This report has been translated from its original language.

2016 Annual Sustainability Report
AT&T Comunicaciones Digitales, S. de R.L. de C.V. is a variable-capital Limited Partnership governed by its bylaws as well as by the local Corporations' Act (Ley General de Sociedades Mercantiles).

**Corporate.**
AT&T Comunicaciones Digitales, S.de R.L. de C.V. Río Lerma 232, Col. Cuauhtémoc, Cuauhtémoc, 06500, Mexico city.

**Megacentro.**
Filiberto Gómez 40-42, Fraccionamiento Industrial Tlalnepantla, C.P. 54030 Tlalnepantla, State of México

**Tecnoparque.**
Eje 5 Norte 990, Azcapotzalco, Santa Bárbara, C.P. 02230 Mexico city.

**Torre Unefon.**
Periférico Sur No. 4119 Torre - A, Colonia Fuentes del Pedregal, C.P. 14141, Mexico city.

In addition, we have points of sale located countrywide.

The brand names in italics are AT&T registered trademarks. Initial Sustainability Report. 2016. Drafted in line with the guidelines contained in the Global Reporting Initiative (GRI) G4. Not subjected to third-party review.

Contact e-mail: mx.resocial@att.com.mx
WE ARE COMMITTED

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Kelly King
CEO, AT&T Mexico

AT&T landed in Mexico back in 2015 with the aim of connecting people to their world in their residence, work and entertainment places... and being best in class at it.

At that moment, when the government set up a consistent program to reform telecommunications, the population in Mexico had 4G-speed access 61% of the time. Now, 4G LTE is available throughout the country 76% of the time. In context, this percentage is higher than the one in the UK (70%) or Germany (66%). A major stride in just two years’ time!

AT&T takes pride in having been an engine behind this transformation. We brought to Mexico a more reliable network experience combined with the world’s cutting edge technology.

Education is a good illustration. During 2016, we endeavored to empower and boost Mexican girls and young women so that they grow their careers and succeed in the areas of science, technology, engineering and mathematics (its English acronym being STEM). We cooperate with Laboratoria, an organization engaged in identifying low-income, talented women and educating them in web development.

Additionally, we collaborate with the government in order to provide connectivity to state-run schools and we award scholarships to young, talented women seeking opportunities for an international academic major related to our industry.

As concerns safety, we have put the power of our network at the service of enhancing population’s safety. Our collaboration with Alerta Amber keeps turning out favorable results, given that, in 7 out of 10 alerts AT&T was involved in, the child was eventually found. Based on this experience, we started collaborating with CONAGUA to alert our users in areas where natural phenomena, such as floods or hurricanes, might be expected.

Yet, our major source of inspiration probably comes from our employees, who have joined our commitment to pay back to the society, by boosting health and welfare initiatives, such as AT&T Racing, where they sponsored 5000 disabled racers.

In 2016, we have transformed our team’s way of working by implementing an outdoors policy which promotes cooperation and fosters inter-area integration. Putting this initiative in place was the result of moving our offices into a LEED-certified building (LEED = Leadership in Energy & Environmental Design).

We are motivated by our commitment to our staff members, and I take great pride in sharing with you that we have been recognized as one of the 20 best companies to work for by the Great Place to Work Institute.

These are the just initial steps in our inroads into Mexico. Meanwhile, we keep endeavoring to expand our network and introduce new technologies. In addition, we strive to step up small-, medium- and large-size enterprises in Mexico by enabling their connection to the digital economy.

Seeing ourselves as a successful company means finding ways to better serve our customers, offer more value to our shareholders, but, first and foremost, to help those communities where we are present.

On behalf of the men and women serving at AT&T, let me tell you that we are fully committed to Mexico and allow me to invite you to read through this report where you will find more information about the initiatives we implemented in 2016.

WE ARE COMMITTED
What is AT&T?

AT&T in the world

AT&T landed in Mexico back in 2015 with the aim of connecting people to their world in their residence, work and entertainment places... and being best in class at it. We offer advanced mobile services, high-speed browsing and smart solutions for people and businesses.

Moreover, our high-speed 4G LTE mobile network stands as the largest in North America, providing coverage to almost 400 million people and companies, and thus opening the door to multiple opportunities.

Additionally, our range of solutions helps companies from all industries worldwide to provide enhanced services to their own customers. We serve 35 million companies throughout the 6 six continents, including almost all Fortune 1000 ones.

And... we never stop innovating. We are fortunate to have many of the industry´s most brilliant minds on our team, which in Mexico is made up by over 18 thousand professionals.

Globally speaking, we are committed to measuring and following up the progress we gradually make. Such commitment springs from the global executive direction and is conveyed and implemented locally in all the locations where we operate. Thus, our ability to make strategic decisions, take them into practice and eventually generate a positive impact.

AT&T in Mexico

Our arrival in Mexico is relatively recent. In 2015 we kicked off our operations with the takeover of two companies in the country. In turn, 2016 was not only a transition year but also the first fully operational for AT&T in Mexico, during which our business expanded substantially with the opening of 870 new points of sale and the refreshment of our brand image in 2900 stores nationwide, with a renewed design intended to offer better quality services to our customers.

This initial sustainability report embodies our corporate commitment and allows us to create our track-record in terms of service, connectivity and development, but also in terms of social and environmental responsibility.

It was also during 2016 that we launched a new range of connectivity packages for our customers: simple and transparent, with higher data availability; including unlimited call and messaging services and access to the user´s favorite social media. All of these benefits are effective in Mexico, USA and Canada at no additional cost. Moreover, we have joined several social causes and we have continuously conveyed the message of a safe use of our products.

And all of the above has led to the following achievements:

- 4G LTE coverage provided to over 78 million people by the end of 2016, meaning that users can now browse, download or be connected at a speed 6 times faster than that offered by 3G networks.
- A 38% annual subscriber base growth and an expanded market share, which climbed from 8% in 2015 to 10.7% in 2016. In 2016 we stood as the fastest-growing telecommunications company.
We envisage a world where everything and everyone cooperate together. Our endeavors have led us to the achievement of a sustained growth and to the generation of direct and indirect economic impact in Mexico.

+78 million
People with access to 4G LTE coverage

AT&T erects as the fastest-growing mobile communications company in Mexico for 3 quarters in a row.

12 million
Total users achieved in

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<th>Total no of subscribers in 2016 (in thousands)</th>
<th>2016 Net no. of customers (in thousands)</th>
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Our essence

We aim to transforming the way people are connected, by offering advanced mobile services, high-speed browsing capabilities and smart solutions for people and businesses. We envisage a world where everything and everyone cooperate together, a connected world at the service of our customers.

About this report

This initial report includes a description of AT&T´s sustainability activities—financial, social and environmental level—developed nationwide in Mexico since our establishment in 2015 and all throughout 2016.

