

SOCIAL

ECONOMIC AND

ENVIRONMENTAL

COMMITMENT FOR

THE COUNTRY

e) entel

Sustainability Report 2015

CARIQUIMA, TARAPACÁ REGION  
CONNECTING CHILE

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# Sustainability Report 2015



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# About this Report

In this sixth Sustainability Report - and the first annual one<sup>1</sup> - Entel will show its economic, social and environmental performance, in accordance with the criteria and requirements set out in the Global Reporting Initiative, draft G4, published in May 2013.<sup>2</sup>

The material aspects of the company's operation that significantly impact the environment have been detailed, as have those issues that are important for the evaluation and decision making of the major stakeholders.

The report covers the period between January 1 and December 31, 2015. Where comparable information from 2013 and 2014 is available it has been included for ease of understanding and for identifying longer term trends. And where there are any changes in the calculation, scope or presentation of data included in the previous report, this is expressly stated.

The content focuses mainly on Entel's operation in Chile, with the exception of certain instances where there was traceable material information about the performance of the company's subsidiary in Peru. In the chapter covering the company's economic performance, consolidated figures for the operation in both countries is provided.

Entel is a signatory of - and has undertaken to respect and take actions to implement - the ten principles of the United Nations Global Compact. Reporting on activities, in what is known as the Communication on Progress (CoP), is one of these actions, and this report constitutes the CoP for the 2015.

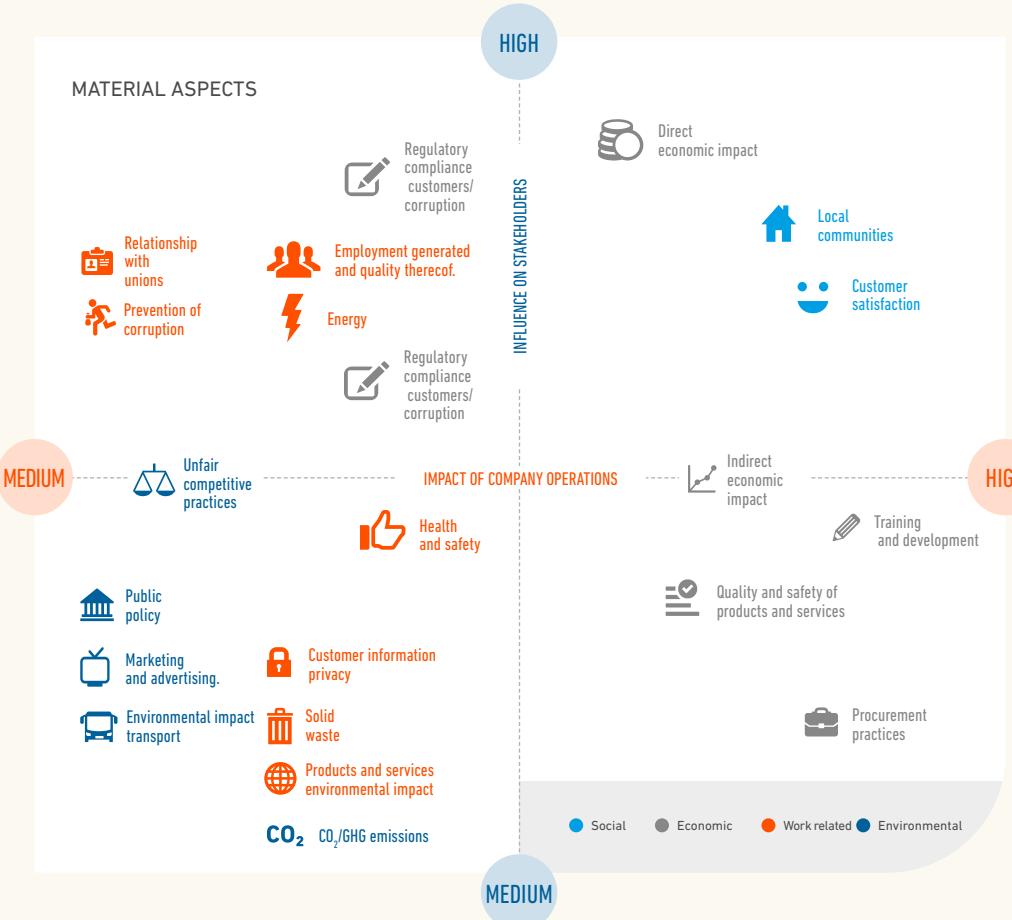
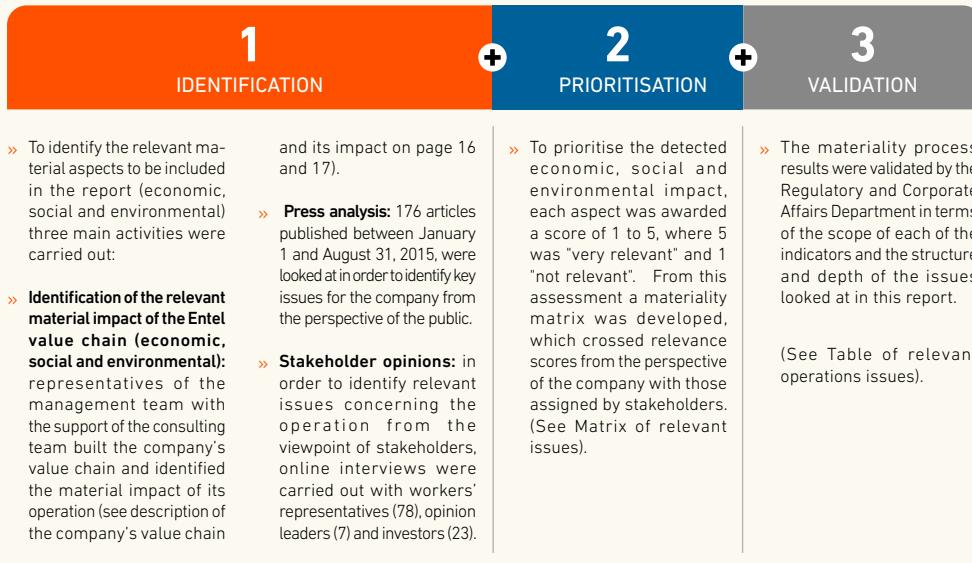
## Compliance with principles in defining content

