourage recycling, eliminating plastic inserts and trays and minimizing volatile organic compounds (VOC) in finishes. We affirmed compliance with these efforts in the third quarter of 2013 and adopted similar benchmarks for our prepaid device packaging. For more detail on these benchmarks, visit the CTIA [Green Working Group](#).

¹ Navigant Research.
<http://www.navigantresearch.com/newsroom/one-third-of-all-packaging-materials-to-be-eco-friendly-by-2014>



Paper Consumption

Materiality Assessment Topic: Paper consumption

Issue Summary

Paper usage has associated negative environmental impacts, from sourcing issues to paper waste. Companies have an opportunity to reduce paper use at several points in operations including internal printing and customer billing.

Our Position

Minimizing paper use helps to reduce pollution, waste and unnecessary use of water, energy and land resources. When we must use paper, we have a comprehensive, companywide [Paper Procurement Policy](#) that guides our paper sourcing.

Data Highlights

2012 Key Performance Indicators

- Approximate total number of paperless-billed customers by year-end 2012: **18.7M**
- Weight of paper purchased for AT&T Mailing Solutions (pounds): **26.2M**
- Percent decrease in weight of paper purchased for AT&T Mailing Solutions from 2010 baseline: **34.8**

Our Action

PROGRESS TOWARD PAPER POLICY GOALS

In 2011, guided by our [Paper Procurement Policy](#), we set out to achieve goals on reducing, reusing and recycling paper products; increase our role in promoting responsible forest products; and encourage a market that conserves, protects and restores forests.

We have a goal of increasing Forest Stewardship Counsel (FSC) certified paper purchases of direct mail and office paper to **50 percent** and progress continues. Because of the amount of FSC certified fiber available for purchase in 2012, we fell below meeting this objective. In 2012, **38 percent** of our direct mail and paper purchases were FSC certified. Last year, we were a leader

in moving suppliers to convert to FSC certification for paper supply, and we expect to exceed the 50 percent objective in 2013 in both direct mail and office paper FSC certified purchases.

We are in line to achieve our 2015 target of reducing weight of paper purchased for consumer billing by 50 percent from the 2010 baseline year. In 2012, we achieved a 34.8 percent reduction of paper purchased in these areas from the 2010 baseline year. That equates to a reduction of over **14 million** pounds of paper.



PAPERLESS BILLING

Paperless billing reduces the pollution, resource use and waste associated with paper bills. Thus, it's more efficient for our customers and improves our bottom line. In 2012, we took a number of steps to educate new and existing customers on the many benefits of paperless billing.

We launched www.att.com/simplify as a one-stop resource for all things paperless and self-service, created a blog to highlight simple lifestyle advantages of going paperless, built awareness and engaged employees in the process to inform customers about paperless options and offered incentives to encourage existing customers to make the switch.

In 2012, approximately **1.3 million** additional customers opted to receive only an electronic bill, bringing the total number of customers going paperless to approximately **18.7 million** by the end of 2012. Our goal is to continue to grow the number of customers using this service.

We actively encourage our customers to sign up for paperless billing service at www.att.com/gopaperless.

TELEPHONE DIRECTORIES

Telephone directories provide important information to many consumers who either prefer paper directories or don't have access to electronic ones. At the same time, directories can have adverse environmental impacts. These impacts can be reduced through responsible paper sourcing, recycling and opt-out programs.

In May 2012, we announced that we sold the majority stake in YP Real Yellow Pages and Residential White Pages to Cerberus Capital Management. Cerberus reported it will continue

to maintain AT&T's programs to reduce the environmental impact of telephone directories including:

- Printing directories on paper made from residual sawdust and scraps from lumber production processes and, depending on market availability, post-consumer recycled paper
- Ensuring suppliers practice sustainable resource management in the sourcing of wood fiber used to make directory paper
- Encouraging consumers to recycle their directories, which can be turned into home insulation, bathroom tissue, cereal boxes, roofing shingles, animal bedding and of course, new phone books
- Allowing customers to opt out of directory delivery if they choose
- Maintaining electronic directory alternatives such as www.YP.com and www.RealPagesLive.com

PRINT360

In addition to helping our customers reduce paper they receive from AT&T, we are working to reduce our own paper use. Our Print360 team changes computers' print default settings from single-sided to double-sided. This simple change adds up to large paper savings. During February 2012, duplex print became the companywide standard for network printing. Double-sided printing helped us conserve **4,658 trees**, **38,892,265 pages** of paper and more than **\$283,840** in annual paper expenses in 2012. We anticipate these savings will continue in 2013.

Print360's continued effort to reduce printers and copiers further contributed to a reduction in enterprise printing and paper consumption. Office paper purchases for printers and copiers in 2012 were down by **15 percent**; this equates to **320,500** reams totaling **\$529,512** in spend



reduction over 2011.¹ The reduction in paper volume further contributes to AT&T's sustainability efforts with the following environmental impacts:

Wood Use Reduction (tons)	1,542
Number of trees saved	9,912
Net Energy Reduction (million BTU's)	13,446
Elimination of Greenhouse Gases (pounds CO ₂ equiv.)	2,313,309
Reduction in Water Consumption (gallons)	9,438,480

Print360 worked with AT&T Supply Chain and Guy Brown to test and implement recycled paper for use in office printers and copiers.

Effective February 1, 2013, we migrated to 30 percent recycled content paper as our preferred standard 20# white paper.²

We anticipate **40 percent** of office white copy paper totaling approximately **1,300 tons** will migrate to recycled paper with the following environmental impacts per year:

Wood Use Reduction (tons)	1,456
Number of trees saved	9,360
Net Energy Reduction (million BTU's)	4,205
Elimination of Greenhouse Gases (pounds CO ₂ equiv.)	806,709
Reduction in Water Consumption (gallons)	4,375,246

¹ Note: paper prices increased 3.5 percent in July 2012.

² Supply Chain negotiated the 30 percent recycled product at no additional cost to AT&T.



Waste Management

Materiality Assessment Topics: Consumer products recycling; Hazardous waste reduction; Network equipment recycling; Non-hazardous waste reduction

Issue Summary

Business operations produce waste, which can be minimized on the front end by increasing operational efficiency and on the back end through recycling and responsible disposal.

Our Position

From the buildings we occupy to the phones we sell, we seek to minimize waste in our operations.

Data Highlights

2012 Key Performance Indicators

- Solid waste from operations
 - Pounds of network “scrap” materials kept out of landfills: **47.3M**
 - Percent of operational waste handled by the Investment Recovery Center that is recycled: **>94**
- Solid non-hazardous waste from office activity
 - Tons of office activity material (paper, cardboard, glass, aluminum, plastic) diverted from landfill: **24,455**
 - Percent of non-hazardous office waste diverted from landfills: **21**
- Regulated waste
 - Tons of waste managed by the AT&T Resource Recovery Center (universal, hazardous, exempt and special, as well as non-hazardous waste): **12,700**
 - Percent of such waste recycled: **>70**
- E-waste
 - Number of computers, monitors, servers and other equipment that were donated, recycled or reused: **77,000**
 - Number of cell phones reused or recycled: Approximately **3.1M**
 - Pounds of cell phone batteries and accessories recycled: **1.17M**



Our Action

We are committed to reducing the waste byproducts of our operations and to handle the waste we produce responsibly.

SOLID WASTE FROM OPERATIONS

The AT&T Supply Chain Investment Recovery group works across the company to reuse, sell and recycle materials that fall under the solid waste category. The group sent less than six percent of the materials it received to the landfill. The Investment Recovery group oversees 6 strategically located warehouses that handle recycling for a majority of the 50 states.

In 2012, we generated **50.1 million** pounds of operational waste and kept more than **47.3 million** pounds (**94.38 percent**) of these materials from landfills, including:

- Copper and copper cable: **20.5 million** pounds.
- Steel: **9.5 million** pounds
- Lead: **1.8 million** pounds
- Plastic: **2.4 million** pounds
- Aluminum: **703,382** pounds

The pounds of material declined in 2012 because of changes in how we processed some of this material through our Investment Recovery warehouses. For instance, cardboard and other low- or no-value materials no longer ship through our central system. They are now being recycled locally to reduce transportation expenses.

Declines can also be attributed to economic and technological influences. Continued growth in wireless, and the deployment of fiber over copper are examples of such technological advancements that contribute to the reduction in total weight processed. We continue to strive

to recycle 90 percent or better of all the material we handle through the reclamation processes to make the most efficient use of our resources companywide, reducing the amount of scrap we produce.

In 2012, our investment recovery program continued to expand its expertise to assist international groups, wireless and other AT&T entities. We expect these initiatives and new recycling trials to continue to grow in 2013.

SOLID NON-HAZARDOUS WASTE FROM OFFICE ACTIVITY

In 2011, we launched a Recycling Scorecard at the sites that generate the majority of our office waste. For 2012, we used data from the scorecard as well as improved reporting methods to quantify the amount of administrative waste (mixed materials such as paper, cardboard, plastic, aluminum and glass) that was generated and diverted at more than a third of our occupied buildings, including the largest buildings in our portfolio. Our office recycling efforts are now in more than **2,200** facilities and have resulted in recycling more than **19 million** pounds of office-grade paper. We further estimate that **24,455 tons (21 percent)** of the **114,689 tons** of administrative waste at these sites were diverted from landfill in 2012.

REGULATED WASTE

AT&T processes much of its regulated waste (including universal, hazardous, exempt and special waste) through the AT&T Resource Recovery Center. (This does not include normal refuse handled by solid waste vendors or municipal waste disposal, but does include water



removed and managed from underground vaults.) In 2012, more than **70 percent** of the waste processed by the Resource Recovery Center — **8,900 tons** out of a total of about **12,700 tons** — was recycled.

E-WASTE

E-waste is an issue of growing importance, and we are committed to handling e-waste appropriately. In 2012, we generated **2,709,133 pounds** of e-waste, a number we strive to

reduce. To that end, last year we collected more than **77,000** computers, monitors and servers for donation, reuse and recycling. This included:

- Roughly **19,000** desktop computers
- More than **33,000** monitors
- More than **7,100** laptop computers

Read more about our [cell phone and wireless devices recycling](#) and [packaging waste reduction efforts](#).



Water Management

Materiality Assessment Topic: Water usage

Issue Summary

Water is essential to life. It is a vital resource for environmental and social sustainability and economic prosperity. Reducing water use and managing this resource wisely is critical.

Our Position

We have a responsibility to actively manage and reduce our water use wherever possible.