Such activities were defined on the basis of a preliminary materiality analysis which included the following steps:

1. Identification of AT&T’s corporate material aspects based on priorities, relevant impact and involvement in internal and external stakeholders groups.
2. Review of the group’s regional material aspects in Latin America.
3. Definition of local priorities by the cross-functional leading team which took part in the drafting AT&T Mexico’s report.

4. Validation of the material aspects arising from the three aforementioned steps by means of a sustainability benchmark applicable to Mexico’s telecommunication industry and based on the world’s best practices.

Using these findings, we were able to identify the following material aspects for the drafting of this initial report:

- Governance structure
- Ethics and integrity
- Quality and customer satisfaction
- Technological inclusion
- Social investment programs: education
- Environmental and business impact management
- Diversity, inclusion and employability
- Information security

Additionally, our strategy and analysis are reported:

- Organization profile
- Involvement in stakeholders groups
- Annual report profile
- Specific basic indicators

Next year, this analysis will be expanded to include the opinion of internal and external local stakeholders groups and to more thoroughly outline their context and validation. On the whole, the stakeholders groups linked to our organization are: the Federal Government, the Regulatory Authority and the Legislative branch. We are additionally in liaison with the following governmental agencies linked to our industry or to any of the areas in our social responsibility scope, with a view to enhancing our operational environment:

- Federal Government
- Federal Telecommunications Institute (IFT)
- Office of Communications and Transport (SCT)
- Local Consumer Protection Office (Procuraduría Federal del Consumidor-PROFECO)
- Legislative branch: Senate and House of Representatives, in particular the Communications Commission and the Communications and Transport Commission
- Office of Finance (SE)
- National Office of Digital Strategy - X code + CANIETI + SEP
- Office of Public education (SEP) in coordination with @rende
- National Water Commission (CONAGUA)
- Office of the National Attorney General
- Mexico city government
- San Miguel de Allende municipal government
- Foreign governments: US embassy in Mexico.
- National Telecommunications Association (ANATEL).

These groups were selected based on the strategy deployed by AT&T Mexico’s External Affairs VP.

Our interaction with the government are ruled by anti-bribery and anti-corruption policies, while all of our contributions or donations to any governmental stakeholders are subject to approval through a process called CORE monitored by the Compliance area as well as by the company’s top local and global authorities. (360° review).
At the forefront of technology

Portfolio

We are committed to providing our customers with the best possible options, based on simple and transparent plans offering higher data availability, unlimited call and messaging services and access to the user’s favorite social media. All of these benefits are applicable in Mexico, USA and Canada at no additional cost. We are helping transform the telecommunications industry on the basis of the following services:

Business-oriented solutions divided into four categories:
- Search and localization
- Sales performance
- Productivity
- Security

Fleet Control.
An IoT (Internet of Things) solution offered under the search and localization category, it allows gathering maintenance, security, operation and logistics data on real time basis for a more informed decision-making process concerning a company fleet.

State-of-the-art devices.
In cooperation with mobile devices manufacturers, we offer a broad range of products fitted to our customers’ varied needs.
Business integrity and ethics

Our core commitment to our customers, shareholders and employees in Mexico is to conduct ourselves in an ethical and honest manner. Therefore, conducting our operations on the basis of integrity lies as a core value and as the reason why we have adopted a "Corporate Code of Conduct", where our commitment to the protection of AT&T's reputation in Mexico as an ethical, trustworthy and honest company is enshrined.

In line with the above, employees from all levels and areas of the company should comprehend and personally express their commitment to observing the Code. On an annual basis, all employees are required to:

- Carefully review the Code and its meaning and be aware of what type of behavior is expected from them.
- Observe the Code at all times.
- Report any illegal or unethical behavior, whether witnessed or suspected, on the side of an employee or contractor.

AT&T guarantees zero tolerance of any type of retaliation against people reporters of illegal or unethical behaviors.

Moreover, during 2016 we provided the following online courses on the AT&T University platform, in order to forge and endorse the commitment of AT&T Mexico’s members, with a 95% rate of compliance:

- Foreign Corrupt Practices Act
- Corporate Code of Conduct
- Data protection
- Clear desk policy

We are committed to the integrity and ethics of our business in Mexico both at the level of internal operations and of the interaction with all stakeholders groups. That is why we endorse the Sustainable Development Goals (SDG) and forge specific commitments to meet their targets on the basis of concrete actions.

SDG 4 - Quality education.
Ensure an inclusive, equitable and quality education and promote learning opportunities for everyone. We boost educational innovation in order to encourage academic success, on the basis of the “Inspirando tu talento” and “Mujeres STEM” programs and our partnership with FUNED.

SDG 5 Gender equality.
Foster gender equality and empower girls and women. We have long endorsed global programs promoting gender equality and women’s empowerment in the business world. In Mexico, this is mainly conducted through the Mujeres en Acción program.

SDG 8 Decent work and economic growth.
Boost inclusion and economic growth, as well decent employment and work for everyone. Telecommunications have brought a revolution to lifestyles while connectivity can potentially...
foster the transition towards a more efficient economy. This has transformed communication, education, health services, energy consumption, as well as access to information, business activities and the interaction with governments. Our capital outlays in Mexico have erected us into a major player in the deployment of mobile, IP and fiber optics connectivity.

**SDG 9 Industry, innovation and infrastructure.** Build resilient infrastructures which may promote inclusion and sustainable industrialization and step up innovation. We are committed to expanding the access to a quality network worldwide. In Latin America, we are contributing to bridging the digital gap by extending our coverage into rural areas, thus taking connectivity to areas previously devoid of it.

**SDG 10 Reduce inequalities.** A diverse and inclusive team allows us to crowd in and retain the most outstanding and brilliant talent in order to come up with innovative products and solutions which may meet our customers’ needs. Diversity in all its forms, namely generational, racial, ethnical and sexual orientation, is integral to the AT&T team.

**SDG 11 Promote more inclusive, safe, resilient and sustainable cities.** We allocate our resources and experience to the Internet of Things in order to enhance citizens’ quality of life, while also creating new economic opportunities in the development of smart cities.

**SDG 13 Climate action.** Adopt urgent actions to fight climate change and its impact. We are committed to operating in a sustainable and environmentally friendly fashion, as well as to guiding our consumers into responsible decision-making. By 2025, we aim to achieving a 10% reduction in our operations’ carbon footprints by promoting network efficiency and offering sustainable solutions to our customers.

**SDG 17. Partnerships for the achieve goals.** We have set up partnerships that contribute to the achievement of shared goals, both in the telecommunications sector and in the communities where we operate. Among our main partners are: GSMA Latinamerica, ANATEL, IFT, PROFECO, PGR, CONAGUA, Laboratoria, FUNED. These partnerships will be reviewed in further detail later in this report.
WE ARE SUSTAINABLE

A 360° MANAGEMENT
STRENGTHENING TIES
WITH FOCUS GROUPS
ENGAGEMENT IN PUBLIC AFFAIRS
ACCOUNTABILITY AND TRANSPARENCY
A 360° management

Our customers are a priority for us and we are aware that the time is now for our company to stand as leader in offering users a quality experience in telecommunications services. That is the reason why, during 2016, we strengthened our ties to our stakeholders groups, executed agreements tending to increasing our customer satisfaction and launched new complaint settlement communication channels.

