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 CO_2-equivalent): **8,839,290**
- Domestic and international carbon footprint (metric tons CO_2-equivalent): **8,912,080**
- Greenhouse gas intensity (metric tons CO_2-equivalent/$ million of revenue): **69.93**
- Greenhouse gas intensity (metric tons CO_2-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	2012 Progress Toward Goals
Reduce our Scope 1 emissions 20 percent by 2020, using a 2008 Scope 1 baseline of 1,172,476 mtons CO_2-e.[1]	We achieved an adjusted **937,917** mtons CO_2-e of Scope 1 emissions which equates to a 20 percent reduction as compared to our 2008 baseline.[2]
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.	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.
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 end of 2012, 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 deployment 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.
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, 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 CO_2-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

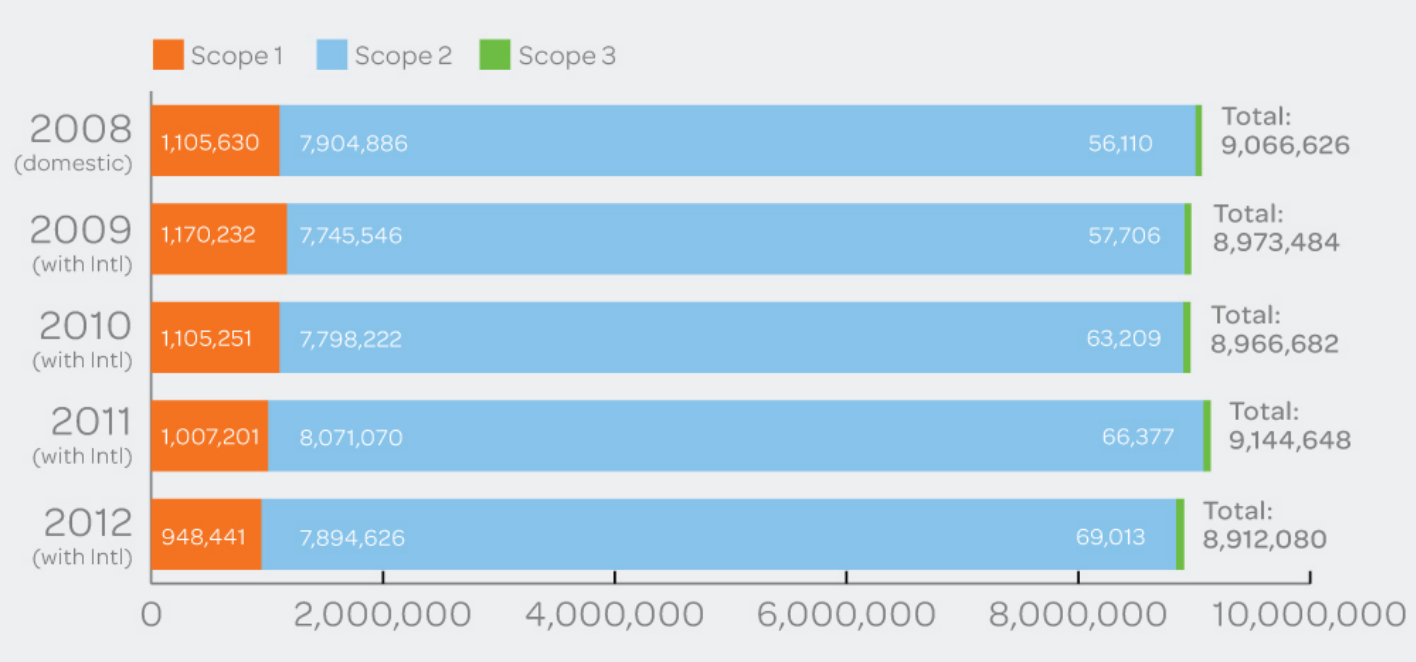
Our GHG emissions decreased in 2012 compared to 2011, both for Scope 1 and Scope 2 emissions.

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.

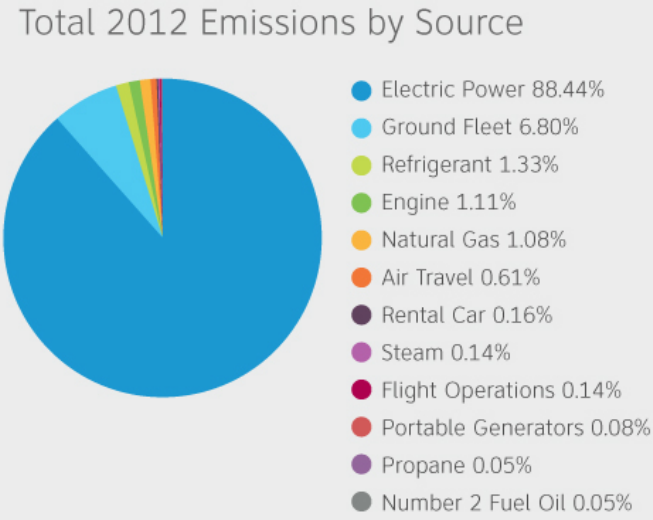
Scope 1 (Direct Emissions)

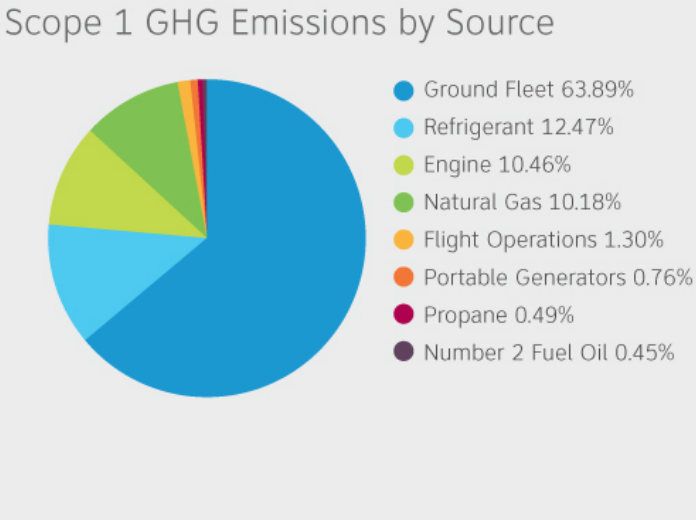
Direct emissions account for **10.6 percent** of our total GHG emissions, down in 2012 compared to 2011. Almost **64 percent** of our direct emissions come from our fleet, and our commitment to operate a more efficient and clean fleet through alternative-fuel vehicles (AFVs), anti-idling policies and 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 CO_2-e. We achieved an adjusted **937,917** mtons CO_2-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 CO_2 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.