



**MANAGEMENT AND SUSTAINABILITY**  
REPORT

2014

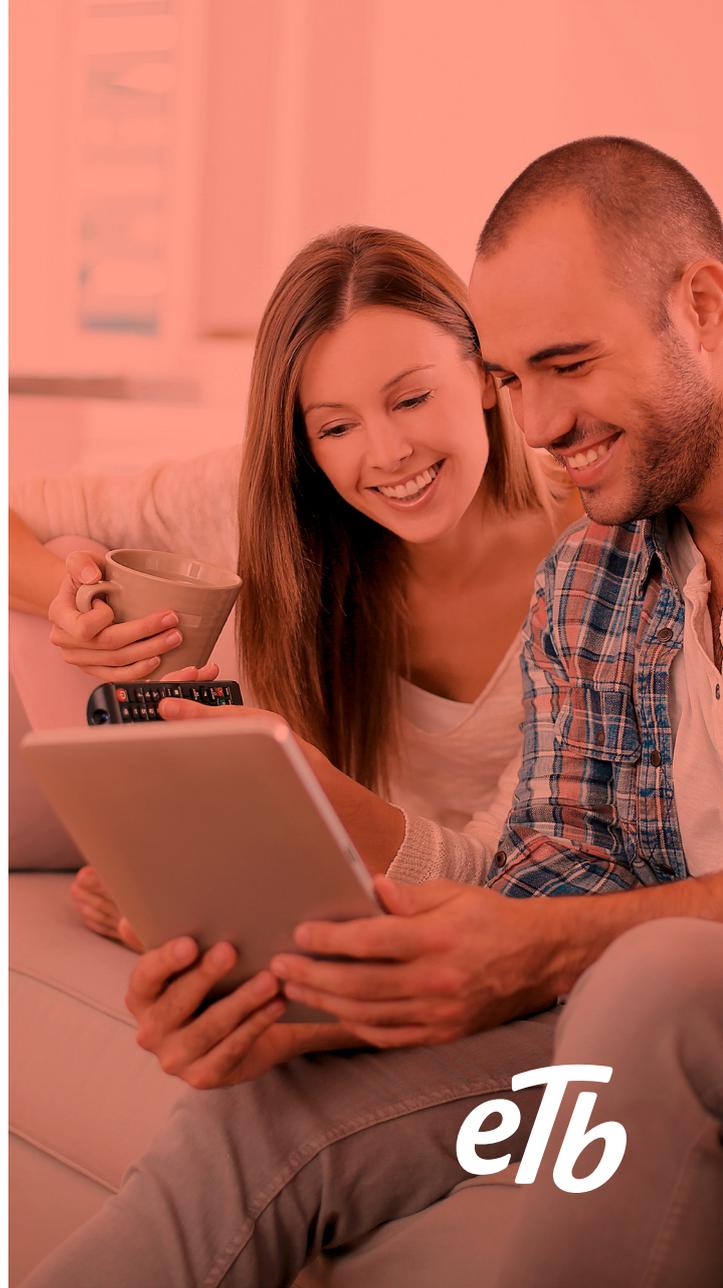
**eTb**

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**eTb**

# CEO AND BOARD OF DIRECTORS' MESSAGE

etb

ENVIRONMENTAL  
PERFORMANCE

SOCIETY

SUPPLIERS AND  
CONTRACTORS

CLIENTS

EMPLOYEES

SHAREHOLDERS  
AND INVESTORS

ETB

**T**oday, three years after undertaking the corporate transformation process, we can declare that we have accomplished the mission entrusted upon us of rescuing a company that was doomed to failure. The company currently stands for soundness, profitability and competitiveness.

Because of our teamwork, which involves each and every one of our workers and shareholders, we proved that a private-public company can become viable and successful. We have accomplished unprecedented achievements throughout the 130 years of history at ETB:

We increased corporate revenues for the second consecutive year, after eight years, and despite the continuous drop in landlines (the company's greatest revenue generator); global market trend.

2014 profits amounted to  
**\$370,531,188**  
billion pesos; the highest reached by  
ETB in more than 20 years.

The corporate  
net worth  
increased by  
**25.64%**

over the past three years,  
while corporate  
liability decreased  
**29.18%**  
in the same period.

In 2014,

**\$660,472,952**

billion COP were invested; the highest figure reported in more than 20 years and, hence, we maintained a positive net debt of

**\$530,180,000**

thousand pesos.

The corporate share grew by

**16%**

in 2014, vis-à-vis a decrease in the COLCAP index of

**5.81%.**

Today, more than 854,000 homes switched to Fiber to the Home (FTTH). In other words, the network is laid in front of their homes, with 20,000 connected houses (clients already having fiber optic services). Digital Interactive TV was launched – the best platform in Latin America, being quality its most remarkable benefit. Fiber optic rings have been deployed in Medellín, Bucaramanga, Barranquilla, and Tunja; cities where the national ETB presence was consolidated to strengthen its corporate supply, and 4G Mobile Services nationwide, with one of the most competitive voice and data offers on the market.

Fiber optic has proven to be essential for telecom companies globally, due to the exponential growth of data use. ETB currently offers 150 megabytes to download information and 70 megabytes to upload in the same network; a speed offered by no one else to Colombian residential subscribers. Furthermore, we are turning Bogotá into the most connected city in Latin America and one of the best-connected cities worldwide.

We launched ETB's Digital Interactive TV with comparative advantages, such as toggling between channels in less than one second, recording five channels at the same time and going backwards one hour, live, in any channel. Some channels even allow going backwards up to 48 hours. Interactive TV experience is unique, with more than 60 High-Definition channels in the TV schedule.

With Mobile Services, ETB made one of the best deals in 130 years. It sold its shareholding interest in TIGO for

**US\$240 million.**

Furthermore, the sale agreement allowed us to establish a joint venture with TIGO to jointly attend the 4G auction and participate in an infrastructure sharing agreement. These agreements surpassed US\$800 million and allowed us to launch a mobile service nationwide nearly one year after obtaining the spectrum.

ETB Móvil offers one of the most competitive rates on the market, services not deducted from the data packages

contracted, such as Spotify, WhatsApp and Facebook, and financing activities of up to one year for cutting-edge devices, among others. In 2015, our target is to exceed

**350,000 users.**

As to sustainability, ETB received 83 points in the Corporate Transparency Ranking, 12 points higher with respect to the results obtained in 2013, and is leading the average in the TIC sector (79 points).

**Likewise, it was awarded, in its second consecutive year, the Investor Relations award granted by the Colombian Stock Exchange; it was commended by *Transparencia por Colombia* (Transparency for Colombia) for its best corporate governance practices and, for the first time, it obtained the environmental sustainability certification under the ISO 14001 standard.**



From the social standpoint, we are still interested in reducing the current digital gap in Bogota and in Colombia, and we are working to strengthening Internet penetration, allowing universal network access. With our TIC Widespread growth program (Information Technologies and Communications) and with the current alliances with the TIC Ministry and the Cundinamarca Governor's Office, we support your technology and access initiative with the opening of Puntos Vive Digital, Puntos Vive Digital Plus (specialized on audiovisual and software content generation and production) and Technology Centers in various Colombian areas. This is how we ratify our commitment to the United Nations Global Compact and the sustainability challenges that society has placed on entrepreneurs.

The above supports the corporate success. This is why in our opinion, 2015 will be the year of consolidation and growth in the programs of our Corporate Strategic Plan (PEC).

As to Fiber to the Home, we will move on with the deployment to be able to reach the goal of covering 80% of the city with this cutting-edge technology; in other words, to have this network laid in front of these houses.

The growth of connected homes will be exponential, reaching nearly

**140,000 by the end of 2015.**

The Regional Strengthening will still be on the verge of the national expansion of ETB. We will definitely support this program with the consolidation of the fiber optic rings built in Barranquilla, Bucaramanga, Medellin and Tunja.

We will officially launch free Wi Fi through developments, such as the adaptation of public phones as Wi Fi nodes, and the joint work undertaken with the Bogota administration and the district TIC Advisory for the widespread connectivity growth in the city and to expand free Internet paths; similar to existing ones in the center, south and north areas of the capital city.

Our main focus is customer service; to such end, we created a new Vice Presidency devoted to this matter and inaugurated two new shops and Experience Centers (in the Centro and Kennedy offices) to attend your requirements and concerns. Likewise, citizens in these spaces may acquire and experience new services, and even learn how to learn the management thereof.

In 2015, several projects to reinforce and improve our clients' experience with the services will be implemented, including: Factura Perfecta (Perfect Invoice) and 100% Cumplo Agenda (100% Agenda Compliance). Likewise, we will expand our presence at shopping malls and major retail outlets.

Furthermore, the Information Strategic Management program seeks to, as its name clearly states, a more comprehensive image of each of our clients, the services they have with us, and the ones they may acquire. We will also have core data, such as connectivity, concerns and the solutions we have provided every time we they contact us through our attention channels.

To consolidate these challenges, in 2015 we will invest nearly US\$250 million, thus accomplishing the 2012-2016 Corporate Strategic Plan investment projection, which amounts to US\$1 billion.

This year, we have experienced a new telecommunications boom in Colombia thanks to ETB, a Colombian company for Colombians. ETB has been present, and for 130 years has contributed to the growth and development of Bogota and Colombia.

We appreciate your vote of confidence on this transformation and on the Corporate Strategic Plan, and we highlight the encouragement and engagement of each and every citizen and our clients to promote and foster the operation of ETB for another 130 years in favor of shareholders, employees and all Colombians



**Saúl Kattan Cohen**  
Presidente

# 130

## YEARS OF ETB

On its 130<sup>th</sup> Anniversary, ETB renews its image, reinforcing its desire to be at the forefront in telecommunications to connect Colombians to the world. Today, ETB is a sound, profitable, competitive, progressive, enthusiastic and close brand.



**OUR HISTORY  
IN VIDEO**

# 1884

### EVERY STORY HAS A GREAT BEGINNING

On August 28 of this year, ETB was conceived as Compañía Colombiana de Teléfonos. The first call was made on a Sunday, in November 1884, between the first office (at Calle de la Concepción, Calle 13 and Carrera 7) and a commercial establishment in Chapinero.



### THE VOICES BEHIND EACH CALL

From the very beginning, Operators represented the kind and amiable side of ETB. They were responsible for connecting each of the calls for 46 years.

ETB

SHAREHOLDERS  
AND INVESTORS

EMPLOYEES

CLIENTS

SUPPLIERS AND  
CONTRACTORS

SOCIETY

ENVIRONMENTAL  
PERFORMANCE

# 1948

## FROM OPERATORS TO AUTOMATION

This year, automation begins and, therefore, ETB extended its coverage, while evolving with a fast growing city.



# 1956

## PAYPHONES FOR EVERYONE

From its inception, ETB's goal was clear: to communicate its users in an agile manner. This was firstly evidenced by the installation of public payphones on the streets, which operated with two and five-cent coins.

## BUBBLES IN THE MIDDLE OF THE CITY

The service modernization included the installation of bubble-shaped booths in the city. Mayor Emilio Urrea Delgado, inaugurated the booths making the first call.

# 1961

# 1978

## **COVERAGE FOR BOGOTA**

At the end of the 70s, ETB had 26 switch offices distributed throughout Bogota, in order to effectively provide services to 400000 users. In 1985, the amount reached 710000.



# 1992

## **FROM TELEPHONES TO COMMUNICATIONS**

It changed its name to Empresa de Telecomunicaciones de Bogota to diversify its activities.

# 1997

## **ETB, A COMPANY OPEN TO EVERYONE**

The Council authorized the conversion of ETB into a stock company, with the district being the majority shareholder to date.

ETB

SHAREHOLDERS AND INVESTORS

EMPLOYEES

CLIENTS

SUPPLIERS AND CONTRACTORS

SOCIETY

ENVIRONMENTAL PERFORMANCE

# 1998

## **COMPETING IN LONG DISTANCE**

ETB became a national company and undertook its long distance service with 007 Mundo. Operators came back as a customer service differentiator. By mid 1998, it became a mixed capital stock company.



# 2000

## **ETB IN THE NEW MILLENIUM**

The access to a new era comes with the commencement of a data network operation through the brand Data Mundo and its Internet node.

## **ETB CHANGES**

A new modernization and changing stage begins. It offers the latest bandwidth service in Bogota and 1,700,000 lines are part of this significant ETB experience.

The company acquired the Ingelcom and works on the launching of the cable TV authorized offer.

# 2012

# 2013

## FIBER OPTICS REVOLUTION

Fiber installation is part of the transformation and evolution of ETB, and its purpose to remain at the forefront of telecommunications services. This contributed to improving its portfolio and extending and strengthening its coverage nationwide.



# 2014

## BEST INFRASTRUCTURE, NEW SERVICES

With the fiber optic network installation in record time, ETB launched its digital interactive TV service in April 2014.

## OVERNIGHT SOLUTIONS

The soundness and 130 years of experience have allowed ETB to provide its clients with an integral, differentiating offer in the corporate sector, as well as special products conceived for the industry and trade, government, services and financial sectors.

## CONTINUOUSLY EVOLVING

ETB becomes one of the new carriers that offer fourth generation mobile technology known as 4G LTE, with the best that the latest technology has to offer.

ETB

SHAREHOLDERS  
AND INVESTORS

EMPLOYEES

CUSTOMERS

SUPPLIERS AND  
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PERFORMANCE

## SKYNET ACQUISITION

The **75% acquisition** of Skynet, the satellite segment supplier, to strengthen our supply to corporate clients requiring presence in remote areas in Colombia, with a \$ 30 billion pesos investment.

# RELEVANT EVENTS

## AAA LOCAL CORPORATE DEBT RATING

Fitch maintained ETB's AAA local corporate debt ranking granted since 2003. Likewise, it maintained a BBB risk ranking with a stable perspective. Moodys allocated a Ba1 ranking, with a stable perspective.

## Shareholders and Investors

CLOSE

## MAJORITY SHAREHOLDER DECLARATION

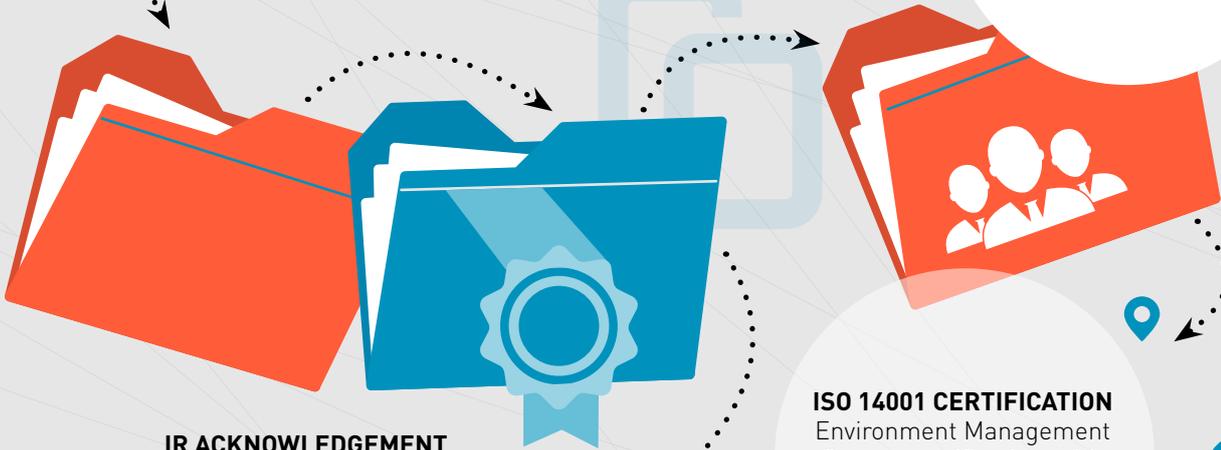
The District, as majority shareholder, renews its commitment to transparency with minority shareholders, and the implementation of best corporate government practices.

## SALE OF COLOMBIA MÓVIL SHARE

The sales of Colombia Móvil TIGO shares is formalized, at a transaction value of **US\$240 million**. The sale of the shareholding interest, the subsequent interest in 4G in the Joint Venture and the infrastructure agreement to operate the mobile service implied savings for ETB, on its desire to gain access to the mobile market.

### CORPORATE TRANSPARENCY MEASUREMENT

On its third Corporate Transparency Measuring participation, ETB obtained 83 points, 12 points more compared to the 2013 results, ranking above the sector average. Furthermore, the company was acknowledged for its best Corporate Governance practices on the Fifth Round of Best Transparency Practices hosted by *Corporación Transparencia por Colombia*.



### IR ACKNOWLEDGEMENT

On its second consecutive year, the Colombian Stock Exchange (BVC) granted the Investor Relations Award for the adoption of best practices on information disclosure and investor relations.

### ISO 14001 CERTIFICATION

Environment Management System certification, with respect to the requisites of NTC ISO 14001:2004





## Workers

TOUCH

### ORGANIZATION CLIMATE MEASURE

The Organization Climate Measure was conducted to learn the perceptions and satisfaction of employees with respect to the labor climate. There was a 2-point increase with respect to the 2012 measurement, going from 66.8 to 68.8 points, evidencing a better perception of workers in terms of Corporate labor climate.

### COMPETENCY-BASED MANAGEMENT MODEL

Continuity was given to the specific competency gathering in order to identify knowledge, skills and attitudes applied to the job of each employee, thus addressing market needs and challenges with respect to convergence.

### OFFICE MODERNIZATION

While engaged in the Service Excellence Strategic Program, the Center office modernization was undertaken in November 2013. In 2014, civil works report 95% progress. Employees and visitors enjoy modern, cozy facilities.

ETB

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PERFORMANCE



### CHANGE MANAGEMENT

In the transformation process carried out by ETB, change management has been the conclusive factor to achieve employee engagement. In 2104:



### NEW CODE OF ETHICS AND CORPORATE VALUES

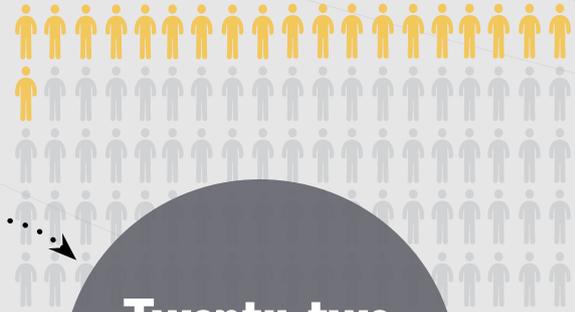
In November, the Board of Directors of ETB approved the new Code of Ethics, which sets out corporate values and behavior guidelines that employees must portray in their engagement with stakeholders.

## Twenty-two

company leaders obtained the International Certification for Organizational Mobilization Strategic Leader.

## Ninety-four (94)

change promoters obtained the Change Mobilizers Certification.





Interactive TV was launched into the market, with more than



**140 digital channels**



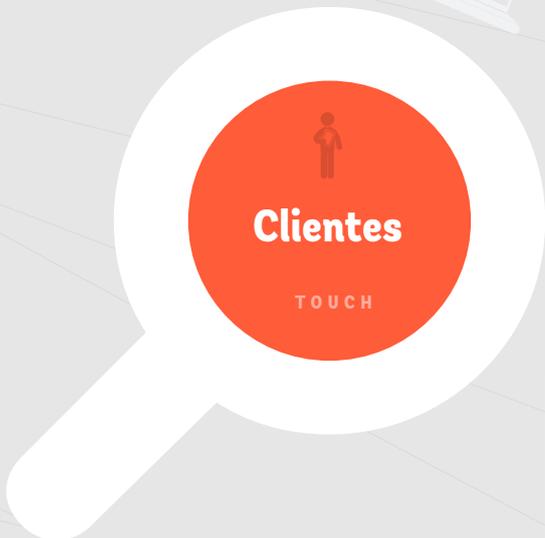
**10 radio stations**



**30 music channels**



With the Interactive Digital Television, hour clients may record five TV channels at the same time, watch two channels at the same time through the Mini-Guide, go back up to one hour in any channel and watch the last 48 hours of programs with the "Yesterday Guide" option.



**EXPERIENCE CENTERS**

Opening of Client Experience Centers in Bogota in the Carrera Séptima and Kennedy offices, where clients will enjoy a new attention model that seeks to provide pleasant and effective experience when bringing their claims and concerns, and also acquire new services that provide further connectivity and benefits.

At the Experience centers, subscribers may find the 4G Mobile, Fiber to the Home, Digital Interactive Television and traditional services they require.



### 4G MOBILE SERVICES

The new milestone in ETB's history is the recent provision of 4G Mobile Services with national coverage and a competitive plan offer.

### STRENGTHENING OF REGIONAL OFFICES

ETB moves on with the transformation of regional offices to strengthen the corporate sector by building 11 fiber optic rings in the cities of:

Barranquilla

Barrancabermeja

Medellín

Bucaramanga

Tunja

### CLIENT EXPERIENCE VICE PRESIDENCY

ETB's reason being are its clients; having their satisfaction as its main focus, the company created the Client Vice Presidency, entrusted with the huge challenge of improving user attention and meeting their expectations.

### ACTIVATION OF THE INCIDENT BUSINESS CONTINUITY PROCESS- CALI

After the heavy storm experienced in the city of Cali, which collapsed the antenna at the Carvajal building, the technical team of ETB worked in an agile manner and was fully devoted to implementing disaster recovery plans, activating the Business Continuity process to re-establish service as soon as possible. The restitution thereof was in less than 48 hours.

-48h



ETB

SHAREHOLDERS AND INVESTORS

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SUPPLIERS AND CONTRACTORS

SOCIETY

ENVIRONMENTAL PERFORMANCE

### FIRST STEPS IN CSR PROGRAM

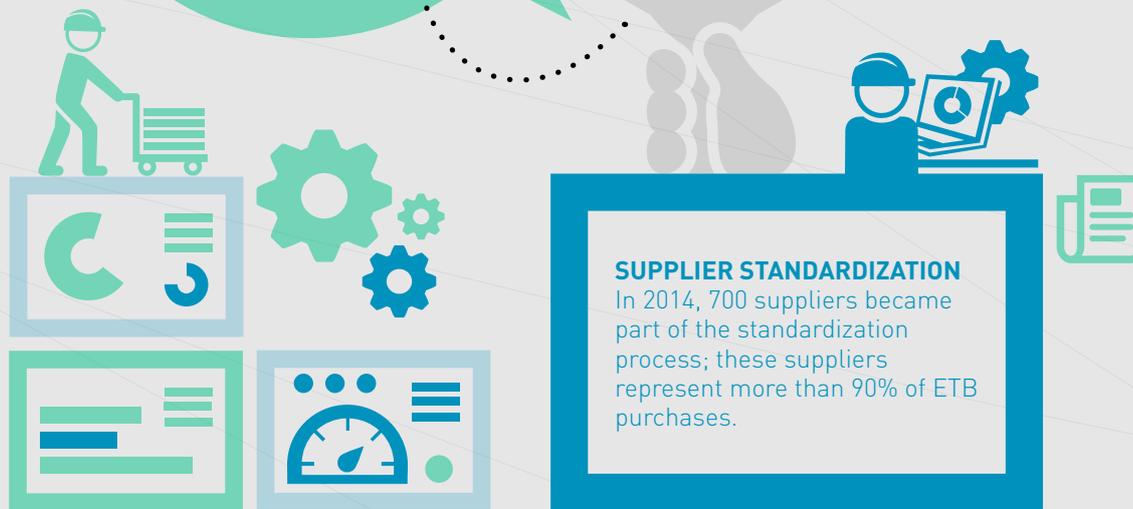
For the third time, ETB participates in the CSR First Steps Program, in alliance with Universidad Externado de Colombia and the Global Compact Network. Five contractor companies were acknowledged for accomplishing the entire Program and implementing CSR practices in their companies.

### Suppliers and contractors

TOUCH

### SUPPLIER STANDARDIZATION

In 2014, 700 suppliers became part of the standardization process; these suppliers represent more than 90% of ETB purchases.



### TABLETS HANDED OVER IN MACARENA, META

#### 100 latest technology tablets

were provided to Colegio Nuestra Señora and to Jardín Infantil Mis Primeros Pasos located in the municipality of Macarena (Meta).

ETB, the United States Embassy, Huawei, other national and international entities in the telecommunications sector supported this initiative.

### Society

TOUCH

Meta

### IMPLEMENTATION OF 16 VIVE DIGITAL PLUS POINTS OF ATTENTION

Within the Vive Digital Plan framework in Colombia formulated by the Ministry of Information Technologies and Communications (MINTIC), 16 three-party agreements were signed among the Information Technologies and Communications (MINTIC), 16 three-party agreements were signed among the Information Technologies and Communications Fund, ETB and the municipalities of Guamal, Viotá, Fusagasugá, Bucaramanga, Barrancabermeja, Neiva, Santa María, Barranquilla, Valledupar, Cúcuta, Riohacha, Manizales and Cali, and the provincial departments of Quindío, San Andrés y Providencia, and the Suba Mayor's office.

#### ETB, PARTNER OF TE PROTEJO

ETB and Red Papaz signed a cooperation agreement in order to work, hand in hand, to strengthen the fight to ensure rights and the effective protection of children and adolescents in Colombia on the use of Internet.

#### MORE THAN 33 THOUSAND TABLETS PROVIDED TO PUBLIC SCHOOLS

ETB provided 33 thousand tablets with educational content and Internet access to public schools, with the support of the District Education Secretariat and the Office of the High Council of TIC of the Bogota Mayor's Office.

ETB  
SHAREHOLDERS AND INVESTORS  
EMPLOYEES  
CLIENTS  
SUPPLIERS AND CONTRACTORS  
SOCIETY  
ENVIRONMENTAL PERFORMANCE

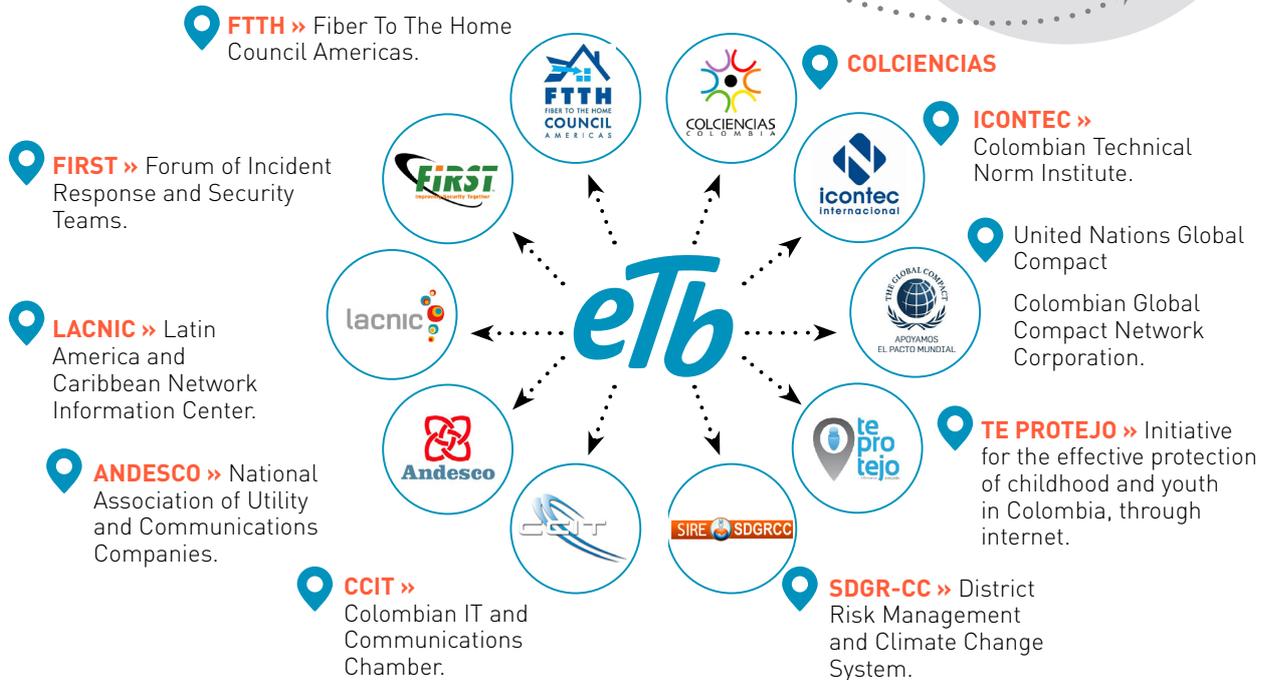


# Awards, Acknowledgements and Certifications



# Support to other initiatives and organizations

The company is committed to external initiatives that allow generating strategic alliances in benefit of ETB and the telecommunications sector.



