

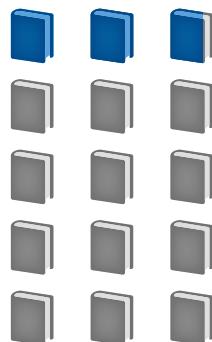
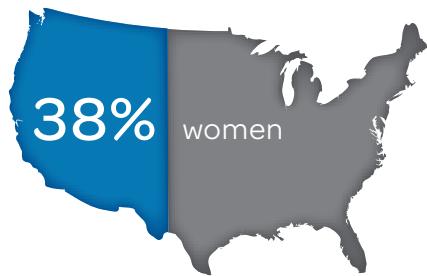
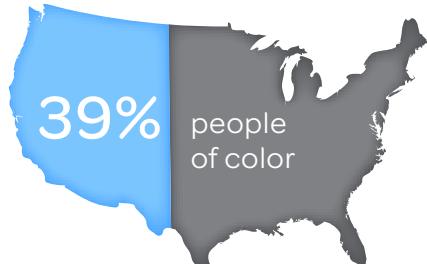


AT&T 2012 Sustainability Report

Highlights

People and Community

Our 50-state workforce includes:



>\$43.6M

Investment toward \$250M planned 5-year commitment to education through AT&T Aspire

24% (\$12.8B)

of total supply chain spend with minority, women and disabled business enterprises



>5.8M = >\$129M*

employee and retiree volunteer hours



Environment

Began addressing
3.3B gallons of water use



2010



1.6M

2011



4.2M

2012



7.7M

cumulative gallons of gasoline avoided by deploying alternative-fuel vehicles

Annualized energy savings ...

2010
\$44M

2011
\$42M

2012
\$65M



4,200 energy projects



4,500 energy projects



5,600 energy projects

cumulative
>\$151M



14,300 energy projects



Technology

>1.3M

pledges to never text while driving through the "It Can Wait" campaign



= 100,000 pledges

For more info visit att.com/csr

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People and Community

People matter – to each other, to our communities, and to our company. This has been one of our core beliefs for 137 years and always will be. Our workforce, our business, and the communities that we serve are all stronger because of it.



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

1

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

2012 Key Performance Indicators

- Number of hours volunteered through employee and retiree volunteer programs: **>5.8M**
- Dollar amount associated with volunteerism (financial equivalent based on the 2012 industry standard from nonprofit Independent Sector): **>\$129M¹**
- Amount of employee giving through United Way/Employee Giving Campaign: **>\$33M**
- 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 2012 more than **13,000** employees voluntarily chose and tracked **23,632** DOTs on the DOTspot Impact Calculator website.

In April of 2012, we launched the Team DOT functionality, giving employees an option to increase their impact by starting or joining a team. This new feature garnered immediate interest resulting in **369** DOT teams by the end of 2012.

Nearly **1,000** 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 United Way/ Employee Annual 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 Corporate Governance

Materiality Assessment Topic: Ethics & integrity

Issue Summary

Good corporate governance is a necessary foundation for ethical and responsible business practices and is directly related to business success.

Our Position

How we do business is just as important as what we do. Living up to the highest standards of honesty, integrity and respect is the most important commitment we can make — to each other, our customers, our business partners and our shareholders.

Our Action

CODE OF BUSINESS CONDUCT

AT&T's Code of Business Conduct (CoBC) puts our values into action across the globe. More than just a set of rules, the CoBC is a guide to help us make the right decisions every day.

The CoBC addresses common ethical and compliance issues covering a range of topics including diversity and nondiscrimination, conflicts of interest, customer and employee data privacy and our commitment to the environment. In addition, we maintain an easy-to-use website that provides access to specific policies and more detailed guidance around key CoBC issues. Each employee — from our part-time workers to our CEO — is responsible for reviewing the CoBC and understanding its provisions.

In 2012, we accomplished an approximately 99.7 percent completion rate on our CoBC training. In addition to the videos mentioned below, we also

target compliance training on particular topics to appropriate groups of employees — particularly employees new to the company — to improve their understanding of our commitments. These training courses include: the Fair Labor Standards Act, records management, sexual harassment, privacy, anti-corruption/anti-bribery and a variety of Environment, Health & Safety courses.

We learn from our CoBC violation reports whether to introduce training or additional communications about a particular area. Our training, which is mostly Web-based, involves hypothetical compliance situations and other techniques to get employees fully engaged in the learning process. We are adding video training options for many compliance courses, and we are working on versions of training that our field forces can access via their mobile devices.



In addition, we require documentation of ethical and compliant behavior in our managers' annual appraisals.

Employees Who Seek Guidance or Wish to Raise a CoBC Concern Have a Variety of Available Resources:

- A supervisor or anyone in the employee's reporting chain
- A functional expert in our Legal department, Internal Audit department, Corporate Compliance organization, Human Resources department or Chief Security Office
- The AT&T Ethics Office
- For U.S. employees, the AT&T Hotline 1-877-871-COBC (2622), which is staffed by a third-party vendor and allows for anonymous and confidential reporting
- Online Reporting, available through the same third-party vendor's portal
- AT&T's Asset Protection organization

An employee who seeks advice, raises a concern or reports misconduct is following the CoBC and doing the right thing. We do not tolerate retaliation against such a person. Allegations of retaliation are investigated and appropriate action taken.

We also have a separate Code of Ethics that applies to all employees, and also to our board of directors. The Code of Ethics emphasizes honest and ethical behavior, avoiding conflicts of interest and the importance of SEC filings and related statements that are fair and accurate.

COMPLIANCE

We offer many resources to employees who have questions about the laws, regulations and policies affecting our business. In addition to upholding our CoBC and policy website, our Corporate Compliance organization seeks to maintain an open dialogue about compliance issues.

Our Corporate Compliance Program focuses on key compliance risks. The Corporate Compliance organization works with each business unit on an ongoing basis to determine that the proper controls are in place to operate our business with the utmost integrity. The process includes an annual risk assessment reported to the Compliance Oversight Committee and to the Audit Committee of AT&T's board of directors, which oversees the Corporate Compliance Program.

To emphasize key policies, the Corporate Compliance organization uses a policy review tool that exposes targeted audiences of employees to key policies by email. This tool retains a record of the employees who reviewed these policies via the tool. In 2012, we applied the tool to several policies including the Suppliers Policy, the Social Media Policy and the Antitrust Policy.

ANTI-CORRUPTION/ANTI-BRIBERY

Around the world, we follow ethical business practices in our dealings with public officials, other companies and private citizens. We do not seek to influence them, directly, indirectly, through the payment of bribes or kickbacks or any other unethical payment. Such activity erodes our integrity and, in most cases, violates the law. We strive to avoid even the appearance of improper influence. In particular, we are



especially vigilant when dealing with government officials.

HUMAN RIGHTS

We try to do business with suppliers, third parties and business partners who enhance our level of service and provide products and services of quality. We seek suppliers who share our commitments to human rights (including labor rights), diversity and ethical and sustainable business practices.

Visit our [Frequently Requested Information](#) page for our [Human Rights in Communication Policy](#).

POLITICAL CONTRIBUTIONS

We comply with all applicable laws concerning political contributions. Political contributions, where permitted, are an important part of the political process. Visit our [Investor Relations Corporate Governance](#) website to see our full statement on political contributions.

EXECUTIVE/BOARD COMPENSATION

Our Corporate Governance Guidelines cover subjects such as CEO and director compensation. They are published on our website and available in print to any stockholder who requests them. To view them, please visit our [Investor Relations Corporate Governance](#) website.

CORPORATE GOVERNANCE

Please visit our [Investor Relations Corporate Governance](#) page for more information on our corporate governance structure and contact details.

SUSTAINABILITY GOVERNANCE

Our commitment to citizenship and sustainability reaches the very highest levels of our company. The [Public Policy and Corporate Reputation Committee](#) of the AT&T Board of Directors has oversight of citizenship and sustainability.

Separately, our Citizenship & Sustainability Steering Committee comprises senior executives and officers from across the company with responsibility for the business areas most linked to our current citizenship and sustainability priorities. Each officer represents her/his entire department on the committee so as to reach a broader range of issues and perspectives.

Some of the areas for which the executives on the committee have responsibility include human resources, AT&T Labs, IT, data center operations, legal, investor relations, finance, compliance, network planning and engineering, network operations, consumer marketing and devices, public policy, privacy, supply chain, fleet operations, external corporate communications, call center operations, employee communications, corporate real estate, energy management, enterprise/business marketing and sales, public affairs, AT&T Foundation and corporate citizenship and sustainability.



Citizenship & Sustainability Steering Committee

- Jeff Bradley, Senior Vice President — Devices, AT&T Mobility
- Len Cali, Senior Vice President — Global Public Policy, AT&T Services, Inc.
- Gerry Chicoine, Senior Vice President — Audit Services and Chief Compliance Officer, AT&T Inc.
- Rick Felts, Senior Vice President — Information Technology Operations, AT&T Services, Inc.
- Peggy Garber, Senior Vice President and Assistant General Counsel, AT&T Services, Inc.
- Tim Harden, President — Supply Chain and Fleet Operations, AT&T Services, Inc.
- Bill Hogg, Senior Vice President — Network Planning and Engineering, AT&T Services, Inc.
- Susan A. Johnson, Senior Vice President — Investor Relations, AT&T Inc.
- Charlene Lake, Senior Vice President — Public Affairs and Chief Sustainability Officer, AT&T Services, Inc.
- Esther Lee, Senior Vice President — Brand Marketing, Advertising and Sponsorship, AT&T Services, Inc.
- Glenn Lurie, President — Emerging Enterprises and Partnerships, AT&T Mobility
- Robin G. MacGillivray, Senior Vice President — One AT&T Integration, AT&T Services, Inc.
- Roman Pacewicz, Senior Vice President — Marketing and Global Strategy, AT&T Services, Inc.
- Krish Prabhu, President — AT&T Labs and Chief Technology Officer, AT&T Services, Inc.
- Mark Schleyer, Senior Vice President — Corporate Real Estate, AT&T Services, Inc.
- Bill Smith, President — AT&T Network Operations, AT&T Services, Inc.
- Scott Smith, Senior Vice President — Human Resources Operations, AT&T Services, Inc.
- Larry Solomon, Senior Vice President — Corporate Communications, AT&T Services, Inc.
- Debbie Storey, Senior Vice President — Talent Development and Chief Diversity Officer, AT&T Services, Inc.

Charlene Lake, our chief sustainability officer, leads our efforts to achieve a wide range of specific, sustainable business objectives — working with the Public Policy and Corporate Reputation Committee of the board of directors, the chairman's office and AT&T's executive team to further integrate sustainable business practices across AT&T and our supply chain.

In addition, we operate a number of expert teams to help drive the initiatives into the business.



AT&T Sustainable Business Practices Expert Team Structure





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](#).



International Highlights

Materiality Assessment Topic: Giving & philanthropy; Disaster response

Issue Summary

In the global economy, communities are increasingly interconnected and interdependent. As companies expand across the globe, company innovation and resources can help address social and environmental challenges.

Our Position

We are proud to invest in communities around the world. We understand the importance of giving back to the communities in which we live and work.

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

Our Action

In 2012, we continued to support programs and projects that are making a meaningful impact in communities.

WHEN COMMUNICATIONS IS LITERALLY A MATTER OF LIFE AND DEATH

Télécoms Sans Frontières

In today's "hyper-connected" world, we often take it for granted that we can pick up a smartphone or tablet computer and connect to

our friends, family and colleagues — almost no matter where they are in the world.

But for people who find themselves in desperate situations caused by natural disasters or man-made catastrophes, the ability to connect to a network can literally be a matter of life and death. So it's good to know that, in the midst of disaster and chaos, a global charity that we have supported for a decade will likely be there to provide that vital connectivity.



Télécoms Sans Frontières (TSF), the world's leading emergency telecommunications charity, aims to be on the scene of a disaster — anywhere in the world — within 24 hours. The French-based organization provides victims, other relief organizations and first responders with the ability to communicate.

In 2012, TSF deployed to Guatemala following a devastating 7.5-magnitude earthquake that resulted in 50 people killed, 15 buried under the rubble, more than 100 missing and severe disruption to the local telecom infrastructure. Roads were destroyed, and 73,000 people were left without electricity. TSF experts worked with local and regional agencies in Guatemala to immediately deploy their communications networks to help victims as quickly as possible.

According to refugee María Margarita, TSF provided a vital lifeline for many people:

"Thanks to TSF, I was able to inform my brother in the United States about my situation. I told him that my house collapsed, breaking the legs of my son and my daughter-in-law, but that we are alive. I deeply thank TSF because I did not know how to contact my brother."

At an event in London in November 2012, we furthered our commitment with a donation of \$150,000 — bringing the total level of support from AT&T and the AT&T Foundation to TSF over the last decade to approximately \$800,000. The event also marked the 15th anniversary of TSF's first overseas aid mission and was attended by telecom industry leaders as well as senior government officials, nongovernmental agencies and media. 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 President and co-founder, Jean-Francois

Cazenave said:

"AT&T's support will allow us to continue to expand our operations globally and further our ability to respond to disasters and sustain support to communities at times of crisis. We have benefitted from 10 years of shared commitment to connecting people through telecommunications, and we are honored that the world leader in the industry continues to renew its trust in TSF."

TSF's motto is "Communications for Life." With its record of deployments to over 60 countries — supporting millions of victims and more than 650 humanitarian organizations over the last 15 years — this is more than a motto. It's an impressive reality.

Aidmatrix

Aidmatrix's programs are a collection of technologies, consulting, training and support designed to empower organizations to deliver humanitarian relief more efficiently. AT&T has been a supporter of Aidmatrix since 2009.

With the financial support of AT&T, Aidmatrix was able to immediately get to the work of creating infrastructure, coordinating relief and implementing building programs in affected areas so donors can easily offer products and match nonprofit needs. More than 40,000 leading business, nonprofit and government partners leverage Aidmatrix's solutions to mobilize more than \$1.5 billion in aid annually, worldwide. The donated goods, money and services impact the lives of more than 65 million people.

President & CEO of Aidmatrix and former Governor of Wisconsin Scott McCallum said regarding the response to an earthquake and tsunami in Japan:



"I hope you'll be as proud as we are of the significant impact that was achieved in responding to such a logistically challenging disaster event."

FULFILLING THE POTENTIAL OF A GENERATION OF TALENT

To ensure a robust and well-educated talent pipeline, we must invest in our future workforce. Through our Aspire initiative, AT&T seeks to help students learn about careers and understand the educational and workforce skills they will need to succeed.