The contents of this report was prepared and organised with reference to the principles of standard GRI G4, the "essential" option, which involved reporting on 34 indicators (elements) of general standard disclosures, and 22 performance indicators linked to 17 material aspects.

To ensure the relevance of the information and the relevance of the performance indicators associated with each matter being reported on, the following methodology was used:

<sup>1</sup>Up to 2014 Entel's sustainability reports were biennial.  
<sup>2</sup> [globalreporting.org](http://globalreporting.org)

## HOW WAS THIS REPORT PUT TOGETHER?

G4-25  
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## Relevant issues for Entel operations

After identifying, prioritising and validating economic, social and environmental aspects of Entel's operation, the following material aspects were defined for this report, as well as their scope.

MATERIAL ASPECTS	ASSOCIATED INDICATORS	IMPACT WITHIN THE ORGANISATION	IMPACT OUTSIDE THE ORGANISATION
<b>ECONOMIC CATEGORY</b>			
1. Economic performance	G4-EC1	✓	✓
2. Indirect economic consequences	G4-EC7		✓
3. Procurement practices	G4-EC9		✓
<b>SOCIAL PERFORMANCE CATEGORY/PRODUCT RESPONSIBILITY</b>			
4. Labeling of products and services	G4-PR5		✓
5. Products and services	G4-PR1		✓
6. Customer privacy	G4-PR8		✓
7. Marketing communications	G4-PR7		✓
8. Regulatory compliance	G4-PR9	✓	✓
<b>SOCIAL/SOCIAL PERFORMANCE CATEGORY</b>			
9. Local communities	G4-SO1		✓
10. Corruption	G4-SO3, SO4	✓	✓
11. Regulatory compliance	G4-SO8	✓	✓
<b>SOCIAL PERFORMANCE CATEGORY/LABOUR PRACTICES AND DIGNIFIED EMPLOYMENT</b>			
12. Training and Education	G4-LA9, LA10, LA11	✓	
13. Employment	G4-LA1, LA2	✓	
14. Health and Safety at Work	G4-LA5, LA6	✓	
15. Relationship between workers and management	G4-LA4	✓	
<b>ENVIRONMENT CATEGORY</b>			
16. Energy	G4-EN6		✓
17. Environmental impact of products and services	G4-EN27		✓

## Compliance with principles on quality of information

The preparation of this report was the responsibility of the Regulatory and Corporate Affairs Department. The company had the support of an external expert on GRI guidelines from the consulting firm Governart in order to ensure the quality, accuracy, comparability and verifiability of the information included in this document.

The information provided in this report was provided by the different departments of the organisation, with special care being taken regarding traceability. Each of the indicators relating to the economic, social and environmental performance of the organisation was developed using data and technical calculations based on procedures recognised by national law, which are also in line with standards accepted by the international community.



### CORPORATE CONTACT

The report includes the most relevant aspects of the organisation in 2015 in terms of economic, social and environmental performance. Its purpose is to promote interaction and dialogue with key stakeholders and, as such, persons or institutions interested can directly contact:

**Manuel Araya Arroyo**  
Regulatory and Corporate Affairs Executive  
maaraya@entel.cl

**Katherine Martorell Awad**  
Director of Sustainability and Communities  
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Sustainability and Communities Consultant  
mcpena@entel.cl

G4-1

# CEO's Letter



At Entel we regard sustainability as a cornerstone of business development. It is a key part of our mission, in which we define ourselves as aiming to help responsibly transform society through connectivity. This is our contribution to improving quality of life, the productivity of businesses and the country's development.

In a changing environment, with high levels of competition in the telecommunications industry, we also have the challenge of being flexible in order to meet the demand for increasingly sophisticated services. To achieve this we know that Entel's sustainability begins at home with our employees, who allow us to build connectivity, facilitating access to technology and fulfilling our mission to "live better connected".

It is these individuals with their spirit to transform society who made it possible in 2015 to carry out the voluntary scheme "Tengo una Idea" through which the company boosted the employee commitment by supporting the implementation of ideas to help communities, with 39 ideas selected and 331 employees participating.

Innovation is also part of our vision of sustainability. Our e)makers challenge programme, where the ideas of employees are selected, perfected and expedited using Lean Methodology, is a key element to connecting our people to sustainability

## I invite you to read our sixth sustainability report, the first annual one and a document in which we will present our sustainability performance for 2015.

and a transformative role. In 2015 the e makers challenge, along with Innovation Day - another opportunity for development and stimulation - attracted 2500 participants.

With a view to the challenge of adapting to the speed of the requirements of the environment, we have also had to improve our corporate structure. As such, in 2015 efficiency and business productivity were aligned with the culture of the company. Through the Organisation +2015 project we adapted the company's operations to a less expansive business cycle than in previous years. Together with optimising the various business activities, we carried out a reorganisation process focusing on reducing the level of hierarchy in the company which resulted in a responsible reorganisation.

As a result, since 2015 we have had a less hierarchical organisation with management in charge of a greater number of employees and with broader responsibilities in terms of processes, allowing us to make Entel a more sustainable company with new and better levels of efficiency and a collaborative culture with cross-cutting leadership that allows us to get closer to our customers and to be in touch with changing business conditions.

Worth noting is that in this environment, 79% of employees described Entel as "a

great place to work" in the Great Place to Work survey.