# About this Report

## SIGNIFICANT CHANGES REGARDING PRIOR REPORTS

No significant changes related to former periods took place with respect to scope, coverage or valuation methods.

## PARAMETERS AND REFERENCE GUIDES

The Management and Sustainability Report was prepared based on guidelines of the Global Reporting Initiative (GRI) version 3.1 (application B) and 10 principles of the United Nations Global Compact.

## CONTACT GROUP

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**e-mail:**

responsabilidadesocial@etb.com.co

**Web page:** [etb.com.co](http://etb.com.co)

**FREQUENCY:  
ANNUAL**

## INFORMATION INCLUDED

The contents of the Management and Sustainability report corresponds to the operation and management of ETB, as well as the report of social and environmental impacts of the Company and excludes information related to affiliates or their performance on related matters.

## REFERENCIA DE INFORMES ANTERIORES

2013 Management Report  
Available at:

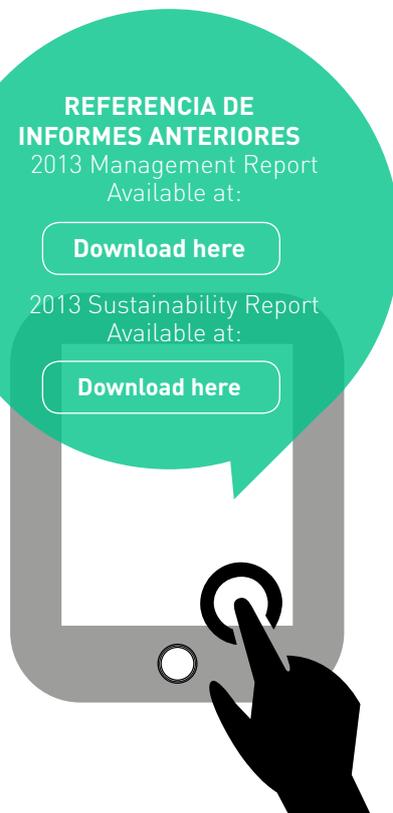
[Download here](#)

2013 Sustainability Report  
Available at:

[Download here](#)

## INFORMATION GATHERING METHODOLOGY

The report data consolidation was made by gathering indicators through the Corporate Responsibility Group; mechanism that allowed for information consolidation and control included in the report, under the guidelines set out by the Global Reporting Initiative (GRI).



# Materiality

By identifying the material nature, ETB aims to report to its stakeholders the significant impacts of the economic, social and environmental management of the company.

During the past three years, relevant matters at the company have focused on the implementation of the Corporate Strategic Plan and affect all stakeholders. Furthermore, the main sector trends regarding sustainability have been identified.

In 2014, ETB built the materiality matrix, based on the analysis of the following inputs:

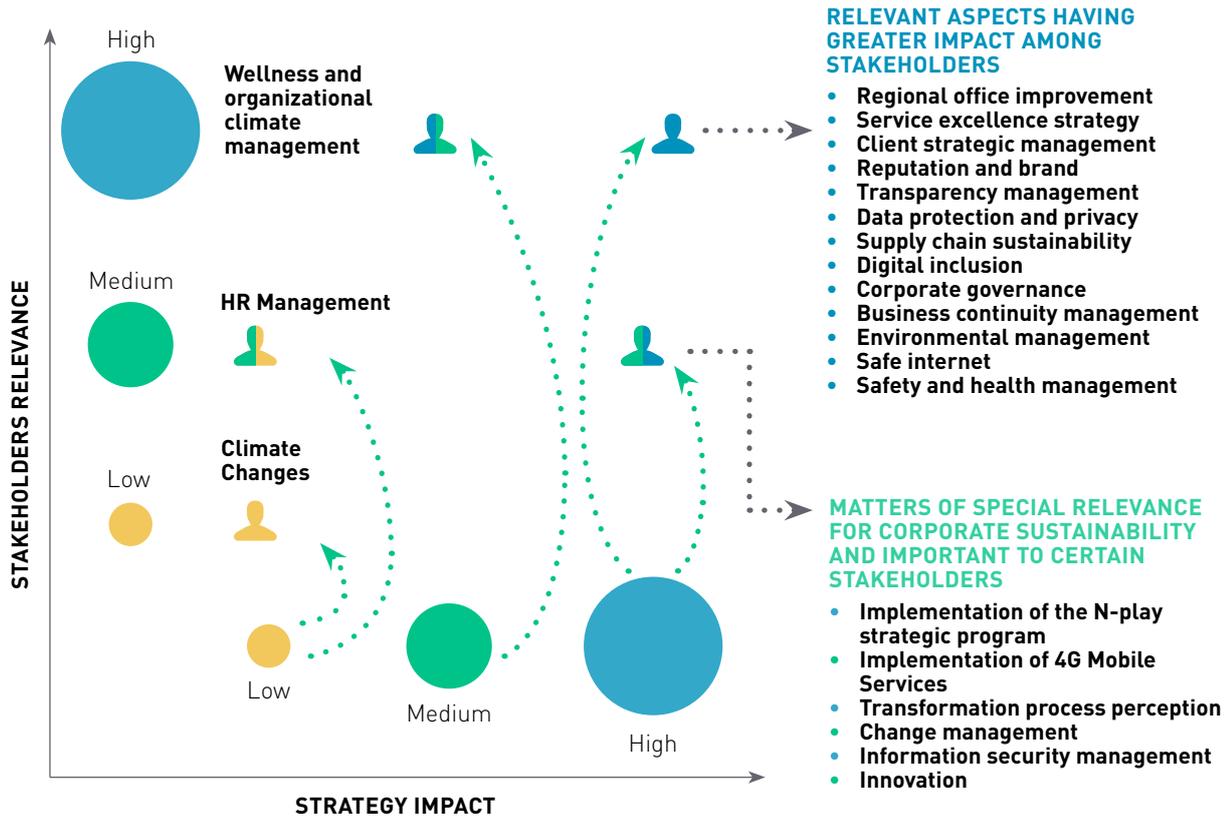
- Evolution of the Corporate Strategic Plan.

- Dialog to stakeholder groups to identify their perception regarding the transformation process.
- 2014 Management and Sustainability report.
- Client satisfaction measurement.
- Sustainability trends applicable to the sector.

An analysis was made of each of the relevant matters, based on the importance for stakeholder groups and the impact on the corporate strategy. The outcome of this exercise is the Materiality Matrix, which allows visualizing matters, based on their relevance.



MATERIALITY MATRIX



Source: ETB, Secretariat General



01

# ETB'S PROFILE



ETB

SHAREHOLDERS  
AND INVESTORS

EMPLOYEES

CLIENTS

SUPPLIERS AND  
CONTRACTORS

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# LEGAL NATURE



**E**mpresa de Telecomunicaciones de Bogotá S.A. E.S.P (ETB) is a company with 88.39% of its equity interest in the public sector, characterized for being a commercial partnership limited by shares, incorporated as a mixed public utility company (non-domiciliary) with administrative and budget autonomy. ETB carries out activities within private law offering the provision and organization of

telecommunication services (Law 1341 of 2009) and other similar provisions. As well as the creation, generation, implementation and commercial exploitation of Information Technologies and Communications (TIC) within the national territory and abroad.

Since more than 80% of its corporate capital is public, the company may not be involved in politics or finance political parties or movements.





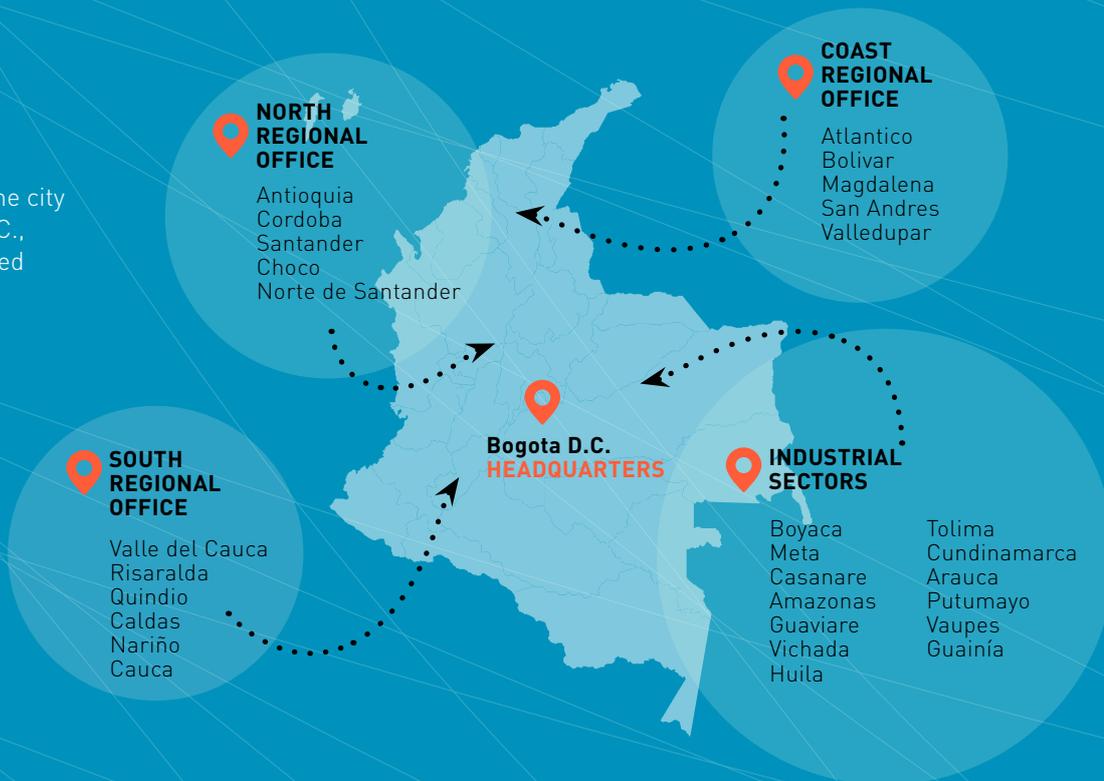
## Significant Changes

In 2014, ETB had no changes on its capital structure. However, important operations gained relevance to acquire resources and strengthen the commercial offer:

- Acquisition of 75% of Skynetde Colombia S.A. E.S.P, a satellite provider, for \$30 billion; investment intended to strengthen the supply to our corporate clients requiring presence in remote areas of Colombia.
- 
- Formalization of the sale of shares in Colombia Movil TIGO for US\$240 million; resources used to launch the 4G mobile services.

# LOCATION

ETB's main domicile is the city of Bogota D.C., it has deployed its operation nationwide:



# EVOLUTION OF THE CORPORATE STRATEGIC PLAN P E C 2 0 1 2 - 2 0 1 6



**P**EC 2012-2016 defines the path towards ETB's transformation; 2014 was a year of important achievements regarding the challenges raised.

The focus of the strategy was the launching of the Interactive Television product, thus supplementing its high speed Internet and voice over IP offer, and the launching of 4G Mobile Services, allowing it to become a fixed-mobile

operator and gaining competitiveness with respect to national market operators.

Furthermore, to continue with the transformation process, ETB created the Vice Presidency of Client Experience to foster a service culture within the company and a new client attention model to change such relation in terms of satisfaction, service experience and trust.



We provide comprehensive information technology and communications solutions to address the needs of our clients and to contribute to strengthening the information society within the Corporate Social Responsibility framework.



"In 2022, ETB will be a Business Corporation worth US\$2.5 billion in revenue, with an EBITDA margin exceeding 45% and with 30% of its income coming from outside Bogota".

# Corporate Strategic Programs

## N-Play, ETB convergent

With this program, ETB is technologically leading the industry. Due to Fiber to the Home (FTTH), we may offer our clients convergent telecommunications services and top-quality entertainment, constituting an innovation in the Colombian market, since this is the first massive fiber optic network deployment and the first offer of an actually interactive television service.

Based on the unlimited capacity of FTTH, Internet offers of up to 150 megabytes have been made available for users to download and upload information, at a speed without precedents on the market, apart from Interactive Television, which quality and functionalities are unparalleled.



In 2014, ETB continued with the deployment of FTTH, achieving an approximate coverage of

**50%** in Bogota with this cutting-edge technology.

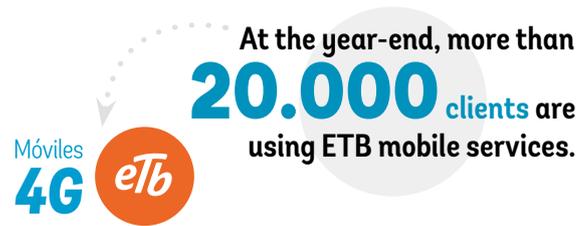
In 2015, ETB has challenged itself to move on with the Fiber to the Home network deployment; expedite installation processes; develop new value added services that will allow clients to improve the use of bandwidth services offered by the Fiber to the Home network and implement additional functionalities on the TV service, in order to improve the supply and the product we provide to our clients.

## ETB's 4G Mobile Services

In line with the company's transformation process, ETB, in 2014, went from being a land line operator to a land line-mobile operator nationwide. The kick-start of the new business positions the company as a player that will compete at the same level of large mobile industry operators in Colombia.

The commercial 4G Mobile Service offer is supported on a 4G LTE<sup>1</sup> access network, together with Colombia Movil, strategic partner with whom an infrastructure sharing agreement has been subscribed, allowing nationwide coverage. This access network includes the latest technologies available worldwide to ensure quality services and experience to our clients.

In 2014, ETB deployed in record time a central technology network with its own 3G/4G network to support the new technology trends and to ensure commercial dynamics. This year, the fixed and mobile technology convergence through the first unified database implementation in Colombia began. Likewise, an on-line balance management system - OCS<sup>2</sup> was launched, with the latest technology and advanced features, equivalent to those used by the largest mobile operators globally. Through these cutting-edge networks and platforms, the provision of mobile, voice and data service was undertaken, with appealing and flexible offers.



The commercial team devoted to the business kick-start closed important deals with digital partners like Spotify, through which we may offer our clients the Spotify Premium service, an application used to play music, included in the 4G Mobile Service plans exclusively in the country, offering quite an important difference on the market. In the last semester of the year, channel capillarity increased to withstand the offer of mobile products, reaching more than 60 points of sale in the city of Bogotá. Likewise, processes to support the new operation were designed and implemented, establishing the mobile business dynamics in the organization.

<sup>1</sup> LTE – Long Term Evolution, 4G Mobile Technology.

<sup>2</sup> OCS – Online Charging System.

## Regional Office strengthening, ETB continues to grow nationwide

2014 was a year of important efforts to consolidate ETB's regional presence, with quality infrastructure and competitive offers in the corporate segment. Regional ETB employees were involved in the fiber optics infrastructure deployment, the commercial offer construction and the sale of services.

This effort allowed, among others, the following achievements:

- Extend coverage in cities like Bucaramanga, Barranquilla, Medellin and Tunja, among others, to service corporate clients on the new infrastructure.
- Fiber optic ring implementation in the cities of Bucaramanga, Barranquilla, Medellin and Tunja.

- Infrastructure upgrading on alternate cities.
- Commenced client migration to own networks, achieving significant savings to the company.
- Client base expansion to the rings built, increasing regional revenues.
- Strengthening the regional sales force on commercial, client service, technical component and change management aspects.

In 2015, the company will expand the Regional Office Improvement Strategic Program framework, covering the entire corporate segment, which will allow gaining new clients with a quality offer; seeking to achieve sustained segment growth and moving towards the achievement of the MEGA.

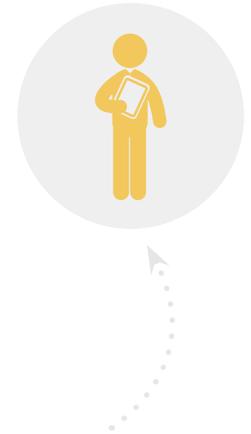
## Service Excellence, ETB towards a new experience

In 2014, ETB redesigned the Attention Centers located in Centro and Kennedy, turning them into client experience shops. Thanks to the new model implemented, the client may live the experience to use products and services in the “Discover and Learn” zone and have self-service options that will allow it to obtain an agile solution to their basic requests.

Different actions were developed throughout the year in order to achieve a cultural transformation; one of such actions was the process of client experience certification, which looks to improve service skills to positively impact the internal client so that the latter, in turn, extends such impact over to the external client.

The company undertook the renewal of the façade of the Attention Center located in Centro to create brand identity and to modernize the facilities under the open office concept, benefiting 1,178 employees.

In 2015, the program led by the Client Experience Vice Presidency poses as challenges the compliance of basic client expectations in the different interactions, development of initiatives that allow improving client experience and mobilizing employees and allies towards a culture of service.



**As part of the change in the client experience model, some areas of improvement to the processes were identified and implemented and, in line with PEC 2012-2016, the Client Experience Vice Presidency was created.**

## Wi Fi, ETB builds a smart city for all

In 2014, ETB acquired most of the infrastructure needed for the implementation, management and control of Wi Fi zones in Bogota.

The company designed and implemented temporary solutions to provide a free Wi Fi service in highly crowded events, such as Rock al Parque, Bogota Robotica, Festigame and El Rastrillo; as well as a permanent free Wi Fi solution for clients visiting our new store located at Centro.

ETB ended 2014 with eight new Wi Fi service zones: two commercial zones with high traffic and six (6) ETB Service Centers in the city of Bogota.

In 2015, ETB will increase the zones where Wi Fi service will be offered to its clients and to the general public, to set the difference with its competition, under a business model capable of generating income to make it sustainable and profitable through time.

## Client Strategic Management, ETB – from information to knowledge

As a result of the information government model definition, and of the implemented developments in Data Warehouse, higher information volume can be accesses from a single source consolidated repository offering access and availability; increased use of corporate tools for data viewing and utilization; as well as reduced reliance on transactional systems for the collection and analysis of information.

The above currently allows the company to obtain basic information per strategic business unit, offering opportunity and quality for the decision-making process.

The main challenges in 2015 include defining and formalizing the strategy and the corporate architecture and intelligence model; as well as implementing the corporate information government; and generating analytical reports to respond to the business needs in a due, reliable and efficient manner, promoting information self-management and allowing decision-making.



# CORPORATE GOVERNANCE



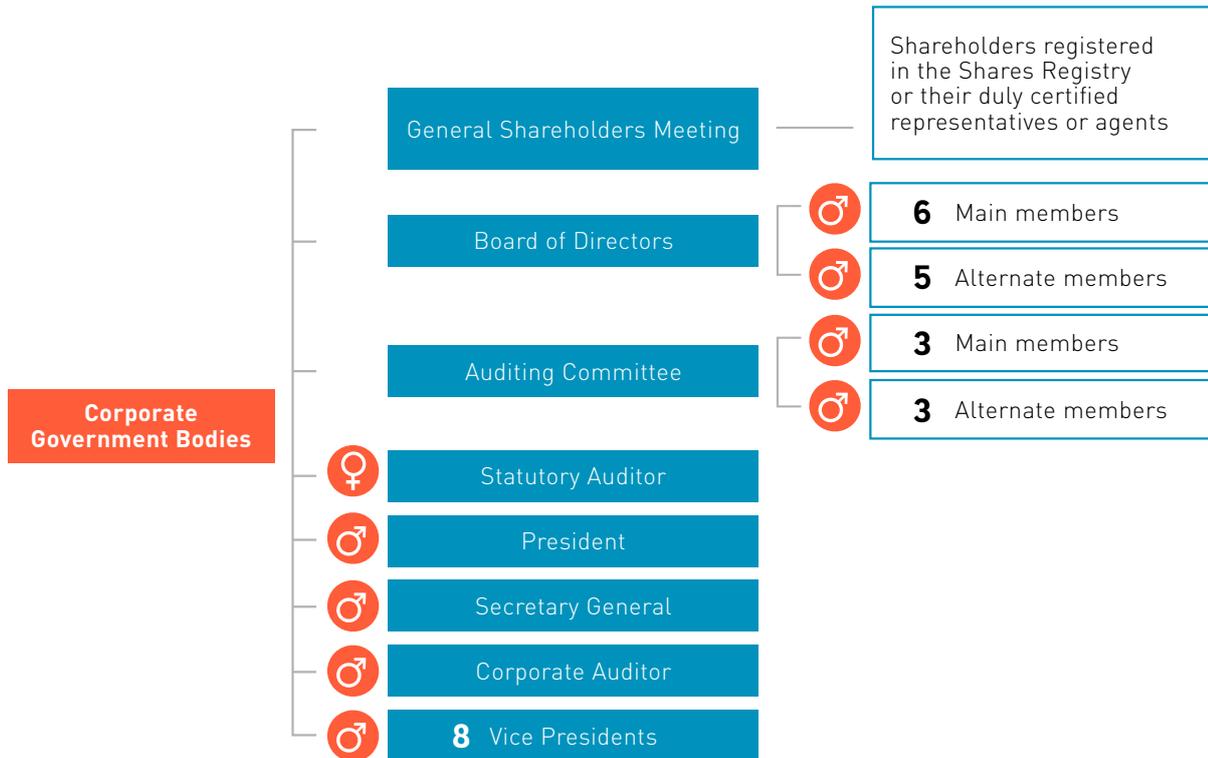
**W**hit the aim of ensuring respect for shareholders and investors' rights, the adequate administration of corporate affairs, the management of transparent relations with stakeholders and public knowledge of administrators' management, ETB has implemented best corporate governance practices as a key factor for the company's sustainability. clave para la sostenibilidad de la compañía.



## Relevant Facts Regarding Governance

- The Board of Directors of ETB approved the new Code of Ethics – a document that governs the conduct of employees in their relation with stakeholders and the action principles that they will have to face the new challenges derived from the Transformation.
- The majority shareholder updated the Statement confirming its commitment to protect the rights of all shareholders and its willingness to disclose information, in accordance with the best corporate governance practices.

# Government Structure



# Highest Governance Bodies and their Main Functions



Highest management body, gathering the holders and and/or proxies of the subscribed capital shares, as set out in the corporate by-laws.

Main functions:

- **Appoints and removes** members of the Board of Directors, the statutory auditor and their deputies, and assigns the pertinent functions.
- **Disposes** of the social profits and sets the amount of dividend, the form and terms for the payment thereof.
- **Approves** any reforms in the corporate shareholding capital, issuance of shares, and the obligation to convert shares into debt titles.
- **Decreases** the issuance of bonds and securities representing debentures.



Main administration body with the following priority functions:

- **Participate** on the definition of the long term strategic direction of the Entity.

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- **Appoint and remove** the corporate CEO and his deputies and establish his assignments.

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- **Evaluate and approve** the reports submitted by the company CEO on his management development.

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- **Ensure** compliance of the law, by-laws and orders of the Shareholders' Meeting

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- **Evaluate** the management activity on a periodical basis, based on the compliance of targets and indicators set out in the Annual Company Plan.

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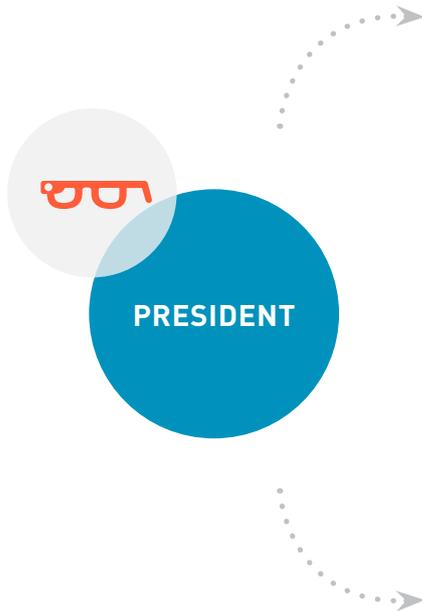
- **Oversee** the effective compliance of by-laws and Good Governance Code

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- **Participate** on the preparation and approval of strategic policies for the company, including the Corporate Responsibility Policy.

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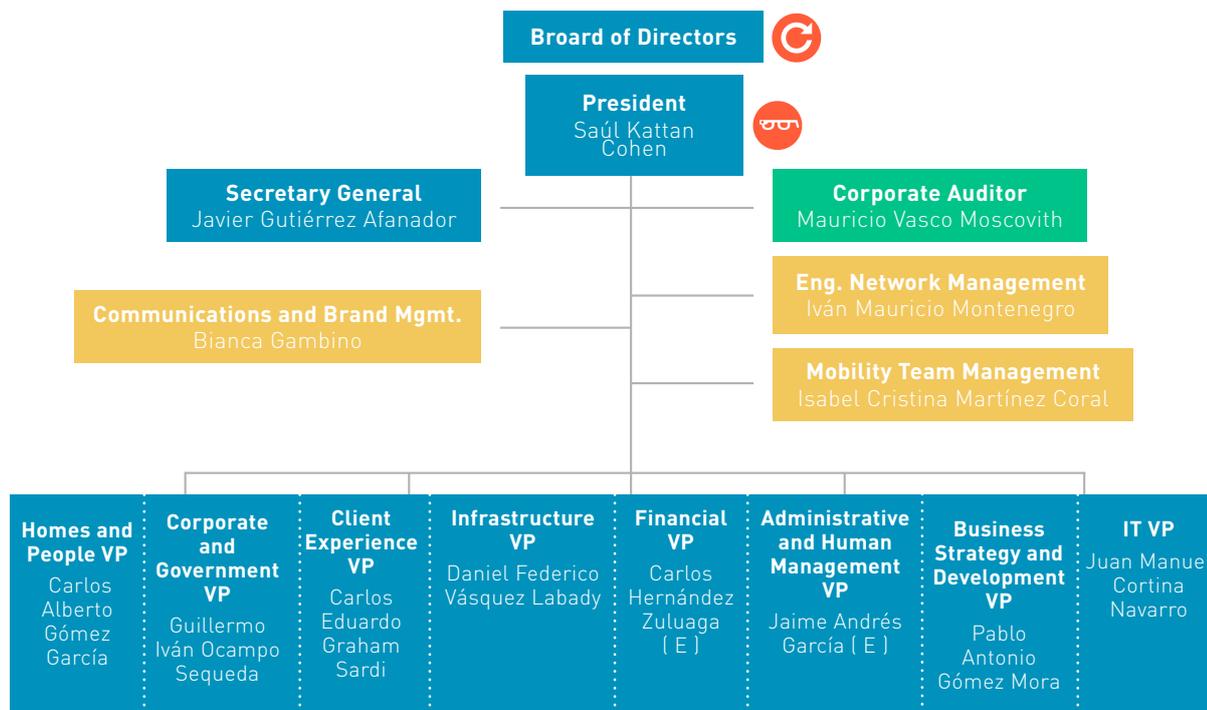
- **Approve** the annual plan of the statutory audit and the external audits.



Legal Representative of the company, responsible for:

- **Executing** the decisions of the General Shareholders' Meeting and the Board of Directors.
- **Presenting** the strategic plans and company budgets to the Board of Directors.
- **Defining** staffing, suggesting the personnel policies to the Board and the salary structure of the Company.
- **Appointing** and removing personnel from the firm, including agency administrators, branch offices and corporate offices established.
- **Complying** with the mechanisms and instruments of good corporate government foreseen in the By-laws and in the Code of Good Government and periodically submit a report on such management to the Board of Directors.

# Organizational Structure



Source: ETB, Business Strategy and Development Vice Presidency

In 2014, ETB's structure had significant changes that responded to the market needs and to the company's operative needs during its transformation process.

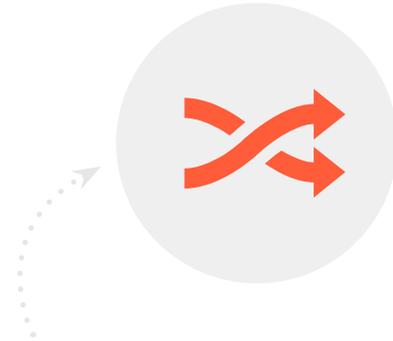
The most representative changes included:

- Creation of the Client Experience Vice Presidency.
- From the Financial and Administrative Vice Presidency, two Vice Presidencies were established: Financial Vice Presidency and Administrative and Human Management Vice Presidency.

- The Mobility Team evolved to become the Mobility Management, which reports to the Presidency.

- Creation of the Engineering Network Management, directly reporting to the Presidency.

- The Communications and Brand Area became the Communications and Brand Management and reports to the Presidency since 2014.



# Ownership Structure

ETB's shareholding composition reported no changes in 2014.