As part of our commitment towards an ethical and responsible operation, and in line with the highest global standards applicable in our industry, a human rights diagnosis of the operations acquired in Mexico was commissioned by AT&T from an independent consulting company. The assessment determined that our operational focus as well as our implementation of anti-corruption and workforce diversity policies have substantially reduced the risks of infringing human rights. As is sometimes the case of other telecommunications companies operating on the Mexican market, several opportunities have been identified and are currently under assessment for the preparation of an action plan. AT&T represents its commitment to the monitoring, encouragement and continuous improvement of its business practices and work environment.

We envisage a great future for Mexico: this is a country that cares for the environment and embraces sustainable development, where ethical business practices are employed and innovation is leveraged as a means to foster solidarity.
Interacting with stakeholders groups is vital for AT&T Mexico. Users, employees, the civil society, as well as businessmen, investors, governments, suppliers, journalists and opinion leaders stand as our counterparts and are integral to our mutual-benefit strategy with each one of them; that is why we in continuous and uninterrupted liaison with them. There are times when actions vary according to the context and the present cycle, and it is then when we reinforce our ties to each stakeholders group, in order to align our strategies and create synergies for the dissemination of the relevant projects.

- **Users:** as our main stakeholders group, they stand as the recipients of our advanced mobile and high-speed browsing services and smart solutions, for a faster and more secure connectivity. Our communication is channeled via our website, points of sale, call center and social media. Mid this year we conducted our first customer service satisfaction survey in order to count on an initial baseline diagnosis: the resulting data allowed us learn about this stakeholders group perception and thus define specific targets.

- **Employees:** AT&T’s core commitment is to our staff, that is, our most valuable resource and the masterpiece in order to achieve our goal of becoming Mexico’s top telecommunications company. To us, a diverse and inclusive working culture is paramount. We count with over 18000 brilliant minds focusing their talent and experience on the development of innovative products and solutions to meet our customers’ needs. We are communicated with them via internal memos.

- **Civil society:** we intend to be more than just a telecommunications company; we are also committed to sharing our values with the community. Therefore, we make our network available to people so as to generate a positive impact. While we are actively engaged in different initiatives, we are in close contact with the civil society through our website, points of sale and communication media.

- **Businessmen:** at AT&T, we understand the specific needs of country businesses and seek to step up business development. That is why we offer a broad telecommunications and productivity integrated solutions portfolio, customized to the needs of small, medium and large companies, that will assist them in adapting their daily operation to the demand for a more connected environment. There is a continuous flow of communication with them via our website, by e-mail, phone and the communication media.

- **Investors:** Relying in our company, they make capital contributions in support of our business, and therefore we are responsible for turning out positive results that may entail a benefit for them. We account for our actions before them through the communication media, as well as by phone, e-mail and internal briefing meetings.

- **Governments:** our operations are in observance of the law applicable in the territory where we operate and do business. A positive and collaborative relationship with the governmental branches with which we can also cooperate in social responsibility projects is key. That is currently the case of CONAGUA, with whom we collaborate by sending hydro meteorological phenomena alerts, and of PGR, with whom we cooperate in the Alerta Amber program.
Interacting with stakeholders groups is vital for AT&T Mexico. Users, employees, the civil society, as well as businessmen, investors, governments, suppliers, journalists and opinion leaders stand as our counterparts and are integral to our mutual-benefit strategy with each one of them.

Moreover, in 2016 we entered into an agreement with PROFECO intended for raising customer service levels and offering new communication channels for complaint settlement. In addition to being directly involved in several initiatives, we use several contact channels, such as meetings with officers, our website, e-mail and phone, and communication media.

**Journalists and opinion leaders:** they help us make known to the public our commercial launches, social responsibility endeavors and corporate news in general, this being underpinned by our communications on AT&T Mexico’s website News section, as well as by e-mail and phone communication, press conferences and events.

**Suppliers:** one of our main partners and a key piece of our Mexican operation, their support is paramount to meet the goals set. Furthermore, we are in very good terms with mobile devices manufacturers, which allows to be at the forefront of the market. Our communication with them is mainly through e-mail and phone. In 2016, a total of 1447 new suppliers were submitted with the AT&T USA´s Global Supply Chain team for approval. Our annual supplier assessment contain data regarding company size, market experience, legal actions/proceedings, civil protection regulations, staff training schemes, sales turnover, contingency plans and other relevant information.

Given the importance of our interaction with these stakeholders groups, the External Affairs Assistant Vice-President position was established for the purpose of taking care of the company liaisons with the External Relations, Public Affairs areas and with AT&T Mexico’s Corporate Social Responsibility initiatives. This Vice President leads public policy related relations, thus helping forge strong bonds with industrial and governmental sector entities, such as: the American Chamber of Commerce (AmCham), as Member of the Surveillance Committee (2017); the National Telecommunications Association (ANATEL), with two member counselors; the MX AMIPCI Internet Association, Assistant VP of the Infrastructure Committee (2017); National Chamber of the Telecommunications Electronics and Information Technology Industry (CANIETI), Digital Strategy VP and President of Chapter X (Telecommunications); Business Coordination Council (CCE), Global Businesses Executive Council (CEEG), Executive Board members, GSMA (International Mobile Devices Association).

The Vice President cooperates in the coordination of highly impactful regulatory strategies and stands as the link with the relevant authorities for decisions that may be beneficial for users as well as for the country’s social needs. In addition, it contributes towards regulatory compliance and towards creating an experience which may be more positive for all stakeholders.

Based on such initiatives, we have defined a number of strategies tending to raising the service level rate, such as:

- Pinpoint areas of opportunities to be tackled expeditiously.
- Interview each and every internal customer for feedback about the scores allocated and mutually agree on corrective and improvement actions.
Involvement in public affairs

We collaborate with several entities in the promotion of education, health and welfare, the environment, safety and business acceleration. Detailed information about our collaboration, as well as about the alliances forged and the results obtained so far may be found on section 6 "WE SHARE".
Amongst our guiding principles there stands complying with ethical conduct standards at all times in our relations at internal level as well as with customers, suppliers and related third parties in order to generate a healthy environment. Each one of the aforementioned parties is free to report any illegal conduct or practice they may detect so as to disrupt any infringement of the Corporate Code of Ethics, the Foreign Corrupt Practices Act (FCPA) or any other company policy or procedure. Several tools are available to ensure observance. One of them is the Managers Program: managers are trained in the observance of the company ethical standards and encourage their observance. We also count on the Do Right application, designed to monitor the call center facilities and the observance of ethical regulations.

And finally, we also feature “AT&T háblalo”, our hotline for a safe and confidential reporting of such unethical conduct as may conflict with our corporate policies.