We have also carried out work in the community. At Entel we believe that delivering our products and services requires high levels of innovation. But we believe too that it is necessary to support and actively promote social development by reducing the digital divide and improving accessibility and the inclusion of people. As such, in 2015 we continued with the Conectando Chile project which has connected 45,000 Chileans in 181 communities, formerly without telecommunications services. We also inaugurated, together with Subtel, a new satellite link to Rapa Nui aimed at improving the capacity of data transmission and connectivity in the community.

Citizens are an essential part of social development. In 2015 we made progress in focusing and deepening our relationship. We met with more than 600 neighbourhood leaders who participated in meetings with civil society, as well as training our contractors in ways of engaging with the community, seeking to contribute to open and transparent dialogue, being respectful of the environment and the workplace.

We also continued with the Barrio Feliz project, with the active participation of residents from neighbourhoods where dreams of having public spaces in



## *conectando Chile*

## Conectando Chile

The [Connecting Chile](#) project has connected 45,000, formerly without telecommunications services, in 181 communities.

keeping with the people's needs have been made reality. The project is aimed at improving urban spaces and has brought us closer to communities in vulnerable neighbourhoods throughout the country. This has been financed through customers signing up to billing via email, along with contributions from the recycling of phones and contributions from Entel.

In addition to this initiative, Entel, along with Fundación País Digital and Ericsson, set up "Yo Leo", a unique project in Chile that seeks to improve reading in nearly 400 children in kindergartens and first and second students in La Araucanía, in both Spanish and mapudungún .

At Entel we also commit to caring and preserving the environment through our role as agent in the lifecycle of our products. Along with progress in controlling the generation of waste, methods of treatment and our programme for recycling handsets, batteries and accessories, we have undertaken to mitigate the impact of energy consumption in our operations. To this end, in 2015 we

renewed some of our data center facilities. By changing the old air-conditioning equipment we managed to improve conditions in the IT equipment rooms, controlling risks and improving operating conditions. This work was a factor in the Ciudad de los Valles Data Center becoming the first Datacenter Service Provider in Chile and Latin America to be awarded Sustainable Operation Certification, GOLD level, by the Uptime Institute. This is the highest level award for this type of certification. This award is underpinned by our network's energy efficiency, provided entirely by our strategic partner Ericsson whose equipment, in terms of energy consumption, is world class.

These are some of the ways we align our vision and work with sustainability. The activities, initiatives and projects described in this document represent Entel's commitment to sustainable development and its social, environmental and economic aspects, which take into account and, indeed, actively involve our stakeholders. It is they who tell us if we are moving in the right direction.



## Ciudad de los Valles

First Datacenter Service Provider in Chile and Latin America to be awarded Sustainable Operation Certification, GOLD level, by the Uptime Institute.

I invite you to read our sixth sustainability report, the first annual one and a document in which we will present our sustainability performance for the past year, explain challenges and commitments for 2016 and detail how we contribute to fulfilling the 10 principles of the United Nations Global Compact, the international benchmark initiative to which we committed six years ago.

Kind regards,



Antonio Büchi Buc  
Chief Executive Officer

## KEY FIGURES



**8,834**

EMPLOYEES



**12,406**

CONTRACTORS



**65.1%**

SME SUPPLIERS

### CONECTANDO CHILE



INVESTMENT

**USD 48**  
million



**181** locations



**45,000**

CHILEANS CONNECTED



**43% women**

IN THE WORKFORCE



**68,807**

STAFF HOURS OF TRAINING



**1st place**

USER SATISFACTION AND MOBILE  
ACCESSIBILITY SUBTEL RANKING

DATACENTER  
CIUDAD DE LOS VALLES



**1st DATACENTER IN  
LATINAMERICA**

TO BE AWARDED  
SUSTAINABLE OPERATION  
CERTIFICATION, GOLD  
LEVEL, BY THE UPTIME  
INSTITUTE.