Junior Achievement Slovakia (JASR)

JASR is a nonprofit organization dedicated to preparing young people for the world of work. AT&T employees in Slovakia have worked with JASR to organize conferences dedicated to deepening Slovakia's students' understanding of skills required for effective management.

Lenka Trnovská, student participant in a JASR/AT&T conference, said:

"I was looking forward to this conference since we are already facing some difficulties concerning the motivation of employees. I learned how to motivate my colleagues and lead a team."

The Prince's Trust

The Prince's Trust in the U.K. works to support the development of workplace skills among youth. AT&T has supported the organization since 2005, contributing \$375,000 – enough to help 110 young people launch their own businesses. Most recently, AT&T donated \$30,000 to support young people in the midlands of the U.K., and an AT&T team of 30 cyclists took to the road and raised more than

£6,000 in the London Palace to Palace 45-mile cycle challenge.

AT&T is a member of the Technology Leadership Group that enables The Prince's Trust to provide vital funding and guidance to unemployed young people that help them take control of their future and to create their own employment.

Martina Milburn, chief executive of The Prince's Trust, said:

"We are really proud to have AT&T as a supporter of The Prince's Trust. Together we are making the most enormous difference to the lives of young people across the U.K."

SUPPORTING ECONOMIC EMPOWERMENT FOR WOMEN

The Institute for Economic Empowerment of Women (IEEW) created the PEACE THROUGH BUSINESS® program in 2007 to educate women, strengthen their economic empowerment and leadership development and help build stable democracies. This program provides entrepreneurial education to women business owners in Afghanistan and Rwanda as a means to enable them to develop and to advance their businesses and gain financial independence.

In 2012, our employees and volunteers provided support for the initiative and guidance for its students in order to allow these women to accomplish their entrepreneurial goals. One focus of the program is to provide technology instruction on topics such as utilizing the Internet and mobile technologies to maximize operational efficiency and promote their businesses.

Since the program began, IEEW has directly trained 286 women in Rwanda and Afghanistan through its PEACE THROUGH BUSINESS®



program. To date, 134 of these students have traveled to the United States for leadership development training, sharing these newly learned skills with women in their local communities upon return to their home countries. In addition, 11 students made return visits to the United States to receive advanced leadership training.

SUPPORTING COMMUNITIES ACROSS CONTINENTS – A SELECTION OF PROJECTS SUPPORTED IN 2012

Project HOPE – Health Opportunities for People Everywhere

Project HOPE works in 30 countries throughout the world to build the capacity of health professionals, improve facilities, establish health management systems, donate medical supplies and volunteer medical services.

In India, we assisted with two projects:

The Parikrma Humanity Foundation's Circle of Life program supports low-income high school students in India. The program ensures that the students have access to a comprehensive educational program, as well as nutrition and healthcare resources.

Shantidhara's Loni Children's Home mission provides educational opportunities for children who are physically challenged (generally, from the effects of polio). The project was supported through the development of a computer lab for students with disabilities, allowing them to obtain skills necessary to join the workforce.

Meal Exchange

In Canada, AT&T made a contribution of \$25,000 to Meal Exchange, a Canadian national youth-driven charity that engages, educates and mobilizes youth to work with their communities across Canada to alleviate hunger locally and achieve food security.

Peter Kapler, interim director of Meal Exchange said:

"The issue of hunger is something that requires consistent support. We are very thankful for AT&T's ongoing support both in terms of funding, but also through their engagement with our programs."

Childnet International

We've also forged strong relationships globally with organizations committed to Internet safety. For example, we support Childnet International, a U.K.-based children's charity that works full-time to make the Internet a fun and safe place for kids. Childnet is creating innovative content as a result of AT&T's support including a recent new video on "sexting," and a toolkit for educators.

Will Gardner, CEO of Childnet International, said of AT&T's support:

"In fact it is crucial in order to sustain the education and outreach work that we do. One particular project that we are putting AT&T's funding towards is to help educate older teenagers about the risks involved in 'sexting', the taking and sending of explicit images and texts."



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

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.

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

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

2012 Progress Toward Goals

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.

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.

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 measurable 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](#).



Supporting Our Troops

Materiality Assessment Topics: Employee diversity; Employee engagement; Giving & Philanthropy; Supplier diversity; Volunteerism

Issue Summary

Members of the military and their families make great sacrifices for our country, and often confront unique challenges during periods of deployment and during their return to civilian life.

Our Position

For nearly 100 years, AT&T has remained dedicated to supporting active military personnel, veterans and their families. Our nation's service men and women make sacrifices to protect our country and our freedoms, and as a company we see it as an honor to support them both at home and abroad. Moreover, military veterans possess the skills we need to succeed as a company, and are an invaluable part of our workforce.

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 Goals

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 Goals

In 2012, we:

- Spent **\$12.8 billion** on 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.



Raise awareness and provide resources for military families, focusing on opportunities for military children.

AT&T has a long history of support for and work with the military, and 2012 was a year that accelerated that support, specifically in the area of supporting military families:

- Through financial and employee volunteer support, we enabled Big Brothers Big Sisters (BBBS) of North Texas to expand their military mentoring program for youth. The expanded funding will allow for **400 mentor pairs**, matching children from military families with a volunteer mentor with a military background.
- To date, BBBS has achieved a total of 242 of the **400 military matches**. Additionally, a contribution to the Military Child Education Coalition helped support the expansion of student-led, curriculum-based training for students of military families who are transitioning from one school or community to another.
- We were also honored to support the launch of Cell Phones For Soldiers' new program, Helping Heroes Home, with a social media campaign on causes.com and with a financial contribution.
- This is all in addition to our relationships with organizations such as Tip of the Arrow, Military Spouse Employment Partnership, the Department of Veterans' Affairs and state veterans' agencies and commissions.

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

RECRUITING AND HIRING MILITARY VETERANS

At AT&T, hiring veterans has been integrated into our business as usual recruitment practices for years. We focus on recruiting veterans not only because it's the right thing to do, but also because it's good for our business. In the past two years, we have enhanced our military recruitment programs by increasing our marketing and branding activities within the veteran community, dedicating a Military Talent Attraction Program Manager to inform the military about AT&T and educating AT&T managers about the military.

We understand that the job search and application process at large companies can be challenging for anyone – and even more so for transitioning veterans who are entering a new world with a new set of jargon. Therefore, we created online tools and resources and added checkpoints to optimize success through our recruitment process.

We have established a military focused career site, www.att.jobs/military and a Military Skills Translator Tool, www.att.jobs/MOS, that allows veterans to use their current Military Occupation Code or Military Occupation Specialty to identify civilian jobs at AT&T that may be a good fit for them. We created a process for veterans to join our Veteran Talent Network, to participate in online career video chat sessions or to connect directly with an AT&T veteran to receive job search advice through AT&T's Careers for Veterans program: <http://veterans.att.jobs>.

Since the Careers for Veterans programs' inception in July 2011, almost **3,000** veterans have initiated the process to receive job search advice from an AT&T veteran volunteer. Over

5,000 veterans have joined our Veteran Talent Network to receive updates on career opportunities in their area of interest. Through the Veterans Talent Network, AT&T provides veterans with a newsletter and information about job openings and events. AT&T employee veterans also participate in career fairs for transitioning military service members, veterans and military spouses.

In 2012, we developed an internal program to educate recruiters and hiring managers across AT&T on the benefits of hiring military veterans. On an ongoing, daily basis, our Military Talent Attraction team translates military terms for hiring managers and helps veterans seeking jobs in the corporate world better understand how to translate military jargon and match their experience with corporate needs.

AT&T is a founding member of the 100,000 Jobs Mission, launched in 2011 by JPMorgan Chase and ten other companies. The coalition has grown to 101 companies committed to hiring at least 100,000 veterans by 2020. The coalition's companies have collectively hired 64,628 veterans through the first quarter of 2013.

AT&T is leading an initiative with JPMorgan Chase and the 100,000 Jobs Mission to launch a veteran talent exchange in 2013. The exchange will enable military and veteran job candidates to opt in to a talent-sharing database, which will facilitate the sharing and referral of veteran candidates among the members of 100,000 Jobs Mission companies who elect to participate.

We aggressively recruit top military talent for jobs across our business; about **60 percent** of veterans who joined AT&T in 2012 made their transition to the private sector as technicians. In addition, college-educated veterans are finding



employment across AT&T's career areas as project managers, IT professionals, financial analysts, supply chain managers and more. By working with key military groups and associations such as Student Veterans of America, Wounded Warrior Project, the Department of Veterans' Affairs, Tip of the Arrow, Partnership for Youth Success and state veterans' agencies and commissions, a select corps of junior officers and college-educated noncommissioned officers are also being recruited into AT&T leadership development programs, including our Leadership Development Program.

In 2012, we **tripled** our veteran hires bringing in nearly **1,000** veterans into AT&T. We are stepping up our veteran recruiting efforts with the goal of hiring **5,000** veterans and their family members into AT&T career opportunities over the next five years, consistent with our commitment to equal employment opportunities.

SUPPORT FOR AT&T EMPLOYEE VETERANS

We offer peace of mind for our military employees who are called to serve our country by providing them differential pay and other benefits for their families while they are deployed. We also guarantee them a job when they return. This position is guaranteed to be at the same level or above the job they held prior to deployment.

AT&T's Veteran Employee Resource Group (ERG) has been around for 30 years and has more than **5,500** members. This group creates an instant community for veterans joining the company and involves them in outreach, philanthropy and volunteerism opportunities – including ways to help refer fellow veterans to jobs at AT&T. AT&T veterans serve as Career Ambassadors and represent AT&T at veteran career events and

through our Careers for Veterans Job Search Advisor program. Our ERG members take advantage of multiple opportunities to interact with senior AT&T leaders and make connections across business units and functional areas.

For the past few years, AT&T employees deployed on active reserve duty during the holiday season have received a letter and a gift (usually an electronic device) from our CEO to express appreciation for their service and sacrifice and to help them feel connected to their colleagues back home.

Awards and Recognitions

- AT&T has been recognized as one of the 10 Best Corporations for Veteran-Owned Businesses by *Vetreprenuer Magazine* four years in a row.
- *G.I. Jobs Magazine* has recognized AT&T as one of the Top 50 Most Military-Friendly Employers for the past seven years.
- *Military Times*, a Gannett publication, has ranked AT&T #12 on their EDGE list of companies that are Best for Vets.
- Electronic Recruiting Exchange awarded AT&T the Best Military Talent Program.

SUPPORTING VETERANS AND MILITARY FAMILIES

A long-standing mission of AT&T is connecting members of our nation's military with their loved ones back home. Initiated in 2004 and expanded through financial support from AT&T, Cell Phones for Soldiers is a non-profit that uses funds from recycled cell phones to buy prepaid phone cards for our service men and women, helping them connect with their families.

In 2012, AT&T was proud to support Cell Phones for Soldiers' new "Helping Heroes Home" initiative, a program designed to provide



emergency funds for returning veterans to alleviate communication challenges as well as physical, emotional and assimilation hardships. We supported this expanded mission through a financial commitment of more than **\$450,000**, as well as through a new campaign on our causes.com community, Connect For Good. AT&T also has relationships with Tip of the Arrow, Military Spouse Employment Partnership, the Department of Veterans' Affairs and state veterans' agencies and commissions. We also support the Military Child Education Coalition, which provides assistance to military-connected students who are transitioning from one school or community to another. Through a **\$50,000** contribution to the Military Child Education Coalition, we helped support the expansion of student-led, curriculum-based training for students of military families.

On Veterans Day in 2012, AT&T launched the "Love a Vet" campaign and began accepting video messages from employees and customers to veterans serving in our nation's armed forces. These video messages can be viewed on our [YouTube channel](#) and are shared with veterans and active duty military personnel around the world.

SUPPLIER DIVERSITY

In 2012, the second class of participants graduated from AT&T Supplier Diversity's Operation Hand Salute protégé program. This groundbreaking national mentoring program helps service-disabled veteran CEOs improve their business operations and enhance their ability to win corporate contracts. Over the course of 12 months, CEOs participate in mentorships, a 10-week entrepreneur program via AT&T TelePresence Solution® and AT&T Matchmaker events including "Fast Pitch" sessions with a panel of experienced CEOs and AT&T executives. CEOs also have the opportunity

to present their business's core competencies to AT&T procurement decision makers and AT&T suppliers.

EMPLOYEE PROGRAMS TO SUPPORT OUR TROOPS

Our employees and retirees are also committed to supporting our troops; in 2012, hundreds of them participated in the AT&T Pioneers, one of the largest industry-sponsored support volunteer organizations in the country. AT&T Pioneers collect cell phones for recycling, prepare and send thousands of care packages to troops serving overseas, greet soldiers at airports, and host various other events nationwide to recognize the sacrifice of military members and their families.

Through our veteran employee resource group, celebrating its 30th anniversary in 2013, our more than 5,500 members pursue activities that support veteran and military causes. We develop relationships with the local Employer Support of the Guard and the Reserve (ESGR) to provide community support for our veterans being called to service and for the many employees who have family members currently serving.

Our employees also support the military and their families by contributing to scholarship funds and donations to military organizations through our Employee Annual Giving Campaign and Employee Matching Gift program.

EVENT SPONSORSHIPS

AT&T is a major sponsor of events including the PGA's AT&T National, which is part of the company's marketing efforts. This tournament also supports local charities and serves as a salute to the brave men and women of our Armed Forces.



In 2012, tournament officials distributed 30,000 complimentary tickets to the United States Military, and we also contributed 5,000 prepaid calling cards that were part of the military care packages assembled at the tournament and sent to our troops overseas. The tournament also included a Military Care Package Tent where spectators built care packages that were sent to troops deployed overseas.

We also sponsor the U.S. Olympic Committee Warrior Games, which celebrate the achievements and abilities of wounded, ill and injured service members. The competition features Paralympic athletes from all five branches of the military.

To learn more, [visit www.att.com/troopsupport](http://www.att.com/troopsupport).



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 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

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.