<b>PUBLIC SHAREHOLDERS</b>	<b>TIN</b>	<b>No. OF SHARES</b>	<b>% OVER TOTAL</b>
Distrito Capital	899.999.061-9	3.074.421.943	86,589936%
Universidad Distrital Francisco Jose de Caldas	899.999.230-7	62.743.304	1,767142%
Municipio de Villavicencio	892.099.324-3	757.660	0,021339%
Gobernacion del Meta	892.000.148-8	615.312	0,017330%
Empresa de Acueducto y Alcantarillado de Bogota	899.999.094-1	1.373	0,000039%
Fondo de Prestaciones Economicas Cesantias y Pensiones	860.041.163-8	1.373	0,000039%
Instituto de Desarrollo Urbano de Bogota	899.999.081-6	1.373	0,000039%
Loteria de Bogota	899.999.270-1	1.373	0,000039%
<b>Total ordinary public shares</b>		<b>3.138.543.711</b>	<b>88,395902%</b>
<b>PRIVATE SHAREHOLDERS</b>		<b>No. OF SHARES</b>	<b>% OVER TOTAL</b>
<b>Total private ordinary shares</b>		<b>412.009.701</b>	<b>11,6041%</b>
<b>Total outstanding shares</b>		<b>3.550.553.412</b>	<b>100%</b>

# Board of Directors



The Declaration of the Majority Shareholder, following the best governance practices, sets out that the Board of Directors must be comprised of seven (7) main and alternate members, and their powers are distributed as follows:

- **Four (4)** lines comprised of main and alternate members proposed by the District Capital.
- **Two (2)** lines comprised of main and alternate members proposed by professional and institutional funds and investors.
- **One (1)** line comprised of a main and alternate member on behalf of the ten (10) minority shareholders with the highest share.

The President of the main governing body and its members hold no management position.

## Members of the Board of Directors as of December 31, 2014

BOARD MEMBER	CAPACITY	GENDER	AGE
Gustavo Francisco Petro Urrego	Main Not independent	M	54 Years
Oscar Gustavo Sanchez Jaramillo	Main Not independent	M	45 Years
Eduardo Sarmiento Palacio	Main independent	M	74 Years
Juan Pablo Morris Rincon	Main independent	M	44 Years
Mauricio Duarte Duarte	Main independent	M	47 Years
Jose Manuel Alarcon Villar	Main independent	M	59 Years
Carlos Hildebrando Fonseca Zarate	Alternate independent	M	58 Years
Fernando Arbelaez Bolaños	Alternate independent	M	53 Years
Francisco Eugenio Barnier Gonzalez	Alternate independent	M	59 Years
Hector Ismael Bermudez Rojas	Alternate independent	M	60 Years
Carlos Arturo Rey Parra	Alternate No Independiente	M	61 Years

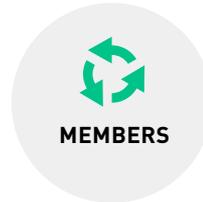
Vacant (1) Main not independent  
 Vacant (2)  
 Alternate not independent  
 Vacant (3)  
 Alternate independent

# Directive Committees

The top level committees that contribute to the strengthening of the corporate government of the company are spaces used to consider strategic topics and to make decisions based on risks.



Comprised of three (3) main members, together with their respective alternates on the Board of Directors. If the Board is comprised of more than two (2) independent members, the three (3) members of the Auditing Committee shall also be considered independent.

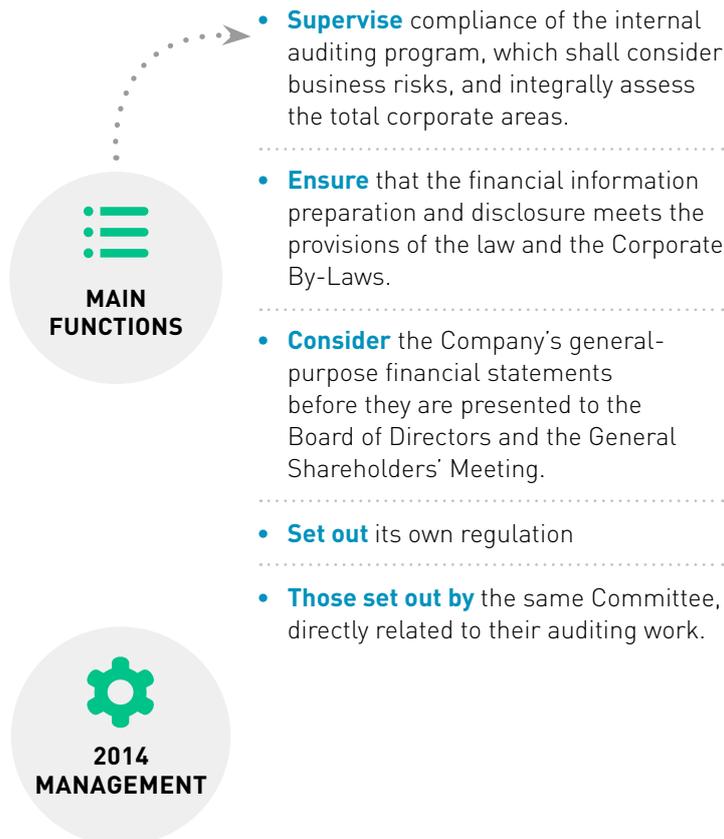


Support the management of the Board of Directors, which mandates the order of the Internal Control and Corporate Governance System, which is made up, and operates as set out in Article 45 of Law 964 of 2005.



1. Audit Plan Supervision.
2. Financial information review.
3. Approval of general purpose financial statements.
4. Tracking the implementation of International Financial Reporting Standards (IFRS).
5. Tracking the progress of strategic programs.
6. Tracking the work plan of the Statutory Auditing Firm.

The above allowed verifying the minimum legal parameters established for the Committee operation, in accordance with law 964 of 2005, and the Corporate By-laws.





President  
Secretary General  
Corporate Auditor  
Vice Presidents  
Managers reporting to the Presidency



Direct the corporate strategy through decision-making processes.



In 2014, the EBITDA margin closed at 41.33%, a result above the Colombian and Latin American market average, which is below 35%.



- **Track** compliance of the Corporate Strategic Plan.
- **Assume** functions when faced with crisis situations that affect business continuity.

ETB

SHAREHOLDERS AND INVESTORS

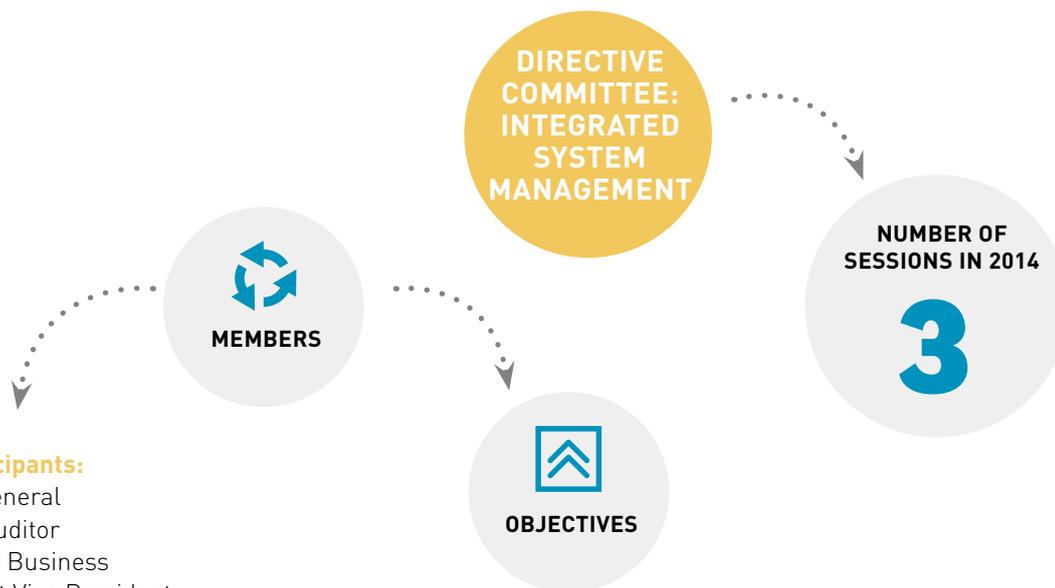
EMPLOYEES

CLIENTS

SUPPLIERS AND CONTRACTORS

SOCIETY

ENVIRONMENTAL PERFORMANCE



#### Direct Participants:

Secretary General  
 Corporate Auditor  
 Strategy and Business  
 Development Vice President  
 Administrative and Human  
 Management Vice President

#### Alternate Participants:

President  
 Infrastructure Vice  
 President  
 IT Vice President

To promote the adoption of practices, methodologies and plans that make up the Management Integrated System (SIG) through the issuance of policies and guidelines that allow the organization to reach high performance levels, regulation compliance and general continuous improvement.

1. SIG Steering Committee Regulation.
2. Business Risk Management.
3. Approval of the SIG Policy update.
4. SIG Maturity Level Review.
5. SIG 2015 maintenance and improvement plan proposal.



- **Conduct** reviews by the SIG directorate.
- **Set** the guidelines for the articulation of the Integrated Management System with PEC.
- **Approve** the strategies, policies and guidelines for the continuous SIG improvement; undertake its review and suggest adjustments, as deemed convenient.
- **Ensure** the availability of resources to guarantee the correct SIG execution.
- **Approve** the organizational improvement plan based on corrective, preventive and improvement actions.
- **Review** the SIG maturity level and approve strategies to improve its evolution in the organization.
- **Track** and control business risks and their respective deployment at process level.

# Integral Corporate Management Model



In 2014, the company continued with the Corporate Management Integral Model (MIGE, for its Spanish acronym) implementation, which has allowed adjusting the operation to the strategic challenges and demands required by ETB's transformation dynamics.

The execution has focused on the alignment of processes with the new operations of the strategic N-Play programs (fiber to the home) and Mobility, seeking to ensure that operations meet the market demands and the company's operation.

## **Integrated Management System (SIG, for its Spanish acronym)**

The corporate government guidelines were improved through the

management of the SIG Management and Tactical

Committees, which are in line with the strategic analysis meetings and other evaluation and follow-up instances defined by the company. These committees are responsible, on behalf of the direction, for reviewing the management systems.

In 2014, the Process Information, Quality and Risks Safety Systems were reviewed for the second consecutive year under the ISO/ IEC 27001:2005, ISO 9001:2008 norms, and their national equivalent, NTC GP1000:2009. Likewise, a pre-audit was conducted on the Document Management System under ISO 33301:2013 and the Environmental Management System certification was obtained under ISO 14001:2004.

# Internal Control

In 2014, ETB's management focused its efforts on strengthening the following aspects of the internal control components:

## Control Environment

ETB, as part of its aim to consolidate the organizational culture based on self-governance, reported the following progress:

- Follow-up and monitoring of the 2012-2016 Corporate Strategic Plan compliance in order to ensure that the strategy is undertaken as planned.
- Administration and development of Human Talent and contribution thereof to the achievement of corporate objectives through the

maintenance and implementation of human capital development policies and plans, which integrate change and culture management aspects, training, induction and compensation, selection, contracting and wellness policies.

- Strengthening of the Integrated Management Model, committed to transparency and independence, reflected on the renewed Majority Shareholder Declaration issued by the Bogota Mayor's Office. This ensures the use of good corporate government practices and the active involvement of the Board of Directors regarding corporate strategic aspects.
- Acquisition of the Environmental Management System certification, following the requisites of norm NTC ISO 14001:2004.

## Risk Administration

ETB has a Risk Management System in place, which allows building, structuring, reviewing, maintaining and improving the risk management tools that the company requires to address the possibility of occurrence of material events that may imply different types of impact in the operation, the strategy and the business, and which endanger the achievement of objectives and the compliance of the value promise to the clients.



## Control Activities

Control at ETB is assumed as a responsibility of all, in order to minimize risks and to improve the efficiency and effectiveness of processes through:

- An Integrated Management System government structure, which includes strategic and tactical Steering Committees.
- Policies to control access to resources to protect business and client information.
- Processes and procedures that allow for permanent enquiry, to understand the involvement and responsibility for the application thereof.

The Auditing Committee actions constitute a fundamental component of ETB's Internal Control System.

## Information and Communication

In 2014 and for the second consecutive year, ETB was awarded the Investor Relations acknowledgement on the disclosure of information and investor relations granted by the Colombian Stock Exchange (BVC – Spanish acronym).

ETB has a website, whereby shareholders and investors can gain access to the corporate financial information, the Good Governance Code, By-laws, relevant information, stock behavior at the stock exchange and information on the Shareholders' Meeting, among others. Likewise, it has a Communications and Brand Management responsible for directing, coordinating and ensuring that internal and external communications, as well as inter-institutional affairs undertaken by ETB are efficient and effective.

## Monitoring

ETB has a control structure in place that operates through the permanent tracking of corporate activities by the Management, the Board of Directors and the Auditing Committee, as well as by external and internal control entities.

In 2014, the Corporate Auditing Plan was accomplished by tracking the effective implementation of the recommendations and actions agreed with those accountable for the processes and additional assurance works requested by the management and by initiative of the Corporate Auditing.

As a result of the audits made, opportunities for improvement were identified with respect to operation control, risk management, corporate governance, which were reported to the persons accountable for the process and to the top executives for the management thereof. Such opportunities for improvement, included in the audit reports, contain the actions agreed with the process owners.



# Risk Management

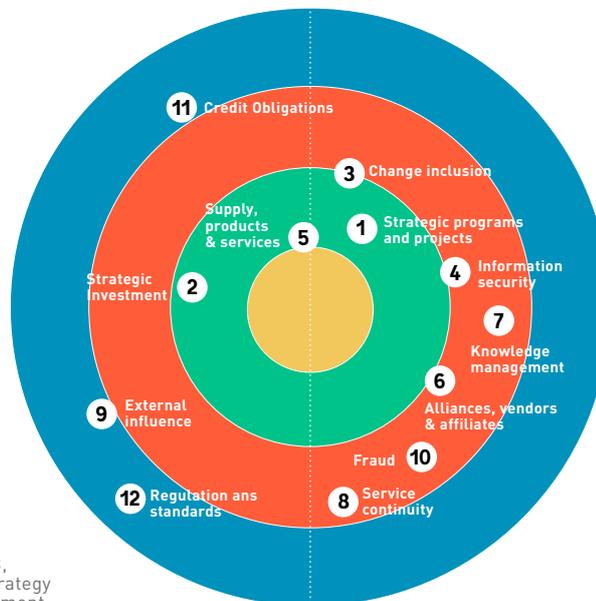
ETB's Risk Management System (SGR, for its Spanish acronym) defines and incorporates a set of interrelated elements to guide the company to reach a preventive approach that promotes self-control and responsibility with respect to risks.

In 2014, the SGR became stronger by developing the following activities:

- Establishment of risk matrices corresponding to processes, which are part of the Corporate Management Integrated Model - MIGE.
- Update of the Risk Methodology Guide, based on the ISO 31000 Standard, version 2009, to include integrating elements required for a proactive management, among others, those related to Environmental Management, and Safety and Health at Work.

As part of the business risk management, their valuation and tracking was made, based on the existing controls and treatment plans. These risks are reviewed and approved by Board of Directors through the Auditing Committee.

## Business Risk Map

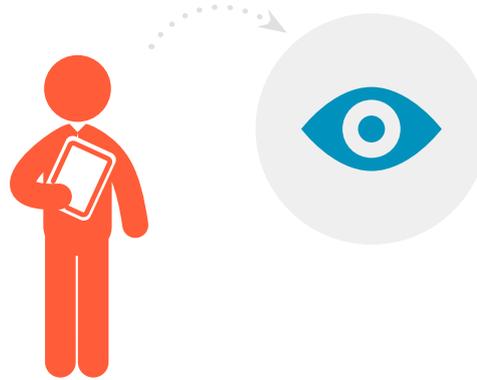


Source: ETB, Business Strategy and Development Vice Presidency

# Business Continuity Management

In 2014, the Business Continuity System made a crisis simulation with the scenario of a critical risk materializing. The situation involved the top management's attention during the execution of the different continuity plans established. The main objective was to assess the efficiency of communication among the different participants, and the decision-making process to respond to the crisis, in order to define action plans pertaining to the opportunities for improvement identified.

The most relevant outcomes to highlight include: raising awareness among employees on the importance of being prepared in case of adversity



and execution of tests on the plans defined to respond to crisis; relevant information for the establishment of the organizational crisis manual; and, finally, identification and mobilization of opportunities for improvement, the treatment of which is ensured through the active involvement of the top management with respect to the company's response to events that may hinder the continuity of its operation.

# CORPORATE RESPONSIBILITY

**W**ithin the framework of PEC 2012-2016, Corporate Responsibility (RC, for its Spanish acronym) strategic axes were established to achieve social, economic and environmental balance to promote the achievement of the MEGA. These axes are part of the corporate purpose, and constitute one of the means to achieve the corporate objectives.





## Ethic and transparent management

This is one of the fundamental pillars of the RC strategy on its relation with stakeholders. Through the Transparency Program, ETB's commitment to the implementation of transparency in its corporate management becomes evident, such as principle 10 of the UN Global Compact, the Corporate Government principles of the OECD<sup>3</sup>, the Accountability Stakeholder Engagement Manual, among others.

In 2014, ETB's Transparency management was improved through the following components:

- **Opening:** information disclosure mechanism improvements were implemented.

<sup>3</sup> OCDE: Organization for Economic Cooperation and Development groups 34 member countries together, and their mission is to promote policies to improve the economic and social wellness of people around the world.

- **Dialogue:** mechanisms were defined to evaluate communication channels with stakeholders and their relevance for each one of them.
- **Clear Rules:** the new Code of Ethics was defined, as well as awareness and training workshops for employees and contractors, covering ethical principles, values and dilemmas; with the involvement of 132 employees from strategic corporate areas.

ETB has established two mechanisms to enquire about ethical dilemmas:

- **Ethics Line:** 2422555.
- **Ethics E-mail:** correo\_etico@etb.com.co.



## 2014 Corporate Transparency Measurement Results

The transparency practices reflect improvements on ethic matters, and on ETB's engagement with its stakeholders, as evidenced in the results obtained in the

**Corporate Transparency Measurement in 2014, obtaining a score of**

# 83 puntos.

From the first time it participated in 2012, ETB has increased 26 points, and went from a medium level and a moderate risk level, to be above the sector average

COMPONENT	ETB RESULTS		
	2012	2013	2014
Opening	58	79	92
Dialogue	63	68	85
Clear Rules	57	69	87
Control	50	69	69

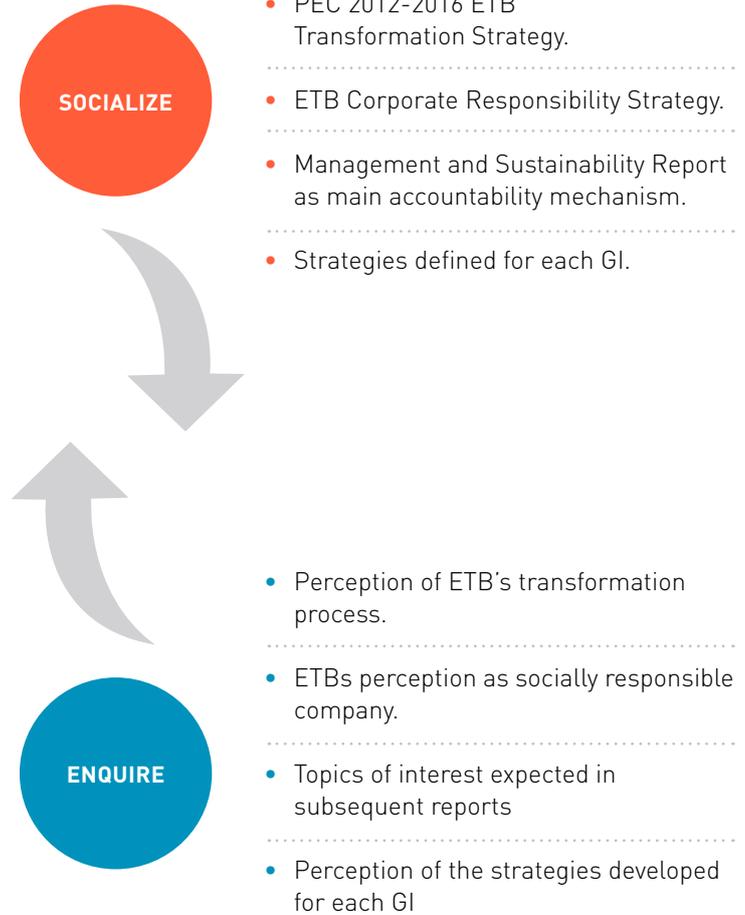
YEAR	ETB SCORE	SECTOR AVERAGE	MTE AVERAGE
2012	57	73	67
2013	71	84	75
2014	83	79	78

Source: Corporacion Transparencia por Colombia, Private Sector

## Stakeholder engagement

En busca de potencializar la relación con sus Grupos de Interés (GI), ETB ha desarrollado una estrategia de diálogo constructivo que permita hacer la rendición de cuentas y la evaluación de los impactos de su gestión, y a su vez conocer las principales necesidades y expectativas de las partes interesadas.

Durante 2014 la estrategia de relacionamiento se enfocó en:



The fourth version of dialogues with stakeholders held in 2014, took place as follows:

STAKEHOLDERS	NO. OF SESSIONS	PARTICIPANTS
<b>Employees</b>	100	100 meetings between the president and the employees, in a space called "Coffee with the President". 2,500 employees from various positions participated.
<b>Contractors</b>	1	Discussion panel with 14 contractor companies.
<b>Sector</b>	1	Discussion panel held within the framework of the Chamber of Sustainability and Communications of ANDESCO
<b>Corporate Clients</b>	3	Discussion panel with 31 companies in the Corporate and Government segment.
<b>Community</b>	6	Discussion panel with 114 users of ETB's Interactive Portals in the area of Ciudad Bolívar.
<b>Media</b>	1	Discussion panel with 12 media groups: five (5) radio, three (3) TV, three (3) newspaper and one (1) digital.

Source: ETB, Secretary General and Communications and Brand Management

The main findings of the fourth dialogue version session included:

- Employees show high level of commitment to the transformation process, and have noticed the efforts made by the company in terms of their coaching and development. Their greatest expectation is focused on the launching of new products, services and client service.

- 80% of the clients surveyed believe that ETB's transformation is due to the needs and expectations of their companies regarding communications, and expressed opportunities for improvement in terms of the response time speeds.

- 86% of contractors expect ETB to include sustainability criteria in their procurement and contracting

policies, beyond the Best Practices Agreement.

- Vendors and contractors have expressed that ETB should consider for its classification (homologation), to provide better score to companies involved in the Social Responsibility extension programs.

- More than 90% of the benefiting community surveyed believes that ETB is a socially responsible company, and acknowledge that the TIC Massive Spread Program has contributed to improving their quality of life.

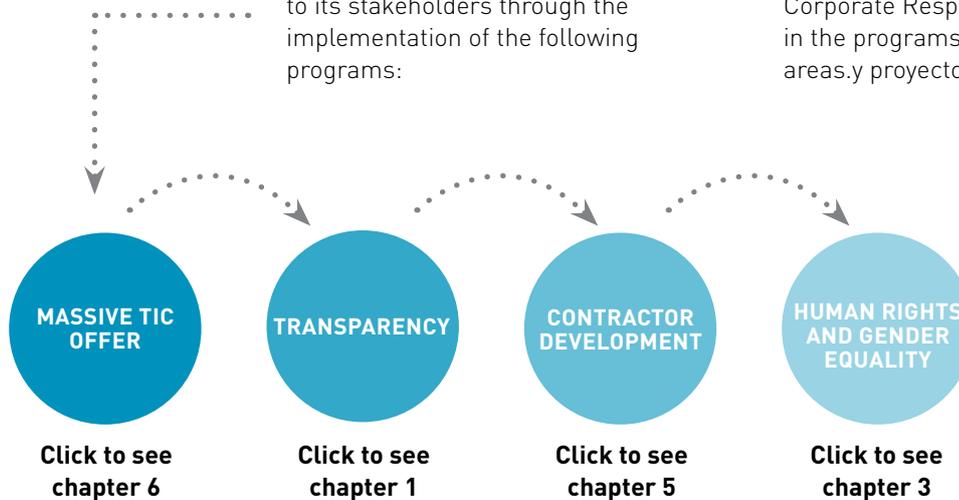
- More than 67% of the media surveyed believe that the transformation process dissemination has been adequate.

## Value generation

ETB develops its Corporate Responsibility (RC) strategy following the United Nations Global Compact and the International Standard ISO 26000 guidelines, which guide the strategic lines of Corporate Responsibility with the aim to meet the commitments with stakeholders.

Through the Corporate Responsibility strategic lines, ETB seeks to generate value to its stakeholders through the implementation of the following programs:

ETB, aiming at integrating Corporate Responsibility on its corporate management, has provided the opportunity to consolidate the sustainability and RSE practices in the organizational culture, programs and projects aimed at transformation; this opportunity, known as Corporate Responsibility Group, is comprised of delegates from the corporate Vice Presidencies, whose function is to multiply the strategy and identify Corporate Responsibility practices in the programs and projects of its areas y proyectos de sus áreas.





