



# Climate Strategy & Transition Plan

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# Overview

Physical risks of extreme weather — such as intense storms, droughts and wildfires — threaten infrastructure, supply chains and communities. Transition risks — such as policy changes, regulatory and legal shifts, and market expectations — can add business costs and uncertainty, but there are also opportunities for those who choose to be part of the solution.

According to the most recent [Synthesis Report](#) from the Intergovernmental Panel on Climate Change (IPCC), released in March 2023, the window for enabling climate resilient development and averting widespread adverse climate impacts is rapidly closing. Science tells us that society must transition to a net-zero economy by 2050 or sooner. Industries — including the technology and telecommunications sectors — are a critical part of this shift.

As one of the world's largest companies, AT&T can play a role in creating a better, more environmentally sustainable future. We're acting to address changing weather patterns and prepare for its impacts as it's good for our business, our employees, the communities we serve, and our planet.

This document outlines AT&T's approach to addressing the potential risks and opportunities associated with the transition to a net-zero economy.



# Our Strategy

Our strategy and transition plan focuses on three areas:

## **MITIGATING IMPACTS**

Working toward our goal to be carbon neutral by the end of 2035 across our global operations, as well as our science-based greenhouse gas (GHG) emissions reduction targets.

## **MANAGING RISKS**

Working to understand potential threats we face and taking steps to prepare our company to withstand more frequent and severe weather events and the transition to a net-zero economy.

## **SEIZING OPPORTUNITIES**

Deploying renewable energy and implementing sustainable business practices, as well as collaborating with customers to deliver connectivity solutions that help them reduce 1 gigaton (1 billion metric tons) of GHG emissions between 2018 and the end of 2035.



# Mitigating Impacts

We are committed to reaching carbon neutrality by 2035 across our entire global operations (Scopes 1 and 2). To guide our progress, we set interim targets that were approved by the Science-Based Targets initiative. We aim to reduce our absolute Scope 1 and 2 GHG emissions by 63% from our 2015 base year by 2030 — aligning with a 1.5-degree Celsius pathway. And we have met our annual Scope 3 science-based target in the last four years by ensuring that suppliers representing at least 53% of our spend have set science-based Scope 1 and 2 targets. The number increased to 55% in 2023.

Underlying these goals are our commitments to a world-class energy efficiency program, continued renewable energy procurement and reducing emissions from our fleet. We will also continue to conduct engagement activities aligned with the Paris Agreement.

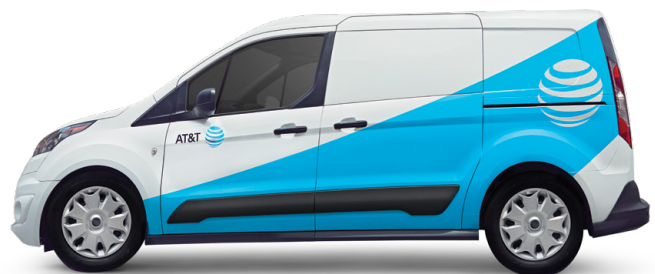
We obtain annual, independent assurance of our Scope 1, 2 and 3 (select categories) emissions. The rigor of this process helps us realize continual, year-over-year improvements in accuracy. Learn more in our [Climate & Greenhouse Gas Emissions](#) issue brief. See our [Corporate Responsibility Data page](#) for our latest GHG emissions data.

## Scope 1

Scope 1 (direct) emissions accounted for approximately 4.2% of our total reported emissions in 2023, and the

majority of our Scope 1 emissions come from our fleet. We expect to reduce our fleet emissions by at least 76% by 2035 through reducing our overall fleet count and beginning our transition to electric vehicles. We are also a member of the Corporate Electric Vehicle Alliance, which serves as a collaboration platform for companies to increase corporate demand for electric vehicles and identify challenges and opportunities for adding these vehicles to their fleets.

Of our remaining Scope 1 emissions, most come from our use of refrigerants and stationary engines. These components provide the cooling needed to power our communications network and the backup capacity to help maintain our network reliability. We aim to reduce these emissions by identifying hydrofluorocarbon-free refrigerant replacements, reducing fugitive emissions, and evaluating opportunities to use fuel cells and other power generation options.