**CLP 833 million**

ECONOMIC VALUE GENERATED  
AND DISTRIBUTED IN 2015

## CHAPTER 1

# Entel

G4-3  
G4-4  
G4-5  
G4-6  
G4-7  
G4-8  
G4-13

Entel delivers world-class telecommunications services so that people can live each day better connected.

## Who we are and what we do

Entel<sup>3</sup> is a company operating in the telecommunications market in Chile and Peru. In Chile it operates through the Entel and Entel Call Center brands, and in Peru through Americatel Peru, Entel Call Center Peru and Entel.

The company provides services in the areas of mobile services - voice, data, broadband and mobile internet; and fixed networks - data networks, local phone services, internet access, long distance public telephone services, information technology (Datacenter, Business Process Outsourcing and business continuity), network leasing and wholesale traffic business. Its value proposition is focused on integrated solutions. To compliment this it provides call center services aimed at covering the three main markets: consumers, enterprises and corporations.

## Ownership structure

Entel is an open joint-stock company with 1,915 shareholders as at December 31, 2015. With 54.76% ownership, Inversiones ALTEL Ltda., a subsidiary of Almendral SA, is the controlling shareholder.<sup>4</sup>

## Our History

Entel operations started in Chile some five decades ago. Since its inception it has been at the forefront of changes in the telecommunications market, both in the country and around the world<sup>5</sup>.

<sup>3</sup> Empresa Nacional de Telecomunicaciones SA is the parent company of the Entel companies group.

<sup>4</sup> For details of the ownership structure, see the annual report.

<sup>5</sup> For details of the company history, see the annual report.

# HIGHLIGHTS 2015



## Signing of agreement

WITH ERICSSON TO DEVELOP  
THE 4G NETWORK ON THE  
700 MHZ BAND.



## 181 locations

COMPLETION OF FIRST PHASE OF  
THE CONNECTING CHILE PROJECT,  
PROVIDING 55,000 CHILEANS WITH  
CONNECTIVITY.



## Digital Transformation Project

AIMS TO TRANSFORM ENTEL INTO  
A FULLY DIGITAL ENTERPRISE,  
RADICALLY SIMPLIFYING OPERA-  
TIONS IN TERMS OF PROCESSES,  
PRODUCTS AND SERVICES.



## Connection

WITH  
LTE-ADVANCED CARRIER  
AGGREGATION TECHNOLOGY  
IN LATIN AMERICA



## New link

SUBTEL AND ENTEL INAUGU-  
RATE NEW SATELLITE LINK  
FOR RAPA NUI



## 2015

ENTEL AIMS TO IMPROVE EF-  
FICIENCY AND PRODUCTIV-  
ITY WITH ORGANIZATION +  
2015 PROJECT, ADVISED BY  
MCKINSEY.

People are the central pillar of social development. In 2015 we made progress in focusing and deepening our relationship with the community, seeking to contribute to open and transparent dialogue, being respectful of the environment and the workplace.

# Awards and Recognition

In 2015 Entel received acknowledgment for its performance in various areas such as customer satisfaction, corporate reputation and environmental care.

## **Pro Calidad National Customer Satisfaction Award**

**First place for mobile phone services**

The award recognises the satisfaction of Chileans with service quality for the thirteenth consecutive year.

## **Most Innovative Companies Award, Chile 2015, ESE Business School, Universidad de los Andes**

**Amongst the most innovative companies.**

The prize acknowledges the boost the data transmission business strategy has given the company.

## **Best Consumer Experience (BCX) Award**

**First for Best Customer Experience in the telecommunications category in Latin America.**

The award is for companies that provide consumers with a quality experience in terms of brand, products and services. It also rewards companies for interaction with customer service channels.

## **CIBSE Building Performance Awards 2015**

**Training Programme Category.**

Recognises risk and energy consumption reduction in the data centers.