ETB

SHAREHOLDERS  
AND INVESTORS

EMPLOYEES

CLIENTS

SUPPLIERS AND  
CONTRACTORS

SOCIETY

ENVIRONMENTAL  
PERFORMANCE

# SHAREHOLDERS AND INVESTORS

eTb

# FIGURES

# ETB

(THOUSAND COLOMBIAN PESOS)



NUMBER OF EMPLOYEES

2014  
2807

2013  
2847

OPERATIONAL INCOME

2014  
\$1,364,317,762

2013  
1,361,859,495

2013  
\$4,862,182,381

2014  
\$5,089,855,037

TOTAL ASSETS



ETB

SHAREHOLDERS AND INVESTORS

**2014** \$1,660,370,851    **2013** \$1,764,441,216



EMPLOYEES



**2014** \$370,531,188

CLIENTS

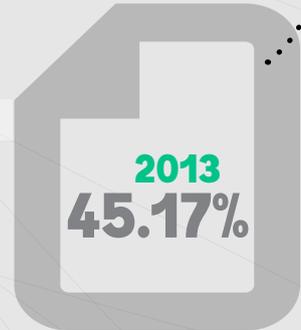


**2014** 41.33%

SUPPLIERS AND CONTRACTORS



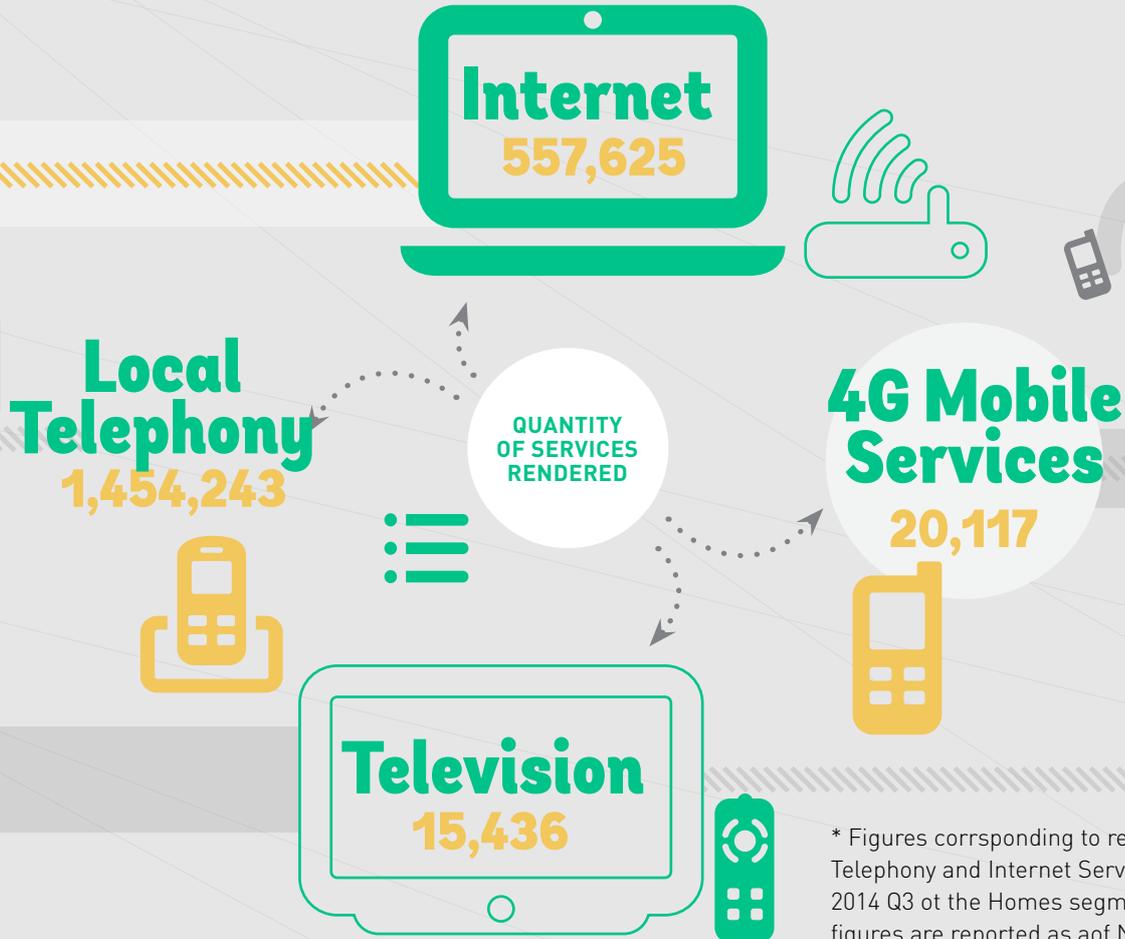
**2013** \$169,117,889



SOCIETY

**2014** \$3,429,484,186    **2013** \$3,097,141,165

ENVIRONMENTAL PERFORMANCE

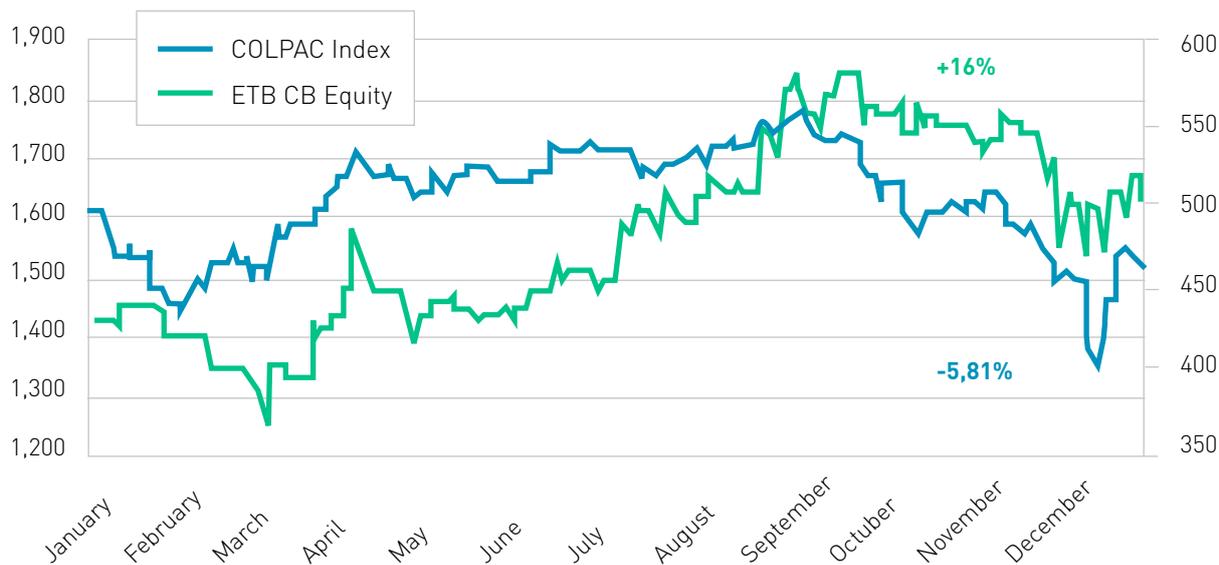


\* Figures corresponding to rendered Local Telephony and Internet Services refer to 2014 Q3 at the Homes segment. Television figures are reported as of November 2014 and Mobile Service as of December 2014.

# SHARE EVOLUTION

In 2014, ETB's stock averaged \$481, reaching a minimum level of \$370 on March 3, 2014, peaking at \$578 on September 1, 2014. **ETB's stock reported a positive annual variation from December 31st, 2013 to December 31st, 2014 of 16.02%**; whereas COLCAP (index for the 20 most liquid and traded shares in Colombia) had a negative variation of 5.81% from year to year. Furthermore, the Internal Rate of Return (IRR) for ETB shareholders **increased 18% from 2013 to 2014**, reporting positive figures of 20% as of December 31st, 2014.





Source: ETB, Financial Vice Presidency

# COMMUNICATIONS ENVIRONMENT



**T**wo crucial events marked 2014 in terms of telecommunications nationwide:

- Launch and consolidation of competition in terms of 4G/LTE mobile offers.
- Dominant position maintained by two multinational companies throughout the country, through the unification of their fixed and mobile businesses.



Based on the information available in the Colombian telecom sector on the third quarter of 2014<sup>4</sup>, dedicated mobile and Internet (fixed) services are still the growth drivers in the sector, with inter-annual growth rates of (3Q13–3Q14) 27.8% and 11.8% respectively.

In the same period, the Cable TV service still reports a growth rate of 6.7%.

The basic line (PSTN in service) in the past year (3Q13–3Q14) reported slight growth of 0.8%, derived from bundled offers (dual, triple and quad Play), as well as the increased competition regarding rates and segments. However, the service stabilized in 2014, with a final projection of nearly 7 million subscribers by the end of the year.

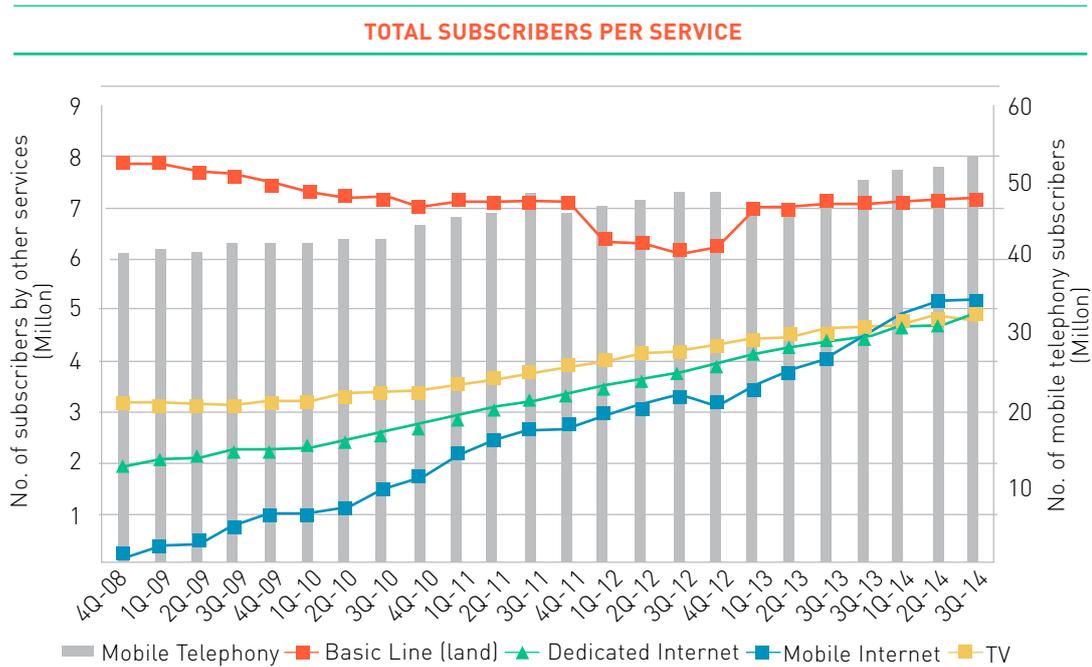
Cable TV services have had important growth in terms of connections, reporting 6.7% in the last year (3Q13–3Q14). This is mostly leveraged by the growth recorded in the first and second quarter of 2014, because of the premium offer launched by some operators due to the Football World Cup and other sports events.

In terms of the dedicated (fixed) and mobile Internet service in the past two years, the market's approach is focused on product bundles, premium content and higher speeds on fixed (fiber optic) and mobile (4G–LTE) services. For the first time ever, mobile Internet service surpassed fixed services, enabling Colombia to reach the same level of TIC sector leading countries in the region, such as Brazil and Chile.



<sup>4</sup> MinTIC report corresponding to 3Q of 2014 and published by the entity in January 2015 presented an error on the figures related to fixed Internet services by some operators. The official report correction may, in due course, modify some of the results initially presented herein.

## Evolution of the Telecommunications Sector in Colombia

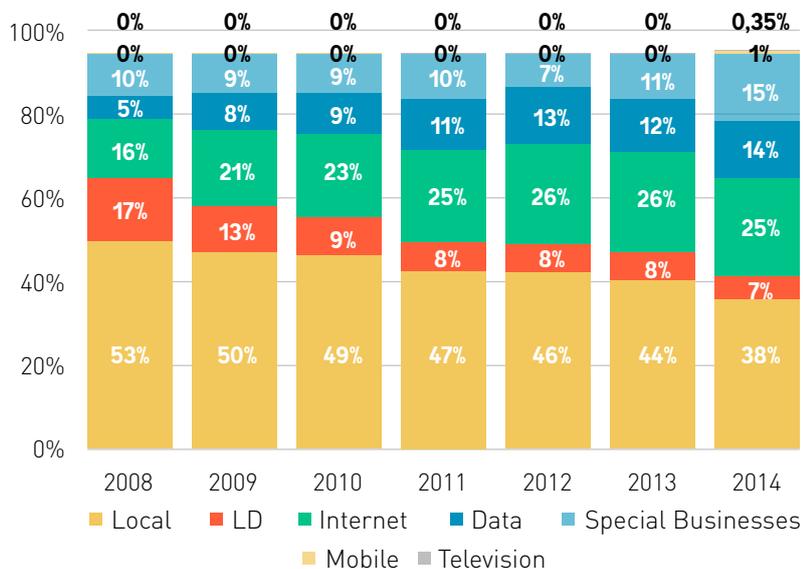


Source: ETB, Business Strategy and Development Vice Presidency, based on MinTIC 2014 Information, Report, 3rd Quarter 2014, refer to: <http://colombiatic.mintic.gov.co/>

# BUSINESS OPERATION



The corporate operational income at the end of 2014 reached \$1,364,317,762 thousand pesos, representing an increase of 0.18% compared to the prior year's operational income. Such behavior can be attributed to the Special Business and Data income growth, and the drop in the Local and Long Distance business lines. In 2014, the company obtained earnings from new products, such as N-Play through fiber optic, and the access of the 4G Mobile Service to the market.



Source: ETB, Financial Vice Presidency

## Homes

### • Local Telephony

The strategy has focused on securing and protecting clients subscribed to landlines only, to invite them to acquire Internet service with the company through competitive offers, or the migration to new controlled account plans where, apart from local calls, they can make mobile phone and long distance calls.

This has reduced client churn rates compared to those reported in 2013.



### • Internet

ETB hits the market with a new home service portfolio; in 2014, fiber optic technology allowed launching offers with speeds of up to 150 mb at home, the pioneer of high-speed offerings. Our proposal to clients focused on multi-connectivity, where multiple devices could share the same connection without service suspension or speed reduction issues. The top quality of services provided through fiber optic are changing completely the browsing experience of our clients. The company has also launched high uploading speeds; now, sharing photos and uploading videos is faster than ever.

At the end of 3Q 2014, there were 487,559 connections compared to the 2013 year-end (475,134), a 12,425 increase.

- **Television**

**ETB launched its TV service with a competitive offer that brings important differential advantages, which allows residents of Bogota to enjoy an entertainment product with more than 50 HD channels,**

where the 10 HBO HD channel bundle stands out as part of the additional services delivered with the TV pack. The advantages that make ETB's TV service unique include functionalities that allow going back one hour in any channel, or simultaneously recording up to 5 channels. The TV signal with fiber optic technology stands out for the quality of its image and sound, and for its speed to surf between channels. As to content, children and family content programming is highlighted, although the channel lineup is quite varied, suiting the preferences of all audiences.



## 2014 Achievements

During the second and third quarter of the year, Internet connections has maintained sustainable growth, mainly due to the creation of strategies aimed at meeting the needs of our clients at competitive prices.

The implementation of loyalty strategies, which have allowed the company to reduce its clients' churn rate in a profitable manner.

## 2015 Challenges

Increasing our client base in a sustainable, profitable manner, with the continued design of competitive offers for our potential clients, and the dual or triple bundling offerings to our current base.

Strengthening the client fidelity program with exclusive value offers that allow maintaining a long-term relation with our clients.

## Businesses

### • Local Telephony

The unlimited telephone line offer allowed us to maintain our leading market position (75% share in Bogota), while offering competitive prices in single products and in a second line, bundled with other products in our portfolio. Furthermore, with the recently launched fiber optic technology, supplementary services have been added to the offer, bringing more benefits with the use of the new technology.



### • Internet

Market growth was generated by ETB, considering that Bogota reported an increase in 9,899 connections between the 3rd quarter of 2013 and the 3rd quarter of 2014, while ETB's growth included 9,842 connections in the same period. This behavior was derived from the design of offers focused on the needs of micro and small-sized companies.

Offers were complemented by value added services to remotely support computers and specialized anti-virus, based on the number of multiple devices that micro-entrepreneurs have in their establishments and offices.

Furthermore, different speeds were designed in the fiber optic portfolio, along with TV service.

## 2014 Achievements

The telephone line client base was maintained, sustaining

**75%** market share.

Bandwidth client base growth, with a **4** percentage points market increase.

Implementation of retention strategies on a third tier, thus reducing client loss levels.

## 2015 Challenges

- Continue positioning of the Business segment by supporting micro and small-sized companies on their growth through our services and new allies that will keep on supplementing the offer.
- Increasing the fiber optic service client base by offering the new technology to a larger group of micro-entrepreneurs, so that they can enjoy high-speed Internet and interactive TV.



## Companies and government

### • Voice

In the corporate segment, the telephone offer was extended with Internet, security and communication platform bundling, thus meeting the current needs of corporate clients, who manage information that requires a more robust and reliable infrastructure.

As to the corporate segment, based on the consumption behavioral analysis of the national and international long distance and collect call (01800) market, continuity was achieved in the structuring of plans to meet the needs of clients.

**This led to a 2% growth for ETB on the 1st semester of the year,** despite the -7%<sup>5</sup> long distance market decrease in the same period of 2014.

### • Internet and data

**ETB continued its growing trend on Internet and data services at a 7% rate,** strengthening its portfolio and integrating bandwidth administration, managed security, wireless, optimization, broad speed and balance services, which allows meeting the demanding needs of our corporate clients.

The data portfolio strengthening included the implementation of virtual service solutions for companies by launching the “ETB Cloud Database” offer to the market, where ETB becomes the first Data Center service provider to offer this product.

Likewise, these services embody business solutions such as routing, switching, wireless, help desks and network management services.

Likewise, network expansion continued nationwide, with new fiber optic rings deployed in different Colombian cities.



<sup>5</sup> Source: Quarterly TIC bulletin. Figures from the second quarter of 2014. (MINTIC).

- **Special Businesses**

**In 2014, growth was focused on added value services for corporate clients, representing 52% compared to the prior year.** ETB optimized the business

partners and allies integration solution process through the development of a cross-functional and efficient operative model, thus consolidating us as the Information Technology (IT) service integration company nationwide.

The portfolio now includes logic security solutions for large corporate and government clients nationwide.

**In 2014, security and mobility solutions were designed and implemented (Intelligent Cities) in various Colombian cities.**

## 2014 Achievements

- 30% increase from client retention income by offering new services aimed at the private and government sectors.
- Regional product portfolio growth, such as Total Connection and Help Desks.

- Continued implementation of fiber rings and installation of links on this new infrastructure in cities of interest to serve corporate clients.

- Network strengthening in regional offices with own rings to serve corporate clients.

- ETB consolidates as one of the main mobile telecom providers in Bogotá.

- **Consolidation of projects, such as the District Network (Red Distrital), which adds technology value in Bogota.**

- New interconnection agreements to extend our capacity to provide services.

- Internet and data penetration growth on mid-sized companies with value offers to suit the needs of the different sectors.

## 2015 Challenges

Emphasizing on improving client experience —at all times of truth to improve their satisfaction — and on the recommendation index.

Protecting voice income bundling long distance and basic line services with Internet, data and IT security services.

Expanding the portfolio of services and solutions on the Cloud for mid-sized companies.

Improving client experience to keep on growing in value added services:

- Launching GPON network products (network to gain access to Internet at large speeds to enjoy more on-line services).
- Continuing with the special business growth rate, gaining long-time loyalty from clients with comprehensive technology solutions.

- Strengthening the portfolio nationwide.
- Consolidating the retention plan, especially for traditional products.
- Expediting smart city strategies in terms of security and mobility.
- Developing strategies needed to maintain Long Distance revenues.
- Closing large capacity business opportunity deals (10 Gigabytes nationwide) with corporate clients.



# VALUE GENERATION FOR STAKEHOLDERS



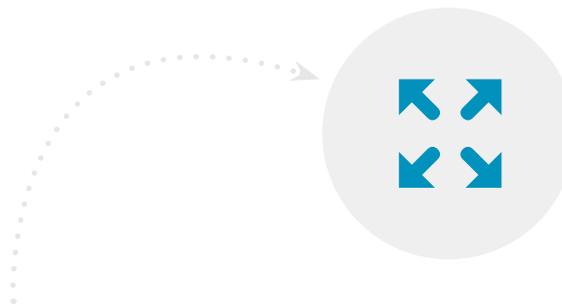
## Economic value generated, distributed and retained

**(Figures in Thousand Colombian Pesos)**

Looking to highlight sustainability management, a generated value scheme was used, corresponding to the income obtained from corporate operations, and the economic value distributed among the different operational and non-operational costs and expenses incurred by the

Company for its operation that, in turn, are classified based on stakeholders.

In 2014, the economic value generated by ETB was \$1,878,048,843 thousand pesos, 75% of which were distributed to cover operative costs and payments to suppliers, 22% for employee payments and 13% for capital supplier payments, among others, as described below:



**ECONOMIC VALUE GENERATED****A. Income:** \$1,878,048,843**ECONOMIC VALUE DISTRIBUTED****B. Operative costs:** \$570,143,808**C. Salaries and fringe benefits of employees:** \$168,482,592**D. Payments to capital suppliers:**  
\$101,069,813**E. Payments to government:**  
\$-82,124,282**F. Community investment:**  
\$3,001,667**Total : \$760,573,598****ECONOMIC VALUE RETAINED  
(GENERATED - DISTRIBUTED):**

\$1,117,475,245

**Source:** ETB, Financial Vice Presidency

2014

**ECONOMIC VALUE GENERATED:****A. Income:** \$1,508,256,486**ECONOMIC VALUE DISTRIBUTED****B. Operative costs:** \$501,714,891**C. Salaries and fringe benefits of employees:** \$184,053,262**D. Payments to capital suppliers:**  
\$127,914,078**E. Payments to government:**  
\$11,132,421**F. Community investment:**  
\$3,987,388**Total : \$828,802,040****ECONOMIC VALUE RETAINED  
(GENERATED - DISTRIBUTED):**

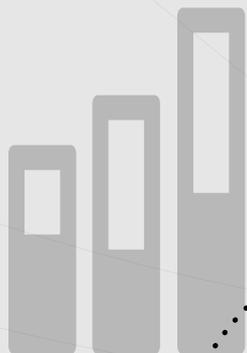
\$679,454,446

2013

# A

## Income

Operational income increased 0.18%, while a 251% increase in non-operational income is observed, due to the profit obtained from the sale of Colombia Movil shares.



**2014**

**\$1,878,048,843**

**OPERATIONAL INCOME:**

\$1,364,317,762

**NON-OPERATIONAL INCOME:**

\$513,731,081

**2013**

**\$1,508,256,486**

**OPERATIONAL INCOME:**

\$1,361,859,495

**NON-OPERATIONAL INCOME:**

\$146,396,991



# B

## Operative Costs

In 2014, the largest operative costs share was allocated to the cost of sales, with a 14% increase. ETB's operative costs are mainly comprised of supplier purchases, personnel and maintenance expenses. As to supplier purchases, most of them are made in Bogota.

**2014**

**\$570,143,808**

**COST OF SALES:**

\$464,781,120

**OPERATIONAL EXPENSES:**

\$105,362,688

**2013**

**\$501,714,891**

**COST OF SALES:**

\$407,997,655

**OPERATIONAL EXPENSES:**

\$93,717,236

# Salaries and fringe benefits of employees

This item includes the value of remunerations accrued in favor of employees from their existing labor relation, in accordance with the legal provisions in force. It also includes fringe benefits and social security payments made by ETB in favor of employees, such as parafiscal contributions, medical insurance, bonuses, social benefits, travel expenses, per diem and other related benefits.



2014

## \$168,482,592

**SALARIES:** \$89,921,176

**PERIODICAL CONTRIBUTIONS:** :

\$54,698,544

**Parafiscal contributions and fringe benefits:** \$43,634,625

**Private medical insurance:**

\$11,063,919

**OTHER SOCIAL BENEFITS:**

\$23,862,872

**Bonuses:** \$13,017,716

**Social security:** \$4,188,515

**Per diem and travel expenses:**

\$1,588,581

**Other social benefits:**

\$5,068,060

2013

## \$184,053,262

**SALARIES:** \$98,235,781

**PERIODICAL CONTRIBUTIONS:**

\$71,152,925

**Parafiscal contributions and fringe benefits:** \$60,773,871

**Private medical insurance:**

\$10,379,054

**OTHER SOCIAL BENEFITS:**

\$14,664,556

**Bonuses:** \$ 3,650,813

**Social security:** \$3,995,649

**Per diem and travel expenses:**

\$1,690,868

**Other social benefits:**

\$5,327,226

# D

## Payment to capital suppliers

In 2014, financial expenses were reduced from \$47,914,078 thousand pesos to \$39,361,195 thousand pesos, mainly due to the reduction of interests from the internal public debt credit that was paid off.

In 2014, dividends amounting to \$61,708,618 thousand pesos were declared for shareholders.

**2014**

**\$101,069,813**

**DIVIDENDS DECLARED  
FOR ALL SHAREHOLDERS:**

\$61,708,618

**FINANCIAL EXPENSES (DEBT + INTERESTS):**

\$39,361,195

**2013**

**\$127,914,078**

**DIVIDENDS DECLARED  
FOR ALL SHAREHOLDERS:**

\$80,000,000

**FINANCIAL EXPENSES (DEBT + INTERESTS):**

\$47,914,078





## Payments to the state

The value generated for the State corresponds to the payment of taxes, rates and contributions both national, as well as departmental and municipal. National taxes mainly include income and supplementary taxes, financial movement levy and stamp tax.

The departmental and municipal taxes include industry and trade tax, unified property tax and valuation. Special contributions correspond to the economic contribution to the Ministry of Information Technologies and Communications (MINTIC) and the surcharge.

With respect to the tax variation, the company reported an \$11,132,421 thousand pesos expenditure to a recovery amounting \$82,124,282 thousand pesos, mainly due to the deferred income tax recovery.

**2014**
**\$-82,124,282**
**TAXES:** (\$82,124,282)

**ICA, Withholding:**

\$15,337,640

**Other:** \$11,008,869

**Income:** (\$143,008,429)

**Property and valuation:**

\$719,332

**Contributions:** \$33,818,306

**2013**
**\$11,132,421**
**TAXES:** \$11,132,421

**Rete.ICA.:** \$15,169,046

**Other:** \$8,411,158

**Income:** (\$49,748,620)

**Property and valuation:**

\$792,962

**Contributions:** \$36,507,875

## Community Investments

ETB's social investment focuses on the TIC Massive Spread Program development, its main objective is to promote the adequate use of Information Technologies and Communications (TIC), benefiting vulnerable populations in socioeconomic levels 1, 2 and 3, mainly.

[Click to see chapter 6](#)

**2014**

**\$3,001,667**

**INVESTMENT IN THE  
TIC MASSIVE SPREAD  
PROGRAM: \$3,001,667**

**2013**

**\$3,987,388**

**INVESTMENT IN THE  
TIC MASSIVE SPREAD  
PROGRAM: \$3,987,388**



# REGULATORY ASPECTS

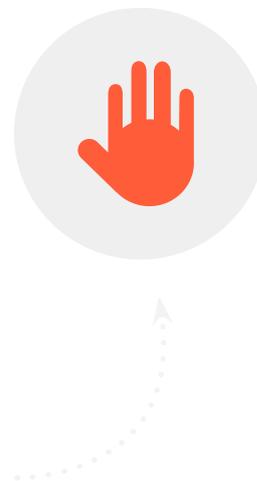


**D**uring the 2014, regulatory affairs management focused on the design and active use of strategies, in accordance with the company's strategic programs. These are based on the guidelines set by the Ministry of Information Technologies and Communications (MINTIC) through its *Plan Vive Digital* on its definition and consolidation of version 2.0 (2014-2018), as well as the recommendations issued by the Organization for Cooperation and Economic Development (OECD) on the "Telecommunications Policies and Regulation in Colombia" for 2014.

The topics that served as guide for the regulatory strategy include the creation of public-private initiatives to develop a leading country in the region for the

deployment of FTTH in Bogota - one of the flagship projects of ETB - which represents a tangible, and well-deserved contribution to our country. Likewise, actions were undertaken with the regulator, looking to convey what the international scene indicates with respect to the recommendation of not sharing next-generation networks, as this will discourage investment and technology upgrades. Hence, the word was spread in various scenarios, indicating that new technologies should not be shared unless the market matures, as we would not expect other Colombian operators to deploy Fiber to the Home networks or similar deployments in the near future.

As a consequence of the awarding of the spectrum license for the provision of



4G Mobile Services, compliance of the obligations set out by MINTIC was achieved, including the following, among the most relevant:

- Deployment of the access network installed with 4G technologies, and startup thereof in all the municipalities allocated.

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- Structuring of an inter-administrative agreement with the District Education Secretariat to provide 33,515 tablets with Internet connection and speeds equivalent to the highest value commercially offered with HSPA+ technology for students, management or primary and high school teachers in public Colombian schools.

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- Migration of the radio links used by the General Command of the Army and the National Police.

Leveraged on the OECD recommendations on the high concentration of mobile and Cable TV markets, both for OECD and regional parameters, actions were undertaken with the Communications Regulating Commission, the Superintendence of Industry and Trade, and the MINTIC to address issues related to market access conditions. This, to standardize competition conditions among operators, and to promote, in the mid and long term, an industry structure that ensures general interest priority and improved social welfare.

Likewise, proactive regulatory assurance was made on traditional and new services such as television and mobile telephony, preventing the enforcement of actions for regulatory defaults, directly imputable to ETB.



# LEGAL MATTERS



In 2014, ETB undertook the legal defense of labor, administrative, arbitration, bankruptcy, criminal and constitutional proceedings filed in favor and against, or which somehow affect the interests of the company; apart from the legal processes derived from acts undertaken by control entities, regulations or other administrative authorities and summary jurisdiction for pension shares.

As of December 31st, 2014, ETB addressed 275 legal proceedings against it, which amounted to \$780,516,803 thousand pesos, distributed as follows: 217 labor-related, 45 administrative-related, 8 civil-related and 5 arbitration-related. Furthermore, in such period, 52 processes were resolved.

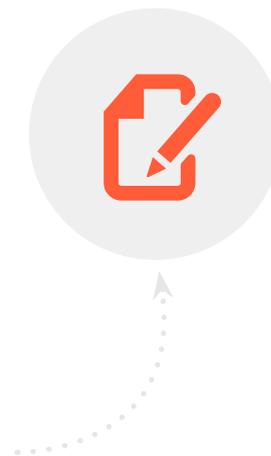
In processes where ETB is the claimant, 1083 processes were

addressed, which amount to \$1,412,192,254 thousand pesos, broken down as follows: 36 labor-related, 131 administrative-related, 151 civil-related, 411 bankruptcy-related, 7 arbitration-related and 347 criminal processes. 92 processes were finally resolved in 2014.

## Significant legal aspects

The following are processes with accounting allowances:

1. CAPRECOM Vs. ETB, Labor Proceeding (\$5 billion pesos): Caprecom, through a summary jurisdiction process, filed a collection process and claims the



payment of the pension shares percentage owed by ETB to Caprecom.