## Scope 2

Scope 2 (indirect) emissions accounted for 23.5% of our total reported emissions in 2023. Purchased electricity and steam are a predominant source of emissions for AT&T, with market-based Scope 2 emissions accounting for nearly 84.8% of our total operational emissions (Scope 1 and 2) in 2023. We have multiyear transition plans in place to reduce electricity consumption where possible and accelerate energy efficiency efforts. This includes implementing energy efficiency projects, such as building optimization modifications and repairs such as HVAC upgrades and lighting retrofits. Between 2015 and the end of 2023, we implemented nearly 168,000 energy efficiency projects, resulting in nearly 8.3 million megawatt hours (MWh) of annual energy savings and annualized cost savings of more than \$740 million.

As we transition to a low carbon economy, a mix of fuels will be required. Thus, in addition to reducing our energy use, we are also focusing on purchasing renewable energy. The energy production of our domestic renewable energy portfolio in 2023 was nearly 3 million MWh, with more than 3,000 MWh from on-site sources.<sup>1</sup> We continue to seek opportunities to incorporate renewable energy into our portfolio.

## Scope 3

AT&T's approach to Scope 3 emissions is to develop reliable and accurate emissions accounting and then create strategies for Scope 3 emissions reductions to ensure we prioritize the most impactful initiatives. In 2023, we analyzed our 2022 Scope 3 emissions statement, which has resulted in us reporting on an additional Scope 3 source.

AT&T is committed to addressing our Scope 3 emissions, and one way we are doing that is through our work with our suppliers to set emissions reduction targets. For four years running, we've met our Scope 3 target for 53% of our suppliers by spend to set their own scope 1&2 emission reduction targets. That target grew to 55% in 2023 and we continue to work to increase this number and explore other supplier-specific emissions initiatives.

For more information on how we mitigate our impacts, please see our [Climate & Greenhouse Gas Emissions](#) issue brief.

## A Note about Offsets

Though AT&T aims to reduce its emissions footprint as much as possible, there may be some sources of emissions that cannot be eliminated. In these cases, we may invest in carbon offsets in the future. We are committed to pursuing only the most credible offsets and aim to be transparent in our approach.

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<sup>1</sup> Data is rounded and inclusive of all AT&T operations (U.S. and international).





# Scenario Analysis

We use a climate-related scenario analysis to assess the potential impacts and magnitude of risks and opportunities on our operations. This assessment, which helps us better understand how AT&T is positioned to respond to physical risk from acute and chronic changes — such as extreme weather events, precipitation, drought, and changes in mean temperatures — that could impact our network infrastructure, our products and services, and our brand. AT&T also assesses transition-related risks along various categories, including market, technology, policy & legal and reputation. Examples of these include the impact of environmental regulations, developments in technology and market or reputational factors on our company.

AT&T conducted its first scenario analysis in 2019. The initial scenario focused on the physical risk associated with the Representative Concentration Pathway (RCP) 8.5 scenario. We then expanded to a more comprehensive Task Force on Climate-Related Financial Disclosures (TCFD) climate-related scenario analysis in 2022 and finalized results in

early 2023. For physical scenarios, we used two climate scenarios informed by the IPCC Shared Socioeconomic Pathways. For transition scenarios, we used two publicly available scenarios: (1) shows the trajectory implied by today's existing climate and energy-related policy settings and (2) assumes that all aspirational climate-related targets announced by governments are met on time and in full, including their long-term net zero and energy access goals. These scenarios were aligned by matching the projected increase in mean temperatures globally.

By comparing input from internal stakeholders and historical company metrics to these climate scenarios, we can prioritize the risks and opportunities most relevant to the company. These risks and opportunities were further analyzed along three time horizons identified by AT&T: short (present–2025); medium (2025–2030); and long (2030–2050).

Please see our [TCFD report](#) for more information on our scenario analysis.



# Managing Risks

## Physical Risk

Our business operations could be subject to interruption by equipment failures, power outages and natural disasters, such as flooding, hurricanes and forest fires, whether caused by discrete severe weather events and/or precipitated by long-term changes in the climate. Severe weather events such as high winds, heavy precipitation and heat waves have the potential to directly damage our network facilities or disrupt our ability to maintain portions of our network. For instance, in 2023, Hurricane Idalia caused impacts to our network in Florida from power outages and storm damage. Such events could cause significant damage to the infrastructure — including cell

towers, central offices or other physical assets — upon which our business operations rely, resulting in degradation or disruption of service to our customers, as well as significant recovery time and expenditures to resume operations. Our system redundancy and other measures we take are designed to protect our infrastructure and operations from the impacts of severe weather events — including proactively relocating equipment or implementing network hardening solutions.