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

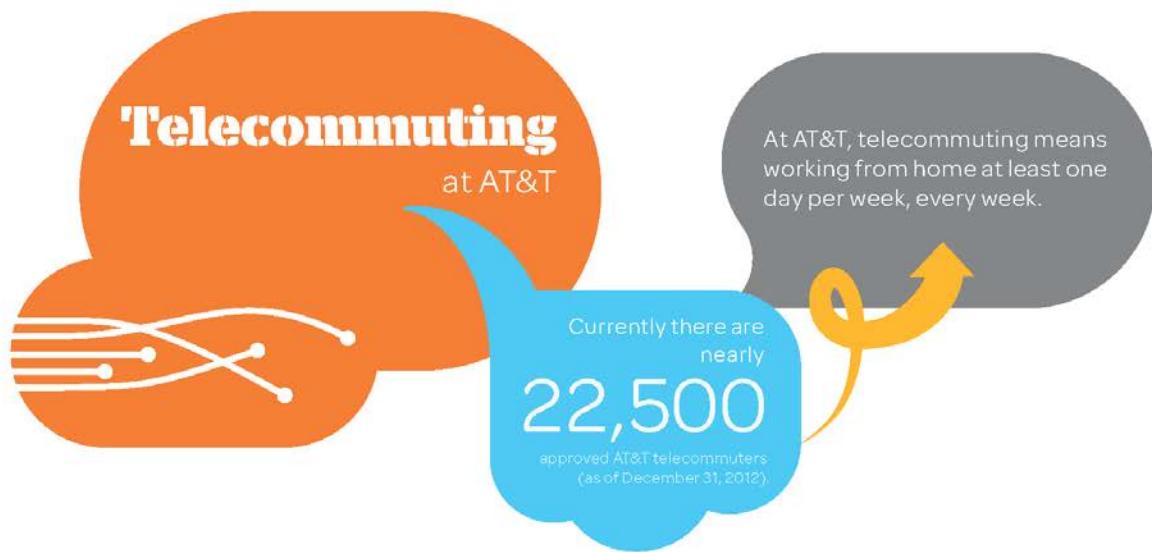
into account trips (e.g., errands, transporting kids to and from school, etc.) that would otherwise be included in the daily commute.

tPlace

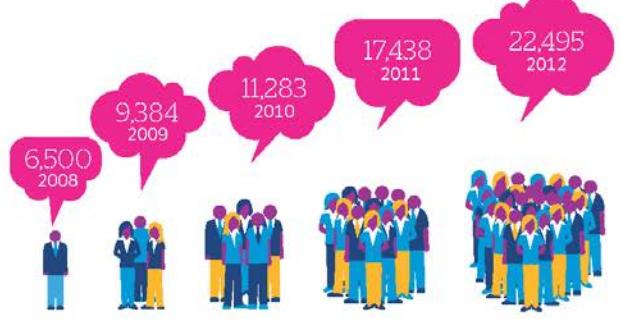
In addition to our telecommuting program, we offer flexible workspaces known as tPlaces. We currently operate six tPlace workspaces.

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



≈20 Percent of eligible AT&T employee base that telecommutes.

≈4 Percent of national private sector employees that telecommute**

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

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



■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree

94 Percent of employees agree/strongly agree that they are productive when they work from home

97 Percent of supervisors agree/strongly agree that their employees are productive when they work from home



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.



Environment

How do we connect a world of seven billion without inhibiting our natural environment's ability to support us? It is a daunting, exciting and critical challenge, and we are working hard toward meeting it every day.



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 disposed of each day. Just 17,400,000 (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 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.

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>

As a way to engage consumers around recycling and empowering them to get involved, we worked with Guinness World Records to break the record for number of cell phones recycled in a week. By recycling **50,942 devices during a one-week period**, AT&T customers broke the world record for collecting the most cell phones for recycling in a week, as certified by Guinness World Records.

Beyond our recycling campaign, we 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 5 stars — for its overall sustainability attributes. Customers can learn about this system online at AT&T EcoSpace, as well as at any AT&T retail store.

Furthering our goal of empowering our consumers around sustainability, in 2012 we also launched EcoSpace, a consumer website geared at engaging with our customers around our sustainability story. This site profiles various sustainability initiatives — from our Aspire education commitment to our corporate fleet. This site is also home to our Eco-Rating system.

Finally, we're also 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>



Data Center Initiatives

Materiality Assessment Topic: Company energy use

Issue Summary

Data centers host Information and Communications Technology (ICT) systems and associated equipment. These facilities make modern communications and business operations possible, but they also use energy and water to maintain optimum conditions for the equipment inside.

Our Position

Our data centers serve as the “nerve centers” for AT&T’s reliable services and network. Having large amounts of equipment in one facility requires that we maintain certain conditions in the rooms, such as temperature and humidity levels. We’re actively working to reduce the energy and water used to maintain these conditions.

Our Action

We operate data centers and server farms/labs for a variety of uses:

- Enterprise Data Centers host computer equipment and technology for our core operations.
- Internet Data Centers host data and Internet service for our customers.
- Video Hub Offices host data and Internet service for our U-verse customers.
- Voice Messaging Centers host voicemail and data services for Internet and external customers.
- National Technology Centers host data and Internet service for our wireless customers.

Data centers have ecological and economic costs to operate. To combat each of these, we use sustainability criteria when designing and constructing data centers, managing data center facilities and deploying new ICT equipment.

DESIGN AND CONSTRUCTION

AT&T considers sustainability as one of the variables in the design and construction process of any new data center. In the process we consider sustainable design and LEED-qualifying solutions that affect water, energy and waste — i.e., economization, reduced impervious surfaces and natural low maintenance landscaping.

FACILITY MANAGEMENT

Improving the energy use of data centers represents a constant challenge and opportunity for our business. We are committed to pursuing energy efficiency at these facilities in order to provide a productive and efficient space for our ICT equipment. In 2012, we realized energy savings of 24 million kWh from projects that optimized facility operations at our data



centers.¹ This is the equivalent of the electricity use of 2,064 homes, according to the EPA Equivalencies Calculator.

Common projects included replacement of older major air conditioning equipment (chillers and compressors) with newer, more efficient equipment. Other projects included retrofitting of existing equipment with variable frequency drives (VFDs), and other similar enhancements to use existing equipment in a more efficient manner.

Here are just a few examples of the types of projects we identified and/or implemented in 2012:

- **Kansas City, MO Data Center**

We installed a water-side economizer for a total energy savings 1,250,000 kWh annually. We also installed six new 20 HP VFDs on computer room air handler units for a total savings of 352,888 kWh per year.

- **Mission, KS Super Head End Office (SHO)**

We installed 40 horsepower variable frequency drives on two main air handler units. We also installed new output dampers and control system optimizations. These led to total savings of 261,400 kWh per year.

- **Fairfield, CA Data Center**

We replaced an older end-of-life chiller with a newer, more energy efficient machine. This led to total energy savings of 613,234 kWh per year.

- **Lynwood, WA Data Center**

¹ These savings numbers are also included in the total facilities-related savings. Read more in our [Energy Management](#) issue brief.

We conducted a major retrofit that included the installation of an air-side economizer with cycle capability. This led to total energy savings of 1,388,183 kWh per year.

In 2013, we will continue to look for opportunities to make our data center facilities more efficient and sustainable. We expect our planned projects for 2013 to yield similar or better energy savings than we saw in 2012.

ICT EQUIPMENT-RELATED EFFORTS

In addition to energy reductions in our facilities, we continue to focus on driving efficiency in the ICT equipment (servers, storage, network etc.) inside the building. Specifically, we focus on compression and virtualization of our equipment. Efforts to move new and existing physical services to virtual machines yielded annualized energy avoidance of 55.2 million kWh in 2012, equal to the electricity use of 4,876 homes annually, according to the EPA Equivalencies Calculator.

Demand for virtualization and demand for data center equipment rise in tandem. In 2012, our overall IT equipment energy growth increased by .04 percent, down from 7 percent in 2011, while our physical server and storage growth increased by 4 percent and 28 percent respectively. Virtual Servers made up the bulk of server growth in 2012 with a 40 percent increase. The avoidance of power using virtual servers resulted in a demand increase of approximately 200 kW instead of 4-6 MW for uninterruptable power supply.

In 2013, radical changes to platform solutions, greater adoption of virtualization and cloud services, along with new technology improvements in server cabinets, cooling



methods and modular computing will enable even greater energy improvements.

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.



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

Engaging Our Supply Chain

<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>	<table><tr><td><u>Sustainability Clauses</u></td><td>Our contract library contains a clause specifically addressing C&S as well as several clauses that cover sustainability considerations like energy efficiency.</td></tr><tr><td><u>Contract Manager Training</u></td><td>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.</td></tr></table>	<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.		
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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.



Environmental Compliance

Materiality Assessment Topic: Hazardous waste reduction

Issue Summary

Protecting our current natural resources — and complying with laws that work to do so — is critical to ensuring that these resources will be around for future generations.

Our Position

We are committed to complying with all applicable environmental, health and safety laws and regulations, and to maintaining and improving management systems throughout the company to meet our compliance obligations.

Data Highlights

2012 Key Performance Indicators

- 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 following the most stringent environmental compliance laws applicable to our operations. When conducting operations abroad, we abide by U.S. environmental compliance laws if they are more rigorous than the laws in the country where we are conducting business. Our operating companies had one significant environmental compliance-related enforcement action (defined as those actions that resulted in sanctions equal to or exceeding \$100,000) in 2012.



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.

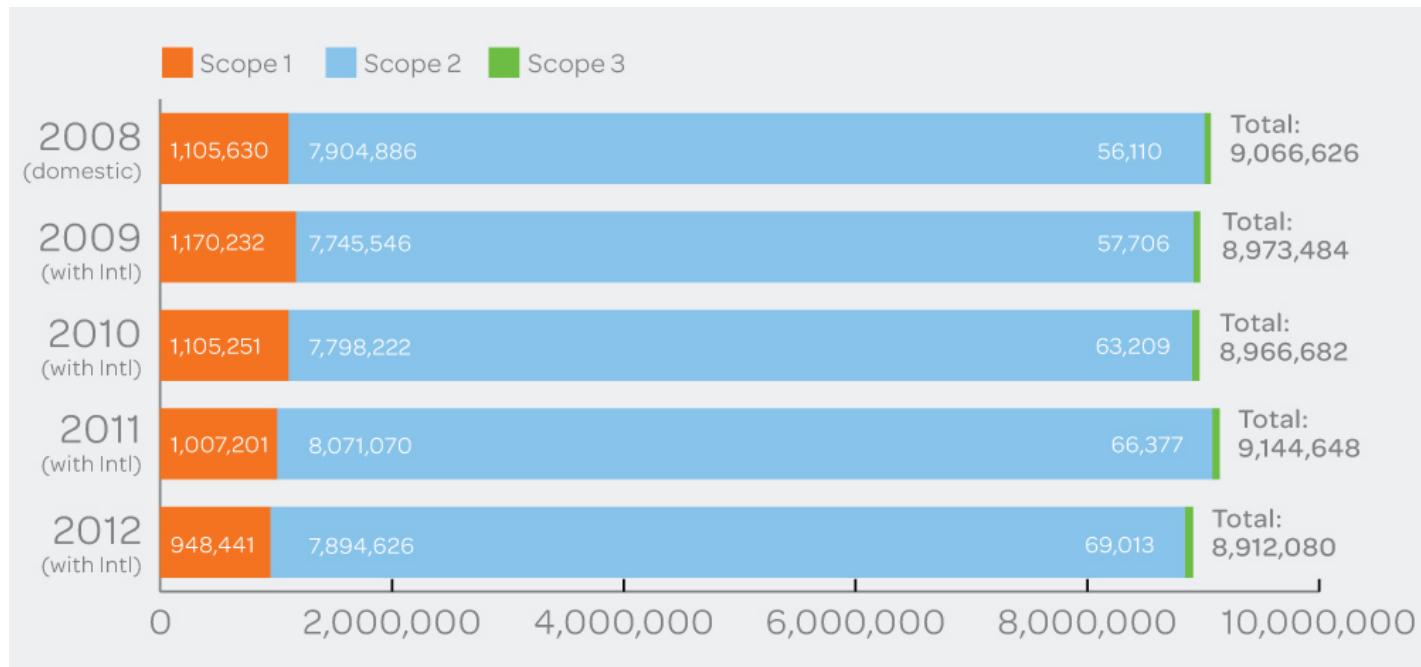
For our 2012 Greenhouse Gas inventory, we obtained independent assurance of our Scope 1, 2 and 3 (business travel) emissions from Ernst & Young. Their statement can be found in this [Independent Accountant's Report](#). We believe it's important to have this metric be accurate, and Ernst & Young's increased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

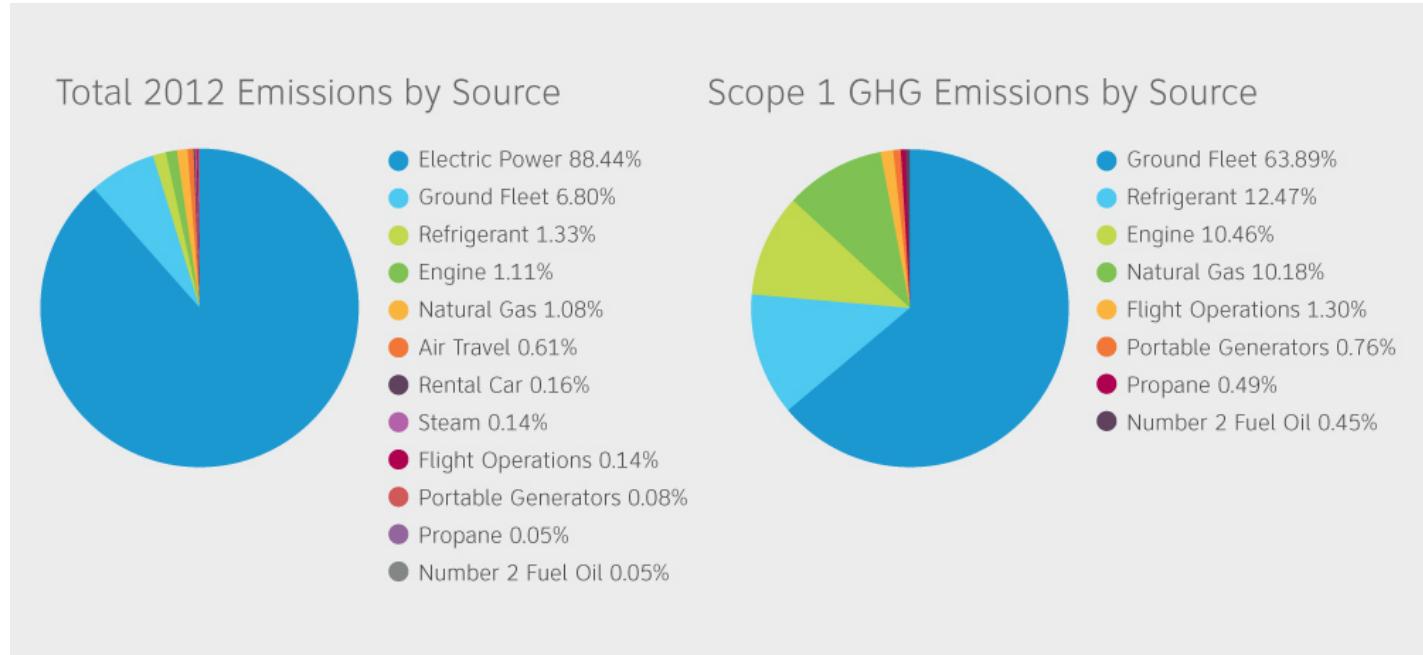
Another large component of our direct emissions — more than **11 percent** — came from the stationary engines and portable generators that provide back-up power for AT&T. These generators are a critical component of AT&T's [Network Disaster Recovery](#) organization, which works to keep wireless and 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



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.