2. RADIOTRONICA Vs. ETB, Administrative Proceeding (\$14,996,968 million pesos), where ETB imposed contract default penalties. Ordinary court ruling against ETB; appeal ruling is pending.
3. TELECOM Vs. ETB, Administrative Proceeding (\$62,380,339 thousand pesos). Telecom claims the refund of excess values from access charges in the ETB interconnection from June 1996 to June 1999. The ordinary court ruling ordered ETB to pay \$20,363 thousand (sic) pesos: this decision is not firm, and in furtherance of the prudential approach, the contingency was amended to the current value claim, which awaits the appeal ruling.
4. AMICEL Vs. ETB, Administrative Proceeding (\$3,165,652 thousand pesos): Amicel claims contract default by ETB and an alleged contractual gross negligence. Ordinary court ruling in favor of ETB; appeal ruling is pending.

In 2014, 173 administrative investigations were addressed through the formulation of indictments by the Superintendence of Industry and Trade (SIC), 31 of which were ruled, in the amount of \$1,331,535 thousand pesos. It is worth mentioning that a penalty was enforced against ETB in December 2014 for \$1,606,528 thousand pesos, due to the alleged regulatory default; resolution that is not firm, as remedies pertaining to government channels were filed.

**It is worth mentioning that in 2014, ETB was not ordered to pay any environmental default penalties or sanctions, nor any penalty for the default of any regulation related to advertising or marketing. Likewise, the company complied with all norms governing intellectual property, copyrights and related rights, as set out in Law 503 of 2000.**

# ABC

## of the ETBC- Claro Process

Included in the relevant actions pertaining to the ongoing processes with Comcel (CLARO), we have:

The three rulings proffered in 2012 by the State Council, repealing the three arbitration decisions have not been affected; they remain in force.

1



COMCEL files a Writ for the protection of rights at the State Council in September 2012 and ruled in both, the ordinary court and the appeal court in favor of ETB, rejecting the claims, and is currently being Reviewed at the Constitutional Court. Likewise, COMCEL has filed various memorandums, the last one being a right to petition and the response thereof from the Communications Regulating Commission (CRC), aiming to confirm the alleged violations to the fundamental rights, since to the extent of its knowledge, the CRD lacks the jurisdictional power and, therefore, could not resolve the access charges conflict with ETB. Based on the foregoing, it now intends to enforce its right to access to justice, which in its opinion, has been allegedly breached.

2

ETB's Executive Proceeding against COMCEL, filed on April 25, 2013 at the Administrative Court of Cundinamarca – Section Three, claims the release of the payment order in favor of ETB and against COMCEL for the sums paid by ETB in the arbitration decisions repealed. The ordinary court ruling in favor of ETB released the payment order and ordered to continue with the execution, and is being appealed at the State Council.

3



The State Council decided to accept two Extraordinary Review Appeals, whereby COMCEL also intends to contest the decisions of the State Council that repealed the arbitration decisions. In the first proceeding in question, the prejudicial interpretation requested by ETB was denied, formalizing the writ that gave rise to the probationary period on July 9, 2014; the appeal for reversal was filed, and notified; on July 23, the process was filed on the court and remains on the same status. On the other hand, in the second proceeding, an Admitting Writ was proffered, against which an appeal for reconsideration was filed by ETB, and is presently at the court awaiting decision.

4



**Three (3) new Arbitration Proceedings** filed by COMCEL, claiming the payment of access fees from February 2006 to 2007. One was withdrawn by COMCEL and the other two are underway; one of them is awaiting the prejudicial interpretation of the Andean Court of Justice.

6

5

**Three (3) Arbitration Proceedings filed again by COMCEL, which aims at obtaining again the order to pay the access charges claimed. Two (2) of them were ruled in October 2014, one against, and one in favor of ETB. The following are the rulings:**

Arbitration Decision of October 10, 2014. Determined that CRC was empowered to decide the disputes related to interconnection fees; a) COMCEL filed an appeal for annulment in December 2014; b) ETB and the National Agency for the Legal State Defense (independent documents), filed on January 6, 2015 an objection to COMCEL's remedy, to prevent the arbitration decision from being affected.

Arbitration decision dated October 21, 2014. Filed a ruling against ETB; a) ETB and the Attorney General's Office filed the corresponding appeals for annulment. b) The National Agency for the Legal State Defense filed an appeal for the protection of rights (19/12/14), and since ETB is a third party thereto, the company will support by requesting protection of ETB's rights and, therefore, to repeal the arbitration decision given its evident flaws. ETB requested the suspension of the arbitration decision in its appeal for annulment; and c) on January 13, 2015, ETB submitted closing arguments for the appeal for annulment submitted by the Attorney General's office and supported on the repeal request requested by such Control entity.



ETB

SHAREHOLDERS  
AND INVESTORS

EMPLOYEES

CLIENTS

SUPPLIERS AND  
CONTRACTORS

SOCIETY

ENVIRONMENTAL  
PERFORMANCE

03



EMPLOYEES

eTb

eTb

**E**TB, aware of the fundamental role of employees in the transformation process, has focused its efforts on strengthening their capacities, and their professional development and welfare. The company's transformation implies significant challenges on the employees' vision, and has made all resources available to support them on the implementation of changes and the new demands that may arise.

## Employee Profile

In 2014, the company ended the year with a total of 2,807 direct employees, 2,733 of which have an indefinite-term contract and 74 on a fixed-term basis. Figures indicate a reduction of 40 people on its staffing, compared to 2013.



### • Personnel per type of contract and gender

	2014		2013		2012	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Indefinite	1,948	785	1,983	784	1,916	755
Fixed	42	32	44	36	19	31
<b>Total</b>	<b>1,990</b>	<b>817</b>	<b>2,027</b>	<b>820</b>	<b>1,935</b>	<b>786</b>

Source: ETB, Administrative and Human Management Vice Presidency

**100%** of standard term and fixed term contract employees on a full-time basis.

### • Employee distribution per region and gender

REGIONS	2014		2013		2012	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Bogota	1,970	810	1,956	806	1,895	769
Central and Plains	1	3	50	10	15	12
South	6	1	8	2	6	0
North	10	3	9	2	14	4
Cost	3	0	4	0	5	1
<b>Total</b>	<b>1,990</b>	<b>817</b>	<b>2,027</b>	<b>820</b>	<b>1,935</b>	<b>786</b>

Source: ETB, Administrative and Human Management Vice Presidency

### • Employee distribution per age and gender

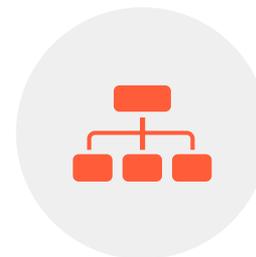
AGE RANGE	MALE	FEMALE
<30 years	61	45
From 30-50 years	1,465	598
→50 years	464	174
<b>Total</b>	<b>1,990</b>	<b>817</b>

**3,78%** of the employee population in 2014 was below 30 years of age; **88,46%** from 31 to 50 years of age; and **7,76%** above 50 years of age.

Source: ETB, Administrative and Human Management Vice Presidency

## Selection and Contracting

The transformation process undertaken by the company demands human capital with the skills required, based on the new ETB and market demands. In 2014, 134 jobs were contracted as follows: 102 through external calls, 32 through internal calls.



- Personnel Engagement

AGE RANGE	2014		2013		2012	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
←30 years	18	12	28	15	12	20
From 30-50 years	39	32	125	62	53	34
→50 years	0	1	7	0	4	2
<b>TOTAL</b>	<b>57</b>	<b>45</b>	<b>160</b>	<b>77</b>	<b>69</b>	<b>56</b>

Source: ETB, Administrative and Human Management Vice Presidency

## • Employee distribution per tenure and type of payroll

	YEARS OF SERVICE				
	0 - 5	6 - 10	11 - 15	16 - 20	20+
Union personnel <sup>6</sup>	188	137	198	1135	405
Integral salary <sup>7</sup>	247	96	71	105	4
Technical	0	0	0	134	76
Management (staff)	0	9	1	1	0
<b>Total</b>	<b>435</b>	<b>242</b>	<b>270</b>	<b>1375</b>	<b>485</b>

<sup>6</sup>Union personnel: employees covered by collective bargaining agreements.

<sup>7</sup>Integral Salary Personnel: employees with integral salary.

Source: ETB, Administrative and Human Management Vice Presidency

## • Withdrawal of personnel

	2014	2013
Incoming	102	237
Outgoing	142	118

In 2014, the corporate turnover index<sup>8</sup> was 0.04%. The staffing stability is reflected on the employee permanence percentage. 49% of the personnel remains with the company from 16 to 20 years, followed by 17% with more than 20 years and 10% from 11 to 15 years. **In other words, 76% of the total employees have worked in the company for more than 10 years.**

<sup>8</sup> ETB's turnover index is calculated using the following formula:  $\frac{((\text{Incoming} + \text{outgoing})/2)}{(\text{Average employees during the year})}$

# HUMAN TALENT MANAGEMENT



**E**TB has experienced steep changes in the past two years; in 2014, human talent management was focused on the development of a strategy that has allowed providing trained and well-developed personnel for the convergence process.

The human talent strategy pillars include:

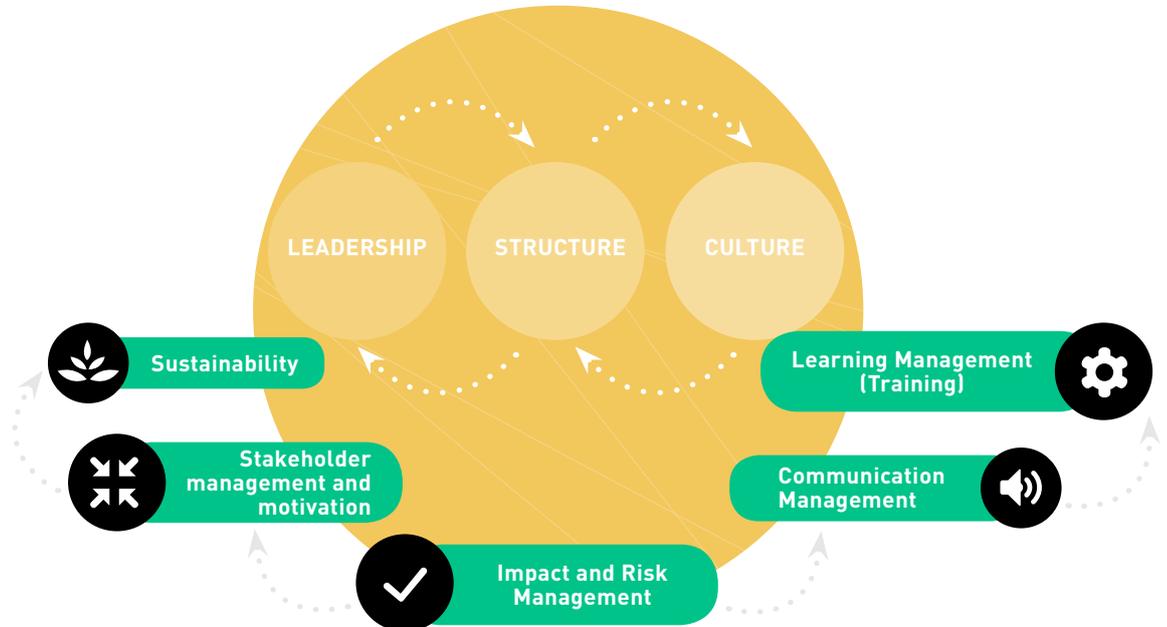
- Change management and organizational culture.
- Coaching and development.
- Welfare management.



## Change Management

The corporate change strategy is aimed at developing the change vision among employees and contractors, and pursues their mobilization towards the implementation of strategic programs and PEC projects.

Sustainability, stakeholder management, impact and risk management, communication and learning are **key aspects to be managed to achieve the level of maturity of the change expected in three areas:**



- **Change Sponsors**

Leader network comprised of highly influential ETB employees. The purpose of this network is to promote organizational agility by complying with the PEC strategic programs and generating mechanisms for the mobilization and adoption of changes among employees.

- **Change Promoters**

Support network comprised of ETB employees, which purpose is to design and implement strategies aimed at communicating and assimilating the Corporate Strategic Plan (PEC, in its Spanish acronym), which contributes to transformation sustainability.



- **CHANGE SPONSORS:**

International Change Strategic Management Certification was achieved to strengthen the Flexibility and Adaptation competence among sponsors.



- **UNION:**

Activities were carried out to develop skills: Flexibility, Adaptation and Negotiation.



- **PROMOTERS:**

The Change Mobilizer Certification was achieved to strengthen Flexibility and Adaptation competences among promoters.

- **Certification to 22 top and medium management leaders** as change strategic management and organizational agility sponsors.
- **Certification to 94 employees** as change mobilizers.
- **Training to 30 members** of the Boards of Directors of unions: Atelca and Sintratelefonos, on negotiation and change.



- Consolidation of the organizational change management practice for all PEC projects.
- Change management measuring and evaluation with the proposed indicators.
- Integration of the change management practice to ETB's project management practice.
- Change management variables are included on the evaluation of initiatives and new corporate projects.



- Development of Flexibility and Adaptation competences among sponsors and promoters.
- Identification and redefinition of Corporate Values.



### CHANGE INDICATORS

- **Willingness to Change:** the average results of willingness to change was 4.29 on a target of 3'70.
- **Change Maturity Level:** The result obtained was 3.5; with a 0.2 point increase compared to the 2013 measurement.
- **Coverage:** 1765 employees informed about PEC.



In order to develop the flexibility and adaptation competencies, the following was carried out:

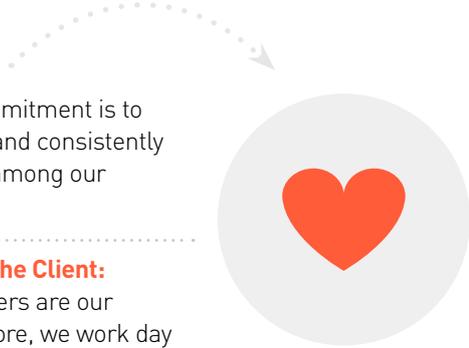
- Change management workshops for employees registered in the competence development plans; and to the teams from key areas, including employees from regional offices.
- Client experience certification for employees in key areas to strengthen experience behaviors and willingness to change. experiencia y apertura al cambio.

## Organizational Culture Management

As a result of the actions and plans undertaken in the past two years, the **organizational climate measurement in 2014 gained a 2-point increase with respect to the measurement obtained in 2012**, going from 66.8 to 68.8 points (2013 Average in Colombia – 76.8). In 2015, action lines will be defined to intervene the labor climate and to turn ETB into the “best place to work”.

The corporate value definition process concluded in 2014. The values identified by employees as essential behaviors to leverage the transformation process included:

- **Excellence:** our motivation is to work to improve every day; this effort demands quality, efforts and courage, in order to go beyond the experience of our clients and users.

- 
- **Integrity:** our commitment is to act transparently and consistently to generate trust among our stakeholders.
  - **Passion to serve the Client:** our clients and users are our inspiration; therefore, we work day after day to provide t

## Coaching and Development

The purpose of this process is to develop human talent knowledge and skills to accomplish the needs of current and future roles and responsibilities. In 2014, work was conducted in three fronts: job description, competencies and development; and education and development.

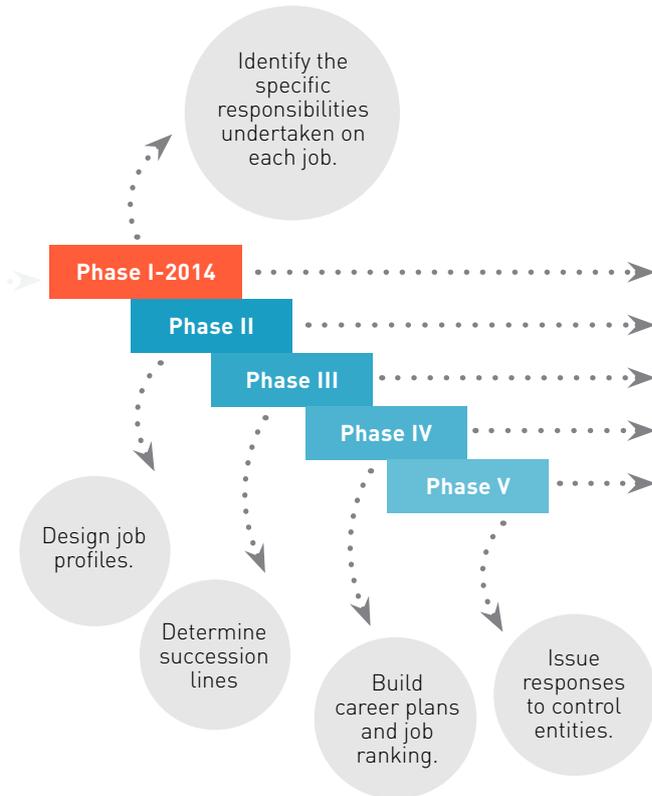
## • Description of Positions

In 2014, the project to compile job descriptions was undertaken, in order to align and standardize roles and profiles with the Integrated Corporate Management Model (MIGE in its Spanish acronym) and the corporate strategy. In the first phase to identify the specific responsibilities of each job, a 93.48% progress was achieved.

This project will produce the corporate Roles and Profiles Manual for the development of training policies, the job profession diagram guidance, the succession policy and the identification of critical jobs, as well as the construction of

the action plans needed for risk mitigation that, in terms of personnel selection and coverage aspects, may take place at any time, and under any circumstances.

### DESCRIPTION OF POSITIONS' PROJECT PHASES



Source: ETB, Administrative and Human Management Vice Presidency

- **Skills**

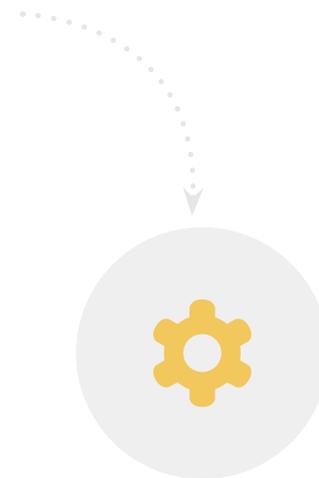
Based on the employees' development needs identified in the organizational skills valuation made in 2013, 3,657 development actions were undertaken in 2014. These were using different methodologies, such as stand up management, virtual training, five-ring workshop, premier movies, Lego workshop and courses at different universities, which has allowed developing skills and behaviors on employees that contribute to their professional performance and personal development. **The development plan compliance reached 93%.**

**In 2014, the organizational skills assessment was conducted again on a population of 2,354 employees, for a target of 2,738, achieving 86% coverage.** This assessment allowed identifying

the level of skills of employees facing ETB's transformation of 94% reported in 94%, with a 98% target.

In 2013, the skills level reached 98% of the level required, covering 75% of the population. However, in 2014, the exercise was undertaken by employees who had not participated before and that, therefore, had not received a development plan, which was identified as the factor that contributed to the average drop.

In 2014, the specific competencies gathering process continued to identify knowledge, skills, expertise and attitudes applied to the job of each employee, to meet the market demands and the challenges faced with the convergence.



### • Performance

In 2014, the guideline for the definition, management and tracking of indicators was designed, which is associated with the performance premium, based on the following criteria:

- Definition of indicator types, based on the performance premium model.
- Definition of individual management indicators.
- Tracking of individual management indicators.
- Calculation of the performance premium.

In turn, the Development and Performance Policy for the top management was designed.

### • Coaching and Development

In 2014, 1,859 employees were trained for a total of 83,833 hours of education, equivalent to 45 man-hours in average. The most outstanding facts herein include:

- On-site Corporate Induction to 161 people.
- Service Experience Certification to 145 employees from different corporate areas, as part of the Service Excellence Strategic Program.
- Technology update provided to 120 employees.
- Technical training to the engineers' team of the 4G Mobile Service Strategic Program.
- Implementation of the "At the Client's Home" behavioral course targeted to the group of installers.
- Summons and development of the technical career course-contest, as well as the definition and scheduling of technical upgrade and administrative courses.
- Execution of the course-contest session for supporters and splicers, with the attendance of 350 candidates.

- **Training hours per job families and gender**

The difference in the number of hours of education between 2013 and 2014 is due to the fact that in 2013, training

was focused on the N-Play Strategic Program targeted to employees of the Infrastructure Vice Presidency.

JOB FAMILY	2014		2013		2012	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Top Management	313	0	555	0	210	38
Mid-range	742	353	1615	514	1,696	1,286
Coordination	2,888	604	1247	1,513	4,927	2,335
Execution	14,331	7,074	15,162	7,551	2,733	1,796
Technicians	11,930	1,725	15,754	2,537	5,192	736
Operators	40,939	2,934	119,356	10,816	348	0
<b>Total Hours</b>	<b>71,143</b>	<b>12,690</b>	<b>153,689</b>	<b>22,931</b>	<b>15,106</b>	<b>6,191</b>

Source: ETB, Administrative and Human Management Vice Presidency

- **Average training hours per year, per job family and gender**

(Total number of hours by employee category /Total number of employees by employee category).

JOB FAMILY	2014		2013	
	MEN	WOMEN	MEN	WOMEN
Top management	31	0	79	0
Mid-range management	17	21	65	86
Coordination	46	60	40	43
Execution	43	28	38	28
Technicians	99	101	87	110
Operators	50	17	101	25

Source: ETB, Administrative and Human Management Vice Presidency

- **Learning Level**

The average learning level outcomes of people trained in 2014 was 99.2%, corresponding to employees who passed the evaluations during the technical training, which reflects a high level of concept, skills and competences appropriation.

- **Training Investment  
(Figures in thousand pesos)**

INVESTMENT IN TRAINING	2014	2013	2012
		\$876.057	\$1.874.098

Source: ETB, Administrative and Human Management Vice Presidency

## Welfare Management

### • Welfare Programs

In 2014, the Welfare Plan was developed, focused on the human being strengthening as employee, father, mother and family member, and as part of the society. Four programs were undertaken, which brought benefits to employees,

retirees and their beneficiaries. Furthermore, education and development processes were carried out in the welfare, health, education and sports environments, in order to foster best practices in the family, social and labor settings.

#### Jointly Responsible ETB



The purpose is to promote the involvement of employees and their families in spaces devoted to the strengthening of company-employee relations. **Total coverage was provided to 18,415 people in actions such as:**

- Mother and Father's Day Celebration.
- Recreational vacations
- ETB anniversary celebration.
- Halloween contest.
- Acknowledgement to the employees' children.
- Novenas and contests in the Bogota and regional offices
- School graduation ceremony
- Year-end family integration event
- alitre Magico amusement park.



### Vital ETB:



The purpose is to encourage employee and family participation in the sports and recreational sessions that contribute to sports promotion and integration.

**Coverage included 8,789 people** who participated in the following events:

- Recreational match in the Bogota offices.
- Fitness and health.
- Bowling tournament.
- Integration spaces for employees around the 2014 World Cup.
- Promotion to encourage employee participation in the Media Maraton de Bogota.
- Promotion and development of sports teams.
- Sports schools.

### • Benefits for union employees

ETB has a service offer for employees who benefit from collective bargaining agreements beyond the legal provisions, in order to improve the quality of life of employees and their families; this includes schools and a Vacations Center.

At ETB's schools Alvaro Camargo de la Torre and Tomas Alva Edison, formal and comprehensive education has been offered for more than 50 years to the children of employees, to contribute to the improvement

of family, school and social quality of life. The use of innovative pedagogy is promoted, based on TIC, to allow for participative interaction within co-existence and solidarity parameters.

At the Vacations Center located in the municipality of Ricaurte, Cundinamarca, recreation and leisure is offered to employees and their families. **In 2014, 2,655 families and a total of 17,766 guests received service, stating a service satisfaction rate of 95%.**

• Investment and number of benefited employees (figures in Thousand Colombian Pesos)

BENEFIT	2014		2013		2012	
	No. BENEFICIARIES	INVESTMENT	No. BENEFICIARIES	INVESTMENT	No. BENEFICIARIES	INVESTMENT
Medical Service	5,998	\$14,00,000	6,208	\$11,767,019	6,941	\$11,629,000
Scholarships	1,717	\$4,038,702	1,702	\$3,854,088	1,575	\$3,864,848
Funeral aid	69	\$72,889	75	\$76,581	73	\$124,318
Housing Loans	14	\$816,060	23	\$1,149,882	40	\$1,989,974
Calamity Loans	4	\$14,100	13	\$33,064	9	\$25,580
Vacations Center	17,766	\$3,111,825	17,345	\$2,653,941	20,728	\$2,807,288
ETB School	1,196	\$7,840,948	1,135	\$4,594,206	1,169	\$7,635,393
<b>Total investment</b>		<b>\$ 29,894,524</b>		<b>\$24,128,781</b>		<b>\$28,076,401</b>

Source: ETB, Administrative and Human Management Vice Presidency



- **Collective Bargaining Beneficiary Employees**

Out of the total number of employees, 2273 benefit from Collective Bargaining agreements, equivalent to 80.98% of the total personnel plant.

	2014	2013	2012
Union Members	2273	2316	2275
<b>Percentage</b>	<b>80.98%</b>	<b>81.35%</b>	<b>83.61%</b>

Source: ETB, Administrative and Human Management Vice Presidency

- **Corporate Acknowledgement Program**

En 2014, bajo el lema  
In 2014, under the motto  
“**I know you, you make the difference**”, an acknowledgement program was undertaken to implement formal and informal acknowledgement strategies to increase motivation, management recognition, commend positive behaviors associated with competencies defined and ensure work environments framed within respect and healthy interactions. The initial phase was undertaken with work teams directly related to the execution of strategic programs.

# ETY AND HEALTH AT WORK MANAGEMENT



**D**uring 2014, the process to migrate the occupational health program to the Safety and Health at Work Management System (SGSST, for its Spanish acronym) continued, in accordance with the current regulation.

The implementation of the SGSST allowed the self-evaluation made at the end of 2013, on compliance of OHSAS 18001, to progress from 41% to 64% in 2014, which proves a 23-point increase. The above allowed complying with the regulation and the internal policies set by ETB around safety and health at work, as part of the Integrated Management System.

To achieve further System maturity, the following actions were undertaken:

## Norms Chart

EETB updated the norms chart and, to date, the list includes the legal provisions required by the system. Furthermore, a procedure was generated to allow the periodical update of norms applicable to the Safety and Health at Work Management System (SGSST).

## Training

With the aim to develop a preventative approach and, thus, minimize safety and health incident occurrence, training was conducted in 2014 to address health, safety and general education towards risk prevention.



- **Courses for Work at Heights**

In furtherance of the regulation that demands certification for work at heights for those who carry out such tasks, certification processes have been furthered for employees in the Infrastructure Vice Presidency and those from the Administrative Management who also work while exposed to falls. From a global standpoint, 60% of these employees were certified for works at heights; the remaining 40% lacked the medical fitness to undertake this type of work, leading to individual and collective actions.

- **Week of safety and health at ETB**

As SGSST positioning strategy, the “week of safety and health at ETB” was arranged and held from November 18th to 21th, 2014. This activity was carried out at 12 switch offices, with the participation of

1,032 employees. Sessions were focused on the training, awareness, and medical evaluations, as well as stage plays with self-care content, use of personal protection elements and risk situation reporting messages. At the end of the week, a forum was held with the support and involvement of the Labor Risks Administration Entity (ARL) *Positiva* and ETB contractor companies committed to health and safety.

- **20<sup>th</sup> Week of Occupational Health- 2014**

Eighteen (18) employees represented ETB in this Occupational health event that covered topics related to “Healthy Work Places, Community and Sustainability”, organized by *Corporacion de Salud Ocupacional y Ambiental*, with the aim of adopting best practices to improve health, environment and wellness conditions of employees.



- **Training to COPASST members**

Training sessions were undertaken for the COPASST members, seeking to improve their knowledge on the matter. These were carried out with the support of the ARL.

The Safety and Health at Work Management System gears its efforts towards the preservation of its employees' health, thus avoiding work-related accidents and professional diseases. In 2014, activities were framed within two programs:

- **Hygiene and Safety**

ETB has adopted the risks' approach through the definition of a matrix that constitutes a fundamental tool for action planning and execution within the Safety and Health at Work System. An adjustment has been achieved



with the standards issued by the Integrated Management System, based on the Colombian norm defined for information gathering.

