Conversations with our Chief Sustainability Officer

2017 was a year of tremendous challenges. We faced unprecedented natural disasters and massive shifts in the communications and technology industries while retraining thousands of our employees as we reach for bold, new visions.

To position our company for long-term success, we approach each social and environmental challenge in a way that will create value for our customers, employees and shareholders.

In this year's corporate responsibility update, you will see reporting on our 2017 key metrics, as well as a sampling of our work from 2017 and early 2018. As we reflected on the year, I spoke with colleagues from across our business to examine the opportunities and strategies that help us find solutions to some of today's most pressing challenges.

You'll find their responses on the pages that follow.

CHARLENE LAKE
Senior Vice President, Corporate Social Responsibility & Chief Sustainability Officer

A Conversation with …
Thaddeus Arroyo

THADDEUS ARROYO
Chief Executive Officer,
AT&T Business

Charlene Lake: *In your position as the CEO of AT&T Business, you speak about how technology and communications can help customers address challenges in their lives. Talk to me about some of your favorite solutions that your team is working on.*

Thaddeus Arroyo: We're in a unique position to help business customers use technology to improve daily lives and reduce their environmental impact. I focus on business solutions that drive these product and service innovations. For example, our network technology connects camera-enabled Aira smart glasses worn by people who are blind or have low vision. A tap of a button instantly connects the user to a remote agent who uses real-time video to provide visual assistance, helping the user better experience the world around them. On the environmental side, we also

offer many products and services, such as fleet management and asset tracking, that can help customers reduce their carbon emissions. We set a goal to enable carbon savings 10 times the carbon footprint of our operations by enhancing the efficiency of our network and delivering sustainable customer solutions.

Lake: *Technology is always evolving. What measures does AT&T take to deliver new ideas for customer solutions?*

Arroyo: We are always reviewing our offerings through the lens of the customer experience. Through the AT&T Foundry, we work with developers, startups and other companies to move ideas to market faster.

The Foundry has resulted in more than 500 projects and the deployment of

dozens of new products and services, including our work with Aira. Additional examples include: connected car solutions, Internet of Things products and services, and network connectivity for drones to address challenges such as assisting in emergency response.

A Conversation with …
Scott Smith

SCOTT SMITH
Chief Human Resources Officer, AT&T Communications

Charlene Lake: *We are currently undergoing the biggest technology transformation in our 142-year history. How does our workforce shape this change?*

Scott Smith: It's a huge transformation that's as much about people as technology. Think about it this way: the main component of our global network used to be hardware. We are now going through a seismic shift to software to drastically improve our customer experience. This requires skills in coding, cloud computing, data science and other related fields. And it means thousands of employees previously trained on older legacy technology need to update their skills for the new jobs available now and those still to come. The good news is many employees are making the personal decision to engage in our reskilling program, so they are prepared for our jobs of the future.

When we started this transition, we examined options to make sure we had the right people for the new jobs. We ultimately decided that the smartest strategy was to reskill our existing workforce. That's why we're providing our employees opportunities to learn and grow along with the business.

This is a massive effort that builds on our long history of education and training for our workforce. It also involves new solutions and collaborative relationships both in- and outside of AT&T.

Lake: *Can you provide some examples of these solutions and collaborations?*

Smith: Our Future Ready program is transparent: it educates employees on the competencies AT&T needs for particular roles and the training that assists employees in skilling up. Employees willing to put in the time can then take advantage of a wide range of learning resources, such as courses from AT&T University or "nanodegrees". These are technical credentials that touch areas such as Artificial Intelligence and Virtual Reality Development.

We also teamed up with Georgia Tech and Udacity to launch the first-ever online Master of Science in computer science. We're thrilled that other educational institutions have taken note and developed similar programs to prepare employees for future success.

Lake: *Why did you choose to provide reskilling opportunities for your current workforce instead of hiring new employees with the desired skills?*

Smith: Most important is that we owe our employees every consideration. They helped build AT&T and make it successful, so it's only right to give them the opportunity to continue contributing to our success. Technology is moving so fast that this now involves a commitment to non-stop, lifelong learning, which many of our employees have embraced. As they keep refreshing their skills, everyone wins. Employees enjoy personal and professional success, and the company has the dynamic workforce to lead it through new challenges.
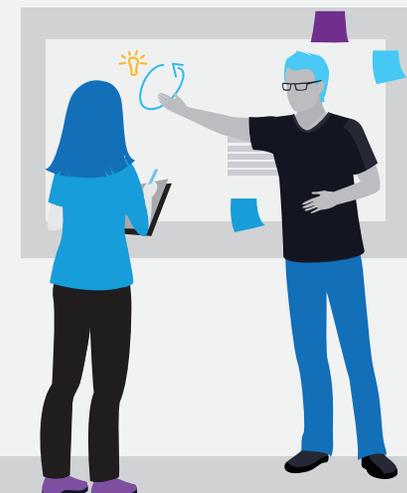
A Conversation with …
Valerie Vargas

VALERIE VARGAS
Senior Vice President,
Advertising and
Creative Services

Charlene Lake: *Last year, AT&T launched Hello Lab specifically to reach Generation Z. Why is it important to connect with kids and teens about social issues in a unique way?*

Valerie Vargas: We developed AT&T Hello Lab to engage younger audiences within the media where they spend time. We uniquely combine traditional celebrities and digital creators to produce content, experiences and events that are culturally relevant, build community and give voice to traditionally underrepresented creators in ways the Millennial and Gen Z audiences want to participate.

For example, in 2017, we introduced the AT&T Hello Lab Mentorship program, which gives voices to Millennial and Gen Z filmmakers and pairs them with entertainment industry leaders who can help drive their storylines forward. Young people care about making

their communities better places to live, and expect companies to demonstrate strong values and support social causes. Through Hello Lab, AT&T is bringing together young audiences and some of the influencers who can help promote those positive visions.

Lake: *Online connections, like those that Hello Lab fosters, can be great and positive or—unfortunately—negative. We launched #LaterHaters as a fresh way to address this unkind behavior, and your team worked with us to reach Gen Zers through program integration. What is a highlight of this initiative for you?*

Vargas: One of my favorite things about working with #LaterHaters is how we connected the campaign to influencers who are passionate about stopping bullying and focused on being positive online and in real life. Teens today live online and so

we reached them through our original programming, Guilty Party; Instagram; Snapchat; and at in-person events such as the Fullscreen Love is Love tour—all of which encouraged teens to post positive messages. The connections AT&T enables people to make are powerful and our goal is to make sure they are positive.

#LaterHaters