It is important to note that although, in both the low carbon and high carbon scenarios, the frequency and magnitude of these extreme events are likely to significantly increase, it is difficult to precisely estimate the impacts on AT&T's



business. Many additional factors outside of AT&T's control could reduce or magnify the potential impacts, including local land use, statewide climate policy, and the specific effects of individual climate events.

AT&T is integrating adaption strategies into our business practices to minimize the impact of the effects of changes in weather and natural disaster patterns. We have invested more than \$1.1 billion over the past three decades in our Network Disaster Recovery Program, which exists to rapidly restore communications to areas affected by disasters.

We conduct regular analysis to help ensure our network infrastructure, such as cell sites, can withstand natural disasters and other environmental factors. For example, for certain locations we deploy high-capacity battery backup to our cell sites, which enables them to remain in service in the event of a power loss. We also work to reduce water consumption in our facilities by cleaning cooling towers, enhancing proactive maintenance and repairs, utilizing smart irrigation systems, and providing connectivity for monitoring systems to enable remote, near real-time water use tracking and management.

## Climate Data

Developed in collaboration with the U.S. Department of Energy's Argonne National Laboratory, our climate data helps visualize and quantify the potential risk of climate impacts such as wind, drought, wildfire and flooding at the neighborhood level — up to 30 years in the future.

By analyzing the modeled climate data under the RCP 8.5 warming scenario and physical risk implications of the future climate, our industry-leading data helps network engineers understand how climate impacts may affect existing infrastructure or future network builds. To do so, we overlay the data onto asset inventory maps and look at our infrastructure, such as cell towers, central offices and high-traffic locations. We have also integrated the data and associated risk scores into our network design and planning tools. The data and risk scores enable us to strategically plan for the physical impacts that current and future severe-weather events may have on critical components of our network and operations. Doing so helps lower risk to our company and helps ensure we can deliver services to our customers.

## ClimRR Portal

In addition to using climate data for our own risk management, we worked with Argonne National Laboratory to create the ClimRR Portal. Using climate science modeling that is among the most sophisticated methodologies worldwide, ClimRR is publicly available and gives state, local, tribal and territorial emergency managers and community leaders free access to localized data about future risks that can be used to explore strategies for resilience.

Community leaders and public safety officials can now understand how increasing risks like extreme heat, heavy rainfall and drought will affect their populations, including vulnerable and underserved communities, which can be the most adversely impacted by these extreme weather events.