## **Recyclapolis National Environmental Prize**

**First place in the "Earth" category.**

The award recognises sustainable companies and institutions and those committed to caring for the environment. Toki Rapa Nui and Entel won first place in the category "Earth", thanks to the 100% sustainable construction of the school of music and arts on Easter Island. The construction, led by Toki Rapa Nui with Entel as the main sponsor, incorporated waste such as plastic and glass bottles, cans, cartons and old tyres.

## **Effie Awards Peru**

**Gold Effie for launching new services.**

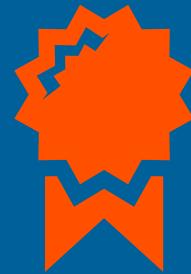
Rewards successful campaigns of outstanding creativity that get the best results for their brands. Entel Peru awarded a prize for the "Entel al mercado peruano" campaign.

## **National Association of Advertisers Award (ANDA), Peru**

**First place in the integrated communication - services category.**

Recognises quality advertising campaigns in Peru. This is an award for a brand, agency or person whose campaign has generated a visible impact on society. Entel Peru was acknowledged for the new standard it brought to the market on its arrival and for the results it gained after the first few months of operation.

# 1st PLACE



IN THE TELECOMMUNICATIONS INDUSTRY

Merco Corporate Reputation Ranking

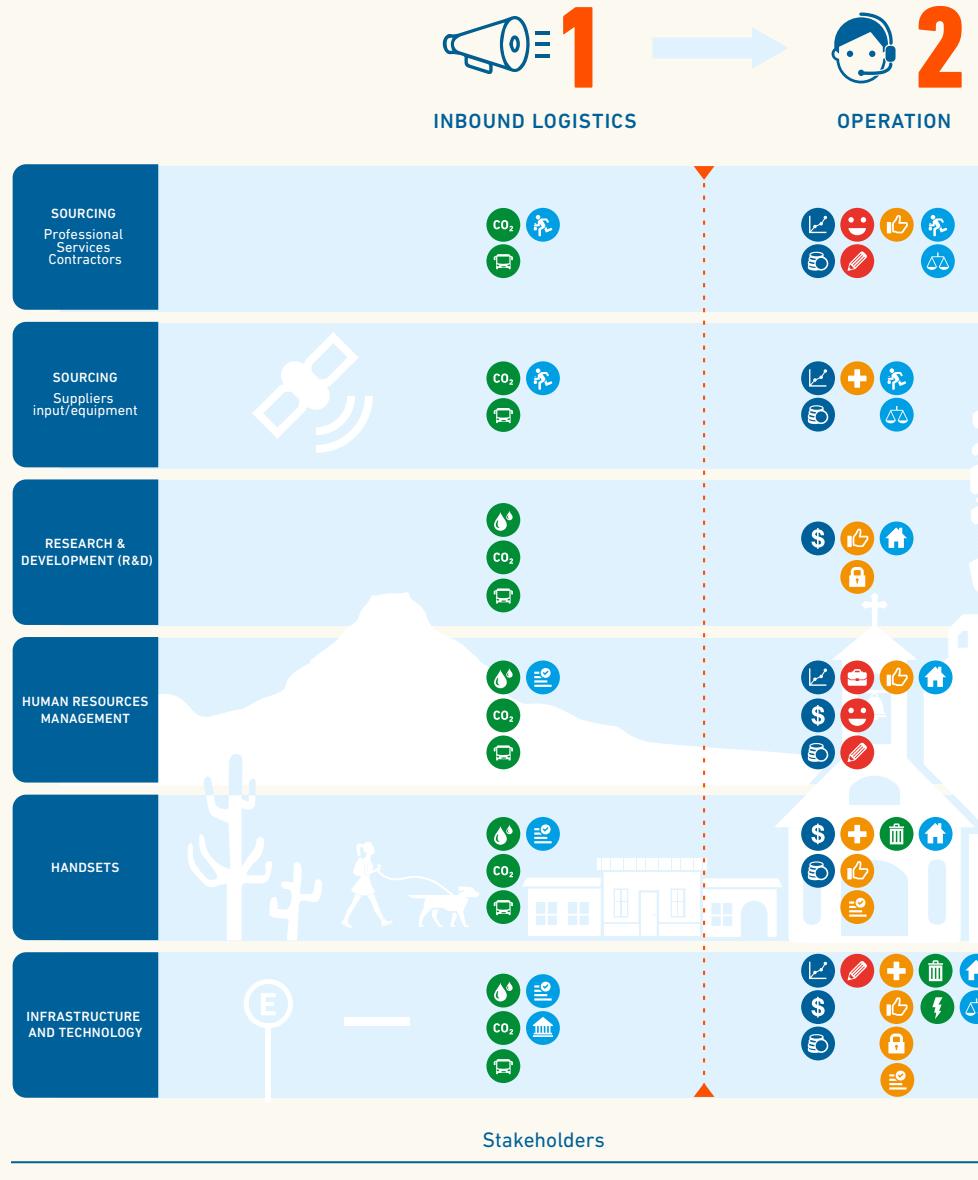
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Merco rewards corporate reputation.