**As a result of the risk priority setting, protocols have been developed for the risks detected and ranked as priority. This considers the extent of the possible injuries and the number of people exposed as main criteria to be borne in mind.** Hence, protocols have been prepared for safe work at heights on its different modalities: poles, facades and man-lifts; it also covers safe work in confined spaces, especially telephone switch offices. Protocols for electric risk and self-contained crane works are also underway.

- **Accident Rate**

Accident rate figures in 2014 represent an 8% increase on accidents reported, compared to those in 2013. The above is due to the inclusion of accident rate reports from the operation of the new plant in Cucuta, which reported in total 18 accidents, evidencing that the accident rate remains stable in terms of frequency.

In 2014, 197 work-related accidents were reported, which took place in the cities of Bogota and Cucuta; the other regional offices did not report accidents. Out of the total accidents, 80% led to medical leave, as it has been the policy of the Safety and Health at Work System to have employees report their accidents, regardless of how minor they are, so that the employee is always given the option to receive the pertinent medical care.

It is observed that the highest accident rate index takes place among women, with 27% of the accidents reported, while 73% took place with men. By co-relating these figures with the population, it is evident that women reported more accidents compared with men, to the extent the company's gender population distribution is of 29% women, compared with 71% men.

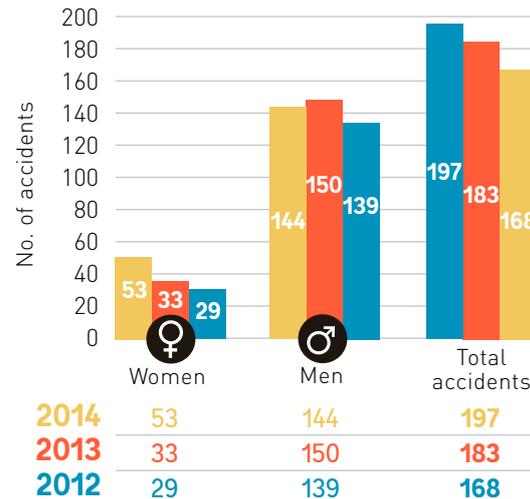


On the other hand, the accident rate proved that the main injuries were bumps and contusions with 27%; followed by wounds with 13%; then slight traumas, also with 13% and finally muscle contraction with 9%. The remainder 38% of accidents were distributed in 18 different diagnoses that, given their scarce frequency, report very low percentages, and require no special designation. No fatal victims were reported.

**The jobs of installer - repair specialist, splicer and auxiliary report the highest accident rate indexes, therefore, the training plan focused on strengthening areas related to tasks undertaken by these job positions.**

To calculate the number of accidents reported in 2014, ETB includes those accidents reported by employees, and not by the severity of the accident reported.

### • Accident Rate in 2014, broken down by gender

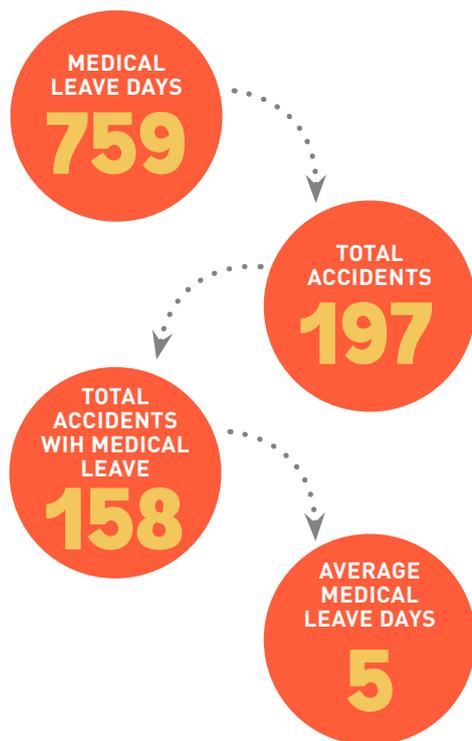


Fuente: ETB, Vicepresidencia Administrativa y de Gestión Humana

Out of the 197 accidents, 158 (80%) implied 759 days of medical leave, with an average of five (5) days of medical leave per month; the average medical leave days was maintained with respect to 2013.

- **Average Medical Leave Days in 2014**

Days lost are considered natural days, and are counted as of the date the medical leave is issued.



## Preventive and Work-Related Medicine

In order to maintain health integrity among employees and to contribute to better quality of life, the Preventive and Work-Related Medicine Program undertook the following activities in 2014:

- 171 tetanus toxoid booster shots were applied, to expand the tetanus scheme for employees exposed to biological risks due to their work in telephone switch offices.
- Given the biological risk relevance among employees carrying out activities in telephone switch offices and, in general, in public areas, training with emphasis on self-control and on the use and care of personal protection elements were conducted.



- Disclosure of information to develop a preventive culture with respect to the economic risk through active breaks. A significant number of education briefings was included on the management of office items and furniture for all areas receiving new work stations.

- Training of fifteen (15) employees to become active break promoters.

- At present, cardiovascular risk is one of the conditions that most affects world population;

considering the age average of employees, it is possible to define population at risk in ETB; therefore, training and monitoring actions were undertaken to detect this risk.

- Psycho-social risk measurements were carried out, based on the norm, which allowed defining actions aimed at reducing the “Burnout syndrome” through live project workshops. In 2015, efforts will be focused on increased psycho-social risk intervention.



- **Work Groups**

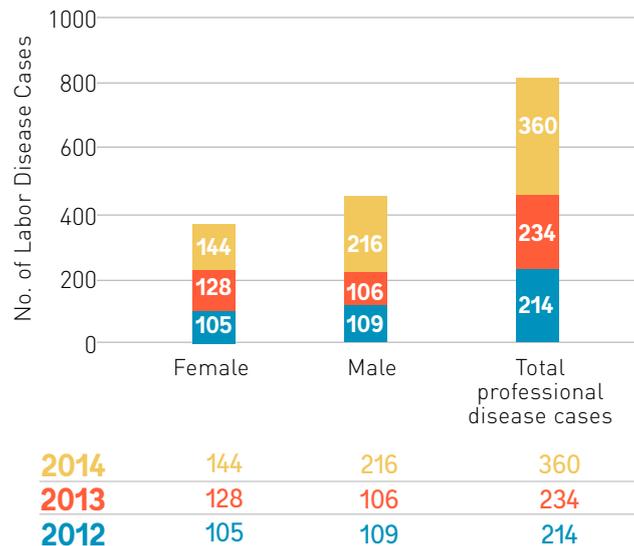
Spaces have been created to track the health problem that affects employees classified as affected by a work-related accident and labor disease to track medical evolution of health events.

Likewise, in accordance with one of the COPASST purposes, meetings were undertaken to notify and provide input on health situations of employees, whether common or labor-related.

- **Labor-related Diseases**

ETB, has a monthly record with the number of labor-generated diseases acknowledged by the ARL.

In 2014, 360 labor-disease cases were filed.



Source: ETB, Administrative and Human Management Vice Presidency

# HUMAN RIGHTS



ETB

SHAREHOLDERS  
AND INVESTORS

EMPLOYEES

CLIENTS

SUPPLIERS AND  
CONTRACTORS

SOCIETY

ENVIRONMENTAL  
PERFORMANCE



In fulfillment of the Human Rights and Gender Equality Policy, ETB states its commitment towards the compliance and respect for Human Rights, in order to increase wellness and respect for dignity of employees and other stakeholders.

In 2014, progress on the implementation of the Human Rights and Gender Equity Program was mainly targeted at promoting Human Rights culture within ETB and, along these lines, the following activities were developed:

## Awareness and Promotion Sessions

In order to visualize and foster personal and corporate commitment towards the acknowledgement and respect for Human Rights, the rights of women and gender equality, two campaigns were undertaken to celebrate the International Women's Day and the International Day for the Elimination of Violence against Women, jointly led by the management and union organizations.



### • Celebration of March 8th, International Women's Rights Day

Under the motto **"Recognize and respect their rights; your rights should last a lifetime"**, the following activities were carried out:

- Internal media awareness campaign for employees and contractors.
- Presentation of the stage play *"El hombre reina y la mujer gobierna"* (Men Reign, Women Rule), led and represented by the Colombian actress and playwright Luz Estrada, with the attendance of more than 300 people.
- Interviews in ETB Radio [www.etbradio.com.co](http://www.etbradio.com.co) to Women's Rights experts.

- **Celebration of November 25th, International Day for the Elimination of Violence against Women**

Under the motto **“Let your hands express nothing but love”**, the following activities were carried out:

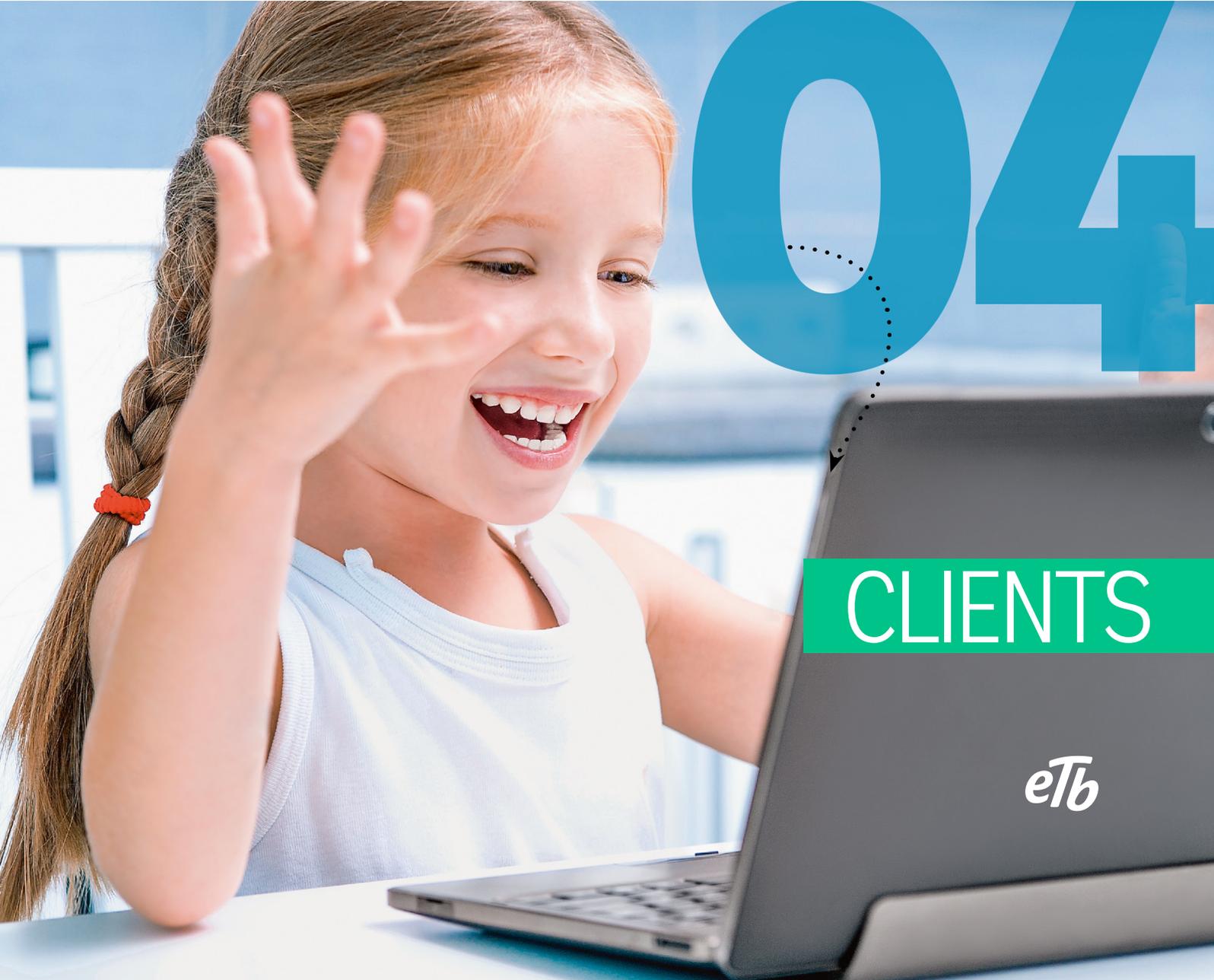
- Internal media awareness campaign for employees and contractors.
- Conference-Workshop “The Masculine and the Feminine”, led by Laura Moreno, communications and market strategist, workshop facilitator and speaker with expertise in personal and organizational development areas. The purpose was to create a meeting space for employees and contractors with themselves and the acknowledgement of their skills and expertise on the different roles they have in life, with the perspective of being and becoming part of the best spaces to share together. This activity

included the attendance of 70 people.

- Domicile stage play, with the act “On your shoes”, by ETB’s theater group, directed by Colombian actress and playwright Luz Estrada to foster spaces for reflection and awareness with respect to the gender role on the day-to-day life, urging to portray co-responsibility towards the construction of a more fair, equitable society that is “against gender-based violence”. Nearly 400 employees attended this event, both male and female, from the Central Offices and four switch offices from ETB.

- Interviews in ETB Radio [www.etbradio.com.co](http://www.etbradio.com.co) to experts on Human Rights and Gender Equality aspects.





04

CLIENTS

eTb

# MARKETS SERVICED



**E**TB manages its market segments through strategic business units, aimed at meeting the specific needs of each type of client.

## Households and People



Satisfying communication, connectivity and entertainment service needs by providing convergent services, based on the specific needs of each household or person.

## Companies and Government



Becoming the technology ally of the industrial and commercial, government, financial and service sectors by providing comprehensive communication solutions to contribute to the competitive of their systems.

## Infrastructure



ETB has a sound network infrastructure that allows it to offer interconnection access services to other national and international operators.



ETB

SHAREHOLDERS AND INVESTORS

EMPLOYEES

CLIENTS

SUPPLIERS AND CONTRACTORS

SOCIETY

ENVIRONMENTAL PERFORMANCE

# PRODUCTS AND SERVICES

ETB offers the most robust and extensive local telephony network, whereby it offers services such as: Telephone lines, PBX service, local voice links, IP local voice links and supplementary services over the local telephony services telefonía local.

**LOCAL TELEPHONY**

**VOICE**

**IP ADMINISTERED COMMUNICATIONS - IP CENTREX**

**LONG DISTANCE**

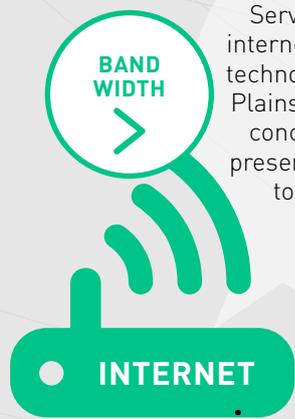
**INTELLIGENT NETWORK SERVICES**

ETB offers national and international coverage for long-distance calls dialing from domestic lines through 07 and 007. Long Distance Services include: National and international direct dialing; long distance and corporate voice agreements; post-paid cards for users having national and international mobility requirements.

IP Telephony Services such as IP Centrex, to allow clients to enjoy all the advantages of a telephone switch via Internet or data channel, without making significant investments. This service allows the functions normally carried out by a telephone switchboard at the client's facilities, to be remotely managed at ETB's facilities and under the administration delegated by the client.

Special numbering services offered for attention lines or information services. This type of services allow companies to group corporate telephone lines in a single number, and establish specialized response centers with attention menus; allows the call to be answered in offices located in different geographical sites; defines call attention restrictions.





Service that allows offering internet access using the ADSL technology in Bogota and in the Plains area, areas of high user concentration regionally. At present, bandwidth plans of up to 10 Mbps are offered.

Service rendered through the fiber optic network, which technology differences allow for speeds well above those offered by the bandwidth service; therefore, ETB currently offers Internet speeds of up to **150 megabytes** as part of its offers.



This Internet dedicated access service allows companies having a permanent, dedicated connection with bandwidth secured for non-critical business applications.



Service that uses access technologies and transport to the IP advanced connectivity network of ETB to offer permanent and dedicated links, with guaranteed symmetric bandwidth.



ETB's service whereby companies can acquire a comprehensive data communication solution with cutting-edge technology to resolve fixed connectivity, mobile connectivity and advanced connectivity needs IP.



Service that allows companies to resolve needs related to data, voice and video transfer among offices; interconnection with Switchboard Centers, Trunk Lines or PBX; transfer of large amounts of information.

This service allows offering the rack area or units within an ETB Data Center to the client to place communication servers and equipment to support its business operation.

Hosting of client application in exclusive servers furnished and managed by ETB in its Data Centers' network. Clients may access their applications or servers through connectivity services that may also be provided by ETB.

**DISASTER RECOVERY AND BUSINESS CONTINUITY**

Service that allows companies to have a contingency plan in place, in case of events that may affect the continuity of the business, offering work stations and ETB's Data Center infrastructure to implement Alternate Computer Center solutions.

**MESSAGING HOSTING AND SUPPORT**

This comprises the offer of an intermediate support service (chat, conferences, videoconference and other support tools) among company domain users, or externally.

**PLACEMENT**

**DEDICATED HOSTING**

**DATA CENTER**

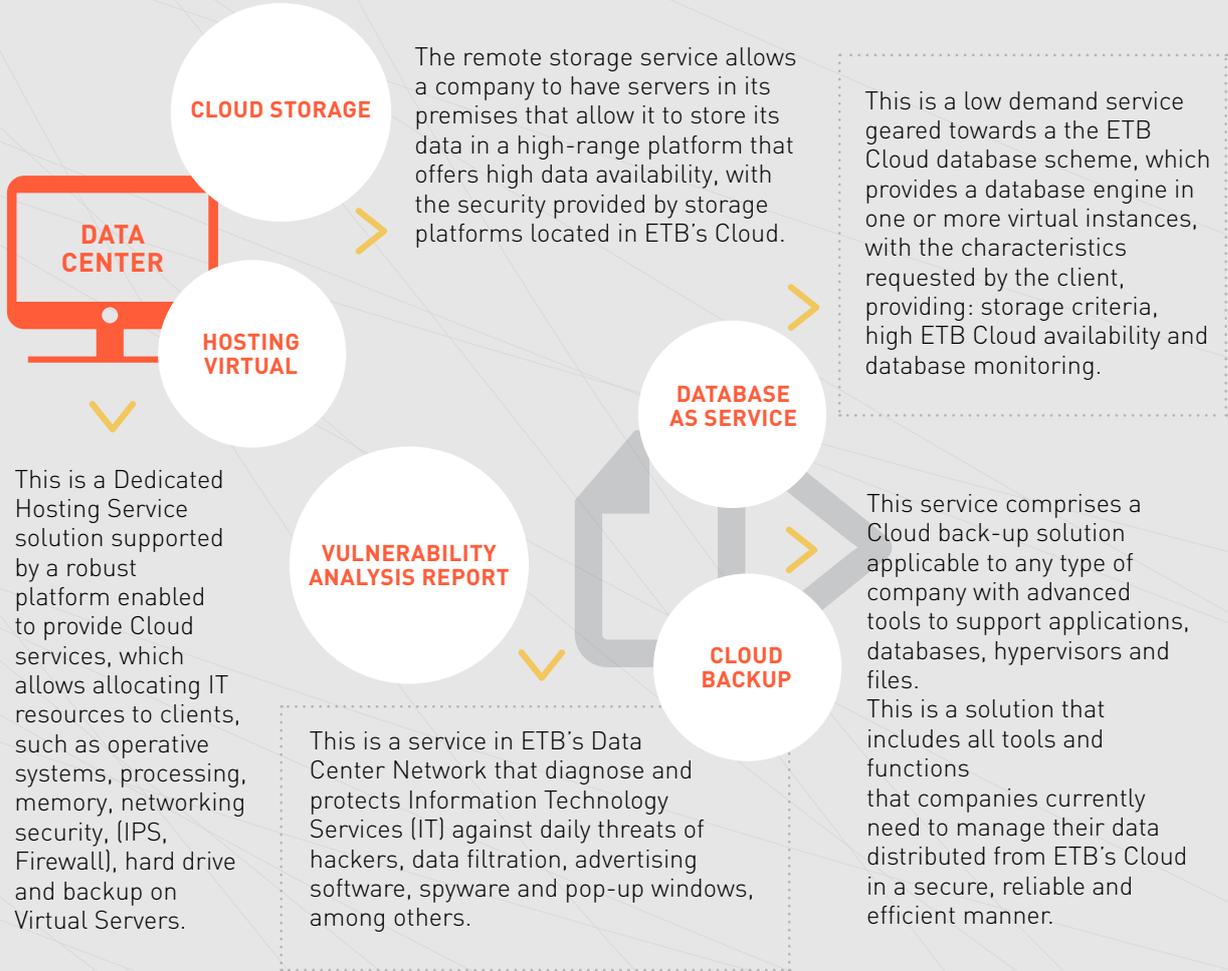
Client information hosting and storage on shared independent instances of ETB servers, ensuring IT resources per instance. These servers may store Web pages, databases and e-mail inbox.

**E-MAIL HOSTING**

This service allows corporate supporters to have a robust and efficient corporate e-mail service. Furthermore, this service enables all the standard, advanced and messaging mail functionalities, administered directly by the client, in accordance with its policies.

**SHARED HOSTING**





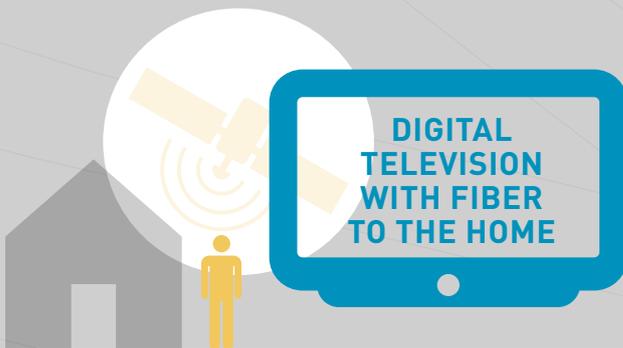
Use fee paid by other operators for the use of networks owned by ETB.

**ACCESS CHARGES**

**INTERCONNECTION**

**INFRASTRUCTURE SERVICES**

Offered to operators that need to use the infrastructure owned by ETB.



**DIGITAL TELEVISION WITH FIBER TO THE HOME**

ETB launched its TV service with a competitive offer with significant differential advantages, which allow Bogota residents to have an entertainment product with more than 50 HD channels.

Advantages that make ETB's TV unique for our clients: users can go back one hour in any channel, and record up to 5 channels simultaneously. The TV signal with fiber optic technology stands out for the quality of its image, its sound system and the speed to toggle between channels.

**MOBILE SERVICES**

**4G**

Fourth generation mobile communication services that allow high-speed downloading (nearly ten times higher than 3G) and new generation interactive applications.



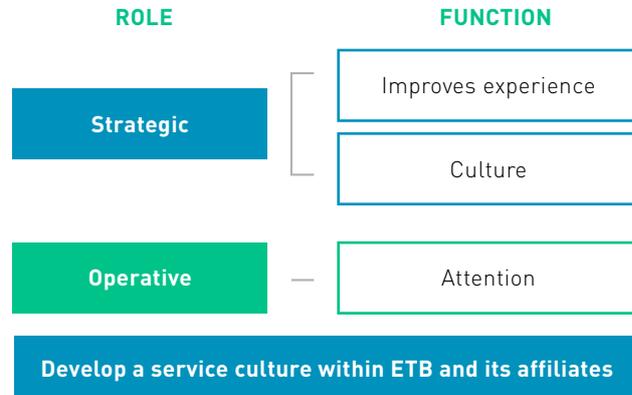
# SERVICE EXCELLENCE



**In 2014, ETB devoted its efforts to permanently improve the provision of its services by launching the cultural change initiative that will significantly impact the company's future: "Service Excellence".**

To support the company in this process, Client Experience Vice Presidency was created, which is responsible for operating attention channels and providing a comprehensive client view throughout the organization, in order to promote initiatives aimed at improving service and strengthening our culture.

## Service Strategy



Improvements were implemented on the quality of service, highlighting the launching of two Experience Centers at the main offices of ETB and in Kennedy and the Self-Attention Kiosks located in our Attention Centers. **With the Experience Centers, we undertook the implementation of the “experience” philosophy where we try to assimilate, through the design, technology, processes and attitude, what the client actually feels and expects.** In turn, we are concerned to issue a detailed diagnose of the critical points in our service chain that require urgent corrections. Likewise, the Service Excellence Certification process was undertaken; this initiative aims to strengthen the service culture through the development of service-driven individual competencies.

### Satisfaction Measurement

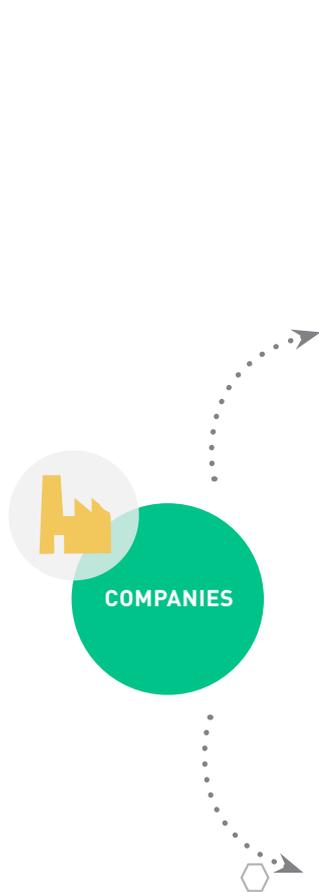
In order to assess the impact of actions implemented, and seeking to improve the services rendered to our clients, in 2014 ETB conducted quarterly measures on satisfaction and loyalty levels.

Client satisfaction of ETB Home clients remains stable at 47 points, Top Two Box<sup>9</sup>, at the 2014 year-end; however, thanks to the efforts of the Service Excellence programs, the attention process satisfaction improved significantly, going from 30 points in the first quarter to 47 points on the fourth quarter of 2014. Among the aspects that leverage the improvement, we highlight the solution provided to clients and the easy access to the different channels. Along these lines, a positive brand reputation evolution was achieved.

Through the Service Excellence Program, a cultural transformation is undertaken towards a service-driven company, where the first results are becoming evident:



<sup>9</sup> Top two box: Client satisfaction measurement methodology that assesses the sum of upper variables; that is, higher satisfaction levels are recorded.



- **Reduction on the Average Response Time** from 7.35 days to 4.95 days on the written response to PQR Claims, through the implementation of the unified case tracking tool.
- **Implementation of the program to retain** basic lines and bandwidth from the first contact, managing to retain 15% of clients intending to leave.
- **40% reduction** on the time to create "Client Cases" through a new CRM functionality, increasing the attention efficiency.
- **Net Satisfaction Index Growth (INS)** at 6 points for VIP clients, through their customized attention, reaching a 43% INS as the end of 2014.

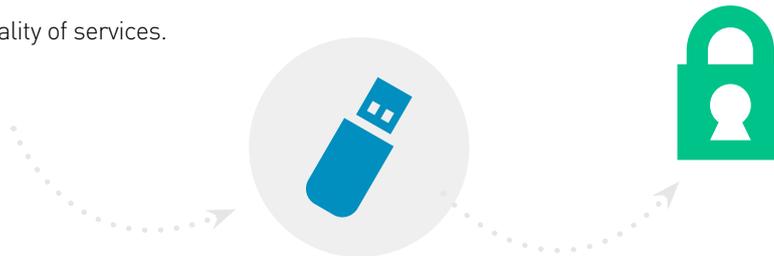


- **20% improvement** on technical support agenda compliance.
- **Recovery of 1,500 clients** per month in average, as a result of the recovery model of clients with an opt-out request in the different centers.
- **Implementation of two Experience Centers** aimed at providing comprehensive attention for fixed and mobile services. This led to a sales increase above 300% (from 500 in terms of fixed products, to more than 2,000 on fixed and mobile products).
- **Net Satisfaction Index (INS) measurement** on a quarterly basis. These indicators remains stable (33% Q1 and 34% Q4 2014); however, a significant increase on the attention process satisfaction is evidenced, going from 30 points on the first quarter to 47 points on the fourth quarter of 2014.
- **Service Excellence Certification Launch** to develop service competencies among employees.

## Data Protection and Privacy

In 2013, ETB established a Personal Data Treatment Policy, as determined in Law 1581 of 2012 and Decree 1377 of 2013 on the protection of personal data, which sets out that the information that users and clients voluntarily provide at the time of service subscription may be used in order to:

- **Efficiently Communicate ETB's** own information, as well as data from affiliates and/or commercial allies on products, services and offers.
- **Notify** on new products or services related to the service or services acquired.
- **Evaluate** the quality of services.
- **Notify** changes on our products or services.
- **Participate** on loyalty programs with benefits.
- **Conduct** market studies on consumption habits.
- **Transfer and convey** personal data to third parties having commercial relations with ETB.
- **Other** purposes closely associated and needed to accomplish marketing purposes.