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 and 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

Company-wide energy efficiency

Internal Energy management structure

- AT&T Energy Policy
- John Schinter, Executive Director of Energy
- Energy Council comprised of executives from energy-consuming business units

Visibility and Accountability

- 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>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>Collaboration with external groups</u>	<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>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>Alternative energy</u>	<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 110,000 employees have the ability to work from locations other than AT&T assigned offices and 20,053 (18 percent of management) are approved to work from home. This represents 19 percent growth over last year. In the future, our workplace will be 50 percent dedicated and 50 percent shared, 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 share 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 the 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 megawatt-hours (MWh) 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 SOx, NOx 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 wireless data traffic on AT&T's network has grown more than 36,000 percent from 2007 through 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.



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. To that end, many companies, AT&T included, strive to make packaging more sustainable. In fact, Pike 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
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.	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.
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 over 800 tons of packaging. In 2012 alone, we saved over 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.

OEM COOPERATION

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 system 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 find the

Eco-Rating information on new AT&T-branded postpaid handset devices.

Learn more about [AT&T Eco-Rating](#).

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. AT&T adopted the following industry benchmarks for its postpaid device handsets:

1. **Packaging shall use self-sealing tab locking boxes or water based adhesives in the construction of the packaging. (Self-adhesive labels applied to the Point of Sale (POS) packaging and security seals are exempt.)**
100 percent compliance expected by June 2014.
2. **All packaging material, including the user guide, shall be printed with non-petroleum based inks. (Inks applied to self-adhesive labels applied to the Point of Sale (POS) packaging are exempt.)**
100 percent compliance expected by the end of 2014.
3. **Label all U.S. packaging with internationally recognized symbols to facilitate recycling of product and accessory boxes and contents.**
100 percent compliance expected by end of 2013.



4. Eliminate plastic insert or trays within product containers.

100 percent compliance expected by the end of 2013.

5. Finishes on packaging elements, including labels, to be less than 10 percent volatile organic compounds (VOC).

100 percent compliance expected by the end of 2013.

¹ Navigant Research, formerly Pike 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.



Transportation Initiatives

Materiality Assessment Topics: Company GHG emissions; Products that enable social and environmental benefit

Issue Summary

Finding cleaner, more efficient methods of powering our vehicles is important for this country's economy, security and environment. The challenges of transitioning away from petroleum are many, from infrastructure to cost, but they are crucial to solve. Globally, transportation accounts for 13 percent of greenhouse gas emissions.¹

Our Position

With one of the largest commercial fleets in the U.S., we know we need to be part of the solution.

AT&T operates more than **71,000** vehicles and **22,200** "wheeled equipment units," which include portable power units and utility trailers used for transporting supplies and equipment.

Additionally, our wireless fleet management solutions for commercial truck and van fleets can lead to reduced idle time, better management of miles driven per day, improved route planning and reduced travel time and costs.

Data Highlights

2012 Key Performance Indicators

- Alternative-fuel vehicles in service: **7,061** total
 - **5,226** 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**
 - cumulative: **7.7M**



2012 Goals

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

As of year-end 2012, AT&T had deployed a cumulative total of **7,061 alternative-fuel vehicles** (AFVs), with more than **5,200 CNG vehicles**, and over 2,600 of those vehicles in California. We:

- Expect to spend approximately **\$215 million** to replace more than **7,000** passenger cars with alternative-fuel models through 2018 and expect to spend an estimated **\$350 million** to purchase up to **8,000** CNG vehicles through 2014.
- Operate a cumulative total of over **1,800** hybrid-electric passenger vehicles around the country in **699 cities** in **42** states and DC.
- Deployed **three** all electric vehicles — a Smith Newton cargo truck in St. Louis, Missouri, two Ford Transit Connect Electric vans in Dallas, Texas and Los Angeles, California — and **26** extended range electric vehicles, Chevrolet Volts, located in **10** states nationwide.

We plan to use B20 bio-diesel fuel on the Fan Zone Tour in 2012.

In August 2012, the AT&T Fan Zone tour switched to using B20 bio-diesel fuel for all its travel across the United States.

2013 Goal

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



Our Action

INVESTING IN ALTERNATIVE-FUEL TECHNOLOGIES

In 2009, we made a commitment to invest up to **\$565 million** to deploy approximately **15,000** alternative-fuel vehicles (AFVs) over a 10-year period through 2018. That year, the Center for Automotive Research (CAR) estimated that the planned alternative fuel vehicle commitment would:

- Create or save — on average — approximately 1,000 jobs per year over the first five years of the initiative
- Avoid the purchase of 49 million gallons of gasoline over the 10 year commitment

By the end of 2012, we had deployed **7,061** AFVs, including **5,226** CNG vehicles and **1,806** hybrid electric vehicles. AT&T has also deployed **three** all-electric vehicles (AEVs) — a Smith Newton cargo truck in St. Louis, Missouri, and a total of two Ford Transit Connect Electric vans in Dallas, Texas, and Los Angeles, Calif. — and **26** extended range electric vehicles (EREVs), Chevy Volts, deployed to **10** states nationwide. The Smith Newton truck located in St. Louis is one of the world's largest electric, battery-powered trucks.

Compressed Natural Gas (CNG) vehicles

AT&T expects to spend an estimated \$350 million to purchase up to 8,000 CNG vehicles through the end of 2014.

- AT&T's CNG vehicles are manufactured by U.S. automakers and many are converted to run on CNG purchased from domestic suppliers.
- CNG vehicles emit approximately 25 percent less emissions than comparable

vehicles powered by traditional gasoline engines.

- The CNG vehicles will be used to provide and maintain communications and entertainment services for AT&T customers. At year-end 2012, AT&T deployed more than **5,200** CNG vehicles, with more than **2,600** of those vehicles in California.

We also opened our first private CNG refueling station. It is located in the Los Angeles area and serves more than **100** AT&T service and passenger vehicles.

The **7,061** alternative-fuel vehicles in service at EOY12 will allow AT&T to avoid the purchase of nearly **4 million** gallons of unleaded gasoline in 2013 and each subsequent year they are in use. The number of gallons of unleaded gasoline avoided will continue to grow with every AFV deployment.

Alternative-Fuel Model Passenger Cars

AT&T expects to spend approximately **\$215 million** over a 10-year period through 2018 to replace passenger cars with alternative fuel models.

- AT&T expects to replace more than **7,000** passenger cars through 2018.
- These vehicles are expected to offer a **39 percent** improvement in fuel economy and to reduce GHG emissions by 29 percent in comparison with traditional gasoline-powered vehicles.
- AT&T currently operates more than **1,800** hybrid-electric passenger vehicles across the country.



In 2013, we plan to continue our commitment to alternative fuels with the deployment of additional alternative fuel vehicles.

DAILY FLEET MANAGEMENT

Optimizing our fleet operations is also a crucial component to making real changes. We use best practices to efficiently manage our fleet every day, and we continue to explore new ways to reduce fuel use and drive fewer miles.

We:

- Encourage our drivers to avoid fast acceleration and hard braking, to keep tires properly inflated by checking them frequently and to reduce the weight of loads carried.
- Equipped more than **50,000** of our technician vehicles with GPS capabilities. Use of this technology has provided increased visibility into business operations and allowed us to uncover opportunities to improve efficiency and reduce costs.
- Developed an idling reduction policy. Excessive and unnecessary idling wastes fuel, adversely affecting the environment and the company's bottom line.

Fleet Management Solutions

AT&T is one of the largest U.S. wireless providers of fleet management solutions for commercial truck and van fleets.

A study showed that congestion in metropolitan areas in 2012 caused urban Americans to purchase an extra 2.9 billion gallons of fuel. In total, congestion costs the economy \$121 billion per year.²

Smarter transportation tackles these inefficiencies by reducing fuel consumption through automated route planning; increased vehicle efficiency; the reduction of idle time; better management of miles driven; adherence of 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 GHG emissions.

Along with our business alliance members, we offer many vehicle-based solutions that combine the latest advances in GPS, wireless and Web technologies to make mobile workforce and fleet management a more affordable reality. These solutions can lead to reduced idle time, better management of miles driven per day, improved route planning and reduced travel time and costs.

AT&T's technician vehicles are equipped with similar solutions. For our company, these products provide:

- Better management of miles driven per day by technicians
- Improved processes in place for vehicle returns to work centers
- Improved inventory management
- Reduced travel time and costs with real-time dispatching

¹ Environmental Protection Agency, Global Emissions

² 2012 Urban Mobility Report, Texas A&M Transportation Institute



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-consumer 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 REFINED 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.



Technology

Technology is the path from an idea drawn on a napkin to an astronaut standing on the moon. What happens in between – innovation, investment and determination – is at the very core of who we are. AT&T creates realities to a world of endless possibilities.



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.



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 all corners of the country seek the benefits of high speed broadband at home and at work — as students and as entrepreneurs and business-owners. But 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 embraced increased choice in how they connect to each other and to the Internet in many aspects of their daily lives, including smart phones, 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 over the next three years, 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

2012 Key Performance Indicators

- Investment in wired and wireless networks: Nearly **\$20B**



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 of 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 recently filed a petition at the FCC that asks the agency to work together with the industry to begin a national dialogue about, and start an incremental transition to, IP-networks.

IMPROVING RELIABILITY AND SPEED, ALL WHILE PREPARING FOR THE NEXT GENERATION OF INNOVATION

Project VIP consists of several wireless and wireline initiatives, which are outlined below:

- Over the next three years, 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**.
- Plan to expand our 4G LTE network to cover **300 million** people in the United States by year-end 2014.
- Plan to expand and enhance our wireline IP network to cover approximately **75 percent** of customer locations in our wireline service area by yearend 2015.
- 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.

Specifically, completion of the IP transition is expected to 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 about 1.6 million U.S. jobs.¹
- Boost broadband adoption by increasing competition and making home broadband more affordable. Help advance broadband access to those in rural communities.
- Enable improved communication around the country — connect people in ways that provide a better exchange of information and ideas.
- Improve access to quality health care, improve health outcomes, and cut health care costs. Broadband enables access to distant health care specialists and services. A range of health applications, including remote monitoring, enables better management of chronic conditions. These services can be especially helpful to rural communities.
- Broadband access helps communities to 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

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>.



classes, compared to 93 percent of city schools.²

²The Alliance for Excellent Education.
<http://www.all4ed.org/files/RuralHSReportChallengesOpps.pdf>.



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 though 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 Topics: Customer satisfaction; Network reliability

Issue Summary

Global communications networks revolutionized the way we live, work and play. Increased access to and adoption of mobile Internet services have the potential to help us transition to a more efficient economy. The proliferation of advanced smartphones allows more Americans to connect with family and friends, surf the Web and watch and share videos while on the go. 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 our national wireless network has increased more than 30,000 percent from January 2007 through December 2012. It is important that we continue to take proactive measures to meet exploding customer demand. The raw material needed to support all that traffic is a scarce resource — wireless spectrum. AT&T and the industry as a whole need new spectrum to meet customer demand. As the FCC itself has acknowledged, "if we don't act, the costs of not addressing the spectrum crunch — dropped connection, congested airways, lousy service and rising prices for data — will get higher every day."

Data Highlights

Key Performance Indicators

- Investment in wired and wireless networks: Nearly **\$20B**



Our Action

Within current spectrum constraints, we continue to invest in and enhance our network to drive service improvements.

- AT&T has invested nearly **\$98 billion** in the U.S. economy over the past five years (2008-2012), more than any other public company. We expect to invest in the \$21 billion range in 2013.
- To support growing customer demand, AT&T has launched Project VIP, a three-year (2013-2015), **\$14 billion** initiative to significantly expand and enhance our wireless and wireline IP broadband networks. 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.
- We plan to expand our 4G LTE network to cover more than **300 million** people in the U.S. by year-end 2014, to expand our wired IP network to cover approximately **75 percent** of customer locations in our 22-state wireline service area by yearend 2015 and to expand our fiber network to reach 1 million additional business customer locations by year-end 2015.
- AT&T operates the nation's largest Wi-Fi network including more than 33,000 AT&T Wi-Fi Hot Spots at popular restaurants, hotels, bookstores and retailers and provides access to more than 402,000 hotspots globally through roaming agreements.¹
- AT&T is an industry leader in alternative capacity techniques, such as deploying Self-Optimizing Networks to manage parameters in real time, but these measures are not sufficient to solve the impending spectrum crunch.

¹ A Wi-Fi enabled device required. Other restrictions apply. See www.attwifi.com for details and locations.



AT&T Investment Drives Service Improvements

AT&T has invested nearly \$98 billion to improve and expand its wireless and wireline networks over the past five years. We expect to invest in the range of \$21 billion in 2013.

2012 Network Improvements

In 2012, we invested nearly \$20 billion in our wired and wireless networks, including more than 160,000 wireless network improvements.



766,000 Square Miles
of additional 4G coverage
and
4G LTE now covers
over 170 Million people



Installed 849
Distributed Antenna Systems*
**public and enterprise*
and
Deployed 81,000 new antennas



Grew to *more than*
33,000 AT&T Wi-Fi Hot
Spots in service



Over 90% of traffic
riding over enhanced
backhaul

Our investment is paying off in better service

Faster 4G LTE average download speeds
than any competitors – PC World*

LTE up to **10x faster** than 3G

AT&T's national dropped call rate
improved 32% in 2012

iPhone 5 **downloads fastest on AT&T's 4G network**

AT&T recognized for **best wireless network strategy**
for the second year in a row by Frost & Sullivan

And Project VIP is bringing even better things to come ...