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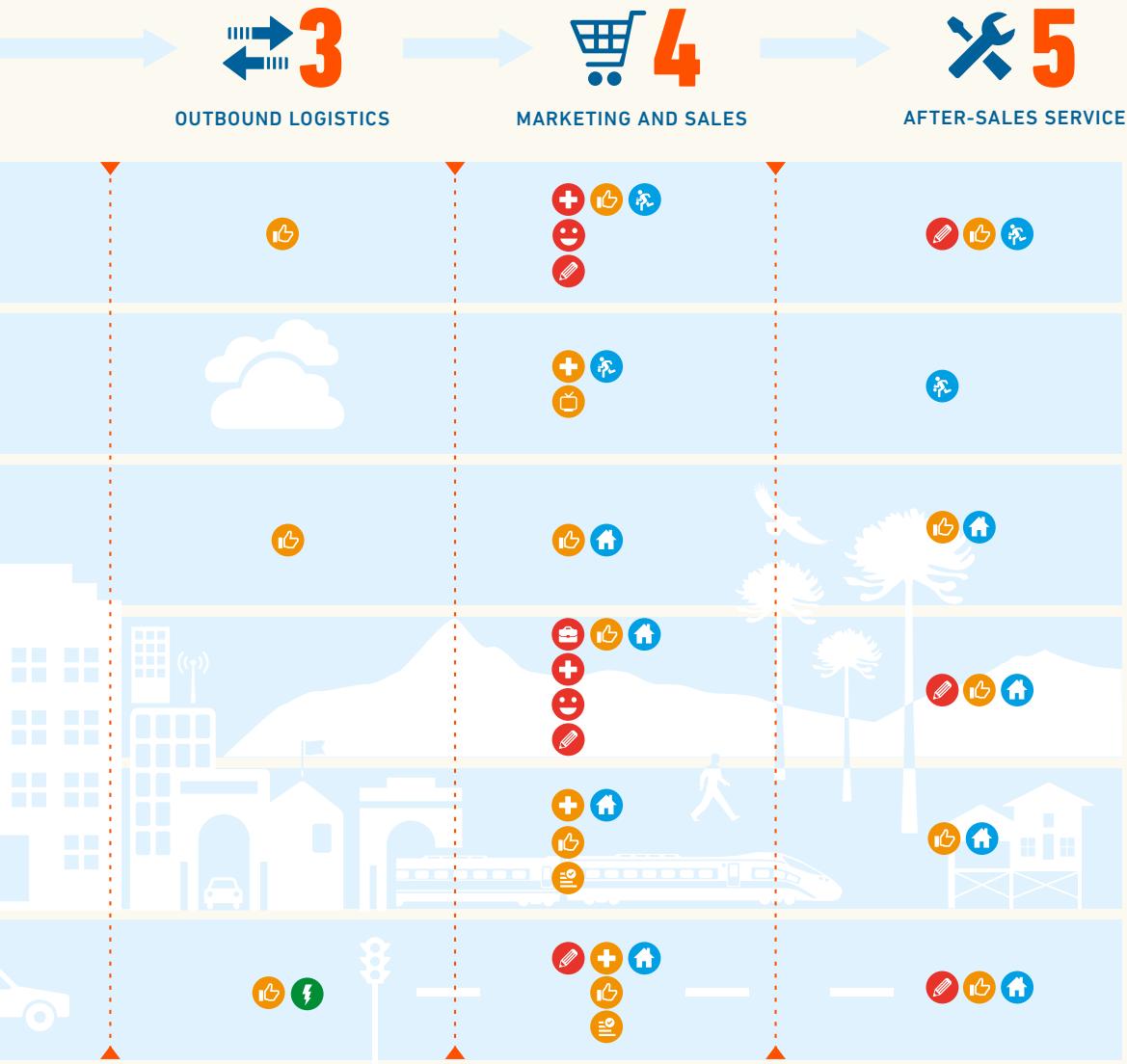
G4-12  
G4-18  
G4-19  
G4-20  
G4-21