## Transition Risk

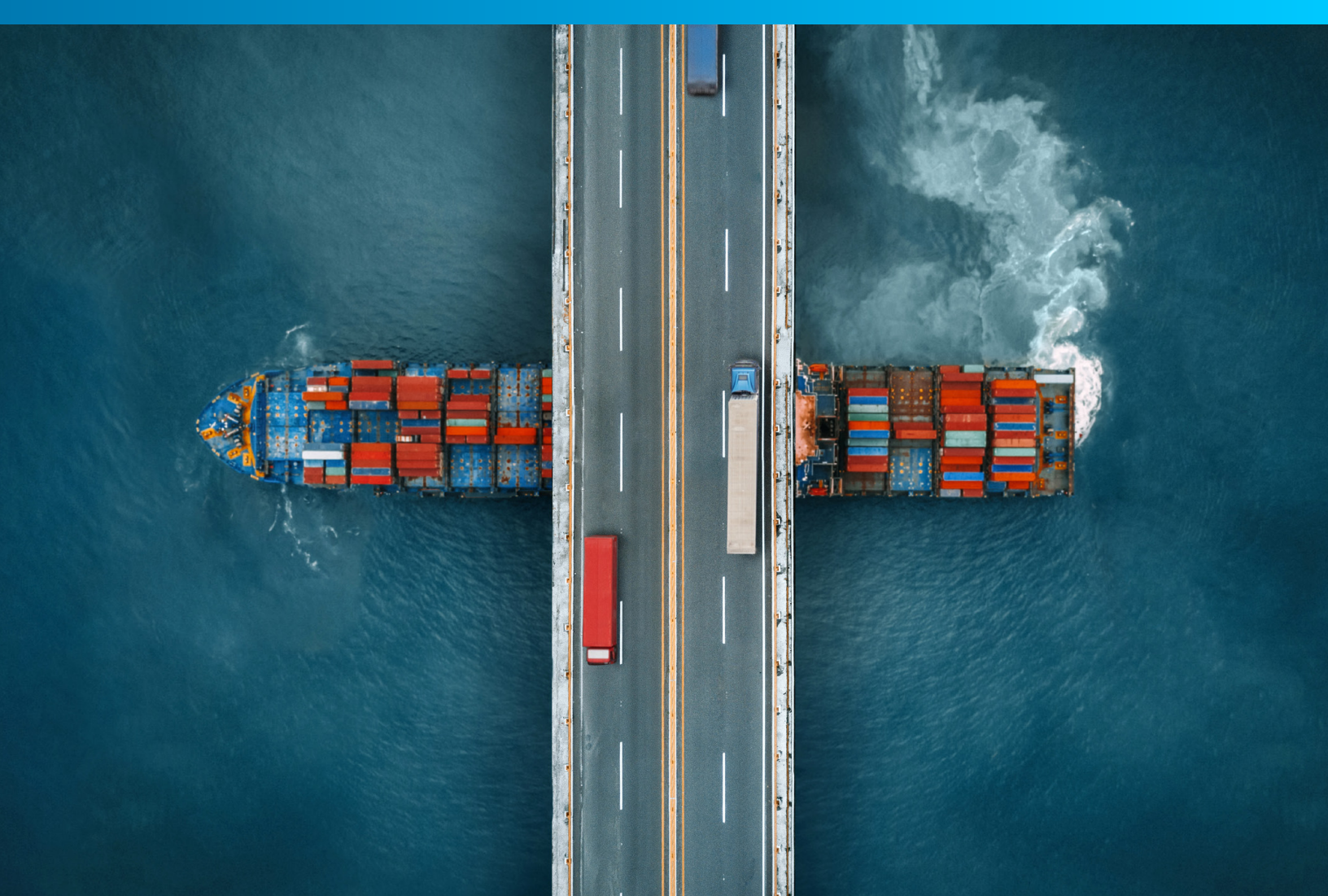
Regulatory risks related to policies that increase the price of GHG emissions, such as through a fuel or carbon tax or other pricing mechanism, may marginally drive up the price of fossil fuel-based energy and increase our operating costs. AT&T relies in part on fossil fuel-based resources for our fleet and to provide backup power for our network. We also purchase a significant amount of electricity to power our network and general operations. While we are working to increase the amount of renewable electricity in our portfolio, we still rely on the grid and non-renewable sources to fulfill our energy needs.

Reducing our energy usage helps us mitigate risks associated with changes in energy prices, and we have active energy management efforts underway. In 2023, we invested over \$44 million to implement nearly 6,700 energy efficiency and reduction projects that will drive annual energy savings of nearly 470,000 MWh and gross annualized energy cost savings of \$45 million. We also performed more than 40 proof of concept energy trials to test new ideas for scalable energy savings efforts and programs. Three of these trial concepts have moved to broader implementation. Between 2015 and 2023, we implemented nearly 168,000 energy efficiency projects, such as the ongoing integration of our Enterprise Building Management

Solution across our footprint and decommissioning obsolete portions of our network operations — resulting in 8.3 million MWh of annual energy savings and annualized energy cost savings of more than \$740 million. In 2023, our large-scale renewable energy projects delivered nearly 3.3 million renewable energy credits to help offset our greenhouse gas emissions.

Part of our total energy efficiency investment pertained to real estate decommissioning projects, including consolidating and eliminating facility square footage; network projects such as decommissioning, process optimization and smart controls initiatives; and building infrastructure and systems. To learn more about our risks and our management approach, please see our [TCFD report](#).





# Seizing Opportunities

Our scenario analysis identified several opportunities to mitigate risk for our business, such as reducing energy costs through renewables and energy efficiency measures, as well as meeting stakeholder expectations for sustainable business practices.

In addition, AT&T has opportunities to benefit from the transition to a net-zero economy. A key part of our business is providing the technology and connectivity needed to scale climate solutions. Our connectivity solutions can reduce costs and emissions in industries that have large environmental footprints, such as transportation, energy, manufacturing and agriculture.