To expand access to high-speed Internet service and new mobile services to customers, AT&T launched Project VIP, an initiative to deploy more than 10,000 macro sites, 1,000 distributed antenna systems and 40,000 small cells. We plan to:

Expand 4G LTE
to cover over 300M people in U.S. by YE 2014

Expand wired IP network
to 57M customer locations, covering
75% of locations in wired service area by YE 2015

Expand fiber network
to reach 1M new business locations by YE 2015

*Most recent PC World speed tests, conducted in 13 U.S. markets. Limited 4G LTE availability in select markets. 4G speeds delivered by LTE, or HSPA+ with enhanced backhaul, where available. Deployment ongoing. Compatible device and data plan required. LTE is a trademark of ETSI. Learn more at [att.com/network](#)



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

2012 Key Performance Indicators

- Pledges to never text while driving through the "It Can Wait" campaign: **>1.3M**

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 "No Text on Board" pledge day on September 19th to bring consumers, policymakers and companies together to help end this dangerous behavior. On pledge day there were more than 70 local events held, including a national event with AT&T's chairman, the FCC commissioner and the U.S. secretary of transportation.

Advertising/PSAs:

A national ad campaign shared personal stories of those whose lives were impacted by a texting-while-driving crash. New ads were created with celebrities who appeal to teens including Victoria Justice, Ryan Beatty and Olympians Gabrielle Douglas and Jordyn Wieber. In addition, American Idol finalists and others participated in events throughout the country.

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 (www.itcanwait.com) where materials on our campaign 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. An "It Can Wait" hackathon generated significant media coverage because the winning team was led by a 13-year-old girl.

AT&T Employees

AT&T has 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.

Online Pledges:

In 2012, more than 1.3 million pledges to never text while driving were logged through channels including ItCanWait.com, Facebook, Twitter and text-to-pledge.



Social Media Engagement

Twitter has been key to spreading the word and driving pledges. More than 80 celebrities have tweeted #ItCanWait messages to their followers, helping to push the total number of unique Twitter impressions past 150 million for the year. 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. Reach through Facebook, Twitter and YouTube combined was more than 250 million unique user accounts.

National “See for Yourself” Tour

To bring the movement to life, 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 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 is reaching tens of millions of people 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 plans to significantly expand this program in 2013.

Documentary

A collection of families and individuals negatively impacted by texting and driving lent their voices to a powerful 10-minute documentary, which we launched in advance of New Year’s Eve 2010 to warn consumers about the “new drinking and driving” – texting behind the wheel. Through existing relationships, we seeded the documentary with tens of thousands of schools, third-party safety and educational organizations, government officials, attorneys general offices, key legislators and many more across the country. The documentary received 100,000 views in the first day after its launch and, three weeks into the launch, it surpassed 1 million views. To date, the video has been viewed more than 3.4 million times.

Retail

Employees in more than 5,500 AT&T locations wore It Can Wait T-shirts on pledge day, 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.

National Partnership for Safe Computing

AT&T is also a member of the National Partnership for Safe Computing, which helps educate constituents in congressional districts by working with interested members of Congress. AT&T works with the Partnership to assist elected officials with outreach through support in community forums and special briefings, as well as providing educational materials for consumers.

Learn more about the [National Partnership for Safe Computing](#).

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 Privacy

Materiality Assessment Topic: Customer privacy and data security

Issue Summary

The privacy and protection of customers' personal information is a critical and sensitive issue.

Our Position

We take customer privacy very seriously. Our privacy commitments are fundamental to the way we do business every day.

Our Action

The following applies to everyone who has a relationship with AT&T—including customers and website visitors:

- We will protect your privacy and keep your personal information safe. We use powerful 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 policies 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.
- We're listening. You can send us questions or feedback on our privacy policies.

The Ponemon Institute has named AT&T as one of the 20 most trusted companies on privacy for 2012.

For more information about the AT&T privacy policy, and to hear employees explaining various aspects of our approach to privacy, 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

Identify connection opportunities that drive efficiency and sustainability for customers in the healthcare, tracking transportation and home energy sectors.

Progress Toward Goal

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.

2013 Goals

- 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	<u>Ford</u> <u>SoBi</u> <u>Zonar</u>	<p>Ford engages AT&T to connect its vehicles to routing information, battery charge status and nearest charging station information.</p> <p>Social Bicycles uses AT&T services to provide interactive and dynamic bicycle sharing.</p> <p>Trucking fleet technology uses AT&T connectivity to monitor truck maintenance needs and increase fuel efficiency.</p>
Tracking	<u>Amber Alert GPS</u> and <u>Numera Libris</u>	<p>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.</p>

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](#).



About AT&T

AT&T Inc. (NYSE:T) is a premier communications holding company and one of the most honored companies in the world. Its subsidiaries and affiliates – AT&T operating companies – are the providers of AT&T services in the United States and internationally. With a powerful array of network resources that includes the nation's largest 4G network, AT&T is a leading provider of wireless, Wi-Fi, high speed Internet, voice and cloud-based services. A leader in mobile Internet, AT&T also offers the best wireless coverage worldwide of any U.S. carrier, offering the most wireless phones that work in the most countries. It also offers advanced TV services under the AT&T U-verse® and AT&T | DIRECTV brands. The company's suite of IP-based business communications services is one of the most advanced in the world.

Additional information about AT&T Inc. and the products and services provided by AT&T subsidiaries and affiliates is available at <http://www.att.com/aboutus> or follow our news on Twitter at @ATT, on Facebook at <http://www.facebook.com/att> and YouTube at <http://www.youtube.com/att>.

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2012 Progress Toward Goals



In addition to knowing where we are and where we've been, it's important to know where we're going. Setting goals helps us get there. This is our progress toward the goals we set in 2012, as well as our new goals for 2013.





PROGRESS TOWARD GOALS: PEOPLE AND COMMUNITY

Philanthropy

2012 GOAL	PROGRESS TOWARD 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, employees 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: <ul style="list-style-type: none">• 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 who 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 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.	

Community Engagement

2012 GOALS	PROGRESS TOWARD GOAL
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 10 months ahead of schedule.
Achieve 55 percent of current employees participating in annual giving campaign.	We achieved 55.71 percent, and the average gift pledge per donor increased by double digits to \$243/donor.
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 within AT&T in-house attorneys to do pro bono work.	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.
2013 GOAL	
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.	



PEOPLE AND COMMUNITY

Military Support

2012 GOAL	PROGRESS TOWARD GOAL
Raise awareness and provide resources for military families, focusing on opportunities for military children.	<p>AT&T has a long history of support for and work with the military, and 2012 was a year that accelerated that support, specifically in the area of supporting military families.</p> <ul style="list-style-type: none">Through financial and employee volunteer support, we enabled Big Brothers Big Sisters (BBBS) of North Texas to expand their military mentoring program for youth. The expanded funding will enable 400 mentor pairs, matching children from military families with a volunteer mentor with a military background.To date, BBBS has achieved a total of 242 of the 400 military matches. Additionally, a contribution to the Military Child Education Coalition helped support the expansion of student-led, curriculum-based training for students of military families who are transitioning from one school or community to another.We were also honored to support the launch of Cell Phones For Soldiers' new program, Helping Heroes Home, with a social media campaign on causes.com and with a financial contribution.This is all in addition to our relationships with organizations such as Tip of the Arrow, Military Spouse Employment Partnership, the Department of Veterans' Affairs and state veterans' agencies and commissions.

Workforce Diversity

2012 GOAL	PROGRESS TOWARD 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.	<p>In 2012:</p> <ul style="list-style-type: none">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 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.	

Supplier Diversity

2012 GOAL	PROGRESS TOWARD 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.	<p>In 2012, we:</p> <ul style="list-style-type: none">Spent 12.8 billion with minority-, women- and disabled veteran-owned business enterprises.Increased diverse supplier participation from 23 percent in 2011 to 23.01 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).	



ENVIRONMENT

PROGRESS TOWARD GOALS: ENVIRONMENT

Fleet

2012 GOALS	PROGRESS TOWARD GOAL
Replace retiring passenger vehicles with alternative-fuel models and deploy up to 8,000 compressed natural gas (CNG) service vehicles through 2014.	As of year-end 2012, AT&T had deployed a cumulative total of 7,061 alternative-fuel vehicles (AFVs), with more than 5,200 CNG vehicles , and over 2,600 of those vehicles in California. We:
We plan to use B20 bio-diesel fuel on the Fan Zone Tour in 2012.	<ul style="list-style-type: none">Expect to spend approximately \$215 million to replace more than 7,000 passenger cars with alternative-fuel models through 2018 and expect to spend an estimated \$350 million to purchase up to 8,000 CNG vehicles through 2014.Operate a cumulative total of over 1,800 hybrid-electric passenger vehicles around the country in 699 cities in 42 states and DC.Deployed three all electric vehicles – a Smith Newton cargo truck in St. Louis, Missouri, two Ford Transit Connect Electric vans in Dallas, Texas and Los Angeles, California – and 26 extended range electric vehicles, Chevrolet Volts, located in 10 states nationwide.
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2013 GOAL	In August 2012, the AT&T Fan Zone tour switched to using B20 bio-diesel fuel for all its travel across the United States.
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Energy Consumption

2012 GOAL	PROGRESS TOWARD GOAL
Reduce the electricity consumption of our company relative to data growth on our network by 60 percent by 2014 (baseline of 2008).	We reduced the electricity consumption of our company relative to data growth on our network by 57 percent compared to our 2008 baseline.
By the end of 2012, the top 500 retail stores will have Energy Champions and Scorecards (in addition to the top 1,000 operational facilities).	We identified Energy Champions and launched a retail-specific Energy Scorecard at 1,000 retail stores in 2012.
Alternative energy - expand by a minimum of 5 megawatts (MW) of additional installations.	We surpassed our goal and added an additional 7 MW of alternative energy power in 2012.
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2013 GOALS	
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Reduce the electricity consumption of our company relative to data growth on our network by 60 percent by 2014 (baseline of 2008).	
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Expand alternative energy deployment by a minimum of 10 MW of additional installations.	



ENVIRONMENT

Water

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.

Emissions

2012 GOAL

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

PROGRESS TOWARD GOAL

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

2013 GOAL

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

¹For 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.

²The 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.

Supply Chain

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.

PROGRESS TOWARD GOAL

We are actively engaging our strategic suppliers and are on track for 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 or higher for top suppliers on the balanced C&S Scorecard, which covers four key categories including policy breadth, rigorous goals, reporting transparency and supply chain governance.



PROGRESS TOWARD GOALS:

TECHNOLOGY

Consumer

2012 GOAL	PROGRESS TOWARD 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.	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. It launched in July of 2012 and rates each new AT&T-branded postpaid handset device.
2013 GOALS	
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. In 2013, for the portfolio of postpaid AT&T-branded handset devices that are evaluated against the AT&T Eco-Rating system, 60 percent will be rated at Eco-Rating 3 or above out of potential of Eco-Rating 5.	

Enterprise

2012 GOAL	PROGRESS TOWARD GOAL
Identify connection opportunities that drive efficiency and sustainability for customers in the healthcare, tracking transportation and home energy sectors.	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.
2013 GOAL	
Drive awareness and market adoption of ICT solutions for both enterprise business and state/local government entities by defining the increased efficiencies, performance and competitive advantage these products create.	

Emerging Devices

2013 GOAL
Launch a platform that will empower our customers to understand and manage their home security and energy use remotely.



TECHNOLOGY

Product

2012 GOAL	PROGRESS TOWARD 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.	<ul style="list-style-type: none">• 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.

Social Application

2012 GOAL	PROGRESS TOWARD GOAL
Support projects to promote the use of mobile technology to enhance teaching and learning.	<p>AT&T:</p> <ul style="list-style-type: none">• Provided \$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 instill community service values. 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 development of mobile app for the Free Application for Federal Student Aid (FAFSA) for high school students.





Key Performance Indicators

To assess how we're doing, we've established several key performance indicators (KPIs) to measure our progress year-over-year. We've identified these areas as those that are most important to our stakeholders and our business.

	2009	2010	2011	2012
People and Communities				
Philanthropy				
Giving in Our Communities Amount of corporate, employee and foundation giving				
Arts and Culture	\$14.8M	\$12.4M	\$9.5M	\$7.8M
Civic and Community	\$42.6M	\$36.2M	\$20.4M	\$25.4M
Education	\$66.6M	\$57.1M	\$46M	\$64.3M
Health and Human Services	\$30.1M	\$42.5M	\$39.1	\$33.9M
Other	\$.98 M			
Grand Total	\$155.1M	\$148.2M	\$115.0M	\$131.4M
AT&T Aspire – Contributions Amount invested toward planned \$250 million commitment over five years to AT&T Aspire				>\$43.6M
AT&T Aspire - Job Shadow Number of students provided with job shadow opportunities (in collaboration with Junior Achievement [JA]) — cumulative	>28,000	>65,000	Nearly 94,000 students as of December 2011 and 100,000 as of March 2012	Program ended in March 2012 with us exceeding our goal of providing job shadow experiences to more than 100,000 students



	2009	2010	2011	2012
AT&T Aspire – Aspire Mentoring Academy 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
AT&T Aspire - Research Status of commissioned research completed by Civic Enterprises and John Bridgeland about the nation's dropout crisis	Launched "On the Front Lines of Schools" study	Released both "Raising their Voices" and "Building a Grad Nation" reports	Released "On Track for Success: The Use of Early Warning Indicator and Intervention Systems to Build a Grad Nation" and "Building a Grad Nation 2010-2011 Update"	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
Disaster Recovery				
Disaster Recovery Investment in Network Disaster Recovery program — cumulative	\$500M	\$600M	\$600M	\$600M
Working hours spent on Network Disaster Recovery — cumulative				125,000
Volunteerism/Giving				
Activate Employees to Volunteer Number of hours volunteered through employee and retiree volunteer programs	8.5M	9M	>6M	>5.8M
Dollar amount associated with volunteerism ¹	\$176M	>\$192M	>\$133M	>\$129M

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.