Data Highlights

2012 Key Performance Indicators

	2010	2011	2012
Absolute (gallons)	3.331B	3.357B	3.282B
Water intensity (gallons/\$ billion revenue)	37.31	37.75	38.83
Water intensity (gallons/Terabyte network traffic)	105	84	61

2013 Goals

- Realize **150 million** gallons — roughly **15 percent** of cooling tower water use and **5 percent** of total water use — of annualized water savings by the end of 2015.
- Realize **400 million** kWh in annualized electricity savings from free-air cooling projects by the end of 2015.
- Include water goal question in Supplier Survey by the end of 2013 with the intent of motivating our suppliers to reduce their water use.
- Develop regional outreach plan for **five** water-stressed regions to expand awareness, increase use of the water efficiency toolkit and begin outreach to key stakeholders by the end of 2013. The plan should include analysis of potential savings and metrics to evaluate success.



Our Action

Water is deeply important to the communities where we operate. It is also critical to our own operations. The network that forms the core of our business requires a controlled and cooled environment, and water is oftentimes a critical input to the cooling equipment we use to create those conditions.

In 2010, we embarked on a process of water self-discovery that started with our first water footprint and has led us to engage with Environmental Defense Fund to develop a set of tools and goals around cooling-related water efficiency. Our intention is to improve our water performance and inspire and help others to reduce their water use, too.

START WITH DATA

In 2010, we worked with a team of students from Vanderbilt University to develop a plan to measure our water usage. After reviewing protocol options and developing a data management plan, we produced our first water footprint: **3.4 billion** gallons. But we recognized that this top-line number was insufficient, so we analyzed further, realizing that:

- Our top **125** water-consuming facilities constitute almost 50 percent of our overall water consumption
- **Thirty-one** of these **125** sites are in “high” or “very high” water stress regions, as determined by the World Business Council for Sustainable Development’s Water Tool

IDENTIFY OPPORTUNITY

In 2011, we launched our Water Scorecard, modeled after our successful [Energy Scorecard](#), to track water usage at these facilities and identify water-saving opportunities using an

intuitive grading system. We found that cooling towers, which use evaporation to begin the mechanical cooling cycle, provide our biggest water-saving opportunity and best financial return. These pieces of equipment, which are often used to help chill large buildings, require large volumes of water — 25 percent of an office building’s daily water use on average, but higher in buildings like data centers that have more heat-producing pieces of equipment than people. In this [video](#), Tim Fleming, senior energy manager at AT&T, explains how cooling towers work and why they are water-intensive.

ENGAGE EXPERTS TO BUILD TOOLS AND REFINE THE BUSINESS CASE

Together, these bits of information informed our collaboration with Environmental Defense Fund (EDF), which began in May 2012. To evaluate options for water efficiency in cooling towers, we first ran a series of pilots across the United States to understand how much water, energy and chemicals could be saved through various operational and technical improvements and through increased use of free air cooling. During the process of working together, we developed several fundamental educational and efficiency tools to develop a greater understanding and help clarify the process for water efficiency. In addition to these tools, our key finding was that the business case for water efficiency investment must take a comprehensive look at all cost savings, particularly related to electricity, that come from efficiency efforts.

SET GOALS AND SHARE

In 2013, we established a suite of water efficiency-related goals for the next few years. We purposely set these goals to establish good operational practices, push the limits of our



expected savings estimates and to stress the importance of sharing these findings with a broad audience. The fact is that the reduction potential associated with the cooling process that we've identified is a substantial savings when scaled across AT&T, but it could be a tremendous savings if achieved more broadly. That's why we're making our tools available to all organizations that could benefit from them.

Over the course of 2013, EDF and AT&T will be distributing and promoting these tools to those building owners who have the opportunity to reduce water usage and costs. Visit the [EDF AT&T Water Toolkit page](#) to find tools that organizations can use to measure and manage their own water use.



Accessibility

Materiality Assessment Topics: Inclusivity – Access & aging; Innovation

Issue Summary

People have a variety of communication needs, and the information and communications technology industry plays an important role in providing accessible products and services for these needs.

Our Position

For us, accessibility is more than a word. It's a commitment to help all our customers and employees communicate everywhere they live and work by offering a range of innovative and accessible products and services to meet a variety of disability and age-related needs.

Our Action

We provide products and services that meet a variety of needs. For example, accessible smartphones and software enable people with disabilities to use cutting edge technology and experience the many opportunities that modern communications equipment affords. Customers who are deaf, hard-of-hearing or have speech loss benefit from Text Accessibility Plans (TAP) which were designed with input from the disability community and only include texting and data and not the voice minutes that they cannot use.

Corporate Accessibility Technology Office and Chief Accessibility Officer

Accessibility has always been one of AT&T's core commitments and in 2012 we launched the Corporate Accessibility Technology Office to promote accessibility in our products and services. A newly appointed Chief Accessibility Officer will lead the new office and will also add defined accountability into the corporate governance structure to advance AT&T's efforts in this important field.

Universal Design Policy

As a leader in the field of technology access, we embrace Universal Design. We encourage app developers and handset manufacturers to consider the needs of seniors and customers with disabilities when designing products and services by following Universal Design Principles. We made our Universal Design methodology available on our website, hoping to increase the number of innovative and accessible products and services.

AT&T's Advisory Panel on Access & Aging

We stay close to the needs of customers with disabilities thanks to our ongoing work with the disability community and the Advisory Panel on Access & Aging (AAPAA). Comprised of national leaders in assistive technology, aging and cross-disability issues, AAPAA provides disability-related advice and counsel to our subsidiaries, affiliates and leadership teams. This expert panel meets regularly with business unit leaders from across the company (from AT&T Labs, to marketing to diversity) and provides ongoing



input on accessibility efforts. [Read more](#) about AAPAA.

Innovation

We not only offer products and services that improve our customers' communications access, but we help other companies and startups to improve access through innovative initiatives such as the release of AT&T's Speech APIs. This tool will enable app developers around the world to improve accessibility by adding AT&T's WatsonSM speech recognition and text-to-speech technology to a wide range of products and services.

We also introduced the innovative U-Verse Easy Remote App, which makes it easier for U-verse TV customers, including those with disabilities such as vision and hearing loss, to control their TV. The app enables customers to easily use their smartphones or tablets as a U-verse remote control and includes a voice initiated remote control, voice search and other accessibility features such as multiple screen color, button and font size choices, voice initiated remote control, voice command feature, gesture commands and one-touch access to closed captioning.

Customer Call Centers

We operate dedicated customer care centers to assist people with disabilities, including the National Center for Customers with Disabilities

for AT&T Mobility and the AT&T Sales and Service Centers for Disability and Aging for our landline customers.

These centers can arrange for customers to receive bills in an alternate format, such as Braille or large print, and can advise customers with hearing, vision, mobility and/or speech disabilities about equipment, accessories, features and calling plans.

We now have centers dedicated to serving the disability and aging markets across our entire wireline footprint. Additionally, we now provide a Click-To-Chat option for all customers, though it may be especially beneficial to customers who are deaf or hearing impaired.

Workforce Inclusion

We provide our employees with the resources and tools they need to do their job and have taken a number of steps to create a diverse workforce. Through our Project CapABILITY initiative we have trained and attracted new employees with disabilities in distribution centers around the country. We also have an established relationship with Career Opportunities for Students with Disabilities and have enhanced our programs to recruit college graduates with disabilities. To learn more about our diverse workforce, please visit our [Workforce Diversity Issue Brief](#).



Conflict Minerals

Materiality Assessment Topic: Conflict minerals

Issue Summary

Mobile phones and other electronics contain an array of metals in small amounts that allow them to function properly. Some of these metals – in particular tin, tantalum, tungsten and gold (also known as “conflict minerals”) – have been linked to armed conflict in the Democratic Republic of the Congo (DRC) and adjoining countries (“conflict zones”). The area has suffered devastating wars and millions of deaths for more than a decade. Metal mining in this region often uses forced labor and may financially benefit armed groups in these conflict zones. While most metals in electronics are mined from locations outside the conflict zones and involve no known human rights violations, it is those conflict minerals from the conflict zones that give cause for concern.

Our Position

Mining activities in the conflict zones could involve serious human rights violations and require increased transparency. We support industry efforts to redress this situation.

Our Action

We’ve sought to actively address the issue of conflict minerals from the conflict zones for some time now. Before President Obama signed the Dodd-Frank legislation that addressed conflict zone mineral sourcing into law, AT&T worked with non-governmental organizations and our suppliers on this issue.

As a large device retailer, we encourage the responsible mining of these minerals. We have taken the following steps to address these issues.

- We do not employ forced, compulsory or slave labor and have the same expectation for our suppliers. We have a [Human Rights Policy](#) and [Principles of](#)

[Conduct for Suppliers](#) that are clear in this respect.

- We remain involved in this issue through our membership in the Global e-Sustainability Initiative (GeSI). Through that membership and our participation in both the Electronic Industry Citizenship Coalition (EICC)-GeSI Conflict Free Sourcing Initiative and the GeSI Extractives Project Team, we support the continued development of the Conflict-Free Smelter Program and the use of the EICC-GeSI Conflict Minerals Reporting Template. Through continued collaboration with suppliers, we are



committed to the responsible mining of these minerals.

- In October 2011, we joined as a participant in the Public-Private Alliance for Responsible Minerals Trade — an alliance set up by the U.S. State

Department, USAID, NGOs and company/industry organizations to address conflict minerals concerns. It promotes solutions to encourage those involved in responsible minerals trade in the DRC and the Great Lakes Region of Central Africa.



Customer Satisfaction

Materiality assessment topic: Customer Satisfaction

(GRI Indicator: PR5)

Issue Summary

Customers are one of the largest and most important stakeholder groups for any business. Successful companies must meet the needs of their customers today and transform to meet challenges that lie ahead.

Our Position

One of our core values is building strong customer relationships. We want them to have a great experience with us. Our mission is to connect people with their world, and do it better than anyone else. We regularly ask our customers how we're doing to make sure we improve our products and services.

Data Highlights

Key Performance Indicators

- Approx. 12 million: number of customer surveys we conducted in 2012.
- More than 4 million: hours that our retail and customer service reps spent in training in 2012.

Our Action

Customer experience and satisfaction is a priority for all employees. Our entire leadership team sets the example and is committed to putting the customer first. Officers from our mobility, home solutions, AT&T Business Services and network (both wireless and wireline) groups make up a leadership team dedicated to the customer experience — leading the charge to make changes within the company. Customer satisfaction results also play a role in how our employees and executives are paid. Our [Code of Business Conduct](#) also details our commitment to our customers.