In order to ensure a professional and objective attention, this unethical conduct reporting line service is outsourced to an external supplier that receives all reports, thus ensuring the confidentiality of the information provided. All reports are reviewed and allocated by an Ethics Consultant who is entrusted with following up each particular case. The decisions made or resolutions adopted upon the completion of the relevant investigation are mainly intended for a reinforced compliance of the Code of Conduct and/or the relevant policies/procedures by staff members, underpinned by AT&T’s human development culture implemented in Mexico. Reporting should be in real time and based on accurate information, including as many valuable investigational elements as possible, for instance: dates, full name of the persons involved, thorough description of the misconduct, organizational area or unit, physical workplace location. Reports may or may not be anonymous; yet, in all cases, users are required to provide contact information for communication with them if necessary. Once the report is complete, users are allocated a file number and password for follow-up purposes. Each user is free to choose the means of contact they deem most appropriate for reporting. All of them are operational round the clock and year round:

Free phone line: 01 800 212 5575
E-mail: atthablalo@tipsanonimos.com
Website: www.tipsanonimos.com/ATThablalo
P.O. box: CON-080 en la Ciudad de México
Fax: (55) 5255 1322
Further tools for ethical compliance on the side of governmental agencies members, employees and business partners of AT&T Mexico’s are as follows:

- **Integrity Guide:**
  Including ethical examples and business practices.

- **Our commitment (Live Training):**
  Course taught for strategic and specific groups in order to communicate the importance of complying with the US FCPA and with AT&T’s anti-bribery Compliance Policy.

- **Policy of unacceptable sales channel practices:**
  It establishes the guidelines to define and punish those practices deemed not acceptable during the sales or after-sales process applicable in all sales or customer service channels.

- **Notification of commercial transactions to governmental agencies:**
  It is intended for consolidating the level of observance of the US FCPA and AT&T’s anti-bribery Compliance Policy, as well as of international anti-bribery regulations and standards applicable in the territories where AT&T is engaged in business transactions with governmental entities.

  - "Yo Soy AT&T, hago lo correcto" (I am AT&T and I do what’s right) notification: the AT&T "I do what’s right“ campaign was launched.

- **I do what’s right – security and integrity:**
  report of all ASPR-related (AT&T Security Policy and Requirements) documents, where security guidelines to be complied with by AT&T employees are laid down.

- **Insider gazette- Corporate compliance and ethics:**
  This gazette contains the first podcast of the area, in support of the campaign aimed at emphasizing the importance of compliance and ethics with employees.

- **Our commitment (live training-executive leaders):**
  This is a course intended for communicating the importance of complying with the US FCPA and with AT&T’s anti-bribery Compliance Policy to corporate executives.

- **Our commitment (live training-targeted):**
  This course is intended for communicating the importance of complying with the US FCPA and with AT&T’s anti-bribery Compliance Policy to strategic, high-risk, targeted employee groups.

- **Our commitment (live training-regional):**
  These courses are intended for communicating the importance of complying with the US FCPA and with AT&T’s anti-bribery Compliance Policy to strategic, high-risk, targeted employee groups. (Mexico city and suburban areas, Guadalajara, Monterrey, Mérida and Tijuana).

- **FCPA Due Diligence review process:**
  the review is conducted by the managers entrusted with carrying out procedures before governmental agencies on behalf of AT&T. As part of this procedure, approved managers are given this training.
OUR PRODUCTS: A DIFFERENTIAL, QUALITY PROPOSAL

PRODUCT-RELATED ACCOUNTABILITY AND ETHICS

CUSTOMERS: OUR PRIORITY

A CONTINUOUS CONTACT IN THE QUEST FOR THEIR SATISFACTION

WE ARE CONNECTED
Our products:
A differential, quality proposal

G4-4

**Devices:**
Mobile phones, tablets (AT&T Ya!, a plan including the purchase of a device along with a two-year mobile service package).

**Plans:**
Phone included (AT&T con Todo, AT&T Ya!), with your own phone (AT&T a tu Manera, AT&T con todo damos más), prepaid (Unidos Prepago, Recarga Plus AT&T), Internet (AT&T internet con todo)

**Services:**
AT&T (My AT&T, 4G LTE, HD Voice, coverage, emergency codes, Facebook Switch, Cámbiate a AT&T [Move to AT&T]), Add-ons (S.O.S assistance, voice mail, Google Play Music, long distance calls worldwide, MMS rate, moments, AT&T equipment protection, Qustodio, AT&T Roaming, 911 Emergencies) and self-service (My AT&T).
Accountability and ethics

Both in Mexico and around the world, we have the RIM system in place, which defines information management and protection processes, sees to the compliance with legal and regulatory requirements and with the business needs, while additionally cares for risk prevention and mitigation.

The information operational lifecycle according to the RIM system is as follows: generation, storage, preservation and destruction of records in any format, applicable to both official and non-official documents.

RIM offers a systematized instruction scheme about what to preserve, time of preservation and timing for the destruction of records along the normal course of business throughout all areas. This scheme is endorsed by a Paperless Policy promoting the use of digital documentation and restricting that of physical files to those absolutely necessary cases, as well as by the Certificates of Destruction in the event of physical information disposal.
Customers: our priority.
A continuous contact in the quest for their satisfaction

We aim to raising the level of customer satisfaction in Mexico and to providing for proactive claim settlement in order to enhance their experience and define a new customer service standard.

As part of our continuous improvement scheme, during 2016 we entered into a cooperation agreement with PROFECO intended for raising the level of the customers’ service experience with the telecommunications industry: customers now have the chance of reporting all their complaints to all PROFECO offices countrywide by phone or at AT&T’s own stores, for an effective service based on a fast and transparent process.

Moreover, in collaboration with PROFECO, we drafted a guide on users’ basic rights regarding AT&T mobile communication services, which is visibly displayed at our Authorized distributors’ facilities as well as at AT&T Service Centers and at the Attorney-General Offices, and is additionally handed out to users whenever they undersign a service agreement with us.
DYNAMICS AND DIVERSITY FOR THE SAKE OF GROWTH
OUR VALUE PROPOSAL
TALENT RECRUITMENT
DEVELOPMENT AND MOBILITY
ONGOING EDUCATION
BENEFITS AND FLEXIBILITY

WE COOPERATE
Dynamism and diversity for the sake of growth

Our goal is to get each one of our employees to realize their fullest potential and become outstanding leaders in their task.

Diversity and growth opportunities are integral to our work culture. In order to raise our workforce awareness of the importance and benefits of team diversity, we host the Diversity and Inclusion Workshop. During 2016, we trained 200 staff members in Mexico city: our goal is to get each one of our staff members to realize their fullest potential and become outstanding leaders in their task.
AT&T Outstanding leader profile

PERSONAL ABILITIES

- (Self) develops skills and acquires advanced and thoroughly competitive knowledge.
- Is expeditious, purposeful (conscious) and careful in decision-making.
- Recognizes and seizes (grasps) opportunities as these arise.
- Applies thorough functional abilities and is a knowledge role model.
- Requests opinions and contributions from others.