05

SUPPLIERS AND CONTRACTORS

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# CONTRACTOR DEVELOPMENT PROGRAM



**W**ith the aim of contributing to the fulfillment of the value promise and to improve the capacities of contracting companies, ETB intends to integrate better practices in its value chain through the implementation of the Contractor Development Program.

Since 2012, ETB has focused its efforts on strengthening its relation with contractors and promoting sustainable management on its supply chain.

The company has developed several mechanisms to support suppliers and contractors on the improvement of their competitiveness and performance. In 2014, actions were consolidated in the following lines:

## Dialogue with Suppliers and Contractors

The fourth meeting with suppliers and contractors was held, with the attendance of 14 delegates; this space was used to socialize the progress of ETB's Transformation process and the 2013 Management and Sustainability Report; likewise, questions were asked on the perception they have on the Company's Transformation, the impacts generated and the promotion of social responsibility in the value chain.



ETB

SHAREHOLDERS  
AND INVESTORS

EMPLOYEES

CLIENTS

SUPPLIERS AND  
CONTRACTORS

SOCIETY

ENVIRONMENTAL  
PERFORMANCE

# 2014

## Tracking compliance of the Corporate Responsibility Best Practices Agreement

In 2014, four hundred and forty-two (442) contractors subscribed to the Best Practices Agreement, committing to strengthen transparency mechanisms, ethical behavior and accountability, as well as the adoption of Social Responsibility practices, in furtherance of the 10 principles set out in the United Nations Global Compact.

# 442

## Contractors subscribed to the Best Practices Agreement

As foreseen in the Contractors' Program, in 2014, follow-up on the compliance of Corporate Responsibility Best Practices Agreement was executed through an evaluation of 25 contractor companies on the implementation of responsible practices regarding human rights, labor practices, environmental management and transparency.



Companies were assessed on the implementation of the following practices:



### Promotion and Respect of Human Rights

#### Aspect Assessed

- Definition and promotion of the Human Rights Policy.
- Identification of Human Rights related risks.
- Employee Training on Human Rights.
- Mechanisms to avoid child labor contracting.

### Environmental performance and environment respect

#### Aspect Assessed

- Definition and promotion of the Environmental Management Policy.
- Implementation of the Environment Management Plan.
- Environmental Certification.
- Implementation of programs on climate change mitigation.

### Best Labor Practices on Occupational Health, Safety and Welfare

#### Aspect Assessed

- Establishment of the Peer Safety and Health at Work Committee COPASST.
- Safety and Occupational Health Risks Study.
- Implementation of Welfare Programs for Employees.
- Measurement and implementaiton of programs for labor climate improvement.

### Transparency and Corporate Ethics

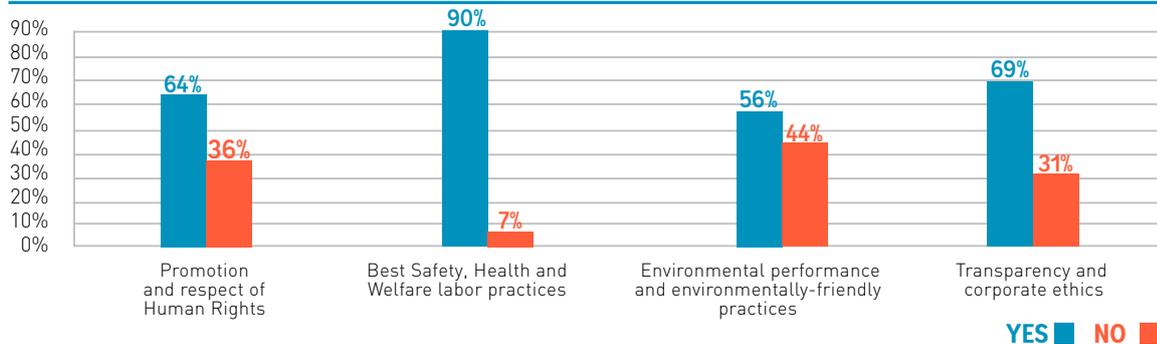
#### Aspect Assessed

- Definition and promotion of the Transparency Policy.
- Identification of corruption risks and processes Sensitive in this area.
- Code of ethics or conduct.
- Training on transparency, ethics and values.

The results of this evaluation allowed identifying a high level of commitment of contractor companies regarding Social Responsibility, evidencing compliance of more than 50% in the four standards requested. The main conclusions are as follows:

1. 100% of contractor companies have mechanisms to avoid child labor contracting, as this a mandatory aspect defined in ETB's contracting manual.
2. The effort of the majority of companies to preserve an adequate labor climate in their organizations is evident.
3. Compliance by more than 90% of the companies in terms of safety and health standards was observed, which is attributed not only to the legal obligation of the companies in this regard, but to the precise requests in ETB's contract, for contractors to comply with this guideline.
4. The aspects identified as the ones that require most work by contractor companies include: Human Rights training to their employees; care and preservation of the environment and energy and water savings programs.

### Performance of contractor companies in the Corporate Responsibility Best Practices Agreement



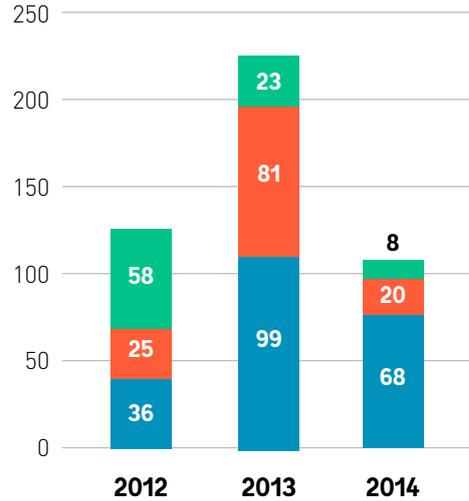
Source: ETB, Secretary General

## Supplier Standardization

Filtering of the suppliers' database is among the standardization benefits, which allows increasing operational efficiency, that is to say, an increase on the level of efficiency used to administer corporate resources destined to the supply chain.

Likewise, standardization allows keeping updated and reliable information of our suppliers to minimize commercial risks and learn about new products and services, apart from complying with the ISO 9001 regulation, related to procurement processes and state and international trade control agencies demands.

In the third year of standardization implementation, we went from 30% to 71% of the total standardized suppliers who subscribed the contract with ETB.



- Without standardization
- Process undertaken
- Standardized

Source: ETB, Administrative and Human Management Vice Presidency



## Contractor performance evaluation

From the standardization process implementation, 888 suppliers have been evaluated, 177 (20%) of which have had a permanent commercial relation with ETB in the past 6 years, with 90% average performance recorded.

Aspects with the best performance level include:



The general performance average of suppliers evaluated to date is of

**86%,**

which has remained during the evaluation period.

Aspects with opportunities of improvement from our suppliers include:



## Corporate Responsibility Promotion:

### Programs: first steps towards Corporate Social Responsibility (RSE in Spanish)

In the first dialogue with suppliers and contractors made in 2011, receiving support on the implementation of Social Responsibility (RS) practices was identified as one of their priority needs. In response to such request, the Company sought support in the Global Compact Network in Colombia, and along with Universidad Externado de Colombia, allowed the participation of ETB contractor companies in the “First Steps towards RSE” program, which promoted the socially-responsible management of companies that are part of the supply chain.

The methodology used by Universidad Externado de Colombia allowed contractor companies to diagnose their current situation on Social Responsibility and, with the

results obtained in the exercise, establish action plans for the implementation of best practices and utilization of opportunities on Social Responsibility.

In 2014, ETB participated for the third time in the program, along with four (4) contractor companies. A total of 31 companies have participated since 2011. Furthermore, the company has coached participating companies on the continuity and implementation of action plans established, an exercise that has allowed improving the scores of the performance evaluation made by the company.





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Ministerio de Tecnologías de la Información y las Comunicaciones

CUNDINAMARCA  
Corazón de Colombia



SOCIETY

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# TIC WIDESPREAD PROGRAM

[www.portalesinteractivos.etb.com.co](http://www.portalesinteractivos.etb.com.co)



Since 2005, ETB has deployed the Information Technology and Communications (TIC) widespread strategy, in order to contribute to closing the digital gap in Bogota and in Colombia by executing universal network access initiatives to increase Internet penetration.

In order to promote the adequate use of Information Technologies and Communications, ETB has developed an offer of contents taught through free training on various aspects, using

TIC as the means to contribute to the country's productive and competitive development, promoting the adequate social and human capital.

With the launch of the Interactive Portals and Vive Digital Points (points of massive TIC access), ETB promotes the sound and productive use of Internet, which has allowed people to gain access to informal education opportunities and to the acquisition of skills and abilities to improve their labor competencies.





**312**

**From 2012 to 2014, the TIC  
Widespread Program operated  
312 tele-centers nationwide**




**323.474**

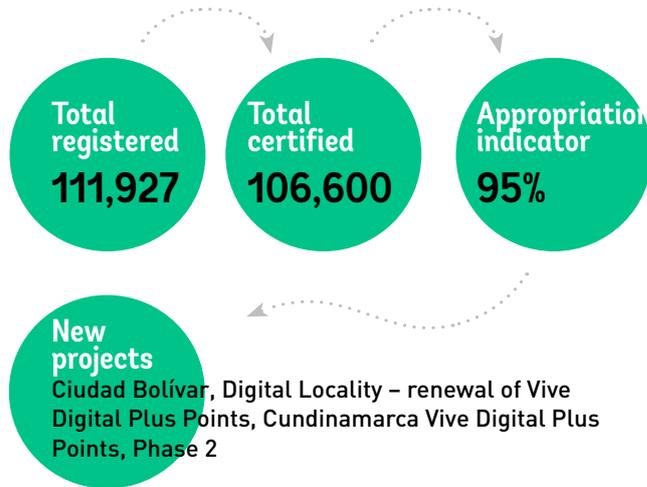
**And certified  
323,474 people.**

YEAR		YEAR INTERACTIVE PORTALS	VIVE DIGITAL POINTS	CUNDINAMARCA INTERACTIVE CENTERS	TOTAL
2012	Number of tele-centers	63	14	60	<b>137</b>
	No. of Certified People	71,680	2,120	37,238	<b>111,038</b>
2013	Number of tele-centers	61	25	-	<b>86</b>
	No. of Certified People	63,378	42,458	-	<b>105,836</b>
2014	Number of tele-centers	58	25	6	<b>89</b>
	No. of Certified People	56,664	48,743	1,193	<b>106,600</b>

Source: ETB, Secretary General

The impact generated through the implementation of the MTIC Program (Massive Spread of Information Technologies and Communications) is measured in terms of appropriation of knowledge, characterization of the beneficiary population, utilization of tele-centers and new agreements subscribed.

MTIC Program Indicators at 2014:



### • Appropriation

Knowledge appropriation is assessed based on the number of people registered who achieved the certification; that is, the attendance and approval of courses, variables that indicate that the knowledge level in the learning process was as expected.

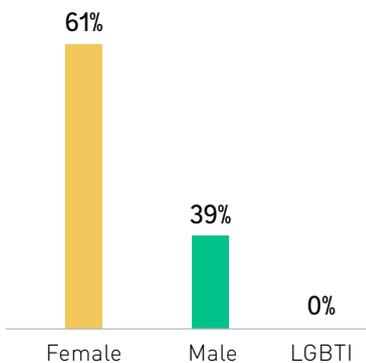
In 2014, appropriation **95%**  
was of equivalent to **106,600**  
people certified, out of  
**111,927** people registered.

In the past two years, we have noticed a decrease in the number of people certified, due to the termination of the agreement with the Cundinamarca Governor's Office to operate 60 Interactive Portals in 2013. In 2014, this agreement was reactivated with the opening of 6 Interactive Centers in Cundinamarca.

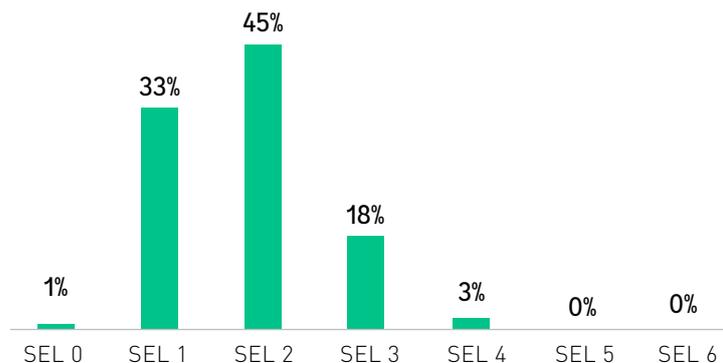
## • Characterization of Users Registered

The greatest impact of the TIC Widespread Program is evidenced in socioeconomic levels 1, 2 and 3, which account for 96% of the beneficiary population. Likewise, it is observed that the population that mostly attends training sessions include children, women, youth, adults- the latter indicated that they find an option to improve their employability conditions in portals.

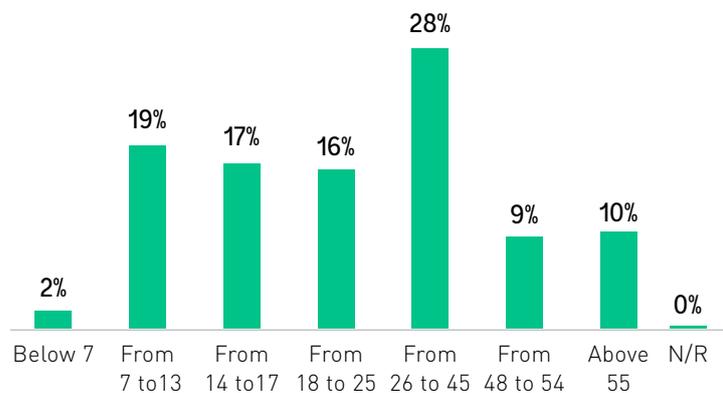
### Gender



### Socioeconomic level



### Ages



Source: ETB, Secretary General

• **Utilization**

The occupation level corresponds to the total hours available in the portal compared with the number of hours used in training and equipment use. In 2014, strategies were developed to attract more people to the portals by raising awareness at schools and surrounding communities;

generation of alliances with district entities and civil society organizations; communication at mayor's offices and community action boards; and promotion and marketing through fliers.

The following is the use of Interactive Portals from 2012 to 2014:



Fuente: ETB, Secretaría General

## Alliances

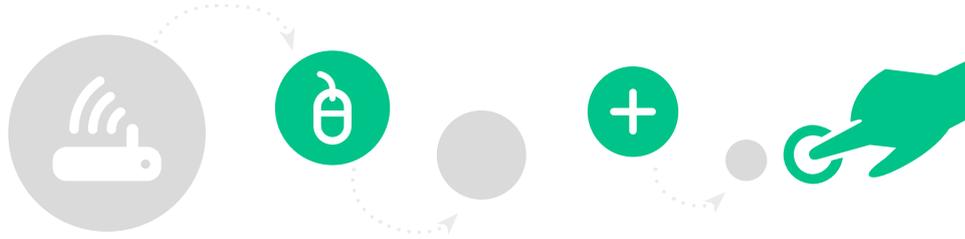
ETB's TIC Widespread Program, in compliance with its objective to increase access to new technologies and generate more impact among communities in its areas of influence, has set up alliances with the Ministry of Information Technologies and Communications (MINTIC), district entities, civil society organizations and the private sector.

These alliances have allowed the extension of the MTIC Program nationwide, which allows access to new technologies by communities in remote regions.

## Projects

ETB is the pioneer in Colombia on the implementation of Internet access community centers, making it the strategic ally of the Ministry of TIC, Governor's Offices and Mayor's Offices, which have replicated the model implemented by ETB nine years ago. In 2014, the following important projects were managed:





PROJECT	POPULATION BENEFITS
Ciudad Bolívar Digital Locality	Training and appropriation of new technologies in thirteen (13) Interactive Portals in the locality.
Cundinamarca Interactive Centers	Promotion of access and widespread of TIC in Cundinamarca's community; including the municipalities of La Palma, Fosca, Gutierrez, San Cayetano, Macheta and Gacheta, through the implementation and operation of six (6) Interactive Centers.
Vive Digital Points (PVD)	Integral Telecommunications solution, including the implementation, TIC service promotion and operation of 25 PVD, in order to promote access and massive spread of TIC nationwide.
Vive Digital Plus Points (PVD +) - Vive Digital Plus Points Phase II	Provision, installation and start-up of the technical infrastructure of 16 PVD + pilot and 69 PVD + Phase 2 within the framework of the Vive Digital Plan of the Ministry of Information Technologies and Communications.

**Source:** ETB, Secretary General

## Commitment to access to new technologies

In 2014, in compliance with the commitment acquired in the awarding of the fourth generation mobile service license (4G), ETB provided more than 33,000 tablets in the city of Bogota.

The first 190 tablets were provided to students, management and teachers of the San Francisco School in the locality of Ciudad Bolivar, as part of a pilot test where the following was assessed: community needs, logistics required and training program appropriation, comprising the following topics:

- Device operation.
- Social network and “Redvolution” awareness
- Awareness of the *EnTicConfio* strategy.

In October 2014, ETB delivered the remaining tablets at district schools with the support of the District Education Secretariat and the High District Counselor of TIC of the Bogota Mayor’s Office, who worked in an articulated manner for the implementation of an innovative education model through the use of TIC, which has allowed improving the teaching and learning processes of teachers and students.



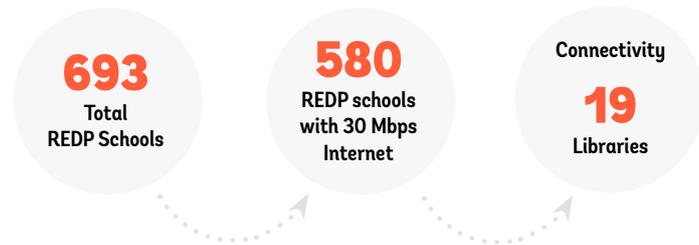
# Contribution to closing the digital gap in Bogota

## REDP (Integrated Education Participation Network) Project

For over 10 years, ETB has been the District's technological ally in the REDP Project, which involves the implementation and provision of connectivity and logic security services in the different educational venues of the District Education Secretariat.

Academic processes have evolved to incorporate TIC-leveraged teaching and learning processes, and ETB has made significant upgrades to its connectivity and Internet infrastructure to offer better bandwidth in education venues, based on their needs, to allow the technology renewal and expansion of REDP on its mission to provide attention to the least favored communities and future generations,

with the benefit of knowledge, information, coaching and remote education through the use of TIC. In 2014, coverage was as follows:



In 2015, bandwidth Internet service coverage for 700 district schools is expected to be in place, and to provide capacities exceeding 30 Mbps, based on the needs of each institution.

## Public Wi Fi zones

In 2012, the High District TIC Counselor of Secretary General of the Bogota Mayor's Office established a target to implement TIC appropriation and social widespread plan through the provision of Wi Fi service in public zones in Bogota. To accomplish this objective, the Bogota Humana Development Plan established a strategic alliance with ETB and undertook the operation with 10 public Wi Fi zones.

The launching of the public Wi Fi zones has been a conclusive factor to bring the urban

environment back to life encouraging cultural activities and ensuring a minimum free access consumption to wireless Internet, which contributes to reducing the digital gap in Bogota.

By the end of 2014, the Wi Fi zone infrastructure was upgraded by migrating to Fiber Optic Internet access. This technology change allows providing a more efficient service, with the possibility to expand bandwidth. The main zones covered include: Ciudad Bolivar, Corredor Carrera Septima, Parque Simon Bolivar and Plaza de Bolivar, among others.



  
**Total Wi Fi Zones**  
 in the 20 localities of Bogota

# TE PROTEJO

www.teprotejo.org

This is a “Virtual reporting Line” for the protection of infancy and adolescence in Colombia. Through this channel, citizens may report situations affecting people below the age of 18, mainly including:

- Child pornography content.
- Sexual exploitation of boys, girls and teenagers (ESCNNA) within the travel and tourism context.
- School bullying.
- Cyber-harassment.
- Inappropriate content in the media.
- Sale, supply and consumption of alcohol beverages and other psychoactive substances.
- Child mistreatment, abandonment, abuse and work.

This initiative was conceived in the TIC Work Group summoned by Red PaPaz, of which ETB has been an active member since 2008, the purpose is to promote the sound, safe and constructive use of Information Technologies and Communications (TIC) by children and teenagers.

In December 2014, ETB and Red PaPaz (as the *Te Protejo* administrator), signed a Master Cooperation Contract, whereby ETB becomes a strategic partner of the virtual line *Te Protejo*, as comprehensive provider of telecommunications service. This way, it creates a link to the Ministry of TIC, ICBF, *Fundación Telefonica*, *Foro de Generaciones Interactivas (Spain)* and *Red PaPaz* to assume its commitment to the protection of childhood and adolescence in Colombia, seeking to foster safer and more reliable digital environments to gain better access to the information and knowledge society and for better engagement with TIC.



# NETWORK AND INFRASTRUCTURE UPGRADE IN SOCIOECONOMIC LEVELS 1 AND 2



**C**In order to ensure and allow further access and use of the service portfolio to our clients, efforts were focused in 2014 on the telecommunications network and infrastructure upgrading, through the execution of investment projects in socioeconomic levels 1 and 2, such as the provision of services for new housing projects in the city of Bogota, infrastructure maintenance and renewal; and minor network expansions.

The investments on each of the projects were aimed at offering further coverage, providing larger bandwidth and enabling the support of new convergent services. The execution of these projects was made specifically in sectors where coverage takes place through the copper access network, as follows:

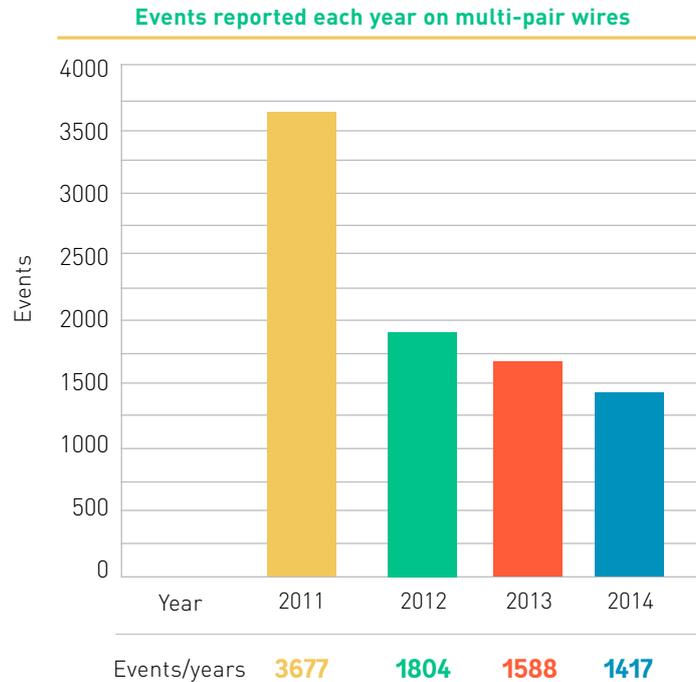
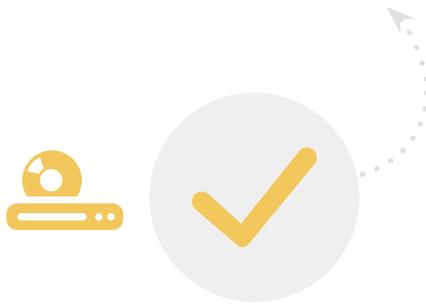
- Implementation of five (5) convergent access solutions in a fiber optic deployment to the building to attend new housing projects in the areas of Usme, Bosa, Kennedy and the municipality of Soacha, in order to attend an approximate demand of 1,300 clients of telephone line and bandwidth services.
- Assembly of 77 fiber optic solutions up to the cross connect box in the area of Ciudad Bolivar, to expand availability and support increased speeds.
- Expansions were made on remote concentrators and remote bandwidth units (URBA) in order to service an approximate demand of 5,190 clients for telephone line and bandwidth services in the areas of Bosa, Ciudad Bolivar, Kennedy, Rafael Uribe Uribe, San Cristobal and Usme.

INVESTMENT (figures in thousand pesos)	2014	2013	2012
<b>Total infrastructure investment, SEL 1 and 2</b>	<b>\$9,036,359</b>	<b>\$ 11,790,986</b>	<b>\$5,764,320</b>

# NETWORK AND INFRASTRUCTURE CARE MANAGEMENT



The number of incidents against the company's wiring infrastructure decreased again at the end of 2014, with 1,324 recorded compared with 1,548 in 2013.



This

# 15%

**decrease in events in 2014  
compared with 2013,**

came consequent to a series of policies undertaken by the company, which have produced positive results, including the design and implementation of technologies in the so-called anti-theft covers.

To protect multi-pair copper and fiber optic wires, while ensuring telecom service availability, the strategy to install electro-mechanic covers was given continuity. In some places of the city, the strategy implemented included welding the conventional covers to the frames of manholes, providing security to the infrastructure.

On the other hand, to minimize events of cable theft on the subscriber line side affecting connections to

each home, the self-supported cable laying solution was implemented, thus hindering its theft.

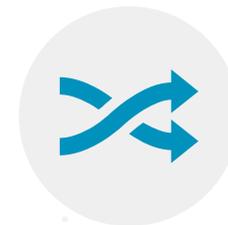
**The technology innovation  
patented by ETB in the  
manhole cover closing in  
Bogota allowed a reduction of**

# 58%

**on vandalism reports in the  
past eleven years.**

In 2014, an alliance between Empresa de Acueducto, Alcantarillado y Aseo de Bogota (EAB), the National Police and ETB intended to stop the theft of manhole and telephone chamber covers.

Using the “*Gente Buena Tapa*” campaign, awareness is sought to be raised among citizens to report missing covers, thus protecting their integrity.



### • Network and infrastructure care awareness

ETB has also adopted measures, in addition to the technologies previously mentioned, such as the awareness of communities located in areas highly affected by theft and vandalism of infrastructure. The scope defined to approach the community is aimed at raising awareness regarding the impact derived from infrastructure theft, and the way it affects the fundamental rights of the community and users to a decent life, safety, information and health.

In 2014, five (5) awareness sessions were undertaken, impacting 71 people located in areas affected by high theft and vandalism indexes.



### • Community and user sensitivity campaigns are aimed at raising their awareness

#### Users are entitled to:

- Efficient service
- Being informed
- Exercising social control

#### It's the users' duty to:

- Be well informed about the service
- Identify risks
- Report

### • Main impacts of network and infrastructure theft on the community:

**Service suspension:** undermines the quality of life and security of community and users.

**Risk to physical integrity:** Places the community security at stake, leading to injuries, and even death.

**Environmental and health risks:** Cable burning on the outdoors produces dioxins and furans, persistent environmental pollutants, which affect both health and environment.



07

ENVIRONMENTAL  
PERFORMANCE

*eTb*

# ENVIRONMENTAL MANAGEMENT APPROACH

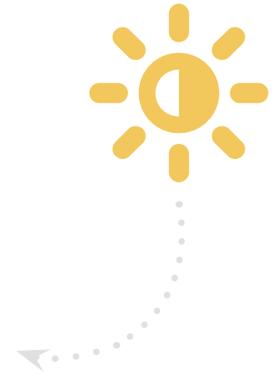


**E**TB has established the Management System (SGA, in its Spanish acronym) through the Institutional Environmental Management Plan (PIGA, in its Spanish acronym) to ensure compliance of the regulations and improve environmental performance and competitiveness, controlling aspects and impacts derived from the activities, products and services on the environment.

Since 2013, the company has integrated identification and assessment of the environmental

aspects and impacts of its and Services processes to risk management, so as to determine which may have a significant impact on the environment, and to consider them when establishing goals, objectives and environment programs; on the other hand, the results of risk assessments and control effects are considered when setting the SGA objectives.

In 2014, the following positive and negative Significant Environmental Aspects (AAS, in its Spanish acronym) have been identified:



ETB

SHAREHOLDERS  
AND INVESTORS

EMPLOYEES

CLIENTS

SUPPLIERS AND  
CONTRACTORS

SOCIETY

ENVIRONMENTAL  
PERFORMANCE

# Description of Significant Environmental Aspects

## Positive Aspects



### Residue utilization

- Delivery of usable residues to an environmental recycling organization, contributing to the social inclusion of this population within the framework of the regulation in force.