## Smart Climate Solutions

Through the sale of products and services that enable emissions reductions for our customers, we see an opportunity to drive revenue increases while helping to mitigate our customers' impacts.

We have a goal to deliver connectivity solutions that enable business customers to reduce a gigaton (1 billion metric tons) of GHG emissions between 2018 and the end of 2035. This goal will measure emissions reductions enabled by a set of [Smart Climate Solutions](#).

To advance this effort, AT&T formed the Connected Climate Initiative (CCI), a collection of complementary technology and industrial companies, universities and non-profits that are working together to scale Smart Climate Solutions. Through the initiative, we have invested in research with leading universities to explore how 5G can enable emissions reduction. We've engaged independent, credible third parties to facilitate customer co-development sessions to identify opportunities. And we've invested in communications, marketing and sales tools that help support the engagement with customers in these efforts, recruit new CCI partners and identify opportunities to increase AT&T revenue.

To learn more about Smart Climate Solutions, see our [Reducing Emissions](#) webpage.

## Access to New Markets

Our technology solutions, such as Internet of Things connectivity, have the power to reveal inefficiencies and reduce wasted electricity, fuel, water and/or raw materials, which can lead to reduced GHG emissions across multiple markets. AT&T is uniquely positioned to deliver many of

these benefits to our customers because of our scale and expertise.

We believe that collaborating with our customers on AT&T-integrated technology solutions can create new opportunities for AT&T to introduce technology into new industries and markets, such as Smart Cities, industrial, manufacturing, retail, supply chain and transportation. To capitalize on such opportunities, we work with customers to create case studies showing how our technologies have enabled positive environmental impacts. We expect these examples can help expand the conversations we have with our customers.

To view our customer connected solutions case studies, see our [Reducing Emissions](#) webpage.

To learn more about our opportunities and our management approach, please see our [TCFD report](#).



# Political Engagement

Our political engagement priorities include U.S. Economic Stability and Growth, Resilient Infrastructure, Technological Progress and Technology Access, and Employee Opportunity. We participate in initiatives that support our climate strategy when they align with these political engagement priorities. AT&T is a founding member of the Climate Leadership Council and we engage with the Global e-Sustainability Initiative, the Business Roundtable and the U.S. Chamber of Commerce as they work to foster cooperation across members regarding sustainable development and the creation of climate policies.





# Governance

Our approach is integrated into our business through Board of Directors oversight, officer-level leadership of initiatives across relevant departments, and collaboration among dedicated teams of corporate responsibility professionals and subject matter experts throughout the company.

The Governance and Policy Committee (GPC) of our Board of Directors has the highest level of responsibility for climate related activities within AT&T. The GPC is briefed by the Senior Vice President of Corporate Responsibility and Chief Sustainability Officer (CSO) on climate-related issues as they relate to AT&T's overall strategy. The GPC provides input and guidance in the development of our climate-related strategy and transition plan, as well as our programmatic and managerial approach to environmental issues. Our CSO discusses components of our Climate Strategy and Transition Plan with investors, and we also publish the plan on our website. In addition, our Corporate Responsibility Governance Council is led by our CSO and comprises more than a dozen officers who lead the business operations aligned to our most important environmental, social and governance focus areas.

AT&T Board members demonstrate working knowledge of sustainable business practices, and several have experience and competence regarding climate-related issues. One of our directors has been deeply engaged with nonprofits/NGOs focused on global environmental issues. Three of our directors have experience as CEOs of companies with numerous public environmental related targets and initiatives.

Demonstrated progress toward and achievement of our stated goals— such as our programs for adoption of renewable energy, our science-based carbon reduction targets and our 2035 carbon neutral goal — are part of the annual performance objectives for our CSO and other senior leaders across our business. Performance toward these goals is considered when these individuals' supervisors determine merit salary increases and bonus awards.

## Disclosure

We report our progress on our environmental sustainability program through our [Annual Sustainability Reporting](#), which we update annually. We also align our reporting to TCFD and respond to CDP's climate survey.

Collectively we use these frameworks to disclose our environmental information, such as climate-related financial impacts, so that investors and other stakeholders can make informed decisions.

For more information about our climate change management, please see our [Climate & Greenhouse Gas Emissions](#) issue brief.