INTERPERSONAL ABILITIES

- Liaisons and strategically cooperates with working teams for shared achievements/synergies.
- Builds diverse and high-performing teams.
- Where necessary, makes tough decisions for the sake of improving dynamics and team results.
- Develops human talent and abilities to ensure the organization’s expected performance and competitiveness.
- Facilitates alignment (strategy/tactics-oriented) through assertive and crystal-clear communication.

FOCUS ON RESULTS

- Their performance and results are industry-leading benchmarks.
- Defines and meets ambitious and stretch-leading targets.
- Identifies and knows his/her customers.
- Shows empathy and a service attitude towards internal and external customers.
- Requests feedback about the service he/she provides.

A CHANGE LEADER

- Is aware of / knows / understands the global market’s most competitive trends.
- Generates changes through transforming and innovative actions.
- Manages/leads the changes required in the culture.
- Takes on smart and calculated risks.
- Adapts his/her behavior to different scenarios or styles of the people he/she interacts with.

CHARACTER

Shows high level of integrity, honesty, and is greatly committed to the success of the company, of our customers and our staff members.
The initiatives included in the diversity strategy are described in Section 6 “WE SHARE”.

The prospects for AT&T growth in Mexico are reliant upon each employee’s performance and achievements. The assessments are conducted under the “Success factors” system. The results obtained are the basis for outlining promotions, education programs and career growth opportunities for each employee. These are our 2016 results:

**Staff performance assessment**

**GENDER-BASED BREAKDOWN**

- 66%

**CATEGORY-BASED BREAKDOWN**

- 34%

**Career growth (promotions)**

**GENDER-BASED BREAKDOWN**

- 40%

**CATEGORY-BASED BREAKDOWN**

- 60%
At AT&T we boost diversity and inclusion in all the markets where we operate. Our cultural practices are underpinned by the respect, impartiality, trustworthiness and comradeship values.

That has earned us a top position in the Great Place to Work (GPTW) ranking in Mexico, for the over-five-thousand employee category (#19), Gender Equality (#9), TI and Telecom (#9), and Millennials (#17).

Our value proposal

Cultural practices

- RESPECT
  The importance attached by leaders to the staff under their supervision in terms of career growth, cooperation with them and appreciation as individuals with a personal life out of work.
  1. One on One Session - Proximity
  2. One on One Session - Development
  3. Special events calendar
  4. Best practices
  5. Lessons learned
  6. Meet AT&T (Vice-presidency)
  7. Feedback

- IMPARTIALITY
  Assesses equality in job opportunities, as well as Justice, Fairness and Absence of Patronage.
  8. Development menu
  9. Acknowledgements

- TRUSTWORTHINESS
  It refers to the perception of staff members about their leaders and the organization’s approach to Communication, Ability and Integrity.
  10. AT&T Outstanding leader model
  11. Communication forums
  12. Involvement meetings
  13. Alignment meeting
  14. Skip Level

- COMRADESHP
  It refers to employees’ sense of belonging, cooperativeness and family towards the company in such issues as Proximity, Hospitality and Community sense.
  15. Birthdays
  16. Integration
Talent recruitment

18000 was our headcount by the end of 2016.

Since their first day on the job, we welcome each of AT&T Mexico’s employees to make them at home through our “First Day” initiative, when their colleagues organize different activities to give them a warm welcome.

Additionally, we have raised the number of women in leadership positions from 10% into 34%, with a view to achieving gender equality in the workplace. Moreover, we reach out to each of the groups at internal level, such as to the LGBT community (Lesbians, Gays, Bisexuals, Transsexuals).
At AT&T we encourage the full development of each one of our employees by means of our apprenticeship, promotion and international mobility programs. As a result, we currently count on a multinational, cohesive and qualified workforce respectful of the Mexican culture. Among the actions tending to promoting integration are: special dates celebration and acknowledgements to loyalty, academic excellence and service quality.
AT&T offers training programs for all areas and positions, so as to help our employees fulfill their tasks effectively, provide better quality services to our customers and grow their own careers. In order to strengthen these programs, during the course of the next year we will be issuing our External Training Policy, intended to provide the guidelines and description of responsibilities regarding the publicizing and management of external training and academic liaisoning schemes. All of this is aimed to the training, promotion and integration of staff into the productive process, as well as to encouraging a self-development culture, based on providing the required knowledge and skills to perform their task in accordance with the company standards.

Moreover, these other education-encouraging initiatives are in place:

- **Revive tus estudios (Resume your studies):** we encourage company employees to complete their secondary education as a means to boost their career growth opportunities. During 2016, 777 employees succeeded in completing their secondary education.

- **Construyendo ideas (Shaping ideas):** under this initiative a means is provided for the communication of AT&T Mexico’s culture strategies and for the encouragement of an active employee involvement in the generation of ideas for a better workplace.

AT&T offers training programs for all areas and positions, so as to help our employees fulfill their tasks effectively, provide better quality services to our customers and grow their own careers.
Benefits and flexibility

Joining the AT&T Mexico’s staff brings employees benefits above the minimum statutory ones, as well as career growth opportunities. These benefits and flexibility schemes help us get the most outstanding talent on board of all of our business areas.

Total staff – classified by work schedule

<table>
<thead>
<tr>
<th>Work Schedule</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time schedule</td>
<td>6,966</td>
<td>58</td>
<td>6,908</td>
</tr>
<tr>
<td>Part-time schedule</td>
<td>11,385</td>
<td>35</td>
<td>11,350</td>
</tr>
</tbody>
</table>

In addition, we have insurance, high medical expenses and bonus schemes available, as well as educational, nutritional, medical, sports, technology and burial-related benefits.

On top of that, we have a parenting support policy. At AT&T Mexico, family is deemed as the main engine behind our employees’ development and the parent–children relationship, a core value. That is why a flexible work schedule, along with other benefits are offered in order to facilitate flexibility and raise productivity. During 2016, there were 352 female and 1 male employee who enjoyed their maternity/paternity leave, following which they were welcome to return to their positions.

As concerns wages and employment benefits, during 2016 we pledged to help foster the country’s economic and competitive development and therefore offer, on a equal footing for male and female employees, a minimum wage rate which stands as 83% above the minimum statutory one.

Starting wage/Minimum living wage ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Calculation</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>($133.33/$73.04) x 100=</td>
<td>82.54%</td>
</tr>
</tbody>
</table>

6,908  11,350
WE INTEGRATE

CHAIN VALUE: OUR SUPPLIERS
CHANGE LEADERS
All industries and markets are currently marked by an exponentially growing business speed and complexity which has led businesses into reshaping their competition, evolution and growth strategies, but, even more important, their strategies to remain competitive amidst a daily-changing technological revolution.