CUSTOMER INTERACTION

We provide customer service in more than 160 languages, including Arabic, Farsi, Japanese, Korean, Mandarin, Polish and Vietnamese. We also offer a wide range of communications services to customers with vision, hearing, mobility and speed limitations. In 2012, our retail and customer service employees took more than 4 million hours of training to improve how they take care of customers.



Customers can interact with us in a variety of ways:

- Online, through myATT.com.
- On social media such as [Facebook](#) and our [@ATTCustomerCare](#) Twitter account.
- In our [online forums](#). In 2012, we had more than 8 million online chat sessions with customers.
- In our [2,000 company-owned retail stores](#), where we had more than 200 million visits in 2012. We also serve customers in many other store locations, through exclusive dealers and national retailers.
- Via phone, by dialing 611 from their AT&T wireless phone or calling 800-ATT-2020.
- Through apps such as:
 - [myATT](#) – self-service management of their accounts, from their wireless device.
 - [AT&T Mark the Spot](#) – to submit feedback on network performance.

MEASURING CUSTOMER SATISFACTION

We measure customer satisfaction and subscriber activity across our products, services, geographies and brands. We conducted approximately 12 million customer surveys in 2012, including interviews of former and returning customers. There is no single, perfect measure of satisfaction. That's why we use a blend of indicators to assess how our customers feel about us. Those surveyed represent everyone from our largest business customers to individual wireless users. The indicators fall into three main categories:

- **Relationship satisfaction:** We use Net Promoter Score (NPS)¹ to assess our customers' willingness to recommend AT&T. Working with research firms and using multiple external, blind survey methods, we measure our promoters and detractors to create a net score that paints a holistic picture of what our customers think of our business. We conduct these surveys continually to gauge our performance. Because this information is proprietary, we do not release the score externally.
- **Transactional satisfaction:** We conduct quick surveys closely following direct customer interactions. Those include retail store visits, service installation or maintenance, calls to our customer care centers or online chat support. The assessments range from texts to online surveys to phone calls, and they ask a customer to rate his or her specific interaction. Feedback arrives quickly and can be used in training, commendations for superb work or suggestions for improvement; it can also highlight longer-term areas of focus. Again, these surveys are proprietary, so we do not share results outside of AT&T.
- **Behavioral outcomes:** We track both sides of customer choice: incoming customers (sales) and outgoing customers (churn). We report churn in [our quarterly financial earnings](#), and industry analysts often cite this metric as a key measure of customer satisfaction.

We also track many primary and secondary market research studies conducted by third party firms and analysts.

¹ Net Promoter, Net Promoter Score, and NPS are trademarks of Satmetrix Systems, Inc., Bain & Company, Inc., and Fred Reichheld.



IMPROVING AND MANAGING CUSTOMER EXPERIENCE

We've always had a commitment to customer service, and we keep trying to improve. Customer satisfaction data helps us find new ways to make our products, services and network better. It also helps us give our employees the tools they need to deliver a good customer experience.

Recent strides we've made include:

- Improving myATT.com capabilities so customers have 24/7 access to support. We expanded the "click-to-chat" functionality, and the site lets customers schedule a retail store appointment if they'd like help in-person. We know that many of our customers prefer to manage their account online, so we redesigned att.com and the myAT&T app to make them easier to use.
- Rolling out a new, more open store design with digital signage and touch-screen kiosks. Our customers can interact directly with products and services before purchasing. Our retail representatives are fully mobile and can check out customers with a tablet from anywhere in the store.
- Dedicated social media customer service reps to help customers with their questions or issues. Our social media team helps around 5,000-6,000 customers every month.
- Streamlined IVR (interactive voice response) menus, increased focus on providing resolution during first customer contacts, reduced call transfers and wait times, and improved call center procedures so representatives can get help from a manager quickly when needed. Call center managers are using new video kiosks as a new way to train the reps.

- Trained specialized customer service reps on the major mobile operating systems so they can quickly answer device questions.
- Launched a new tool to provide detailed network coverage information – including upgrades or issues – for the customer's specific location.
- Our AT&T Business Services teams are looking at new ways to handle complex processes such as ordering, provisioning and billing. The effort has resulted in improved order quality, faster installation, fewer billing errors and more selling time for call center reps and outside sales teams. A new tablet app also gives our sales reps instant access to pricing and simple contacts, so they spend less time on administrative tasks.
- Other tools available to our employees include:
 - The Innovation Pipeline, where they can submit ideas on new ways to help our customers.
 - The HERO tool, which lets them report internal issues that stand in the way of supporting customers. We've had thousands of submissions since launching in 2012.
 - The Helping Customers website, available on their wireless devices, which is a tool that provides information and resources allowing employees to find help for many types of customer issues and even escalate customer issues not resolved by traditional AT&T service channels.



For more information, please visit our briefs on [Innovation](#), [Accessibility](#) and [Network Reliability](#), or visit our [Customer Experience site](#).



Deployment for Rural and Underserved Areas

Materiality Assessment Topic: Deployment for rural and underserved areas

Issue Summary

Innovation in communications technology drives consumer demand and continual growth in the industry. People in many situations seek the benefits of high-speed broadband at home and at work. However, access to communications technologies is not evenly distributed across the United States. Currently, many lower-income or rural communities have limited access to next-generation Internet Protocol (IP)-based networks.

Our Position

Our customers embrace the increasing choice in how they connect to each other and to the Internet in many aspects of their daily lives, including smartphones, tablets or IP-enabled TVs. As innovation introduces new opportunities for our customers every day, we are competing vigorously to improve and expand their service.

Through Project Velocity IP (VIP), AT&T's \$14 billion investment plan to expand and enhance AT&T's wireless and wireline IP broadband networks through 2015, we seek to accelerate the transition to next-generation networks. IP-based networks boost affordability and the rate of broadband adoption, enhance broadband service quality, generate economic growth, maximize private investment and strengthen U.S. global competitiveness.

Data Highlights

2013 Key Performance Indicators

- Investment in wired and wireless networks: **\$21.2 billion**



Our Action

To help meet the needs of our customers today and for the future, AT&T announced VIP, which will accelerate the transition to IP-based networks, in November 2012. Project VIP is a three-year, \$14 billion investment plan to expand and enhance AT&T's wireless and wireline IP broadband networks to support growing demand for high-speed Internet access and new mobile, app and cloud services. We also are working with the FCC and others in our industry to foster a dialogue about, and continue the incremental transition to, IP-networks.

IMPROVING RELIABILITY AND SPEED, AND PREPARING FOR NEXT-GENERATION INNOVATION

Project VIP consists of several wireless and wireline initiatives:

- Through 2015, we plan to deploy more than **10,000 new macro sites**, more than **1,000 distributed antenna systems** and more than **40,000 small cells**.
- We plan to expand our 4G LTE network to cover **300 million** people in the United States by year-end 2014.
- We plan to expand and enhance our wireline IP network to cover approximately **75 percent** of customer locations in our wireline service area by year-end 2015.
- We plan to expand our fiber network to reach an additional **1 million** business customer locations by year-end 2015.

The transition to IP-based networks holds new opportunity for rural and underserved communities, where high-speed connections can augment traditional services in areas such as education and health care. Completion of the IP transition can help:

- Expand economic opportunity to help alleviate high unemployment in underserved communities. For example, a study by economists Robert Shapiro and Kevin Hassett shows that the transition from 2G to 3G wireless created approximately 1.6 million U.S. jobs.¹
- Boost adoption by increasing competition, making home broadband more affordable.
- Improve access to quality health care, improve health outcomes and cut health care costs — especially in rural communities. Broadband enables access to distant healthcare specialists and services, as well as a range of health applications, such as remote monitoring that enable better management of chronic conditions. As context, rural America has fewer than half the number of primary care physicians per 100,000 residents than urban areas do². The average rural American travels 60 miles for specialty care, compared to only 6 percent of urban patients who do so³.
- Bridge educational divides. Online classes made more widely available through IP networks can also help address the shortage of advanced and expanded course offerings in rural and underserved schools, only 69 percent of which are able to provide Advanced Placement classes, compared to 93 percent of city schools.⁴

1NDN and New Policy Institute. The Employment Effects of Advances in Internet and Wireless Technology: Evaluating the Transitions from 2G to 3G and from 3G to 4G. <http://ndn.org/blog/2012/01/ndnnpi-releases-new-paper-employment-effects-advances-internet-and-wireless-technology>.

² UnitedHealth, Center for Health Reform & Modernization, "Modernizing Rural Health Care: Coverage, quality and innovation." July 2011

³ Ibid.

⁴ The Alliance for Excellent Education.

<http://www.all4ed.org/files/RuralHSReportChallengesOpps.pdf>.



ENABLING MOBILE LEARNING

In 2014, AT&T announced we would enable 21st century learning opportunities with a three-year pledge as part of President Obama's ConnectED initiative. We are committing \$100 million of free mobile broadband access to educational websites, applications and services, and professional development to help middle school students and their teachers⁵. AT&T's mobile broadband service will enable students to use tablets and other mobile devices for educational purposes that support student learning in new and more effective ways.

Currently, approximately one in five students does not graduate high school with his or her peers; of those who do, many are not fully prepared for college and career success. Nationally, high school graduation rates are increasing, but not nearly as quickly as they need to be. By participating in ConnectEd and focusing on low-income school districts, AT&T can use technology and innovative programs to support teachers and help students achieve.

Integrating technology into the classroom is most successful when educators are empowered with the proper support and resources. As part of this commitment, AT&T also will provide professional development for teachers to help them take full advantage of mobile broadband services to ease their administrative burdens, easily engage with students and identify new high-quality content.

To learn more about the initiative, visit the ConnectED homepage on whitehouse.gov.

⁵ Efforts are contingent on FCC e-rate compliance requirements, and federal, state, and municipal procurement frameworks that will not prohibit or extend these types of initiatives. Eligible school locations will be subject to network congestion, availability, and performance criteria.

ENGAGING IN COMMUNITIES

As part of our long-standing commitment to educate and empower consumers, AT&T works directly with traditionally underserved communities and key organizations to advance digital literacy and online safety awareness. In 2013, AT&T contributed \$300,000 to The OASIS Institute to help narrow the technology skills gaps for older adults. AT&T's support enabled OASIS to expand its Connections technology training program, update curriculum and increase workplace skills training to help bring more mature adults up to speed. In the fall of 2013, the program offered technology trainings on a wide range of topics from cell phones to iPads, reaching more than 1,000 older Americans in seven cities. For some of these events, AT&T retail employees served as volunteers to provide hands-on instruction as well.