### Mechanisms for efficient use of resources

- Office and service center remodeling, water and energy saving systems were implemented.



### Environmental awareness evolution

- Socialization to mid-range management on aspects and environmental regulation applicable to each area.
- Integration of environment aspects in the Change Management Program, seeking to commit our employees to the use of best practices for environment protection, regarding projects and services.



## Negative Aspects

### Generation of special, hazardous residues and electronic and technological residue or electric and electronic devices (RAEES)

- Sale of special, electronic and technological residues to companies with necessary permits to utilize this material.
- Delivery of hazardous and special residues that may not be used to an authorized managing entity.
- Tracking audits to treatment plants of residue buyers and handlers of such hazardous residue.

### Energy Consumption

- Efficient Energy Use Campaigns.
- Night inspections to verify that lights, computers and other office equipment are turned off.
- Use of TIC, such as conference calls and video-conferences.
- Purchase and use of energy-efficient equipment

### Partial inclusion of environment criteria in some goods and services contracted

- Demanding environmental criteria in contracts that imply significant environmental aspects.

### Domestic discharges made on surface or soil water sources

- Implementation of waste water discharge treatment systems to minimize environmental impact on surface or soil water caused by these at the applicable sites.

### Generation of atmosphere emissions from mobile sources or vehicles

- Ensure compliance of the emission parameters from vehicles through their preventive and corrective maintenance.

Source: ETB, Administrative and Human Management Vice Presidency

# ENVIRONMENT MANAGEMENT SYSTEM (SGA, IN ITS SPANISH ACRONYM)



SGA's actions are based on four strategic pillars; within their own framework, the purpose is to structure innovating projects to change the employees and stakeholders' corporate vision of:

## Strategic Environmental Management Pillars at ETB



Source: ETB, Administrative and Human Management Vice Presidency

The main purpose of the SGA and the Institutional Environmental Management Plan (PIGA, in its Spanish acronym) is to improve and maintain the company's environmental performance.

The SGA is aligned with the commitments of the Integrated Management System Policy.

## Articulation of SGA with the SIG policy

SIG POLICY COMMITMENT	SPECIFIC SGA OBJECTIVE	SGA PROGRAMS
<ul style="list-style-type: none"> <li>Promoting an Environmentally Responsible Management</li> <li>Preventing contamination and AAS mitigation</li> </ul>	<ul style="list-style-type: none"> <li>Use resources eco-efficiently in furtherance of ETB processes and activities</li> </ul>	<ul style="list-style-type: none"> <li>Efficient use of water</li> <li>Efficient use of energy</li> <li>Integral management of residues (solids, discharges and atmosphere emissions)</li> </ul>
<ul style="list-style-type: none"> <li>High commitment to sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>Adopt initiatives to promote further environmental responsibility through the adequate use of TIC</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable consumption</li> <li>Implementation of sustainable practices (sustainable urban mobility, improvement of internal environmental conditions, adaptation to climate change and noise)</li> </ul>
<ul style="list-style-type: none"> <li>Ensuring regulation compliance</li> <li>Promoting an Environmentally Responsible Management</li> <li>High commitment to sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of SGA, based on the Global Compact principles</li> </ul>	<ul style="list-style-type: none"> <li>Execution of the SGA</li> </ul>

**Source:** ETB, Administrative and Human Management Vice Presidency

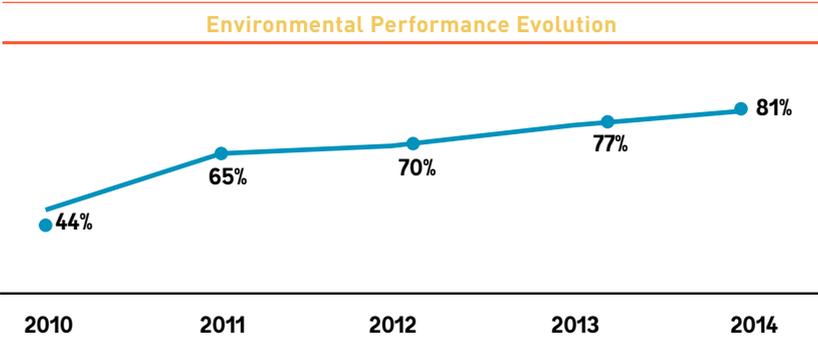
### SGA Achievements

In the environmental context, the following achievements may be highlighted:

- In November 2014, Bureau Veritas Colombia verified ETB's SGA compliance and conformance regarding the requisites of NTC ISO 14001:2004. As of 2015, the corresponding certification will be granted.
- Update of the Institutional Environment Management Plan (PIGA in Spanish), as per the guidelines set out in the Environment District Secretariat.

### SGA Performance

In 2014, the environmental performance reported a four-point increase (4%) compared with 2013, with respect to the requisites of NTC ISO 14001:2004, the Global Compact Principles and the guidelines set out by the District Environment Secretariat.



Source: ETB, Administrative and Human Management Vice Presidency



Likewise, in 2014, various environmental performance evaluations and audits were conducted, including:

- Compliance of the environmental action plan established by ETB, based on the government audit, with a regular modality integrity approach, made by the District Comptroller.
- Increased environmental performance, from 79.18% to 79.35%, from 2013 to 2014, as per evaluation made by the environmental authority of the District Environment Secretariat.

- Contribution to three Strategic Programs, as follows:

#### **N-PLAY Program.**

Management of residues generated.

#### **Region Strengthening Program.**

Identification of environmental processes with the national competent authorities.

#### **Service Excellence Program.**

Environmental management in the "Downtown" Office and the Downtown and Kennedy Service Centers.

# ENVIRONMENTAL PROGRAMS

*eTb*

In 2014, Environmental Programs were redefined to:

- Visualize environmental aspect and impact management traceability.

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- Generate commitment among employees through challenging initiatives and eco-efficient practices that turn environmental responsibility into a common goal in the company.



## Efficient use of water

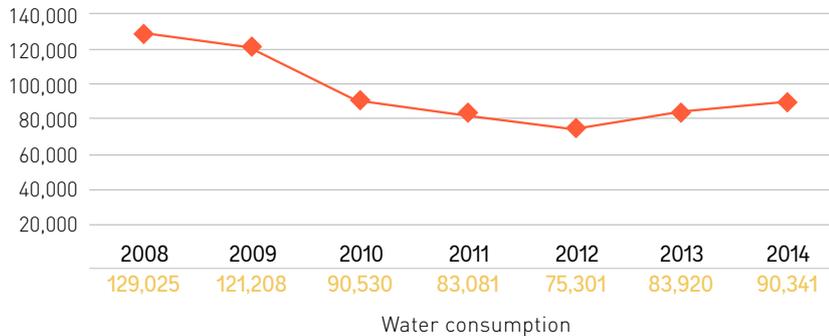
Water is a vital resource for corporate operation and, in ETB, it is mostly used to maintain facilities and for sanitary use.

**In the Bogota offices, a water consumption reduction of **38,684 m<sup>3</sup>** has been achieved from 2008 to 2014, as well as**

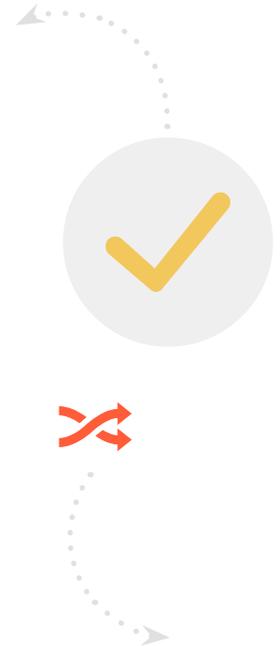
savings for more than 70 million pesos. Rain water consumption is not reported, as it is not significant.

ETB does not affect any water source directly, as it uses water from the municipal aqueduct systems; furthermore, the Guaymaral switch office and some of the telecommunications nodes, such as Cerro de Manjui in Cundinamarca have rain water collection systems, as there is no aqueduct in these areas.

### • Water consumption in cubic meters



Source: ETB, Administrative and Human Management Vice Presidency

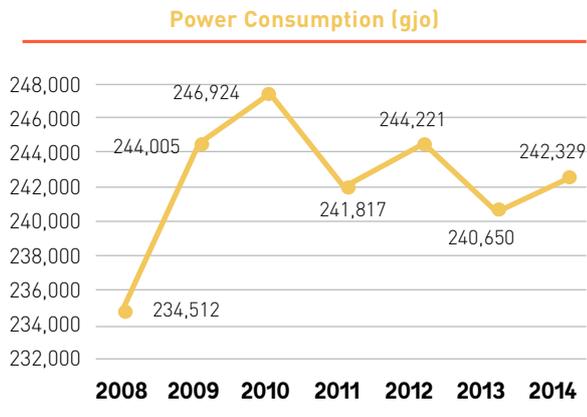


## Efficient use of energy

For the operation and functioning of the telecommunication systems, the company uses the electric power acquired from the national electric grid.

In 2014, consumption reached 67.31 Million KWh, equivalent to 242,329 gigajoules; with a consumption reduction of 525,604 KWh, equivalent to 1892 gigajoules, compared to

- **Energy consumption in kilowatts-hour of the national electric grid**



Source: ETB, Administrative and Human Management Vice Presidency

2012; being 2013 the year with the lowest consumption reported, as evidenced in the following graph.

It is worth bearing in mind that energy consumption in December 2014 is yet to be quantified, because the firm Codensa, is migrating its invoicing processes.

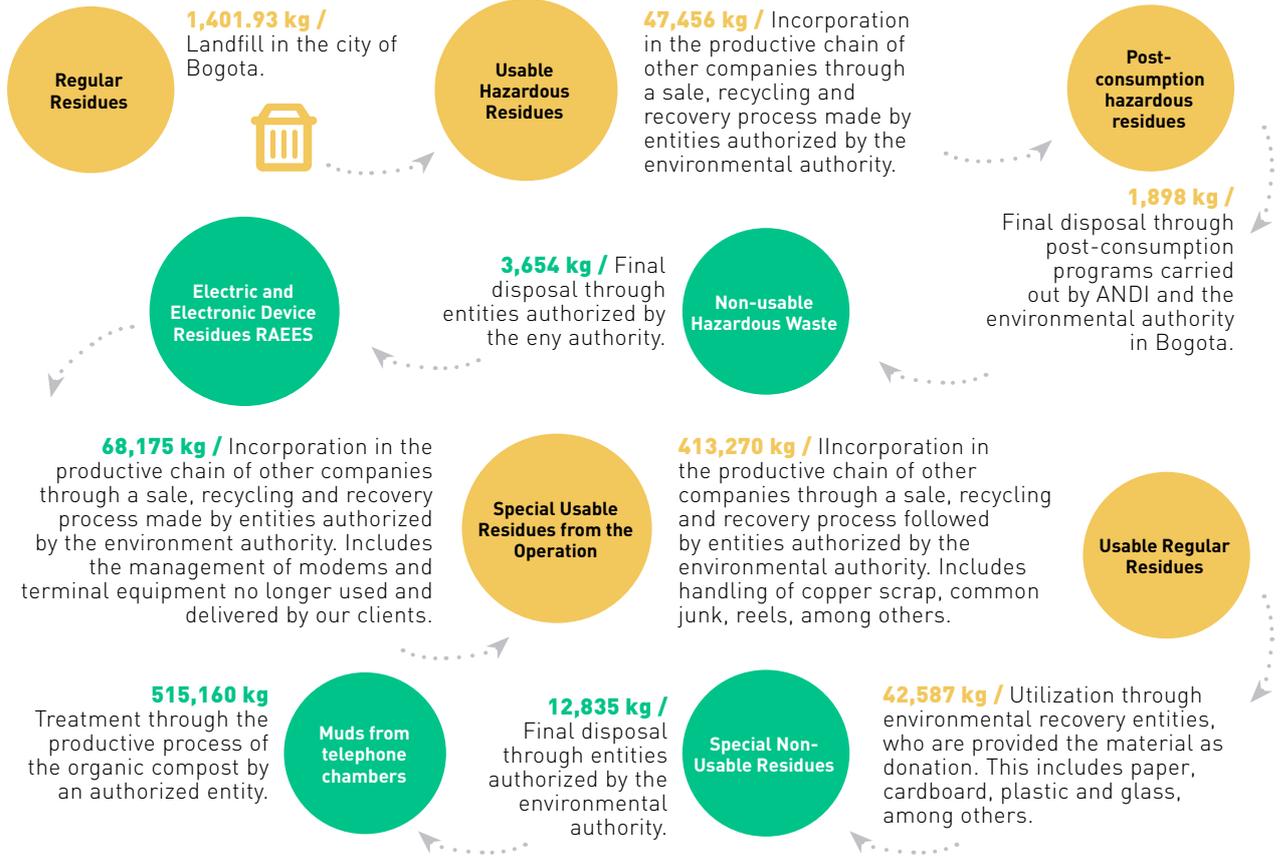
ETB uses diesel for power generation to support the telecommunication equipment. 2075 gallons of diesel were consumed in the power generation plants installed in the city of Bogota and its urban perimeter, equivalent to 232.17 gigajoules generated.

The targets set in this regard seek to identify operational and administrative energy consumption, and the execution of activities aimed at the rational use of energy.

## Integral residue management

In order to minimize the environmental impact on surface or ground water generated by the discharges of residual waters from the different offices, as well as the environmental impacts generated by emissions of fixed and mobile sources, in 2014 ETB managed 1,102.124 kg of residues and made the treatment thereof, based on their content, as presented in the following graph:

## Types of treatment for residues generated



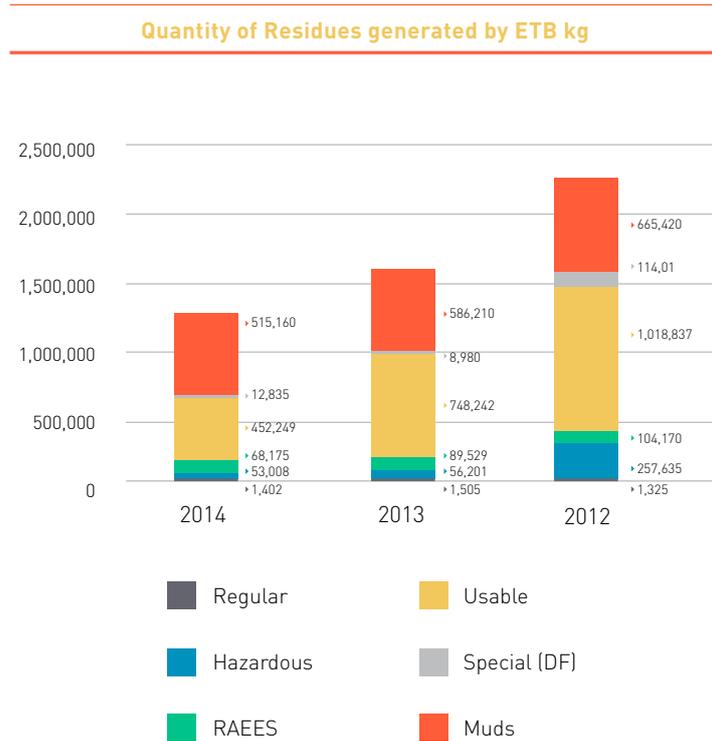
Source: ETB, Administrative and Human Management Vice Presidency

In 2012, work began to identify and manage residues generated, which allowed, in 2014, reducing the volume by 49%, as evidenced in the following graph.

Likewise, the identification of Environmental processes related to residual water discharges was undertaken nationwide.



### • Quantity of residues generated in kg 2012-2014



Source: ETB, Administrative and Human Management Vice Presidency

### Sustainable consumption

ETB's environmental management also includes contractual and procurement management, allowing environmental responsibility to expand along the supply chain.

ETB's target in 2016 is to include environmental criteria in the terms of reference for 100% of contracts with significant environmental aspects.

In 2014, environmental criteria was established in some of the contracts, as requirement for the compliance of:

- Environmental Management Plan for civil works.
- Hazardous and special residue management in the provision of preventive and corrective maintenance services, with the supply of new spares for gasoline, diesel vehicles, hydraulic and suction equipment in the automotive plant.
- Environmental Management Plan for the cleaning and cafeteria integral contract.

SHAREHOLDERS AND INVESTORS

EMPLOYEES

CLIENTS

SUPPLIERS AND CONTRACTORS

SOCIETY

ENVIRONMENTAL PERFORMANCE



## Implementation of sustainable practices

**Sustainable Urban Mobility.** In 2014, training was given to drivers in order to implement best driving practices on vehicles owned by ETB.

**Improvement of internal environmental conditions.** In order to pursue the optimum physical and location conditions of the facilities arranged for ETB employees, contractors and users, environmental diagnoses were conducted in 2014 in all the offices in the city of Bogota and national diagnoses commenced nationwide.

**Control of plagues and vectors that may cause economic, environmental or human health damage, minimizing environmental impact.**

Plague control services were provided in all offices.

**Conduct studies on environmental noises generated by the telecommunication equipment, as applicable.** Coaching was provided on the installation of new power plants, in order to ensure compliance of the regulation regarding environmental noise.

**Promotion of an environmental culture aimed at the protection of natural resources, and awareness on the rational and sustainable use thereof.**

In 2014, through Change Management promoters, Socialization was made on environmental aspects, applicable regulation, operational controls and environmental programs, in order to ensure Environmental Management System sustainability. Along the same lines, the Environmental Support Network (RAA) allowed articulating efforts to manage environmental impacts generated nationwide.

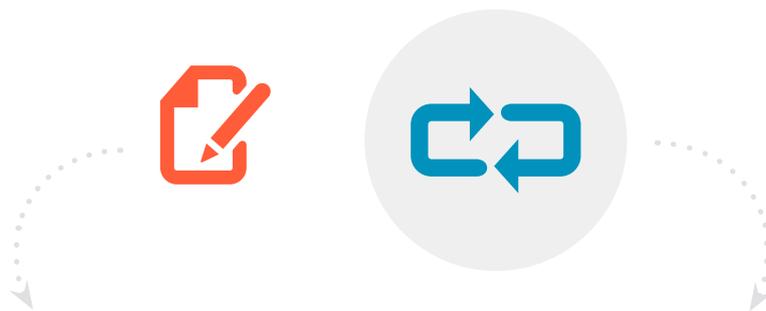
**Carbon footprint measuring.** In 2014, ETB measured its carbon footprint for the second time, with calculations based on specific data in the city of Bogota, estimating Green House Effect Gases (GHG) within scopes 1 and 2. The carbon footprint was established based on the el GHG Protocol. In 2014, the following results were obtained:



## • Outcomes of 2014 Carbon Footprint measurements

NORM USED		GHG PROTOCOL			
<b>Methodology</b>	Calculations based on the specific data of each site in Bogotá in 2014				
<b>Scope 1. Direct Emissions</b>	<b>Refrigerant Consumption</b>	R - 22	800 pounds per year	547.2 Tn CO2 eq	
		R - 407C	50 pounds per year	36.70873416 Tn CO2 eq	
	<b>Total Refrigerant Consumption Emissions</b>			583.908 Tn CO2 eq	
	<b>Liquid Fuels</b>	Direct energy consumption	2075 diesel gallons	7.854790 m <sup>3</sup>	21.059017 Tn CO2 eq
		Transport	65,458.09 diesel gallons	247.787744 m <sup>3</sup>	664.329209 Tn CO2eq
			56,135.06 gasoline gallons	212.49595 m <sup>3</sup>	457.297667 Tn CO2 eq
	<b>Total Liquid Fuel Emissions</b>			1,121.626877Tn CO2 eq	
<b>Total Emissions Scope 1</b>			1,726.593895Tn CO2 eq		
<b>Scope 2. Indirect Emissions</b>	<b>Electric Power Consumption</b>	67,313,642 kWh per year	12,924.219264 Tn CO2 eq		
<b>Total emissions Scope 1 and 2</b>			<b>14,650.81 Tn CO2 eq</b>		

Source: ETB, Administrative and Human Management Vice Presidency



### SGA implementation, based on the Global Pact principles

Four percentage points increase [4%] in the environmental performance of principles 7, 8 and 9 of the Global Compact NTC ISO 14001:2004.

Increased environmental performance, from 79.18% to 79.35% between 2013 and 2014, as per the evaluation made by the environmental authority (District Environment Secretariat).

### Environmental management investment (figures in Thousand Colombian Pesos)

CONCEPT	INVESTMENT
Environmental prevention and management	\$105,000
Potable water analysis	\$2,470
Residual water analysis	\$3,409
Management of muds from telephone chambers	\$92,413
Management of special and hazardous residues (RESPEL)	\$12,328
Plague Control	\$18,004
<b>TOTAL 2014 INVESTMENTS</b>	<b>\$233.624</b>

Source: ETB, Administrative and Human Management Vice Presidency

# GRI INDICATORS TABLE

## VERSION 3.1



ELEMENT	PAGE	REASON TO A "PARTIAL" REPORT STATUS
<b>1. STRATEGY AND ANALYSIS</b>		
1.1. President and Board of Directors' Message.	4	
1.2. Business Risks.	57	
<b>2. ORGANIZATION PROFILE</b>		
2.1. Organization Name.	29	
2.2. Main brands, products and/or services.	129	
2.3. Organizational structure.	43	
2.4. Location.	31	
2.5. Operation.	75	
2.6. Organization nature.	29	
2.7. Markets served.	128	
2.8. Organization extent.	67	
2.9. Significant changes in the reporting period.	30	
2.10. Awards and acknowledgements.	23	

ETB

SHAREHOLDERS  
AND INVESTORS

EMPLOYEES

CLIENTS

SUPPLIERS AND  
CONTRACTORS

SOCIETY

ENVIRONMENTAL  
PERFORMANCE

ELEMENT	PAGE	REASON TO A "PARTIAL" REPORT STATUS
<b>3. MEMOIR PARAMETERS</b>		
<b>3.1.</b> Period covered by the information contained in the memoir.	25	
<b>3.2.</b> Date of the most recent memoir.	25	
<b>3.3.</b> Memoir presentation cycle.	25	
<b>3.4.</b> Point of contact for matters pertaining to the memoir or its content.	25	
<b>3.5.</b> Process to define memoir content.	26	
<b>3.6.</b> Memoir coverage.	25	
<b>3.7.</b> Limitations on the memoir scope or coverage.	25	
<b>3.8.</b> Base to include information in case of joint businesses that may significantly affect the comparison capabilities between periods and/or between organizations.	N.A.	
<b>3.9.</b> Data and base measuring techniques to make calculations.		Calculation processes are explained in the Management and Sustainability Report
<b>3.10.</b> Information restatement.	N.A.	
<b>3.11.</b> Significant changes related to prior periods.	N.A.	
<b>3.12.</b> Table that indicates location of basic content in the memoir.	180	
<b>3.13.</b> External verification.	N.A.	

	ELEMENT	PAGE	REASON TO A "PARTIAL" REPORT STATUS
	<b>4. GOVERNMENT, COMMITMENTS AND STAKEHOLDER ENGAGEMENT</b>		
	4.1. Organization government structure.	39	
	4.2. Indicate if the president of the highest government level also holds an executive position.	46	
	4.3. Number and gender of the members of the highest government entity who are independent or non-executive.	39	
	4.4. Mechanisms of shareholders and employees to communicate recommendations or instructions to the highest government level.	46	
	4.5. Link between the remuneration of the highest government level and the performance of the organization.	40	
	4.6. Procedures implemented to avoid conflicts of interests in the highest government level.	46	
	4.7. Procedure to determine composition, training and experience required from the highest government level members and their committees.	41	
	4.8. Mission and value declarations internally developed, codes of conduct relevant for the economic, environmental and social performance and implementation status thereof.	32 38	
	4.9. Procedures of the highest government level to supervise the organization's identification and management of the economic, environmental and social performance, including risks and related opportunities, as well as adherence or compliance of the standards agreed internationally, codes of conduct and principles.	54	

ELEMENT	PAGE	REASON TO A "PARTIAL" REPORT STATUS
<b>4. GOVERNMENT, COMMITMENTS AND STAKEHOLDER ENGAGEMENT</b>		
<b>4.10.</b> Procedures to assess performance of the highest government level, especially with respect to the economic, environmental and social performance.	41	
<b>4.11.</b> Description of how the organization has adopted a guideline or principle of precaution.	57	
<b>4.12.</b> Social, environmental and economic principles and programs externally developed, as well as any other initiative subscribed or approved by the organization.	59 147 163	
<b>4.13.</b> Main associations where it is enrolled (such as sectorial associations) and/or national and international entities supported by the organization.	24	
<b>4.14.</b> List of stakeholders included by the organization.	62	
<b>4.15.</b> Base to identify and select stakeholders where there is a commitment by the organization.	62	
<b>4.16.</b> Approaches adopted to includestakeholder groups, including the frequency of their participation by type and category of stakeholders.	62	
<b>4.17.</b> Main concerns and aspects of interest that have taken place through the engagement of stakeholders, and the way how response has been given by the organization thereto in preparing the memoir.	15 62	

PERFORMANCE INDICATORS			
ELEMENT	PAGE	REASON TO A "PARTIAL" REPORT STATUS	MATCH TO GLOBAL COMPACT
<b>ECONOMIC PERFORMANCE INDICATORS</b>			
<b>EC1</b> Direct economic impact generated And distributed, including income, operation costs, employee remunerations, donation and other community investments, benefits not distributed and payments to capital suppliers and governments.	83 to 89		
<b>EC3</b> Coverage of organization obligations Due to social benefit programs.	86		
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>			
<b>EN3</b> Direct energy consumption broken down by primary sources.	173		Principle 8
<b>EN4</b> Indirect energy consumption broken down by primary sources.	173		Principle 8
<b>EN8</b> Total water collected by sources.	172		Principle 8
<b>EN16</b> Total, direct and indirect emissions of greenhouse gases, weight.	178		Principle 8
<b>EN22</b> Total weight of residues managed, based on type and treatment method.	174		Principle 8
<b>EN30</b> Breakdown by type of the total environmental expenses and investments.	179		Principle 7, 8 and 9

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**PERFORMANCE INDICATORS**


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<b>ELEMENT</b>	<b>PAGE</b>	<b>REASON TO A "PARTIAL" REPORT STATUS</b>	<b>MATCH TO GLOBAL COMPACT</b>
<b>SOCIAL PERFORMANCE INDICATORS – LABOR PRACTICES AND WORK ETHICS</b>			
<b>LA1</b> Total employees by type of job labor contract and region, broken down by gender.	97 98		
<b>LA2</b> Total number of employees and average employee turnover, broken down by age group, gender and region.	100		Principle 6
<b>LA4</b> Percentage of employees covered by a collective labor contract.	97		Principle 1 and 3
<b>LA7</b> Absenteeism, professional disease, days lost rates, and number of work-related fatalities by region and gender.	119 120	At present, ETB does not calculate absenteeism rate. We hope to have that data in IS 2014.	Principle 1
<b>LA10</b> Average training hours per year by employee, broken down by employee category.	108		
<b>SOCIAL PERFORMANCE INDICATORS – HUMAN RIGHTS</b>			
<b>HR2</b> Percentage of the main distributors and contractors investigated for human rights reasons, and measures adopted accordingly.	124 141		Principle 1, 2, 3, 4, 5 and 6

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PERFORMANCE INDICATORS			
ELEMENT	PAGE	REASON TO A "PARTIAL" REPORT STATUS	MATCH TO GLOBAL COMPACT
<b>SOCIAL PERFORMANCE INDICATORS – SOCIETY</b>			
<b>S02</b> Percentage and total number of Business units analyzed with respect to risks related to corruption.	N.A.	ETB has a Corporate Transparency Policy. However, it does not indicate yet the number of business units analyzed with respect to corruption.	Principle 10
<b>S03</b> Percentage of employees trained on the anti-corruption policies and procedures in the organization.	60 61		Principle 10
<b>S05</b> Position in the public policies and involvement in the development thereof, and in "lobbying" activities.	29 92		10 Principles
<b>S08</b> Monetary value of significant sanctions and penalties, and total number of non-monetary sanctions derived from the Breach of laws and regulations.	93		
<b>SOCIAL PERFORMANCE INDICATORS – PRODUCT RESPONSIBILITY</b>			
<b>PR5</b> Practices with respect to client satisfaction, including the outcomes of client satisfaction studies.	135		
<b>PR7</b> Total number of incidents derived from the breach of regulations related to communications and marketing, including advertising, promotion and sponsorship, distributed based on the result of such incidents.	93		