AT&T Mexico boosts businesses development by means of strategic support and innovative solutions, thereby not only transforming business doing but also fostering our suppliers’ and partners’ growth. Our supply chain management system is built upon three main pillars: materials, information and finance, all three shared throughout AT&T Mexico’s value chain, ranging from raw material procurement to manufacturing, distribution and end consumers. It additionally involves coordinating and integrating all these flows, not only to align the value chain but also to ensure product availability in their expected quality upon the customer’s request. In order to achieve that balanced flow, we have sophisticated systems in place interfacing with the other company systems, thus guaranteeing a complete and smooth supply chain management.

During 2016, we collaborated with a total 1,411 suppliers, 9% (122) out of them being foreign companies and the remainder 91% (1,289) being local ones. This rate reflects AT&T Mexico’s commitment to local suppliers.

There is additionally our commitment to growing our supplier base by means of a supplier assessment scheme. On the basis of the assessment score, it is decided whether each supplier is eligible to remain on our base, if there is any area to improve, or, ultimately, if such supplier should be replaced.

In addition to the above-described assessment, a risk assessment of the suppliers making up 80% of our outlays was conducted during 2016 by the procurement area. 754 of the total number of suppliers we did business with were assessed and the outcomes subsequently reported to the Corporate Compliance and the Data Protection teams, who are in turn responsible for conducting their own FCPA and Data Protection compliance respectively.

The assessment form classifies suppliers into three risk categories: low, medium and high. A low-risk classification is allocated whenever a score of up to 39% is obtained, whereas a medium-risk one is allocated in the event of scores between 40 and 60% and a high-risk one occurs in the case of scores of 61% or higher. It is worth noting here that suppliers interacting with governmental agencies who may be hired to provide a service for AT&T, are automatically allocated to a specific follow-up scheme.
Change leaders

We use the power of our network to bring about a positive change for the communities where we operate.

At AT&T Mexico we care for the way people interact with technology and that is why we encourage novel uses to cover consumers’ needs, ranging from raising awareness of the dangers of texting while driving, to helping find missing children in cooperation with Alerta Amber and offering support to our users during meteological emergencies.
We have a commitment to the Mexican society, and therefore our actions are focused on social impact pillars to which we contribute added value by offering connectivity, technology and talent development initiatives, namely: Education, Health and welfare, Safety, Business acceleration and Environment. And here are the outcomes achieved during 2016:
G4-S01

Education

Creamos conexiones que impulsan la innovación en la educación. A través de estas iniciativas ayudamos a estudiantes y a comunidades en México para que alcancen un desarrollo de clase mundial.

Internamente, ofrecemos programas de entrenamiento y becas para empleados que desean terminar el bachillerato y la universidad.

Exteramente, trabajamos cuatro proyectos en México:

**AT&T STEM Women:**
We integrate and retain the engineering apprentices who completed a weekly 28-hour attendance to AT&T Mexico’s offices. In addition to gaining professional experience, they benefited from mentoring, coaching, human development courses as well as from ongoing, performance (self) assessment intended to underpin their career at our company. This initiative allows us to encourage young Mexican women to become involved and succeed in the fields of science, technology, engineering and math (STEM) so that, regardless of their economic, social or academic status, they may develop a path to success. Moreover, we endorse initiatives related to low-income adults education given that, at AT&T we are aware of the fact that education opens opportunities to everyone.

**Inspiring your talent:**
This initiative is intended to expand educational opportunities in ways that may change children’s lives. Our executives contribute their experience to guide young Mexican students in their academic and professional development by sharing their own personal and professional experiences and motivating them to carry on with their education.

**Post-graduate grants:**
An alliance between AT&T Mexico and FUNED for education promotion, this initiative supports Mexican youths who are willing to take master courses abroad so that, upon return, they may contribute to the country’s economic development and to the professional growth of the future leaders who will move Mexico forward.

**“@prende” (Learn):**
At elementary education level, we cooperate with the Office of Public Education (SEP) in conducting connectivity tests in public schools as part of the “Digital Inclusion and Literacy Program”. Where necessary, we provide 4G LTE connectivity through our AT&T network, thus enabling students from six schools to access the programs contained in the “@prende” web platform.
Health and welfare

At AT&T Mexico we acknowledge the importance of a balanced life and therefore aim to creating a positive work environment that may foster leadership, diversity and innovation, while also benefiting the communities where we operate and strengthening our employees’ identification and commitment and thereby inspiring more Mexicans to generate positive actions, some of them being:

**Change agent:**
Every AT&T Mexico’s employee volunteers in their communities and contributes to charitable causes through NGOs, collections for food banks, help for disabled people, or engage themselves in reforestation or beach cleaning activities, among other activities. With the support of our 18000 employees we reassert our commitment to generating a positive impact in this country.

**AT&T Women in action:**
Given that women’s professional development is in the spotlight of our attention, in September 2015 we lauched the “Women in action” program, intended to encourage female involvement in the business and social arenas. With 34% of the company’s leading positions being currently held by women, we have achieved a 10% rise vis-a-vis the rate at the kickoff of our Mexican operation back in early 2015. Our female workforce accounts for 38% of the total organization’s headcount and we aim to giving them the chance for full development by providing the conditions required for an effective and productive work performance and the means for them to raise their competitiveness and well-being standards, by fostering their development in the family and personal arenas. We carry on with this endeavor through various initiatives, such as:

**AT&T Ambassadors:** we support women in managerial positions to empower and turn them into leading directors and successful women, through manifold leadership and inclusion programs.

**Women stay healthy:** we encourage the adoption of physical and emotional well-being lifestyles and we also organize healthcare and diagnosis campaigns.

**Saving lives:** we train AT&T women for effective response in the event of emergencies requiring first-aid assistance.
Outlining my future: a life roadmap whereby all women at AT&T are encouraged to perform certain concrete actions that may lead them into achieving their personal and professional goals in the short and medium run.

Generational diversity: This program is intended to tap into the capabilities and different views each generation may contribute, in order to foster collaboration and teamwork, as well as to become enriched in terms of knowledge and experiences shared among different generations from 14 states of the Republic of Mexico.

AT&T incluyéndoTE (AT&T includesYOU): We foster a culture that may be inclusive of all people and encourage the concept of zero discrimination at work, where opportunities are available for everyone in a positive environment. A diverse and inclusive workforce allows crowding in and retaining the most outstanding and brilliant talent to develop the innovative products and solutions required to meet our customers’ needs.

LGBT network: This network of employees seeks to promote LGBT diversity and inclusion in the workplace, by fostering integration and equality. This network is currently made up by members from over 20 Mexican states.

Accessibility: We have accessible facilities available for people with weak eyesight, blindness or deafness and this information is included in our website as well as in our service agreements.

AT&T racing: We boost a culture of healthiness through various initiatives, such as medical check-ups and the AT&T 5-km and 10-km running races.