In addition, AT&T hosted a series of 45 technology events — some in conjunction with AARP — reaching more than 1,000 additional older adults in Illinois and Michigan combined. AT&T also worked with the National Cyber Security Alliance to host an online safety training session for more than 100 parents and students at the PUENTE Learning center in Boyle Heights, Los Angeles.

Internationally, AT&T works with Télécoms Sans Frontières (TSF), the world's leading emergency telecommunications organization. TSF aims to be on the scene of a disaster anywhere in the world within 24 hours. The France-based organization provides victims, other relief organizations and first responders with the ability to communicate. AT&T has contributed \$900,000 to TSF over the past 11 years.

In 2013, TSF deployed crews to the Philippines two days before Super Typhoon Haiyan hit the area, causing massive damage. TSF supplied



satellite telephones to government officials and first responders, and provided storm survivors with the ability to contact loved ones. TSF also deployed to Mexico, Syria, Burma and Mali.

The decade of support AT&T has given TSF recognizes the invaluable humanitarian work they do to connect people around the world in times of adversity. TSF's motto is "Communications for Life." Since 1998, it has deployed to more than 65 countries — supporting hundreds of thousands of victims and more than 800 humanitarian organizations.



Industry & Government Problem Solving

Materiality Assessment Topics: Products that enable social and environmental benefit; Relationship with government

Issue Summary

Environmental and social sustainability challenges are complex, and working with industry peers and governmental interests in appropriate ways to address these issues can be a valuable tool.

Our Position

We see the benefit of combining resources and coordinating efforts with our industry peers and governmental interests in appropriate ways to address persistent social and environmental challenges where there is a good match between our expertise and talent and the interests of our customers and shareholders.

Our Action

We work with industries, governments, nonprofits and academia on goals such as upgrading to a more energy-efficiency power supply and achieving sustainability through information communications technology solutions. See our [Stakeholder Engagement Policy](#).

WORKING TOGETHER FOR ENERGY-EFFICIENCY SOLUTIONS

Updating the Country's Power Supply

Smart grid technology has the potential to cut domestic carbon emissions from generating electricity by as much as 14 percent by 2020, saving \$15 billion to \$35 billion in energy and

fuel costs.¹ This decrease will reduce the country's reliance on fossil fuels, including imported oil, contributing to our energy independence. Smart grid technologies hold the potential to help integrate renewable energy sources like wind and solar power into our electricity supply mix. They will also help to facilitate the widespread adoption of electric vehicles. Learn more about the benefits of [smart grid](#).

In order for smart grid technologies to achieve their full potential, consumers must be confident that their energy usage data is secure and available only to those entities with which they have chosen to share it. In 2012, we worked

¹ Smart2020: United States Report Addendum, Global e-Sustainability Initiative, 2008.



with a variety of smart grid stakeholders to start up a voluntary privacy seal program. The program gathers industry best practices to help ensure that consumers enjoy effective, common-sense privacy protections when sharing their energy usage data with the service providers that use smart grid data to help consumers operate their homes more efficiently. We also engaged with several different state public utility commissions on issues relating to the privacy and security of consumer smart grid data.

The Green Grid

We continued our work with a global consortium dedicated to advancing energy efficiency in data centers and business computing ecosystems. As a contributing leader, we serve on the End User Advisory Council and several technical and liaison subcommittees and supported the development and investigation of the Sustainable Site Selection Tools and Papers. The End User Advisory Council is chartered to:

- Serve as an advisory body to The Green Grid's board of directors by providing input and guidance on the general direction of the consortium's strategies
- Actively participate in The Green Grid's technical committee activities
- Help guide and shape the desired outcome of published materials, processes and recommendations from The Green Grid as one unified voice of the end-user community
- Drive greater awareness of The Green Grid within the broad community of data center end users

Alliance for Telecommunication Industry Solutions (ATIS)

We continued our work as a member and chairman of the board of directors of ATIS, the North American telecommunications standards development organization. We initiated and now

chair the Telecommunications Energy Efficiency (TEE) committee, which developed a methodology for measuring and reporting the energy efficiency of telecommunications equipment. This methodology is being applied to new energy efficiency measurement standards by equipment types. The TEE has developed and published individual standards for servers and transport, router and Ethernet switch products, power plant rectifiers and a technical report for measuring facility energy efficiency. In 2011, the TEE published an energy efficiency standard for the measurement and reporting of Radio Base Station Metrics. The American National Standards Institute has approved these standards and AT&T has incorporated the energy efficiency reporting requirements in our equipment standards, "Network Equipment Power, Grounding, Environmental and Physical Design Requirements."

Better Plants, Better Buildings Program (formerly called the Save Energy Now LEADER® initiative)

In 2009, we were among more than 30 companies to join the U.S. Department of Energy's Save Energy Now LEADER initiative (now called Better Plants, Better Buildings Program). The initiative is an ambitious national public-private plan aimed at driving significant energy intensity and carbon emission reductions across the U.S. industrial sector. Program partners pledge to reduce their energy intensity by 25 percent or more by 2019. Following our efforts in 2012, we have already reduced the electricity consumption of our company relative to data growth on our network by 57 percent compared to our 2008 baseline. Learn about the progress AT&T is making on its [energy intensity reductions](#).



PURSUING SUSTAINABILITY THROUGH ICT SOLUTIONS

AT&T Sustainability Advisory Council

In 2009, AT&T established the AT&T Business Sustainability Advisory Council to better quantify the environmental benefits of our products and services. The council's defined mission includes a commitment to demonstrating the power of information communications and technology (ICT) in minimizing environmental impact and developing credible measurement methods for communicating the environmental impact of various solutions that aid in reducing greenhouse gas emissions.

Reducing the Need for Business Travel

Technology has changed the way we communicate and collaborate, yet the fundamental power of face-to-face connections remains a constant. AT&T Telepresence Solution[®] lets brings people together in a live video conference, whether they're across town or around the world. Telepresence continues to see customer acceptance and continued growth from 1,281 endpoints in 2009 to more than 5,000 at the end of 2012. Our users held over 21 million minutes of meetings on telepresence systems in 2012. And the impact is not limited to customers within the United States. More than one-third of the endpoints connected to the AT&T Business Exchange are outside the United States, and we now support over 75 countries with the expanded offerings.

To promote the global ability to reduce travel through telepresence, we reached inter-provider agreements with other service providers. This enables immersive teleconferences with customers of BT and, most recently, Orange Business Services.

We also practice what we preach and extensively use telepresence as a tool to improve our business efficiency while reducing travel. We grew internal deployment to more than 240 telepresence sites spanning more than 20 countries. In 2012, our company collectively logged more than 100,000 telepresence meeting hours. Over that same period, we realized more than **\$19 million** in travel dollars saved and more than **11,600 metric tons** of CO₂ emissions averted.

Global e-Sustainability Initiative (GeSI)

We actively participate in GeSI, an effort to foster open cooperation across international boundaries and promote technologies that foster sustainable development. GeSI brings together leading ICT companies — including telecommunications service providers and manufacturers as well as industry associations — and non-governmental organizations (NGOs) committed to achieving sustainability objectives through innovative technology.

Through the GeSI organization, AT&T is represented in projects and activities centered in GeSI's three primary focus areas. Those focus areas are Climate Change (i.e., energy efficiency, SMART 2020, ICT KPIs), Supply Chain (i.e., conflict minerals), and Human Rights.

In 2012, AT&T helped support the *SMARTer 2020* study. The study was conducted by the Boston Consulting Group on behalf of GeSI. The report showed that the information and ICT industry can enable a low-carbon society and help respond to the climate change challenge by 2020. It demonstrated that the ICT industry has the potential to save **9.1 gigatons carbon dioxide** (GtCO₂e) by 2020, which equates to a savings amount of over **\$1.9 trillion** in gross energy and fuel by 2020.



Digital Energy and Sustainability Solutions Campaign (DESSC)

As a member of DESSC — a coalition of technology companies and environmental NGOs working to educate policymakers about the role of ICT in the shift to a low-carbon economy — we're collaborating on public policies that encourage government, businesses, utility companies and communities to use ICT to address energy challenges. Our ultimate goal is to use technology to improve energy efficiency while decreasing GHG emissions — all while promoting a strong economy.

DESSC members include Dell, Hewlett-Packard, Infineon, Intel and Texas Instruments. DESSC also works with organizations such as The Climate Group, the Center for Climate and Energy Solutions and the Alliance to Save Energy.

AT&T Consulting Solutions

In addition to our technology products, AT&T Consulting Solutions provides a broad spectrum of services to business, federal and GEM (Government, Education and Medical) customers. These services focus on planning, architecting and integrating complex technologies, helping customers better leverage technology in their business operations.

We bring expertise in developing solutions for many of our largest clients in the areas of advanced infrastructure, convergence and contact centers, data centers, security and unified communications and collaboration. We also bring expertise in transforming computing infrastructure to a “world class” highly effective environment through our IT Service Management practice. This can lead to reduced operating costs, use of less energy and water, the production of less waste and reduced carbon emissions.

Find out more about [AT&T Consulting Solutions](#).



Innovation

Materiality Assessment Topic: Innovation

Issue Summary

We innovate to help connect our customers to the future.

Our Position

Innovation is part of everything we do. Our culture of innovation is aimed at creating a connected world for customers at home, work or play. We're working with innovators inside and outside AT&T to create unique personal, digital and mobile experiences that enrich and simplify their lives.

Data Highlights

2012 Key Performance Indicators

- Average number of patents (U.S. and foreign) received per day: **>3**
- Investment in ideas generated through The Innovation Pipeline — cumulative: **\$35 million** committed for the development of **64 projects**
- Prototypes of apps developed at AT&T Hackathons: **>450**

Our Action

INNOVATING FOR TODAY & TOMORROW

With a heritage that spans 137 years of technology and has produced **eight** Nobel Prizes, we're a global leader in bringing new technologies to life.

To shape the technologies of tomorrow, we're building an innovation ecosystem today that is open and collaborative. We've opened access to the world's greatest network, and we're actively collaborating with innovators inside and outside AT&T to advance the possibilities of technology.

Our innovation initiatives help deliver new technologies and services to our customers

faster than ever before. Through our innovation platforms, we're helping accelerate the cycle from idea to prototype to marketplace-ready product, app or service. As a result, our customers have access to technologies that can improve lives — from a Hackathon on technology to end texting and driving, to a cloud-based app that helps erase the language barrier, to an advanced wireless health sensor that may avert asthma attacks.