	2009	2010	2011	2012
Employee Giving Amount of yearly employee giving through United Way campaign	>\$29M	>\$31M	>\$33M	>\$33M
Workforce				
Employee Health Care Number of employees, retirees and dependents covered	1.2M	1.2M	1.2M	1.1M
Provide Quality Jobs Percentage of union-represented employees	Approx. 60	Approx. 58	55	55
Employee Retention Rate Percent of total 50-state workforce				87
Women				
People of Color				88
Employee Training Amount invested in direct employee training development programs; development reviews ²	\$244M	\$260M	>\$280M	\$280M
Amount invested in tuition assistance for both management and non-management employees	\$27M	\$34M	Nearly \$28M	Nearly \$27M
Percent of employees receiving regular performance and career development reviews	100	100	100	100
Employee Safety AT&T's OSHA total recordable occupational injury and illness rate (per 100 employees)	2.07	2.2	2.14	1.75
Workforce Diversity				
Women (Percent of total 50-state workforce)	41	40	39	38
People of color (Percent of total 50-state workforce)	38	38	39	39
Women (Percent of total 50-state management)	38	40	39	38
People of color (Percent of total 50-state management)	30	31	31	32

² This does not include money spent for travel and work-time allotted for training.



	2009	2010	2011	2012
Supply Chain				
Supplier Diversity				
Spend with minority, women and disabled veterans business enterprises	\$6.9B	\$9.2B	\$12B	\$12.8B
Percent of total spend with minority, women and disabled veterans business enterprises			23.01	23.96
Environment				
Supply Chain				
Supply Chain Scorecard				
Average score of top suppliers on the balanced C&S Scorecard (percent)				62
Greenhouse Gas (GHG) Emissions				
Carbon Footprint				
Domestic company-wide greenhouse gas (GHG) emissions (metric tons CO ₂ -equivalent)	8,931,090	8,925,724	9,066,558	8,839,290
Domestic and international company-wide greenhouse gas (GHG) emissions (metric tons CO ₂ -equivalent)	8,973,484	8,966,682	9,144,648	8,912,080
GHG Intensity				
mtons CO ₂ -e/\$ million revenue	73.25	72.15	72.16	69.93
mtons CO ₂ -e/Petabyte of data	357.55	288.49	235.18	170.67
Water				
Water Footprint				
Gallons of water used for domestic operations		3.331B	3.357B	3.282B
Water Intensity				
Gallons/\$ billion revenue		37.31	37.75	38.83
Gallons/Terabyte network traffic		105	84	61



	2009	2010	2011	2012
Fleet				
Fleet Operations				
Alternative-fuel vehicles (AFVs) in service				
Compressed natural gas (CNG)	625	2,472	3,469	5,226
Hybrid	344	1,013	1,617	1,806
All-Electric	1	2	3	3
Extended range electric			25	26
Grand total	970	3,487	5,114	7,061
Gasoline Avoidance				
Total gallons of unleaded gasoline avoided through the deployment of AFVs — annual ³		1.3M	2.5M	3.6M
Total gallons of unleaded gasoline avoided through the deployment of AFVs — cumulative		1.6M	4.2M	7.7M
Energy				
Energy Intensity				
Intensity of data carried on our network (kWh electricity/Terabyte network traffic)	498	415	347	281
Energy intensity (MWh electricity/\$ billion revenue)	107,937	109,500	111,700	114,599
Alternative Energy				
Solar + fuel cell capacity (MW)		2.1	3.9	11
Solar + fuel cell production (M kWh)		3.1	12.8	68.3
Energy Projects				
Energy projects implemented		4,200	4,500	5,600
Annualized energy savings from energy projects		\$44M	\$42M	\$65M
Electricity				
Total electricity use (MWh)	13.2M	13.6M	14.1M	14.6M

³. In 2010 and 2011, we reported the total gallons of gasoline avoided through the deployment of CNG vehicles. For 2012 and beyond, we will report the total gallons of gasoline avoided through the deployment of all AFV vehicles. The 2010 and 2011 numbers have been revised accordingly.



	2009	2010	2011	2012
Waste				
Solid Waste from Operations				
Pounds of network "scrap" materials kept out of landfills	72.1M	56.9M	50.1M	47.3M
Percent of operational waste handled by the Investment Recovery Center that is recycled		95	>95	>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)	17,300	14,000	12,500	12,700
Percent of such waste recycled		70	>63	>70
E-waste				
Number of computers, monitors, servers and other equipment that were donated, recycled or reused	63,000	96,000	77,000	77,000
Number of cell phones reused or recycled	4.2M	3.7M	3M	Approx. 3.1M
Pounds of cell phone batteries and accessories recycled	1.8M	1.8M	1.7M	1.17 M
Paper				
Paperless Billing				
Approximate total number of paperless-billed customers	12.3M	14.4M	17.2M	18.7M
Paper Consumption				
Weight of paper purchased for AT&T Mailing Solutions (pounds)		40.2M	39.5M	26.2M
Percent decrease in weight of paper purchased for AT&T Mailing Solutions from 2010 baseline			1.7	34.8



	2009	2010	2011	2012
Technology				
Network Reliability Investment in wired and wireless networks			>\$20B	Nearly \$20B
Product Safety Pledges logged to never text while driving				>1.3M
Innovation Average number of patents (U.S. and foreign) received per day	2	2	>2	>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



Challenges & Opportunities

In order to achieve the greatest impact with our sustainability efforts, we regularly assess our top challenges and opportunities and devote resources to addressing these issues. Our areas of focus for 2012 included the following: devoting resources to educate our future workforce, supporting our military, managing energy and water, ensuring our products are used safely, and strengthening our network reliability.

EDUCATION

Currently, about one in five students does not graduate high school with their peers, and of those who do, many are not fully prepared for college and career success. But there is hope: nationally, high school graduation rates are increasing, but not nearly as fast as they need to be, which is why we are continuing and expanding our commitment to AT&T Aspire. Education has been a priority for over a century and will continue to be our philanthropic focus. In 2008, we launched AT&T Aspire, the largest education initiative in AT&T's history with an initial \$100 million commitment, specifically focused on high school retention and workforce readiness. In 2012, we announced an additional commitment of \$250 million planned over five years. In 2012 alone, we invested more than \$43.6 million in AT&T Aspire. Also in 2012, we launched Aspire Mentoring Academy with the 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. Investing in education is one of the single most important things we can do to ensure a strong future.

Education has been a priority for over a century and will continue to be our philanthropic focus.

MILITARY SUPPORT

For nearly 100 years, AT&T has remained dedicated to supporting active military personnel, veterans and their families. Our nation's service men and women make sacrifices to protect our country and our freedoms, and as a company we see it as an honor to support them both at home and abroad. In 2012 we accelerated this support by taking Operation Hand Salute, a groundbreaking mentoring program for service disabled veteran CEOs helping them improve their business operations and enhance their ability to win corporate contracts to a national level, and increased graduates from 4 in 2011 to 14 in 2012. We also increased our support for military families by providing financial and volunteer support that enabled Big Brothers Big Sisters (BBBS) of North Texas to expand their military mentoring program for youth. The expanded funding will allow for 400 mentor pairs, matching children from military families with a volunteer mentor with a military background. Additionally, we were honored to support the launch of Cell Phones for



Soldiers' new program, Helping Heroes Home, with a social media campaign on causes.com and with a financial contribution.

MANAGING COMPANY ENERGY USE

As demand for our products and services grows, so does the amount of energy needed to power the network. Data over our network has grown more than 30,000 percent from January 2007 through December 2012. In 2012, we continued to make strides in managing our overall energy consumption. Finding ways to drive greater energy efficiencies throughout our company remains the most cost efficient means to reduce our energy consumption. Between 2010 and 2012, our employees identified more than 14,000 energy saving projects that produced an annualized savings of \$151 million. We also reduced the electricity consumption of our company relative to data growth on our network by 57 percent compared to our 2008 baseline. We're on our way to our goal to reduce the electricity consumption of our company relative to data growth on our network by 60 percent by 2014 (baseline of 2008). Finally, while the ROI is still challenging for us to significantly increase our use of solar or wind, we did exceed our alternative energy goal of 5MW by installing an additional 7MW of alternative energy last year. A component of this was our investment in fuel cells. In 2012, we installed fuel cells that added 7,500 kW of capacity at 11 sites in California and have 7,000 kW capacity planned in 2013.

WATER CONSUMPTION

When we conducted our initial water footprint in 2010, we discovered that we consume more than 3 billion gallons of water each year, primarily in our cooling towers. The footprint identified 125 facilities that consume nearly 50 percent of our overall water consumption and of these, 31 of these facilities are in water stress regions in the U.S. As such, we are concentrating our efforts to reduce our consumption in the areas where we will have the greatest impact. To help us identify ways in which we could significantly reduce our water consumption in 2012 we teamed up with the Environmental Defense Fund and piloted different methods to reduce water consumption at our cooling towers. We examined various operational and technical improvements that could reduce consumption as well as trying to use more free air cooling. Based on these pilots we announced a three year goal to reduce water consumption by 150 million gallons.

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 30-40 percent 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. To that end, we're making our tools available to all organizations that could benefit from them.

PRODUCT SAFETY

While our products and services improve the ways in which our customers live and work, we are dedicated to empowering our customers to use them in a safe and responsible manner. That's why AT&T is committed to saving lives by ending texting and driving through raising awareness and changing behavior. Introduced in 2009, we expanded It Can Wait® in 2012. To make texting while driving personal, we asked people to pledge that they would never text while driving and share their commitment with friends and family. With this came the launch of the first-ever national "No



Text on Board Pledge Day" with more than 70 local events and a national event with AT&T's chairman, the FCC Commissioner and the U.S. Secretary of Transportation. By the end of that year, more than 1.3 million pledges were taken. AT&T tapped into our innovation programs to help the movement – the AT&T DriveMode® app to curb the urge to text while driving emerged from an employee's submission to The Innovation Pipeline. In 2013, our goal is to make the It Can Wait movement even more effective. We're reaching out to health care organizations and first responders, and bringing on new corporate partners that want to use their resources to spread the message and reach to teen drivers and beyond. Together we can make a difference – a difference that can't wait.

NETWORK RELIABILITY

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 our national wireless network has increased more than 30,000 percent from January 2007 through December 2012. It is important that we continue to take proactive measures to meet exploding customer demand. The raw material needed to support all that traffic is a scarce resource — wireless spectrum. AT&T and the industry as a whole need new spectrum to meet customer demand. As the FCC itself has acknowledged, "if we don't act, the costs of not addressing the spectrum crunch — dropped connection, congested airways, lousy service and rising prices for data — will get higher every day."

Within current spectrum constraints, we continue to invest in and enhance our network to drive service improvements.

- AT&T has invested nearly \$98 billion in the U.S. economy over the past five years (2008-2012), more than any other public company. We expect to invest in the \$21 billion range in 2013.
- To support growing customer demand, AT&T has launched Project VIP, a three-year (2013-2015), \$14 billion initiative to significantly expand and enhance our wireless and wireline IP broadband networks. 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.



Global Reporting Initiative

G3.1 Content Index

Application Level B				Assured by: N/A						
Standard Disclosures Part 1: Profile Disclosures										
1. Strategy and Analysis										
Profile disclosure	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation				
1.1	Statement from the most senior decision-maker of the organization.	Fully	Please watch Sustainability Overview from Randall Stephenson, Chairman & CEO .							
1.2	Description of key impacts, risks, and opportunities.	Fully	Please see Challenges and Opportunities .							
2. Organizational Profile										
Profile disclosure	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation				
2.1	Name of the organization.	Fully	AT&T, Inc.							
2.2	Primary brands, products, and/or services.	Fully	Please see our 10-K Form .							
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Please see our 10-K Form .							
2.4	Location of organization's headquarters.	Fully	Please see our 10-K Form .							
2.5	Number of countries where the organization operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Please see our 10-K Form .							
2.6	Nature of ownership and legal form.	Fully	Please see our 10-K Form .							



2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	We have the nation's largest 4G network – covering 275 million people and servicing 105.2 million wireless subscribers in the U.S. We hold spectrum licenses in all 50 U.S. states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. We also have voice coverage in more than 225 countries, data roaming in more than 205 countries, mobile broadband in more than 145 countries and wireless service on more than 140 cruise ships worldwide. Our U.S. customers are concentrated in 22 states, but we also serve millions of enterprise and multinational business corporations on six continents.			
2.8	Scale of the reporting organization.	Fully	Please see our 10-K Form .			
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Please see our 10-K Form .			
2.10	Awards received in the reporting period.	Fully	Please see External Recognition .			

3. Report Parameters

Profile disclosure	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	January 1 – December 31, 2012, unless otherwise noted			
3.2	Date of most recent previous report (if any).	Fully	June 19, 2012			
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual			
3.4	Contact point for questions regarding the report or its contents.	Fully	Amath Gomis (bernard.a.gomis@att.com)			
3.5	Process for defining report content.	Fully	We conduct a biannual 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, Environmental Defense Fund, the Pacific Institute, World Wildlife Fund and World Resources Institute. We also solicited informal feedback from AT&T's Consumer Advisory Panel.			



			<p>Specifically, we assessed external trends in 44 issues that have direct relevance 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 that are relevant to reporting for the company.</p> <p>With this assessment as our foundation, we solicit feedback from around the company and from stakeholders with which we collaborate on projects to refine our reporting topics. We also examine industry trends that have demanded our attention over the reporting year.</p>			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	The report covers AT&T Inc. operations, unless otherwise noted. Data primarily covers U.S. operations, except in the cases of greenhouse gas emissions and some philanthropic data.			
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	The report content covers U.S. operations. This is the majority of our scope. However, we are working to incorporate international data where appropriate.			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	The data contained in this report is for assets for facilities in which AT&T has an operating interest, unless otherwise noted.			
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations	Fully	AT&T's data management techniques and bases for calculations employed are included within the content of this report, specifically in Issue Briefs. Overall, AT&T collects data and performs calculations according to guidance provided by the GRI.			



	applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply or to substantially diverge from the GRI Indicator Protocols.					
3.10	Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	Not applicable			
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	Fully	There are no major changes from the previous year.			
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	www.att.com/csr			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	The report is not externally assured with the exception of greenhouse gas emissions, which are assured by Ernst & Young in this <u>Independent Accountant's Report</u> .			