Businesses 'network: We are also a member of the "Businesses 'network", which promotes the exchange of ideas, practices and knowledge in such issues as inclusion and general human resources procedures.
All industries and markets are currently marked by an exponentially growing business speed and complexity which this has led businesses into reshaping their competition, evolution and growth strategies, but, even more important, into striving for their strategies to remain competitive amidst a daily-changing technological revolution.

AT&T Mexico boosts businesses development by means of strategic support and innovative solutions that may bring along a transformation in business doing. Here are some of our business acceleration initiatives:

“Laboratoria”:
During 2016, we forged an alliance with Laboratoria Coding A.C., a social-oriented technology company through the AT&T Foundation with a view to training the next generation of female developers based on an educational program which included 120 young Mexican women. Talented women from areas of limited opportunities were identified and trained in web development, that is internet and intranet sites creation and management. During 2016 we supported Laboratoria Mexico actions with a 1.3-million US-dollar joint donation from the AT&T Foundation and ourselves intended to expand their educational program and their model.

Business solutions:
Following this initial operational year, we can boast a customized solution portfolio for the local small, medium and large businesses’ requirements. AT&T’s capacity to serve 3.5 million businesses globally, among which are virtually all companies listed by Fortune 1000, will be the engine for the installation of such capacity in Mexico, thus fueling local business competitiveness at worldwide level.
Cybersecurity:
Our vast experience in security issues has allowed to tell that over 90% of organizations were hit by at least one cyber-attack during 2016, while 63% of them experienced a real incident. Underpinned by our long track record, we reassert our commitment to cybersecurity and pledge to strengthen it and to report all relevant progress. Our network adheres to high security standards, with experts being able to prevent up to 1.8 million attacks daily.

Internet of Things – IoT:
The impact that connectivity may bring to businesses is strategic. In turn, the Internet of Things (IoT) allows counting on accurate and real-time information, which leads to streamlined processes. At AT&T Mexico we acknowledge how valuable it will be for the country to have this kind of technology and connectivity available as a means to contribute to economic and business growth. During 2016, we launched a portfolio of products to connect different assets from all types of businesses, such as fleets, containers, utilities, monitoring devices, supply systems, alarms, heavy equipment and wearable, among others. This level of connectivity requires a one-of-a-kind network offering longer-lasting and extended lifecycle battery-operated coverage and equipment which may help towards the development of new industries and applications.

This commitment on our side entails becoming an integral part of the community. We executed an agreement with the municipality of San Miguel de Allende to serve as high-speed internet service supplier in various public areas around the city, declared Cultural Heritage of Humanity by UNESCO. Our intention is to provide city locals and visitors with an improved communication experience so they may share their experiences on the social media, thus making San Miguel de Allende more visible in Mexico and around the globe.
We collaborate in safety-related initiatives on an ongoing basis, an illustration of such collaboration being the various partnerships we have established with government authorities and institutions to contribute to the welfare of all the population:

**Puede Esperar (It can wait):**
This is a global endeavor aimed to mitigating the risks posed by distracted driving, by helping raise awareness of the dangers of texting while driving, which seeks the commitment of people to not text while driving, thereby making them aware of the role they may play in saving lives.

For more information, visit us at: [www.puedeesperar.com.mx](http://www.puedeesperar.com.mx)
"Alerta Amber": This partnership established with Mexican authorities is aimed to issuing an alert in the event of a missing child case by sms messages sent to the entire users’ base. The expeditious response levels and widespread coverage have been major positive contributions: within a one-year term, over 5 million sms messages were sent out and were a support in finding 7 out of 10 boys, girls and teenagers in the country and in reuniting families.

Service during the course of hydrometeorological phenomena: we are aware of how important connectivity is, especially in times of adversity, such as that brought by natural disasters. That is why we have implemented a robust plan for timely crisis response: our group of engineers are able to provide uninterrupted communication for users in areas likely to be affected by a natural disaster. The preparatory stage includes both infrastructure deployment and specialist teamwork. The whole plan is intended for maintaining communication or restoring it as soon as possible. Moreover, we collaborate with the National Water Commission (CONAGUA) to send out alerts to users located close to areas hit by hurricanes, storms or tornados.

We care for Mexico: In a cooperative endeavor with GSMA Latin America and ANATEL, we seek to actively promote the value of a safe, sustainable and responsible use of technology. The program is also endorsed by the Federal Telecommunications Institute (IFT) as well as by other industry-related institutions.

Say no to stolen mobile phone devices: In 2016 we joined this initiative aimed to reducing the rate of mobile phone devices theft, which allows mobile phone users in Mexico to review the Stolen Device Check System (GSMA’s IMEI Device Check) hosted on the Federal Telecommunications Institute’s website and verify if the device they are about to acquire appears on the stolen devices list. This list stands as the most robust global tool in the struggle against this crime, which does not only seek the reduction of mobile phones theft but involves a social aspect: avoiding the use of stolen devices in major crimes such as extortion and kidnapping. For more information, visit: http://www.ift.org.mx/imei

Prevention and attention during the course of natural disasters: We have joined initiatives for prevention and attention during the course of natural disasters in order to assist the community in the event of hurricanes or earthquakes. Here it is worth noting that, as part of our commitment to Mexico, during the course of the Patricia hurricane in 2015, we deployed cell towers on wheels (COWs) and donated equipment units to the government and the population so that they may not be isolated and uncommunicated.
Due to its relevance and impact on our business, this latest pillar is dealt in-depth in the next chapter, no. 7 "WE PRESERVE".

With initiatives deployed to tackle all these five pillars, and thanks to the power of AT&T's 4G LTE network, we help opening up new opportunities to people, their communities and businesses.
WE ARE COMMITTED TO THE FUTURE
RESPONSIBLE RESOURCE CONSUMPTION
CONTROL OF GREENHOUSE GASES
EMISSIONS
RESOURCE-EFFICIENT MANAGEMENT.
BOOSTING ENVIRONMENTAL COMMITMENT

WE PRESERVE
We are committed to the future

Our planet is faced with major challenges during this XXI century. Our future relies upon a healthy environment and technology may be a useful tool for communities and businesses to take adequate care of natural resources. Through research, innovation and collaboration, we have developed a set of technologies aimed to tackling today’s challenges and building a brighter future for us all.
During this reporting period, our corporate offices were moved into a LEED-certified (Leadership in Energy & Environmental Design) facility, as an initial step in our commitment to a social responsibility strategy.
Control of greenhouse gases emissions

During 2016, we have undertaken the measurement of our operations’ carbon footprint in order to have a clear picture of our environmental performance and thereupon define our reduction goals. Meanwhile, we have developed general guidelines concerning our main sources of emission, as listed hereunder:

**Diesel fuel and petrol consumption**

Over this initial reporting year, we conducted our baseline measurement of petrol and diesel fuel consumption mainly from our fleet vehicles, personal vehicles from authorized staff and executives’ ones. During 2016 our petrol consumption accounted for almost 94% of the total liters of fuel consumption.