Examples of our innovation programs include:

AT&T Foundry Innovation Centers

At our AT&T Foundry innovation centers, we're fast-tracking collaborations with developers and



entrepreneurs to accelerate ideas to marketplace up to three times faster. The AT&T Foundry brings the expertise of AT&T innovators into a collaborative environment with key industry technology providers and developers. Project leads coming into the AT&T Foundry innovation centers get access to our network capabilities and test beds, as well as our technology experts and project coaches.

The Innovation Pipeline (TIP)

We believe that we have the world's largest corporate crowdsourcing site to unearth new and innovative ideas from our employees. We built TIP, a crowdsourcing and collaboration tool, to tap the collective imagination of our employees. Ideas grow, get refined and enhanced, and the best ideas get turned into real products, applications and services for our customers.

AT&T Labs

Our researchers at AT&T Labs are addressing the most complex technical challenges faced by AT&T and its customers. Some of the world's best innovators bring their expertise to the Labs to help shape the future of communications technologies, from the living room to the cloud.

Collaboration and Outreach

We're reaching out to find and work with entrepreneurs and innovators outside AT&T. Our efforts aim to quickly identify new collaborators, quickly engage in collaboration and accelerate projects to market as rapidly as possible.

For more on AT&T's innovation programs, visit att.com/innovation. Read Senior Executive Vice President — AT&T Technology and Network Operations John Donovan's blog at www.attinnovationspace.com.

CELEBRATING INNOVATION & COLLABORATION

Each year, we internally recognize the accomplishments of employees in the technical community by bestowing AT&T Fellows Honors and Science and Technology Medals. These medals honor individuals for their sustained, outstanding and unique contributions to the company and the world through their technical and scientific achievements.

Additionally, our researchers are recognized for demonstrating outstanding proficiency in their field.

2012 Fellows

- **Enrico Bocchieri**, for contributions to computational models for speech recognition
- **Ramon Caceres**, for contributions to mobile computing and communications

IEEE Fellow

- **Saeed Ghassemzadeh**, for contributions to measurement and modeling of broadband wireless channels and their applications to system design



Network Reliability

Materiality Assessment Topic: *Network reliability*

Issue Summary

Global communications networks have revolutionized the way we live, work and play. Mobile broadband has the potential to help us transition to a more efficient economy. Already, it has transformed the way we communicate, educate our children, deliver health care, consume energy, obtain news and other information, engage in commerce, and interact with government. This explosion in mobile Internet has also led to unprecedented increases in wireless data traffic.

Our Position

Combating wireless network congestion is a challenge that we and our industry peers face every day as customer demand continues to skyrocket. Mobile data traffic on AT&T's national wireless network increased more than 50,000 percent from January 2007 through December 2013. Our advanced network carries 56.2 petabytes of traffic on an average business day.

We continue to take proactive measures to meet exploding customer demand and address our wireless spectrum needs. Additionally, we're preparing for the transition to IP-based technology, working with the FCC and others on potential trials to gain insight into some of the more difficult issues that likely will be presented as we transition from legacy networks.

Data Highlights

Key Performance Indicators

- Investment in wired and wireless networks in 2013: **\$21.2 billion**



Our Action

With more than 1 billion devices connected to our network, we continue to invest in and enhance our network to drive service improvements. Over the past six years (2008-2013), AT&T invested more than \$140 billion, including capital, and spectrum and wireless acquisitions — more than any other public company in the United States. We expect investment in our wireless and wireline networks for 2014 to be in the \$21 billion range, with increased spending in wireless.

PROJECT VIP

Project Velocity IP (VIP) is our multi-year plan to invest for growth, with a goal to give more people high-quality, fast wireless and wired services. Announced in November 2012, the initiative specifically calls for:

- 4G LTE network expansion to be substantially complete by the summer of 2014, covering more than 300 million people when done. We currently cover nearly 280 million people.
- Wired IP broadband network expanded to approximately 75 percent of customer locations in our 22-state wireline service area in the 2015 and 2016 timeframe.
- Fiber deployment to 1 million additional business customer locations in AT&T's wireline service area, by year-end 2015. We reached more than 250,000 new business customer locations with fiber in 2013.
- 99 percent of all customer locations in our 22-state wireline service area to have high-speed IP Internet access via IP wireline broadband and/or 4G LTE by the end of our build.

We exceeded build targets across the board in 2013. We also closed nearly 60 spectrum acquisitions to make sure our customers

continue to enjoy faster mobile Internet connections and highly reliable voice service. As part of the initiative, we plan to deploy more than 10,000 macro cells, more than 1,000 distributed antenna systems and more than 40,000 small cells by year-end 2015. This will increase the density of our wireless network, which in turn will further improve network quality and increase spectrum efficiency.

AT&T operates the nation's largest Wi-Fi network¹, and we include more than 32,000 AT&T Wi-Fi Hot Spots at popular restaurants, hotels, bookstores and retailers. We also provide access to more than 529,000 hotspots globally through roaming agreements². We are a leader in developing Wi-Fi and distributed antenna system solutions; DAS helps improve service at sporting and entertainment venues, airports, hospitals and conference centers.

For more detail, as well as the latest information on our deployment and coverage, visit www.att.com/network.

NETWORK ARCHITECTURE

Our 4G LTE network architecture includes:

- **Distributed core** to enable low latency and fast speeds. Our network is designed with its core elements distributed across the country. That means data traffic gets on the Internet faster, which increases mobile data speeds.
- **Remote radio heads and network element placements** to enhance speed and reliability. Network radio components are placed near the top of the antenna, which minimizes power loss. This translates into fast speeds

¹ Largest based on company branded and operated hotspots

² Wi-Fi enabled device required. Other restrictions apply. See www.attwifi.com for details and locations.



and greater reliability across AT&T's 4G LTE network.

- **Ethernet backhaul** to enable fast connections. More than 90 percent of our mobile data traffic is carried over enhanced backhaul, which moves data at high speeds across our wireline network. Our 4G LTE is expanding rapidly and achieving speeds up to 10 times faster than 3G³.
- **Only one radio drawing handset battery power** to contribute to a stronger signal and faster speeds. Our handsets require only one radio because we use Circuit Switched Fallback technology to carry our voice traffic. Some other carriers require two radios – one for the LTE data network and one for the legacy network for voice or data. Each radio in a device draws battery power and must be worked into the design.

Our dropped call rate has improved more than 30 percent nationally on average year-over-year (December 2012 to December 2013). We drop less than 1 percent of calls.

NETWORK INNOVATION

The User-Defined Network Cloud is our vision for the network of the future. We're tapping into the latest technologies and open network principles to make it happen.

It's a fundamentally new way to build a smart, cloud-like network that addresses the changes in our business and the needs of our customers. We're reinventing how we operate, to manage our services easier – similar to how they're provided in cloud data centers. We're using the latest network design techniques, shifting control from hardware to software, to make our network faster, simpler and more scalable. This will allow us to collaborate with new players and

take advantage of new innovations more quickly and efficiently. It also changes how we do business, our relationships with suppliers and how we manage software:

- Software-Defined Networks (SDNs) shift control of the network from hardware to software, removing pre-defined physical limits. This creates an "intelligent" network that is more flexible, efficient and aware of applications.
- Network Function Virtualization (NFV) moves network functions from hardware-based appliances into software platforms inside virtual computing machines. This means we can update network functions from almost anywhere and do it quickly without having to redeploy new hardware and software. We can dynamically reroute traffic, add capacity, and introduce new features through programmable, policy-based controllers.
- We're designing key software platforms so they can be openly used with well-defined AT&T APIs. This opens up our new ecosystem to non-traditional network players, such as smaller companies, open-source alternatives and universities.
- We're increasing our supplier base, seeking out small and nimble companies for their innovative capabilities, and larger, more experienced companies to tap into economies of scale.

There's much to do before our vision for the User-Defined Network Cloud is realized, but we're building this network of the future to address customer needs and deliver new and unique services to them quicker than before. For more, visit our [User-Defined Network Cloud site](#).

³ Up to 10x claim compares 4G LTE download speeds to industry average 3G download speeds.



Network Security

Materiality Assessment Topic: Network security

Issue Summary

AT&T is continuously researching and developing measures to help improve the security of our services. We have a specialized team within AT&T Labs that is dedicated to investigating security challenges in the wireless environment and developing specific solutions.

Our Position

Security is at the core of our networks and central to everything we do. AT&T has long been a pioneer in the development of cyber security capabilities, with AT&T Labs and our cyber security organization working closely together to provide industry leading-technology.

Our Action

We have built security strategies into the underlying infrastructure for our cloud systems within the AT&T global network. The underlying platform has built-in distributed denial of service (DDoS) protection, and we can detect suspicious

traffic in real time, filter it and then divert it. These measures will improve the customer experience by preventing, detecting and mitigating attacks which could degrade service.



Promoting Safety

Materiality Assessment Topics: Online risks and safety; Product safety

Issue Summary

Companies have an important role to play in helping our customers use our services and products in the manner that works best for themselves and their families.

Our Position

We are dedicated to empowering our customers to use our products and services in a safe and responsible manner.

Data Highlights

Key Performance Indicators

- Pledges to never text while driving through the "It Can Wait" campaign as of September 2013: **>3M**

2012 Goal

Gauge customer awareness of No Texting While Driving campaign and of the dangers of texting while driving by developing and issuing a survey during 1Q12, which will inform a goal for progress in 2013.

2012 Progress Toward Goal

- **30 percent** of survey respondents indicated that texting while driving messages have an impact on their driving habits.
- More than **1.3 million** no texting while driving pledges were generated through channels including ItCanWait.com, Facebook, Twitter and text-to-pledge.

2013 Goal

- Continue to increase the awareness of texting while driving so that greater than **65 percent** of consumers recognize the danger.



Our Action

To empower our consumers to seize the benefits of technology while avoiding some of the safety pitfalls, we have safety programs that include education campaigns, parental controls for mobile phone and media content and collaborations with nonprofits and government entities.

TEXTING WHILE DRIVING

AT&T is committed to saving lives by raising awareness and changing texting while driving behaviors.

Several initiatives comprise our no-texting-while-driving campaign, *It Can Wait*[®]. Originally introduced in 2009, the program aims to educate millions of wireless users, our employees and the general public — particularly teens — about the dangers of texting while driving. In 2012, we created the first “No Text on Board” pledge day to bring consumers, policymakers and companies together to help end this dangerous behavior. In 2013, Drive 4 Pledges Day, our second annual pledge day, included a national event with the Federal Highway Administrator, FCC commissioner and NTSB member. More than 2,000 activities were staged nationally, more than 500 state and local proclamations were issued and more than 129 million impressions were generated on Twitter.