4. Governance, Commitments, Engagement

Profile disclosure	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	<i>Governance structure of the organization (including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight) and description of mandate, composition and responsibilities of such committees. The percentage of individuals by gender within the organization's highest governance body broken down by age group, minority group membership and other indicators of diversity. Please see our <u>Corporate Governance Website</u>.</i>			
4.2	Indicate whether the chair of	Fully	<i>Indicate whether the chair of the highest governance</i>			



	the highest governance body is also an executive officer.		<i>body is also an executive officer, and if so, if his/her function is within the organization's management and the reasons for this arrangement: Please see our Corporate Governance Website.</i>			
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	<i>Indicate whether the organization has a unitary board structure. For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members and state how the organization defines "independent" and "non-executive": Please see our Corporate Governance Website.</i>			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	<i>Mechanisms for shareholders to provide recommendations or direction to the highest governance body (Include reference to processes regarding the use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body). Mechanisms for employees to provide recommendations or direction to the highest governance body (include reference to processes regarding informing and consulting employees about the working relationships with formal representation bodies such as organization level "work councils" and representation of employees in the highest governance body): Please see our Corporate Governance Website.</i>			
4.5	Linkage between compensation for members of the highest governance body, senior managers, executives (including departure arrangements) and the organization's performance (including social and environmental performance).	Fully	<i>Linkage between compensation for members of the highest governance body, senior managers, executives (including departure arrangements) and the organization's performance (including social and environmental performance): Please see Proxy Statement.</i>			
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	<i>Processes in place for the highest governance body to ensure conflicts of interest are avoided: Please see Proxy Statement.</i>			
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and	Fully	<i>Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity: Please see Proxy Statement.</i>			



	other indicators of diversity.					
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	<i>Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental, and social performance, and the status of their implementation:</i> Please see Frequently Requested Information – Policies .			
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	<i>Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance (including relevant risks and opportunities), adherence or compliance with internationally agreed standards and codes of conduct/principles and frequency with which the highest governance body assesses sustainability performance:</i> Please see CDP Investor Information Request , Good Corporate Governance and Public Policy and Corporate Reputation Committee of the board of directors of AT&T, Inc.			
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	<i>Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance:</i> Please see CDP Investor Information Request , Good Corporate Governance and Public Policy and Corporate Reputation Committee of the board of directors of AT&T, Inc.			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	<i>Explanation of whether the precautionary approach or principle is addressed by the organization, and if so, how:</i> Signed by AT&T Chairman and CEO Randall Stephenson, the AT&T Environment, Health and Safety Policy asserts AT&T's commitment to preventing environment, health and safety incidents by integrating environment, health and safety considerations into business processes and encouraging suppliers to do the same.			
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	<i>Externally developed economic, environmental, and social charters and principles and "other initiatives" to which the organization subscribes or endorses:</i> Please see Frequently Requested Information and Industry & Government Problem Solving .			



4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; or views membership as strategic.	Fully	<i>Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization has positions in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues or views membership as strategic: Please see Annual Report, Frequently Requested Information – Memberships and Industry & Government Problem Solving.</i>			
4.14	List of stakeholder groups engaged by the organization.	Fully	<i>List of stakeholder groups engaged by the organization: Please see Materiality Assessment and Stakeholder Engagement Principles.</i>			
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	<i>Basis for identification and selection of stakeholders with whom to engage, including the organization's process for defining its stakeholder groups and for determining the groups with which to engage and not to engage: Please see Stakeholder Engagement Principles.</i>			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	<i>Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group and indicate whether any of the engagement was undertaken specifically as part of the report preparation process: Please see Materiality Assessment and Stakeholder Engagement Principles.</i>			
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	<i>Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting: Please see Challenges and Opportunities.</i>			

Standard Disclosures Part II: Disclosures on Management Approach (DMAs)

G3 DMA	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
DMA EC	Disclosure on management approach EC	Fully	Our economic management approach, including economic performance, market presence and indirect economic impacts, is covered in our <u>Annual Report</u> .				
Aspects	Economic performance						
	Market presence						
	Indirect economic impacts						



DMA EN	Disclosure on management approach EN	Fully	<p>Our commitment to sustainability reaches the highest levels of our company. Listed below are the committees, executives and policies that govern environmental sustainability at AT&T, including materials; energy; water; biodiversity; effluents, emissions and waste; products and services; compliance; and transport.</p> <p>Committees & Executive Oversight</p> <p>Public Policy and Corporate Reputation Committee of the board of directors: Oversight over all sustainability issues, including environmental sustainability.</p> <p>Citizenship & Sustainability Steering Committee: Comprises senior executives and officers from across the company with responsibility for the business areas most linked to these issues. Each officer represents her/his entire department on the committee so as to reach a broader range of issues and perspectives.</p> <p>Executive Environmental Council: Comprised of senior leaders from across AT&T's business units, and charged with implementing our <u>Environment, Health & Safety Policy</u>, which is signed by AT&T Chairman and CEO Randall Stephenson.</p> <p>Energy Council: 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.</p> <p>Expert teams: More than 20 teams organized around each sustainability issue that is important to our company.</p> <p>Leadership: The Chief Sustainability Officer (CSO) reports to the board committee four times a year to provide updates and receive input on the direction of the sustainability work within AT&T. The CSO's report includes the results of the biannual strategic assessment of sustainability related risks and opportunities.</p> <p>Policies: Environment, Health & Safety (EH&S) Policy: Signed by</p>			
Aspects	Materials Energy Water Biodiversity Emissions, effluent and waste Products and services Compliance Transport Overall					



			<p>AT&T Chairman and CEO Randall Stephenson. The policy asserts AT&T's commitment to operate in an environmentally responsible and sustainable manner. It is also AT&T's policy to protect the health and safety of our employees and the public.</p> <p>Energy Policy: Guides efforts to improve and optimize energy efficiency, while maintaining or improving the quality, reliability and competitiveness of our services. It balances our business need for affordable supply with the need to identify alternative and renewable forms of energy that have less impact on the environment.</p> <p>Climate and Carbon Emissions Policy: Outlines our belief that the ability to increase resource efficiency and reduce greenhouse gas emissions will be a primary determinant of success in the 21st century world economy and explains our commitment to limiting environmental impacts and greenhouse gas emissions of our own operations and in our supply chain.</p> <p>Paper Procurement Policy: Addresses our commitment to environmental sustainability and our efforts to minimize our environmental impact with regards to paper procurement. This policy covers areas of paper certification, post-consumer waste content and paper reduction.</p>				
DMA LA	Disclosure on management approach LA	Fully	<p>Our commitment to ensuring the health, safety and diversity of our workforce reaches the highest levels of our company.</p> <p>Listed below are the committees, executives and policies that govern labor topics at AT&T, including employment, labor/management relations, occupational health and safety, training and education, diversity and equal opportunity and equal remuneration for women and men.</p> <p>Committees & Executive Oversight:</p> <p>Citizenship & Sustainability Steering Committee: Comprises senior executives and officers from across the company with responsibility for the business areas most linked to these issues. Each officer represents her/his entire department on the committee so as to reach a broader range of issues and perspectives.</p> <p>Business Unit Diversity Council: Our senior leaders are</p>				
Aspects	Employment Labor/management relations Occupational health and safety Training and education Diversity and equal opportunity Equal remuneration for women and men						



			<p>accountable for leading diversity initiatives. These leaders understand the value of inclusiveness, and all managers are taught a simple philosophy: We serve our customers better when we build diversity into all we do. This positively impacts our customers and shareowners. The Business Unit Diversity Council allows us to collaborate toward our goal of keeping diversity a top priority at AT&T while driving employee engagement around inclusion.</p> <p>Chief Diversity Officer Forum: Venue to formally integrate, leverage and grow enterprise-wide initiatives for AT&T to become best-in-class in diversity and inclusiveness. This forum meets quarterly during the year to monitor the progress of our initiatives and share best practices.</p> <p>Human Resources Committee of the board of directors: Appointed by the board of directors to discharge the board's responsibilities related to compensation, benefits and succession.</p> <p>Policies:</p> <p>Environment, Health & Safety (EH&S) Policy: Signed by AT&T Chairman and CEO Randall Stephenson. The policy asserts AT&T's commitment to operate in an environmentally responsible and sustainable manner. It is also AT&T's policy to protect the health and safety of our employees and the public.</p> <p>Code of Business Conduct: Signed by AT&T Chairman and CEO Randall Stephenson, the Code of Business Conduct addresses common ethical and compliance issues and covers a range of topics including diversity. In 2012, we accomplished an approximately 99.7 percent completion rate on our Code of Business Conduct training.</p>			
DMA HR	Disclosure on management approach HR	Fully	Our commitment to respecting basic human rights reaches the highest levels of our company.			
Aspects	Investment and procurement practices		Listed below are the committees, executives and policies that govern human rights topics at AT&T, including investment and procurement practices, non-discrimination, freedom of association and collective bargaining, child labor, forced and compulsory labor, security practices, indigenous rights, assessment and remediation.			
	Non-discrimination					
	Freedom of association and collective bargaining					
	Child labor					
	Prevention of forced and					



	compulsory labor		Committees & Executive Oversight: Citizenship & Sustainability Steering Committee: Comprises senior executives and officers from across the company with responsibility for the business areas most linked to these issues. Each officer represents her/his entire department on the committee so as to reach a broader range of issues and perspectives.				
	Security practices						
	Indigenous rights						
	Assessment						
	Remediation						
DMR SO	Disclosure on management approach SO	Fully	Our commitment to managing social impacts and ethics reaches the highest levels of our company.				
Aspects	Local communities		Listed below are the committees, executives and policies that govern topics at AT&T, including local community impacts, corruption, public policy, anti-competitive behavior and compliance.				
	Corruption						
	Public policy						
	Anti-competitive behavior						
	Compliance		Committees & Executive Oversight: Public Policy and Corporate Reputation Committee of the board of directors: Oversight over all sustainability issues, including our role in communities.				
			Policies: Code of Ethics: The board has adopted a Code of Ethics applicable to members of the board of directors, to the officers and employees of AT&T and to its consolidated subsidiaries.				



			<p>Code of Business Conduct: Signed by AT&T Chairman and CEO Randall Stephenson. Addresses common ethical and compliance issues and covers a range of topics including topics such as corruption. In 2012, we accomplished an approximately 99.7 percent completion rate on our Code of Business Conduct training.</p> <p>Political Contribution Statement: Guidance for compliance with all applicable laws concerning political contributions, which are then disclosed in the Political Engagement Report.</p>				
DMR PR	Disclosure on management approach PR	Fully	<p>Our commitment to managing products responsibly reaches the highest levels of our company.</p> <p>Listed below are the committees, executives and policies that product responsibility at AT&T, customer health and safety, product and service labeling, marketing communications, customer privacy and compliance.</p> <p>Committees & Executive Oversight</p> <p>Public Policy and Corporate Reputation Committee of the board of directors: Oversight over all sustainability issues, including how we determine compliance with product responsibility best practices.</p> <p>Policies:</p> <p>Privacy Policy: Identifies and describes the way AT&T uses and protects the information we collect about customers and users. Additionally, we have a Chief Privacy Officer who oversees enforcement of the policy.</p> <p>Environment, Health & Safety (EH&S) Policy: Signed by AT&T Chairman and CEO Randall Stephenson. The policy asserts AT&T's commitment to operate in an environmentally responsible and sustainable manner. It is also AT&T's policy to protect the health and safety of our employees and the public.</p>				
Aspects	Customer health and safety						



STANDARD DISCLOSURES PART III: Performance Indicators

Economic

Performance indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Economic performance							
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Partially	<i>Direct economic value generated, in terms of revenues, operating costs, employee wages and benefits and community investments: Please see our Annual Report.</i>	Direct economic value distributed in terms of payments to providers of capital and payments to governments (by country).	Not material		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	<i>Whether the organization's senior management considers climate change and the risks and opportunities it presents to the organization and any risks and/or opportunities that have potential financial implications (including due to physical changes associated with climate change, regulatory risks, opportunities to provide new technologies, products or services to address challenges related to climate change and potential competitive advantages created for the organization by regulatory or other technology changes linked to climate change). Whether management has quantitatively estimated the financial implications of climate change: Please see CDP Investor Information Request.</i>				
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	<i>Whether the structure of retirement plans are based on defined benefit plans or other types of benefits, whether the pension's liabilities will be fully covered and if not, provide an explanation of the strategy and possible timescale adopted by the employer to work towards full coverage, the level of participation in retirement plans (e.g. participation in mandatory or voluntary schemes, regional or country-based schemes, or those with financial impact) and the aggregate totals of plan coverage: AT&T provides both defined benefit plans and defined contribution plans for employees.</i> <ul style="list-style-type: none"> • No employee contributions are required for defined benefit plans. • Employer contributions for defined benefit plans vary considerably by year and are not derived as a percent of salary but rather are based on a complex 				



			<p>set of funding rules.</p> <ul style="list-style-type: none"> The company funds the pension trust at or above the minimum required funding levels. Pension Trust assets cover approximately 76 percent of pension liabilities at 12/31/12 and post retirement assets cover approximately 25 percent of post retirement liabilities at 12/31/12. These are in accordance with rules established by the Financial Accounting Standard Board, primarily FASB 158, 106 and 87. 				
Market presence							
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Partially	<p><i>The distribution of the ratio of the entry level wage by gender to the minimum wage, the definition used for "significant locations" and whether a local minimum wage is absent or variable in significant locations of operation by gender:</i> Not applicable</p>	<ul style="list-style-type: none"> The distribution of the ratio of the entry level wage by gender to the minimum wage. The definition used for "significant locations." Whether a local minimum wage is absent or variable in significant locations of operation by gender. In situations of different minimums, which minimum wage is used. 	Not applicable	Entry level at AT&T is defined at our union level. At the union level the starting rate is defined by the regional bargaining agreement and is therefore gender neutral. All regional bargaining agreements' starting rates are higher than the local minimum wage.	
Indirect economic impacts							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Partially	<p><i>Explanation of the extent of development (e.g. size, cost, duration) of significant investments and support on communities and local economies:</i> We have invested nearly \$98 billion in the U.S. economy over the past five years (2008-2012), more than any other public company. In 2012, our investment in wired and wireless networks totaled nearly \$20 billion. In our communities, we invested \$131.4 million in corporate, employee and foundation giving.</p> <p>Please see: Philanthropy and Network Reliability.</p>	<ul style="list-style-type: none"> When there are investments indicate whether these investments and services are commercial, in-kind or pro bono engagement. Explanation of the current or expected impacts (positive or negative) on 	Not material		



				<ul style="list-style-type: none"> • communities and local economies. • Whether the organization conducted a community needs assessment to determine infrastructure and other services need. • When a needs assessment was conducted, explanation of results of the assessment. 			
Environmental							
Performance indicator	description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Energy							
EN3	Direct energy consumption by primary energy source.	Partially	<ul style="list-style-type: none"> • <i>Total energy consumption in joules or multiples: 12,091,863 GJ</i> • <i>Total direct energy consumption in joules or multiples by non-renewable primary source: 12,091,863 GJ</i> <p>Please see: Energy Management.</p>	Total direct energy consumption in joules or multiples by renewable primary source.	Not applicable		
EN4	Indirect energy consumption by primary source.	Fully	<ul style="list-style-type: none"> • <i>Total amount of indirect energy used by indirect non-renewable sources and indirect renewable sources in terms of intermediate energy: 52,676,419 GJ</i> • <i>The corresponding primary energy consumed in its production: 175,620,503 GJ</i> <p>Please see Energy Management.</p>				
EN5	Energy saved due to conservation and efficiency improvements.	Fully	<ul style="list-style-type: none"> • <i>Total energy saved by efforts to reduce energy use and increase energy efficiency: 437,384,158 kWh</i> • <i>Total amount of energy saved in joules or multiples taking into consideration energy saved due to process redesign, conversion and retrofitting of equipment, and changes in personnel behavior: 1,574,582 GJ</i> <p>Please see Energy Management.</p>				



EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives.	Fully	<i>Existing initiatives to reduce the energy requirements of major products/product groups or services. Please see: Engaging Our Supply Chain, Packaging, Tackling Environmental and Social Challenges with Technology and Transportation Initiatives.</i>				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	<ul style="list-style-type: none"> <i>Initiatives to reduce indirect energy use, underlying assumptions and methodologies used to calculate other indirect energy use and the source of information: Please see Energy Management.</i> <i>The extent to which indirect energy use has been reduced during the reporting period for use of energy-intensive materials, subcontracted production, business-related travel and employee commuting: Please see Energy Management, Tackling Environmental and Social Challenges with Technology and Work/Life Balance.</i> 				
Water							
EN8	Total water withdrawal by source.	Partially	<p><i>Total volume of water in m³ withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities by source type including: municipal water or other water utilities: 12,609,206 m³</i></p> <p>Please see Water Management.</p>	<ul style="list-style-type: none"> <i>Total volume of water in m³ withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities by source type including surface water, including water from wetlands, rivers, lakes and oceans.</i> <i>Total volume of water in m³ withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities by source type including: ground water.</i> <i>Total volume of water</i> 	Not material	AT&T has some wells, but the volume of water extracted is not significant relative to total water use, which is 3.3 billion gallons. All other water comes from municipal sources.	