**Electricity consumption**

In 2016 our total consumption amounted to 426,000 MWh, including our corporate and office facilities, stores and telecommunication network, the latter accounting for almost 89% of our total electricity consumption.

On the basis of these guidelines, the electricity and fuel consumption levels per energy unit and employee were as follows:

- **Fuel consumption (%) 2016**
  - Petrol (liters) 3,854,485
  - Diesel (liters) 250,993
  - Total 4,105,478

- **Electricity consumption (KWH) 2016**
  - Corporate and offices 28,375,806
  - Stores 16,667,424
  - Telecommunication network 381,014,072
  - Total 426,057,302

- **Internal energy consumption (%) 2016**
  - Corporate and offices 94%
  - Stores 6%
  - Telecommunication network 6%
  - Total 89%
In order to estimate our direct (scope 1) and indirect (scope 2) emissions, we use the emission factors published by the Greenhouse Gas Protocol, as well as the fuel and electricity consumptions.

In 2016, our indirect CO₂eq emissions accounted for 95% of our total emissions.

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<tr>
<th>Fuel Type</th>
<th>Consumption (GJ)</th>
<th>GJ/Collaborador</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>1,533,806.29</td>
<td>83.58</td>
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<tr>
<td>Petrol</td>
<td>132,073.95</td>
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<tr>
<td>Diesel fuel</td>
<td>9,065.87</td>
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<tr>
<td><strong>Total Energy Consumption</strong></td>
<td><strong>1,674,946.10</strong></td>
<td><strong>91.27</strong></td>
</tr>
</tbody>
</table>

**Direct emissions (Scope 1 - Ton CO₂ eq) 2016**

- Petrol: 8,931
- Diesel fuel: 554

**Total 9,485**

**Indirect emissions (Scope 2 - Ton CO₂ eq)**

- Corporate and offices: 12,769
- Stores: 7,500
- Telecommunication network: 171,456

**Total 191,726**

**Total emissions 2016**

- Ton CO₂ eq / employee: 10.96

**5% DIRECT EMISSIONS (SCOPE 1) 95% INDIRECT EMISSIONS (ALCANCE 2)**
Resource-efficient management

Our recycling program has allowed us to collect mobile phones and accessories in an amount of half a ton for recycling purposes: this stands as an ongoing initiative in place at specific points of sale, which also operate as centers for mobile phone collection to give them an environmentally friendly treatment once their lifecycle has come to an end.

As concerns the waste generated by our organization, we entrust their treatment to suppliers holding the international R2 certification, who are responsible for picking up and disposing of the waste and for submitting a disposal manifest and/or certificate.

We have undertaken the drafting and implementation of a comprehensive waste management plan, based on which a total value for Special Management and Hazardous Waste, as well as a total value for our Carbon and Greenhouse Gases Emissions generated during this year by the following three areas will be obtained: Electrical and Electronic Devices Waste, Hazardous Waste and Urban Solid Waste nationwide. The impact of these actions is to be reported on the next Annual Sustainability Report.
Promoting environmental commitment

AT&T requires its suppliers to have environmental protection measures in place. When requesting a services quote and prior to placing a service order, we require suppliers to provide us with information about their activities intended to raise awareness of environmental protection and about the environmental criteria they employ in the promotion of their goods and services. It is to be noted that we conduct an assessment on all participating suppliers during the negotiations prior to the final selection.

This process was implemented during the first quarter of 2016 and is executed on a weekly basis. By the end of 2016, the assessment of 65% of the existing suppliers was completed and it served as the basis for the assessment of all new suppliers. The information relevant to each one of them, along with their resulting scores and feedbacks are recorded on our procurement system, which ensures information accessibility, transparency and security.
## BASIC GENERAL CONTENT

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<tr>
<th>Basic General Content</th>
<th>Description</th>
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<td>Strategy and analysis</td>
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<td>4</td>
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<td>Organization’s brands, products and services</td>
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<td>G4-6</td>
<td>Countries where the organization operates</td>
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<td>G4-7</td>
<td>Proprietary and legal aspects</td>
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<td>G4-8</td>
<td>Market sectors</td>
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<td>G4-9</td>
<td>Organization scale</td>
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<td>Workforce</td>
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<td>G4-11</td>
<td>CWB Protection of employees</td>
<td>AT&amp;T Comunicaciones Digitales, S. de R.L. de C.V., no cuenta con empleados sindicalizados.</td>
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<td>G4-12</td>
<td>Supply chain</td>
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<td>Internal and external changes in the organization</td>
<td>4 and 6</td>
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<td>G4-14</td>
<td>Precautionary measures</td>
<td>51</td>
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<td>G4-16</td>
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### Strategy and analysis

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<tr>
<th>Reference</th>
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<td>G4-17</td>
<td>Reference to corporate composition in consolidated financial statements</td>
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### Stakeholders group involvement

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### Annual report profile

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<th>Conformance option</th>
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<tr>
<td>January 1-December 31, 2016</td>
<td>Annual</td>
<td><a href="mailto:mx.resocial@att.com.mx">mx.resocial@att.com.mx</a></td>
<td>Essential option of &quot;conformance&quot; to the GRI guideline G4.</td>
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<table>
<thead>
<tr>
<th>Immediate preceding report</th>
<th>No applicable. Initial Annual Sustainability Report</th>
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</table>

### External verification

No.
## Organization profile

### Strategy and analysis

The corporation’s supreme governing body, in accordance with the corporate bylaws and the General Corporations Act, is the Shareholders’ Meeting. Moreover, the corporation is governed by a Board of Directors made up by the (i) President (CEO); (ii) Secretary (CFO); and (iii) a Member (General Counsel).

### Ethics and integrity

| G4-56 | Code of ethics and conduct | 10 and 17 |

### BASIC GENERAL CONTENT

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<td>Percentage of top executives from the local communities in larger operation sites.</td>
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<td>Skill management and continuous training programs fostering workforce employability and completion of undergraduate courses</td>
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<td>Breakdown of employees percentage taking regular performance and professional development tests on a gender and job category basis.</td>
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<td>Basic general content</td>
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<td>Hours of workforce training on human rights related policies and procedures related to their tasks, including percentage of staff members trained.</td>
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<td>G4-SO1</td>
<td>Percentage of centers where development, impact assessment and local community involvement programs have been put in place.</td>
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<td>Number and percentage of centers where corruption and significant related risks have been detected.</td>
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<td>Number of complaints related to unfair competition, monopolistic or competition-restrictive practices and their outcome.</td>
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<td>Number of cases involving a breach of regulations or of non-mandatory codes of marketing communication, such as advertising, promotion and sponsorship, with a result-based breakdown.</td>
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<td><strong>Customers’ privacy</strong></td>
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<tr>
<td>G4-PR8</td>
<td>Number of complaints related to breach of privacy and customers’ data leakage.</td>
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</table>
Contact data for further information, questions or comments:
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