Advertising/PSAs

A national ad campaign shared personal stories of those whose lives were impacted by a texting-while-driving crash. Ads were created with celebrities who appeal to teens including Demi Lovato, One Republic and Olympians Gabrielle Douglas and Jordyn Wieber. In addition, American Idol finalists participated in events throughout the country in 2012.

In May 2013, AT&T worked with Sprint, T-Mobile and Verizon to launch a multi-million dollar, co-branded advertising campaign focusing on stories of people living with the consequences of texting while driving. The stories were featured in 30-second PSAs that served as the basis of a new texting while driving documentary released in August.

Online Resources

Our online resource center features downloadable tools and tips for consumers, schools and companies, along with posters, educational guides, fact sheets, links to the Public Service Announcements (PSAs) and print advertisements for the campaign. We also created a teen-focused site (ItCanWait.com) where materials on our campaign, including a new texting while driving documentary, are also hosted.

Technology and Innovation Programs

AT&T has tapped into its innovation programs to help drive the *It Can Wait* movement. The AT&T DriveMode app to curb the urge to text while driving emerged from an employee’s submission to The Innovation Pipeline. The app continued to be enhanced in 2012. Additionally, the winning team of an *It Can Wait* hackathon was led by a 13-year-old girl.

AT&T Employees

AT&T engaged its 240,000 employees to help spread the word through outreach in their local communities. Through internal communications and websites we’ve encouraged employees to take the pledge and discuss the issue. Our employees have made presentations about the *It Can Wait* campaign to nearly 440 schools in 33



states and almost three-quarters of AT&T employees have taken the pledge.

It Can Wait Pledges

In 2012, more than 1.3 million pledges to never text while driving were logged, and following Drive 4 Pledges Day, the movement surpassed **3 million** total pledges.

Social Media Engagement

Twitter has been key to spreading the word and driving pledges. In a first-of-its-kind tactic, AT&T implemented a “tweet to pledge” feature that allows someone to pledge by including the hashtag with the words “I pledge” in a tweet. The AT&T social properties played a large role in sharing the pledge information. Tweet to pledge has significantly outperformed text to pledge — a surprise for a text-focused program. On Drive 4 Pledges Day, more than 19,000 tweets generated over 129 million impressions, and more than 85 celebrities encouraged their fans on social media to take the pledge.

National “See for Yourself” Tour

To bring the movement to life, in 2012 AT&T commissioned texting-while-driving car simulators and organized more than 200 local events for drivers to experience what happens while texting and driving. Since mid-August, AT&T has held an average of two events per day to help reach people where they live. An [online simulation experience](#) was also developed where users could experience firsthand, in a safe environment, the dangers of texting while driving.

External Support

Through more than 165 non-profit and corporate partners including NOYS, Big Brothers Big Sisters, DECA, RadioShack, Amazon, Wal-Mart and USAA, the *It Can Wait* message reached

tens of millions of people in 2012 that AT&T might not have been able to reach alone. AT&T has created toolkits to enable these organizations to independently spread the word. There was significant engagement at the local and state levels in 2012, including 285 states and cities that issued don’t-text-and-drive proclamations, and 27 states ran don’t-text-and-drive messages on their LED highway signs.

AT&T has significantly expanded this program in 2013, including outreach to more than 1,500 organizations and companies, the deaf community through video messaging and more than 500 proclamations.

Documentary

Directed by acclaimed filmmaker Werner Herzog, *From One Second to the Next* focuses on the stories of four individuals who have been involved or caused a texting and driving accident. Released in August 2013, *From One Second to the Next* introduces new stories and faces on the subject following the successful release of *The Last Text* documentary in 2010. Through existing relationships, we shared the new documentary with 40,000 schools, hundreds of safety organizations and government agencies and many more across the country. To date, the video has been viewed more than 2.2 million times.

Retail

Employees in more than 5,500 AT&T locations wore *It Can Wait* T-shirts on pledge day in 2012, asked customers to pledge not to text and drive and distributed 9.6 million “No Text on Board” stickers to customers.

Suppliers

AT&T reached out to more than 1,000 of its strategic suppliers to seek their support and to get them to share the message with their



employees. Device makers were asked to preload the AT&T DriveMode app on devices, and they have responded.

Find out more at www.itcanwait.com.

AT&T SMART CONTROLS^(SM)

AT&T Smart Controls is an all-in-one online destination offering customers access to helpful tips and tools for staying safe and connected.

Introduced in 2010, AT&T Smart Controls provides one-click access to safety and security tools, articles, expert tips, and more. Customers can use these resources to help manage mobile phones, the Internet and TV services. Featured products include AT&T Data Calculator, AT&T Smart Limits for Wireless^(SM), AT&T Internet Parental Controls, AT&T Wireless Parental Controls, AT&T U-verse[®] TV Parental Controls, AT&T DriveMode[®] and more.

Find out more at www.att.com/smartcontrols.

AT&T SMART LIMITS FOR WIRELESS^(SM)

Smart Limits^(SM) is an online service that enables customers to provide their children with the freedom and security of a mobile phone, while setting sensible boundaries for the phone's use. The service, which costs \$4.99 a month per line, offers parents the ability to:

- Block unwanted calls and texts — up to 30 numbers
- Prevent 411 charges by easily blocking calls to 411 Info
- Restrict texting, browsing and outbound calling during specified times of day — can specify up to 15 “trusted” numbers
- Set limits for the number of text messages allowed per billing cycle

- Set limits for Web browsing/data usage per billing cycle (available on Smartphones 2Q13)
- Limit monthly purchases, such as apps and games, that are direct billed to an AT&T account

Find out more at www.att.com/smartlimits.

AT&T FAMILYMAP[®]

Ideal for today's on-the-go families, AT&T FamilyMap is a convenient tool that lets customers see the location of family members on a map from their AT&T wireless phone, tablet, computer or U-verse TV. Families can customize their mapping experience by assigning a name and photo to each device within their account, and can also label places they visit frequently, such as “Home” or “Soccer Field.”

Users can also set alerts for FamilyMap to automatically locate a family member's mobile phone at specific times of day, to make sure their child arrived home from school. The service is also an ideal way to check on a young driver's location without distracting them with a phone call or text message.

In keeping with AT&T's industry-leading stance on privacy, AT&T FamilyMap includes tools that give the primary account owner control in managing privacy preferences, with functions such as alerting users when their phone becomes locatable, periodic reminders of their locatable status and the option of notifying a phone every time location information is requested. Additionally, an account owner receives notification when location information for a phone not already being tracked is requested through the application, and he or she can then choose whether to allow the request. The service is compatible with AT&T postpaid mobile phones.



WORKING WITH OTHER ORGANIZATIONS TO EDUCATE AND EMPOWER CONSUMERS

Supporting industry initiatives and user education programs is a critical component of AT&T's overall efforts to improve digital literacy to educate our customers about online safety. Our goal is to provide consumers with the information they need before they make their technology choices, as well as during and after the sales process.

AT&T Mobile Safety

AT&T worked in partnership with School Family Media to host wireless safety fairs at 10 schools (K-12) across the country. Safety fair activities include the Texting While Driving simulator, Texting While Driving pledge, wireless safety product demonstrations and more. School Family Media also published a 10-page mobile safety brochure with information on wireless safety issues like texting while driving, bullying and digital responsibility. These brochures were distributed to school leaders and parenting groups affiliated with School Family Media.

Find out more at www.att.com/familysafety.

Alliances for Online Safety Education and Awareness

AT&T works with several organizations that promote online safety education and awareness, including the Family Online Safety Institute, Common Sense Media, Enough is Enough, iKeepSafe, ConnectSafely and the National Cyber Security Alliance. Through these alliances, AT&T supports myriad programs that raise the profile of online safety issues and provide resources and tools to consumers who seek more information. We also participate in and host community summits, panels and educational

events that help consumers of all ages learn how to safely and efficiently manage technology.

Reaching Older Adults

AT&T also provides programs targeted at senior consumers. Following a launch in the fall of 2011, the AT&T Reconnect Tour took off in 2012. The tour is produced in alliance with Senior TechRally™ and was hosted by AARP in some locations. The tour visited Continuing Care Retirement Communities, 55+ Communities and Senior Centers in over a dozen states, providing older adults with training on how to get more out of their mobile devices. The program is a continuation of AT&T's long commitment to training older Americans to use wireless devices, an effort which can be traced back to a "coaching" program that was developed by OASIS, one of the senior organizations that AT&T supports and spreads throughout the country.

LAW ENFORCEMENT

AT&T is committed to working cooperatively with local, state, and federal law enforcement in their efforts to protect children online. AT&T supports law enforcement in its pursuit of child predators and online child pornography and has been an active partner of the National Center for Missing and Exploited Children.



Protecting Freedom of Expression

Materiality Assessment Topic: Freedom of Expression

Issue Summary

Worldwide deployment of advanced technology is enabling an unprecedented ability to communicate and exchange information around the globe. This free flow of information can bring enormous social and economic benefits. Governments are responsible for respecting and protecting human rights and advancing other important public objectives such as national security, public safety, law enforcement and preventing harm to children. Companies also have an important role to play.

Our Position

AT&T supports and respects the protection of basic human rights, and we believe that freedom to access information, freedom of communication and respect for personal privacy are essential to advancing human potential and integral to our relationship with our customers.

Our Action

AT&T makes services available to customers in more than 175 countries around the world. We respect the freedom of expression of our users. We promote the right of our users to hold and freely share opinions without interference, and to access a full range of ideas and information. We believe restrictions on freedom of expression using communications services and the Internet will diminish their usefulness, dampen the exchange of ideas, and reduce innovation and commercial opportunities.

Our commitment to this issue is detailed in our [Human Rights in Communication Policy](#). In 2013, we also became the first American company to sign onto the guiding principles of the [Telecommunications Industry Dialogue on](#)

[Freedom of Expression and Privacy](#). And our work is supported by our [Code of Business Conduct](#), our [Privacy Policy](#) and our [Principles of Conduct for Suppliers](#).

AT&T Human Rights in Communications Policy

Our Human Rights in Communication Policy includes a commitment that we respect and protect the freedom of expression of our users. The policy is owned by our Chief Sustainability Officer, with input from our Chief Privacy Officer and other business units affected by this issue, such as supply chain, legal and compliance. The Chief Sustainability Officer reports quarterly on sustainability issues, such as human rights, to the



Public Policy and Corporate Reputation
Committee of the AT&T Board of Directors.

The policy includes a commitment to protect our users, particularly children, from harmful content by providing tools and information related to Internet safety. We strive to provide users with tools that allow them to personalize their Internet experience.