			<p>in m³ withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities by source type, including rainwater collected directly and stored by the reporting organization.</p> <ul style="list-style-type: none">• Total volume of water in m³ withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities by source type including: waste water from another organization.			
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Emissions, effluents and waste

EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	<ul style="list-style-type: none"><i>Indicate the standard used, and indicate the methodology associated with the data with reference to: direct measurement; calculation based on site specific data; calculation based on default data; estimations:</i> The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) - Direct Measurement (metered data), site specific data, estimations.<i>Total greenhouse gas emissions as the sum of direct and indirect emissions in tons of CO₂ equivalent:</i> 8,843,067 tons of CO₂-e Please see Greenhouse Gas Emissions.			
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	<i>The sum of indirect GHG emissions identified in tons of CO₂ equivalent:</i> 69,013 tons CO ₂ -e. Please see Greenhouse Gas Emissions .			



EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	<p><i>The extent of greenhouse gas emissions reductions achieved during the reporting period as a direct result of the initiative(s) in tons of CO₂ equivalent: 713,942 tons of CO₂-e.</i></p> <p>Please see Greenhouse Gas Emissions, Energy Management and Transportation Initiatives.</p>				
Products and services							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	<p><i>Initiatives to mitigate the most significant environmental impacts of products/service groups in relation to materials use, water use, emissions, effluents and waste. Report quantitatively the extent to which environmental impacts of products and services have been mitigated during the reporting period: Please see Cell Phone Recycling, Greenhouse Gas Emissions, Packaging, Paper Consumption, Tacking Environmental and Social Challenges with Technology, Waste Management and Water Management.</i></p>	Initiatives to mitigate the most significant environmental impacts of products/service groups in relation to noise.	Not applicable		
Compliance							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Partially	<p><i>Total monetary value of significant fines: Please see Environmental Compliance.</i></p>	<ul style="list-style-type: none"> • Number of non-monetary sanctions. • Cases brought through dispute resolution mechanisms. 	Proprietary information		
Transport							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	<ul style="list-style-type: none"> • <i>The significant environmental impacts of transportation used for logistical purposes and for the members of the organization's workforce, and how the environmental impacts of transporting products, other goods and materials and members of the organization's workforce are mitigated:</i> The most significant environmental impact from the transportation of products and other goods and materials, as well as members of the workforce, is greenhouse gas emissions. These are reflected in both Scope 1 fleet emissions and Scope 3 travel-related emissions. For the full breakdown of these emissions and steps being taken to mitigate them please see Greenhouse Gas Emissions and Transportation Initiatives. For the environmental impacts of the transportation of our workforce, please see Work/Life Balance, which describes our telecommuting program. 				



			<ul style="list-style-type: none"> <i>The criteria and methodology used to determine which environmental impacts are significant. Please see Materiality Assessment.</i> 				
Social: Labor Practices and Decent Work							
Performance indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Employment							
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially	<p>We have 241,810 employees:</p> <ul style="list-style-type: none"> • Total management workforce: 109,732 • Total non-management workforce: 132,080 • Total workforce, domestic figures only: 38 percent female; 62 percent male • 55 percent union-represented <p>Please see Good Jobs and Workforce Diversity.</p>	The total workforce broken down by region and gender based on the scale of the organization's operations.	Proprietary information		
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	<p><i>Whether life insurance, health care, disability/invalidity coverage, maternity/paternity leave, retirement provision, stock ownership and other benefits are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by major operations:</i> Generally speaking, full-time, part-time and temporary employees enjoy identical benefits, although there are limited exceptions in terms of both coverage eligibility and employee contributions.</p>				
Labor/management relations							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	<p><i>The percentage of total employees covered by collective bargaining agreements:</i> 55 percent</p>				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	<p><i>The minimum number of weeks notice typically provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them:</i> If there will be customs and practice changes, AT&T gives 30-60 days notice depending on contract. We give 90 days notice on surplus (layoff notifications) and 90 day notices on technology changes.</p> <p><i>If there are collective bargaining agreements: whether the notice period and/or provisions for consultation and negotiation are specified in collective agreements:</i> If there are collective bargaining agreements, these notice periods and provisions for consultation and negotiation are</p>				



			specified in collective agreements.				
Occupational health and safety							
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Partially	<ul style="list-style-type: none"> Employees and their dependents are provided tools and resources that generally include education surrounding health and wellness and nutrition through Your Health Matters initiatives and various other Health and Welfare vendors. Employees are provided many avenues through various vendors for counseling including Mental Health (counseling), Employee Assistance Program (counseling), Lifecare (family, children and elder assistance) and StayWell Programs (education and coaching). Employees have access to preventive care services through AT&T medical, dental and vision plans including tools and resources via tools and resources and Health and Welfare vendors. Employees have access to various treatment programs through our medical plans for treatment and diagnosis, through our disease management programs for treatment of condition and Mental Health/EAP for treatment. 	Whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.	Proprietary information		
LA9	Health and safety topics covered in formal agreements with trade unions.	Partially	<i>Whether formal agreements (either local or global) with trade unions cover health and safety:</i> All contracts address safety and health issues related to bargained-for employees.	If yes, the extent to which various health and safety topics are covered by local and global agreements signed by the organization.	Not available		
Training and education							
LA10	Average hours of training per year per employee by gender and by employee category.	Partially	<i>Average number of hours of training per employee:</i> 88 in 2012 (more than 21 million hours total).	Average number of hours of training per year per employee by employee category and per gender.	Proprietary information		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	<ul style="list-style-type: none"> We offer a learning catalog of more than 18,000 courses, and we have a process in place to ensure our employees have the courses needed to keep them skilled. Last year, we added more than 2,400 courses and eliminated more than 2,800 old ones that were no longer relevant. In addition, Leading with Distinction trained more than 100,000 managers during our annual 2012 leadership development program designed to align managers to corporate initiatives and develop them as leaders. Through our Tuition Reimbursement Program, we 				



			<p>provide financial assistance to management and non-management employees to earn academic degrees to support their career development. In 2012, AT&T's tuition assistance program assisted approximately 10,200 employees—43 percent were women and 56 percent were people of color—and we invested \$27 million on tuition assistance for both management and non-management employees.</p> <ul style="list-style-type: none">• Many bargained employees are covered by a Job Offer Guarantee that guarantees they will receive another job offer with the company when in a lay-off situation. Severance pay for bargained employees is generally determined by age and service; some training and assistance may be available depending on contract.• Outplacement (career transitions) services are available to eligible non-bargained employees whose existing jobs are eliminated or relocated. These services are offered by RiseSmart, an external vendor. RiseSmart services are offered for a period of four months and they address issues related to initiating a job search, including resume preparation, interviewing skills and negotiating the job offer. Severance pay is available for eligible non-bargained employees whose job is eliminated or relocated. Severance pay is calculated based upon the employee's base salary and years of service with the company. Payouts range from a minimum of 4 percent of an employee's annual base salary for employees with 0-1 year of service with AT&T to a maximum payout of 50 percent of an employee's annual base salary for those with 13 or more years of service.			
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	<i>The percentage of total employees (from LA1) by gender who received a formal performance appraisal and review during the reporting period: 100 percent</i>			



Diversity and equal opportunity							
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	<p>Total U.S. workforce:</p> <ul style="list-style-type: none"> • 38 percent female • 62 percent male • 39 percent people of color <p>Board of directors:</p> <ul style="list-style-type: none"> • 17 percent female • 83 percent male • 25 percent people of color <p>Please see Good Jobs and Workforce Diversity.</p>	<ul style="list-style-type: none"> • The percentage of employees by age group (under 30; 30-50; over 50) • For the identified minority and age groups, report the percentage of employees by gender • The percentage of individuals within the organization's governance bodies by age group (under 30; 30-50; over 50) 	Proprietary information		

Social: Human Rights

Performance indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
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Investment and procurement practices

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Partially	<p>The AT&T Supplier Citizenship and Sustainability Clause is a standard component of our contract. The clause:</p> <ul style="list-style-type: none"> • Requires suppliers to acknowledge the AT&T Principles of Conduct for Suppliers, which specifically address several human rights concerns including Ethics, Freedom of Association, Labor Rights and the Treatment of People with Respect and Dignity. • Includes AT&T's Human Rights in Communication Policy. The policy addresses freedom of expression and privacy, protection against corruption, labor standards and sustainable environmental practices. 	<ul style="list-style-type: none"> • Total number of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening • Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. • The definition of "significant agreements." 	Proprietary information		
HR2	Percentage of significant suppliers, contractors and other business partners that	Partially	AT&T has established a Supplier Human Rights and Labor Practices Program. Major suppliers who account for 80 percent of our procurement receive the annual AT&T	<ul style="list-style-type: none"> • Percentage of contracts with significant suppliers 	Proprietary information		



	have undergone human rights screening, and actions taken.		Supplier Sustainability Survey. This survey includes questions on both human rights and labor practices. As an added measure, selected suppliers receive an in-depth supplemental questionnaire that addresses such topics as minimum age requirements, maximum allowable working hours, forced labor, and discrimination. The questionnaire encompasses both the supplier and the supplier's supply chain. Finally, AT&T reserves the right to audit suppliers on any aspect of their sustainable business practices, including human rights and labor practices.	<ul style="list-style-type: none"> and contractors that included clauses or screening on human rights Percentage of contracts with significant suppliers, contractors and other business partners that were either declined or imposed performance conditions, or were subject to other actions as a result of human rights screening. 			
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Partially	<i>Percentage of employees in the reporting period trained in policies and procedures concerning aspects of human rights that are relevant to operations:</i> In 2012, we accomplished an approximately 99.7 percent completion rate on our Code of Business Conduct training, which includes aspects of human rights that are relevant to operations.	Total number of hours in the reporting period devoted to training on policies and procedures concerning aspects of human rights that are relevant to operations.	Not available		
Freedom of association and collective bargaining							
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Partially	<i>Any measures taken by the organization in the reporting period intended to support rights to freedom of association and collective bargaining:</i> AT&T has entered into Card Check and Neutrality Agreements and honors those agreements.	Operations and significant suppliers identified in which employee rights to exercise freedom of association or collective bargaining may be at risk either in terms of type of operations OR countries or geographical areas with operations considered at risk.	Proprietary information		
Security practices							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Partially	<i>The percentage of security personnel who have received formal training in the organization's policies on, or specific procedures for, human rights issues and their application to security:</i> In 2012, we accomplished an approximately 99.7 percent completion rate on our Code of Business Conduct training. This includes human rights issues.	Whether training requirements also apply to third party organizations providing security personnel.	Not material		



Social: Society

Performance indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Corruption							
SQ3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	<i>The percentage of total number of management employees who have received anti-corruption training during the reporting period, and the percentage of total number of non-management employees who have received anti-corruption training during the reporting period: In 2012, we accomplished an approximately 99.7 percent completion rate on our Code of Business Conduct training. This includes anti-corruption policies and procedures.</i>				
SQ4	Actions taken in response to incidents of corruption.	Fully	<i>Actions taken in response to incidents of corruptions (including the total number of incidents in which employees were dismissed or disciplined for corruption and when contracts with business partners were not renewed due to violations related to corruption), any concluded legal cases regarding the reporting organization or its employees during the reporting period and the outcomes of such cases: Please see Investor Relations.</i>				
Public policy							
SQ5	Public policy positions and participation in public policy development and lobbying.	Fully	<i>Significant issues that are the focus of the reporting organization's participation in public policy development and lobbying, core positions held on each of the reported issues above and any significant differences between lobbying positions and stated policies, sustainability goals or other public positions: Please see Industry and Government Collaboration, Political Engagement Report and Political Contributions Statement.</i>				
SQ6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	<i>The total monetary value broken down by country for those countries where the organization has major operations and/or sales, the organization holds a significant share of the market in comparison to other organizations or the sums contributed are significant compared to the amount contributed globally. Please see Political Engagement Report.</i>				



Social: Product Responsibility

Performance indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Product and service labeling							
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	<i>Organization-wide practices in place to assess and maintain customer satisfaction and results or key conclusions of surveys conducted that were related to the organization as a whole, a major product/service category or significant locations of operation:</i> We conduct more than 5 million customer interviews each year, including surveys of former and returning customers. Customers can also use the AT&T Mark the Spot app to submit feedback on network service issues such as dropped calls, failed call attempts, no coverage, data that won't connect or data that is too slow. Customer comments help us improve our service and improve customer satisfaction.				