We take our responsibility to protect customer information and privacy very seriously, and we pledge to continue to do so to the fullest extent possible and always in compliance with the law of the country where the relevant service is provided. Like all companies, we must provide information to government and law enforcement agencies to comply with court orders, subpoenas, lawful discovery requests and other legal requirements. We ensure that these requests are valid and that our responses comply with the law and our own policies. Our [Transparency Report](#) for 2013 provides specific information regarding the number and types of demands to which we responded, both in the United States and internationally, with the exception of certain information that the Department of Justice allows us to report only for the first six months of 2013. In the future, we'll issue reports on a semi-annual basis.

We post the human rights policy online, and we publicize it in a variety of ways, such as by blogging, speaking at public events or sharing with policymakers. We make it available to our employees, particularly those most likely to interact with human rights issues. We also communicate the human rights policy to our suppliers: it is posted on AT&T's Supplier Portal, along with other policies and materials that explain our supply chain sustainability approach. We have implemented a sustainability-focused contract clause that specifically highlights the policies and obligates suppliers to adhere to

programs in a manner consistent with these policies. We conduct periodic reviews and scorecards to measure suppliers on their sustainability efforts, based on survey responses that include questions about their human rights practices.

Telecommunications Industry Dialogue on Freedom of Expression and Privacy

In 2013, we became the first American company to join the [Industry Dialogue](#) (the "Dialogue") and sign onto its [guiding principles](#). The dialogue comprises a number of telecommunications operators and vendors (both infrastructure and technology providers) who are working together to address the issues of privacy and freedom of expression as they relate to the telecommunications sector. The Dialogue is affiliated with the Global Network Initiative, but operates under its own structure, understanding the unique nature of the telecommunications business.

The full principles are available [here](#). In general, companies commit to:

1. Establish human rights policies.
2. Conduct human rights impact assessments.
3. Create procedures to handle government requests.
4. Adopt strategies, where feasible, to minimize impact of government requests on human rights.
5. Protect personnel.
6. Train relevant employees on policies.
7. Share knowledge with stakeholders.
8. Report on progress implementing principles.
9. Inform development of policy and regulations.
10. Examine possibilities for implementing grievance mechanisms.

We will report progress under these principles in 2014, after our first year as part of the Dialogue.



Engaging with Stakeholders on Freedom of Expression

We are committed to working with governments, industry, consumers and civil society to promote human rights around the world in areas associated with our operations. We also believe these issues merit a society-wide conversation, so we regularly engage with stakeholders to explain our point of view, share best practices, and learn from our peers.

In addition to the Industry Dialogue, we engage with groups such as:

- CDT: AT&T has been an active supporter of the Center for Democracy and Technology and regularly participates in its free expression working group, as well as a number of its other formal and informal working groups addressing issues that affect human rights and freedom of expression on the Internet.
- The Global e-Sustainability Initiative: Since 2012, AT&T has participated in GeSI's Human Rights Working Group, working toward a practical means of implementing the UN Guiding Principles on Business and Human Rights across the ICT sector (including Internet providers, telecoms and manufacturers). The working group also is coordinating GeSI's involvement in the European Commission's project to develop human rights guidance for the ICT sector.
- Internet Governance Forum (IGF): AT&T regularly attends the IGF meetings, actively participating in the multi-stakeholder process that has historically governed the Internet. During these meetings, the company regularly advocates against local storage mandates and other impediments to the free flow of information.
- Multi-Stakeholder Processes: AT&T has participated in the Stockholm Internet Forum, in events hosted by the Council of Europe and in other multi-stakeholder processes. In these various venues, we routinely speak in support of the free flow of information.



Protecting Privacy

Materiality Assessment Topic: *Customer privacy*
Global Reporting Initiative Indicator: PR8

Issue Summary

Privacy is a critical and sensitive issue. In an increasingly sophisticated data environment, businesses can use customer data to offer better, more relevant products and services. This should be done in a way that respects a customer's desired level of privacy.

Our Position

We take customer privacy very seriously, and our privacy commitments are fundamental to the way we do business every day. We don't sell personal information to anyone, for any purpose, and customers have choices about how we use their information. We also are committed to transparency in communicating our privacy policy to our customers in plain language.

Our Action

Our privacy commitments are fundamental to the way we do business every day. These apply to everyone who has a relationship with us - including customers (wireless, Internet, digital TV, and telephone) and Web site visitors:

- We will protect your privacy and keep your personal information safe. We use encryption and other security safeguards to protect customer data.
- We will not sell your personal information to anyone, for any purpose. Period.
- We will fully disclose our privacy policy in plain language, and make our policy easily accessible to you.
- We will notify you of revisions to our privacy policy, in advance. No surprises.
- You have choices about how AT&T uses your information for marketing purposes. Customers are in control.

Maintaining a Relevant, Easy-To-Understand Privacy Policy

AT&T maintains a privacy policy that helps our customers understand how we collect information, how we use it and how we protect it.

- Our privacy policy web page, at www.att.com/privacy, features an easy-to-read summary of the policy and a video about the policy. The page is also optimized for use from mobile devices, and it is hyperlinked from every web page on the att.com domain.
- In June 2013, we updated our privacy policy to make it easier to understand and to introduce new programs that use customer information. We notified our customers and conducted a 30-day comment period to solicit feedback from customers and other stakeholders before finalizing the changes.



Customers can send us questions or feedback on our Privacy Policy at any time, either by visiting www.att.com/privacy or emailing privacyfeedback@att.com.

Managing Privacy within Our Business

The importance of protecting customer privacy is featured in our [Code of Business Conduct](#), which all AT&T employees are required to review and acknowledge annually. In addition, Privacy and Information Security training is provided on an annual basis. AT&T also makes privacy and security information available to employees through various means, including internal websites and company communications. Privacy reminders are provided on an as-needed basis, for example, in team meetings to groups handling customer information. Throughout the year, employees are provided reminders on security issues via the Chief Security Office (CSO) Awareness Program, an enterprise-wide information security initiative designed to enhance awareness of and educate all employees about the security and business best practices for protecting AT&T's information assets and data.

The Chief Privacy Officer (CPO) leads a dedicated team that oversees AT&T's privacy policy, maintaining and updating it as necessary and coordinating with AT&T's various business units on privacy-related issues. Protecting customer privacy is the responsibility of every employee at AT&T, but the CPO is particularly charged with ensuring that our privacy policy accurately reflects our privacy commitments and is in line with industry standards. The CPO periodically updates senior leadership, including the CEO and the Public Policy and Corporate Reputation Committee of the Board of Directors, on privacy issues.

Additionally, we incorporate privacy into the development of new services and capabilities. For example, FamilyMap requires the account holder to register each mobile device telephone number that can be located on the account, and only mobile devices associated with the same account can be located. Notification is sent to each device that can be located at registration and a periodic reminder notice is sent on an ongoing basis to each device that can be located.

Consumer Privacy Education and Outreach Initiatives

AT&T supports the continued need for consumer education and awareness, which is a hallmark of our privacy program. Our [Smart Controls website](#) provides comprehensive access to information about AT&T safety and control tools, expert resources and tips designed to help customers manage their technology choices, as well as address safety concerns about children's use of our products and services. Specific Smart Controls tools include free anti-virus software tools for computer testing and premium [ConnecTech](#) services which are available for an additional fee.

We collaborate with many third parties to support online safety and privacy education for all ages:

- We are working with iKeepSafe, in conjunction with the League of United Latin American Citizens and Dialogue on Diversity, on a program to enhance the Latino community's digital literacy and understanding of the benefits of being connected, including digital citizenship, online safety and managing online reputation.
- Our Mobile Safe Kids™ program promotes safe and responsible mobile phone use and



fighters to reduce mobile phone victimization of children.

- We support community outreach to older adults by hosting technology training events to improve digital literacy and fund the OASIS Connections technology training program for older adults that includes safety and privacy content. Through these events, we reached more than 2,000 people combined.
- We support Stay-Safe-Online and The National Cyber Security Alliance (NCSA), which are public/private partnerships dedicated to education and awareness initiatives that help keep sensitive information safe and secure online and encourage a culture of cyber security. We also worked with NCSA to host an online safety training session for more than 100 parents and students at the PUENTE Learning center in Boyle Heights, Los Angeles.
- We support A Platform for Good, a project of the Family Online Safety Institute (FOSI), that encourages good digital citizenship, responsible online behavior and using technology for positive change. We also support FOSI's annual conference that convenes thought leaders to discuss the latest developments in online safety and privacy issues.
- We supported a privacy education initiative sponsored by iKeepSafe and the American School Counselor Association to help middle and high school students build positive online reputations for their future, which is

still used today. As well, we supported a program by iKeepSafe and the Harvard Center on Media and Child Health to create privacy-related curricula for children aged 8-11.

Engaging with Stakeholders on Privacy

We believe that open discussion across the industry, along with privacy advocacy groups and various government organizations and regulatory agencies, is the best way to reach agreement on consumer protections. We participate in a wide range of industry and multi-stakeholder discussions on various privacy issues.

The Ponemon Institute has named AT&T as one of the 20 most-trusted companies on privacy for the past three years.

For more information, please visit www.att.com/privacy.



Tackling Environmental and Social Challenges with Technology

Materiality Assessment Topic: Products that enable social & environmental benefit

Issue Summary

Companies today operate in an increasingly complex economic, social and technological environment. Information and Communication Technology (ICT) solutions — comprising hardware, software, and broadband and wireless technologies — can enable people and businesses to make more energy-efficient choices and reduce environmental impact and costs by:

- Moving work to people rather than people to work
- Connecting rather than traveling
- Managing business remotely and in real time
- Improving transportation and distribution systems

Our Position

The power of the network has never been more important to help companies adapt to these new conditions, optimizing ICT solutions, processes and people across the entire value chain. By using ICT solutions to establish and improve collaboration platforms — regardless of location, application or device — a connected business will make its workforce smarter and more productive, dramatically improving its underlying network of functional communities and fundamentally redefining and enhancing its internal, customer and partner relationships. ICT

can help improve business performance, making companies leaner, more flexible, more adaptive and more sustainable.

ICT solutions have great potential to enable others to operate more sustainably. As a provider of these products and services, AT&T is committed to not only deploying them but also to educating businesses and consumers about the potential savings — both financial and environmental — that they could achieve.

According to the Global e-Sustainability Initiative (GeSI) SMARTer 2020 report, the ICT industry has the potential to create emissions abatement of 9.1 Gigatons of CO₂-e (carbon dioxide equivalents) by 2020.¹ This is equivalent to the emissions from the electricity use of over 1.3 billion houses in a year, more than seven times the emissions associated with ICT operations.² The report also calculates that the savings could amount to over \$1.9 trillion in gross energy and fuel savings by year 2020.

¹ GeSI, SMARTer 2020 report, <http://gesi.org/SMARTer2020>

² EPA emissions calculator: <http://www.epa.gov/cleanenergy/energy-resources/calculator.html#results>



Data Highlights

2012 Goal	Progress Toward Goal
<p>Identify connection opportunities that drive efficiency and sustainability for customers in the healthcare, tracking transportation and home energy sectors.</p>	<p>We announced several new technology solutions to increase the efficiency and sustainability of our customers, including tools related to electric vehicles, patient health records and enabling the next generation of smart homes.</p>
2013 Goals	
<ul style="list-style-type: none">• Drive awareness and market adoption of ICT solutions for both enterprise and state/local government entities by defining the increased efficiencies, performance and competitive advantage these products create.• Launch a platform that will empower our customers to understand and manage their home security and energy usage remotely.	



Our Action

SUMMARY

Our products and services can enable customers to operate more sustainably and save money. We continue to work with credible third parties to quantify those benefits.

Overview

We worked with...	To analyze the environmental impact of...	And identified potential environmental savings by 2020...	And potential financial impacts by 2020 of...
<i>Global e-Sustainability Initiative (GeSI)</i>	The ICT industry	9.1 gigatons of CO ₂ -e	\$1.9 trillion
<i>CDP & Verdantix</i>	Cloud computing	85.7 million tons of CO ₂ -e annually ³	\$12.3 billion in energy savings alone ⁴
<i>CDP & Verdantix</i>	Telepresence (in place of some travel)	5.5 million metric tons of CO ₂ -e ⁵	\$19 billion ⁶
<i>Carbon War Room</i>	Machine-to-machine technology (M2M)	9.1 gigatons of CO ₂ -e ⁷	Almost \$1 trillion ⁸

³ Based on U.S. businesses with annual revenues of more than \$1 billion spending 69 percent of infrastructure, platform and software budgets on cloud services.

⁴ Based on U.S. businesses with annual revenues of more than \$1 billion spending 69 percent of infrastructure, platform and software budgets on cloud services.

⁵ U.S. and U.K. businesses with annual revenues of more than \$1 billion deploying a total of almost 10,000 Telepresence units. Savings start accruing in 2010.

⁶ U.S. and U.K. businesses with annual revenues of more than \$1 billion deploying a total of almost 10,000 Telepresence units. Savings start accruing in 2010.

⁷ Savings estimated for all ICT technology.

⁸ Savings just for M2M technology.



We are also working directly with other technology and service providers to create innovative solutions for our customers. Some examples follow:

Transportation	<i>Ford</i>	Ford engages AT&T to connect its vehicles to routing information, battery charge status and nearest charging station information.
	<i>SoBi</i>	Social Bicycles uses AT&T services to provide interactive and dynamic bicycle sharing.
	<i>Zonar</i>	Trucking fleet technology uses AT&T connectivity to monitor truck maintenance needs and increase fuel efficiency.
Tracking	<i>Amber Alert GPS</i> and <i>Numera Libris</i>	Tracking devices that monitor the location of kids, medically-at-risk or the elderly. Devices, equipped with fall detection capability, allow for easy connection directly to call centers in the event of an emergency.

ICT SOLUTIONS

Telepresence

AT&T Telepresence Solution[®] is a high-definition videoconferencing service that gives provides a virtual, face-to-face meeting experience without the expense and productivity drains of travel. Telepresence allows users to meet with people across the globe as if everyone were in the same room.

Since introducing AT&T Telepresence Solution[®] in 2008, AT&T has hosted customer forums, accelerated marketing campaigns, streamlined meeting processes and reduced travel through the use of video collaboration. This has resulted in meaningful financial and environmental impacts for AT&T:

	Travel Expense Avoided	CO ₂ -equivalent emissions avoided
2012	\$19.8M	11,600 metric tons
2011	\$13.9M	8,300 metric tons
2010	4.1M	2,500 metric tons
Total	\$37.8M	22,400 metric tons

This experience is beginning to validate research into the benefits of Telepresence[®]. An AT&T-sponsored [study](#) by CDP and Verdantix found that by 2020, U.S. businesses with revenues of more than \$1 billion can collectively achieve financial benefits of almost \$15 billion by substituting telepresence for some business travel and can cut nearly 4.6 million metric tons of CO₂.⁹

Cloud Computing

At its simplest, cloud computing is remotely accessible computing power where customers can keep data or applications. Using the cloud removes the need to store anything on hardware devices. AT&T worked again with CDP to release a study, [Cloud Computing: The IT Solution for the](#)

⁹ Carbon calculations were derived by Cisco's IBSG, which uses the TRX Airline Carbon Emissions Calculator for impact of air travel avoidance, along with a standard calculation for the impact of ground transportation avoided to and from the meeting and airport, less the impact of energy usage for the Telepresence[®] application and carbon start up and disposal. Note: Ground transportation to and from the Telepresence[®] location and airport were assumed equivalent to participants' normal daily commutes, and thus, offset each other.



21st Century, conducted by independent analyst research firm, Verdantix. It found that by 2020, large U.S. companies that use cloud computing can achieve annual energy savings of \$12.3 billion and annual carbon reductions equivalent to 200 million barrels of oil.¹⁰ That's enough to power 5.7 million cars for one year.¹¹

AT&T provides a range of utility- and cloud-based solutions that give businesses greater flexibility, speed and control over their IT infrastructure and enables them to better match capacity with application demand. With end-to-end services — including AT&T Synaptic Hosting, AT&T Platform as a Service, AT&T Synaptic Storage as a Service and AT&T Synaptic Compute as a Service — AT&T Hosting and Cloud Services help companies operate more efficiently and respond to fluctuating or hard-to-predict needs.

Learn more about [cloud services](#).

Fleet Management

Smarter transportation tackles inefficiencies by reducing fuel consumption through automated route planning and increased vehicle efficiency through the reduction of idle time, better managing miles driven, adhering to speed rules, monitoring of vehicle acceleration and other strategies. The resulting efficiency gains can deliver fleet-wide performance improvements that can lead to reduced energy waste and greenhouse gas (GHG) emissions. AT&T is one of the largest U.S. wireless providers of fleet management solutions for commercial truck and van fleets.

¹⁰ Represents the 2,653 firms generating revenues of more than \$1 billion in the U.S.

¹¹ Based on Bureau of Transportation Statistics average mpg, Federal Highway Administration average annual mileage and the Energy Information Agency gallons of gasoline per barrel of oil.

Learn more about [transportation management offerings](#).

Digital Life

This year we [announced](#) Digital Life service, an end-to-end solution allowing customers to remotely monitor and control lighting and thermostat controls, smoke detectors and water sensors from multiple devices, including smartphones, tablets and laptops. In addition to giving customers the ability to make their homes and property safer and more secure, Digital Life enables our customers to operate more sustainably by helping homeowners better manage utilities — lowering environmental impact and costs.

Learn more about [AT&T Digital Life](#).

Data Center Efficiency

The ICT sector is responsible for approximately 2 percent of global CO₂ emissions, which is nearly the same as the airline industry, according to a [2012 study](#) by The Green Grid Association. AT&T helps businesses build and operate their IT infrastructure more efficiently — helping them to lower the cost of doing IT business. Current trends toward the adoption of hosted services (e.g., outsourcing and cloud computing), server and storage virtualization and low-energy cooling as a means to replace less-efficient data centers and application services have great potential to increase IT and data center efficiency.

Learn more about [Smarter Data Centers](#).

Telecommuting

Telecommuting, defined as working from home, is one of the most promising opportunities for businesses to cut carbon emissions and it offers a variety of benefits for both companies and employees. It can improve:



- Job recruitment by improving a company's attractiveness to prospective employees
- Access to non-traditional workers by eliminating distance and commuting as barriers to employment
- Job satisfaction
- Work/life balance
- Real estate efficiency

Related to telecommuting is teleworking, or the ability to work virtually from anywhere. Teleworking is a vital component in preparing our nation to respond to unexpected events that prevent workers from reaching their traditional office environment, such as natural disasters, outbreaks of disease or terrorist incidents.

We offer a variety of innovative solutions to facilitate flexible working, including remote access, and conferencing and collaborating solutions such as AT&T Connect®. These technologies can help reduce travel and increase productivity by enabling employees to communicate and collaborate virtually anywhere.

Learn more about how AT&T uses [telecommuting in its own operations](#) and how AT&T's [Unified Communications solutions](#) can be used to establish telecommuting and teleworking programs.

Smart Utilities

Smart Utilities provide the potential for real-time access to utility data by customers and service providers. These grids allow for two-way communication between the utility provider and end points in the distribution system, including meters at the home or business.

Smart utilities help:

- Enable utilities to read meters remotely without sending technicians

- Provide utilities with the ability to remotely connect, disconnect and reconnect service for customers (e.g., moving homes or non-payment/reinstatement), thereby reducing emissions and saving time and money related to dispatching a truck
- Offer faster and easier outage identification and response, or to correct problems before they lead to outages
- Give customers real-time usage information and adjust their energy or water use accordingly, potentially saving customers money, allowing the grid to reduce usage during peak times and possibly reducing the number of new power plants that must be built
- Provide utilities with the ability to effectively integrate alternative and sustainable energy resources into their networks, potentially saving money and reducing carbon emissions and water use

AT&T connects people and data by providing broadband, wireless technology and security features. This technology will be critical to the modernization the nation's utilities and at the end of 2012, AT&T was providing communication services for **19 million** smart meters.

QUANTIFYING BENEFITS

Carbon Impact Assessment Tool

In addition to the research described above, AT&T has also created the [AT&T Carbon Impact Assessment Tool](#), with which business customers can easily calculate the estimated GHG emissions and cost savings of using solutions that replace or reduce business travel and increase productivity and collaboration. The tool estimates the financial and environmental savings associated with several services, including AT&T Telepresence Solution®, [AT&T Connect®](#) and AT&T Remote Access Service.



AT&T is the first communications provider to offer such a tool for businesses.

Collaboration

As an industry, we know we need to better measure the degree to which we can help others increase energy efficiency and reduce CO₂ emissions. This is something we are working to

address with industry groups such as the Green Grid, Energy Efficiency Inter-Operator Collaboration Group, Alliance for Telecommunication Industry Solutions, CDP, Verdantix and Carbon War Room.

Read more about our [collaboration with industry groups](#).