## Entel Value Chain



- Society** (House icon)
- Customers and Users** (Briefcase icon)
- Employees** (Person icon)
- Suppliers and contractors** (Wrench icon)

- Distributors** (Truck icon)
- Shareholders** (Graph icon)
- Investors** (Dollar sign icon)
- Media** (Monitor icon)
- State** (Building icon)



Main economic, social and environmental impact of the Entel operation

Social Labour Impacts	Economic Impact	Environmental Impact	Social Impact Community	Social Impact Customer/Service
 Employment and Job Quality	 Economic Performance	 Input, Raw Materials	 Local Communities	 Health and Safety Concerns of Customer/Consumer
 Occupational Health and Safety	 Indirect Economic Consequences	 Waste	 Fight Against Corruption	 Customer Satisfaction
 Labour Relations	 Procurement Practices	 Energy	 Public Policy	 Marketing and Advertising Practices
 Training and Development		 CO <sub>2</sub> Emissions	 Unfair Competition Practices	 Customer Information Privacy
		 Products and Services	 Regulatory Compliance	 Regulatory Compliance
		 Transport		

## Corporate Governance, Risk Management and Ethics

### Corporate Governance

In line with Entel's vision and mission, the company's board manages corporate governance. It is made up of nine members<sup>6</sup>. Its function is to ensure the social interest of the company and create value for shareholders and stakeholders, directing, supervising and controlling the activities of the company in accordance with market legislation and self-regulation criteria.

Entel's current directors were elected at the ordinary shareholders meeting of April 2015. They will serve for a period of two years until the ordinary shareholders' meeting in 2017. Three of them make up the Director's Committee<sup>7</sup> which performs the functions entrusted to them by law.

Key documents for the operation of the Board are the Corporate Governance Manual and the Code of Ethics.

### Management

The Chief Executive Officer<sup>8</sup> is chosen by the Board and leads a group of executives who

are responsible for the different business units. The management<sup>9</sup> presents key results to the Board of Directors on a monthly basis, using the information provided by the various divisions and departments taking into account the background provided by the vice presidents and departments. The information is also presented at senior management meetings, making it possible to track the progress of strategic indicators and adopt measures required to meet annual defined targets.

The company also has 16 management committees, divided into three categories: strategic, implementation and coordination.

### Way of working

The collaborative work between directors and executives and their corporate governance practices are a key component for the sound management of the company and is set out in the Corporate Governance Manual<sup>10</sup>, the contents of which is applicable to all managers and employees. The manual was revised in 2015 to incorporate regulatory developments and best practices.

### Induction of new Directors

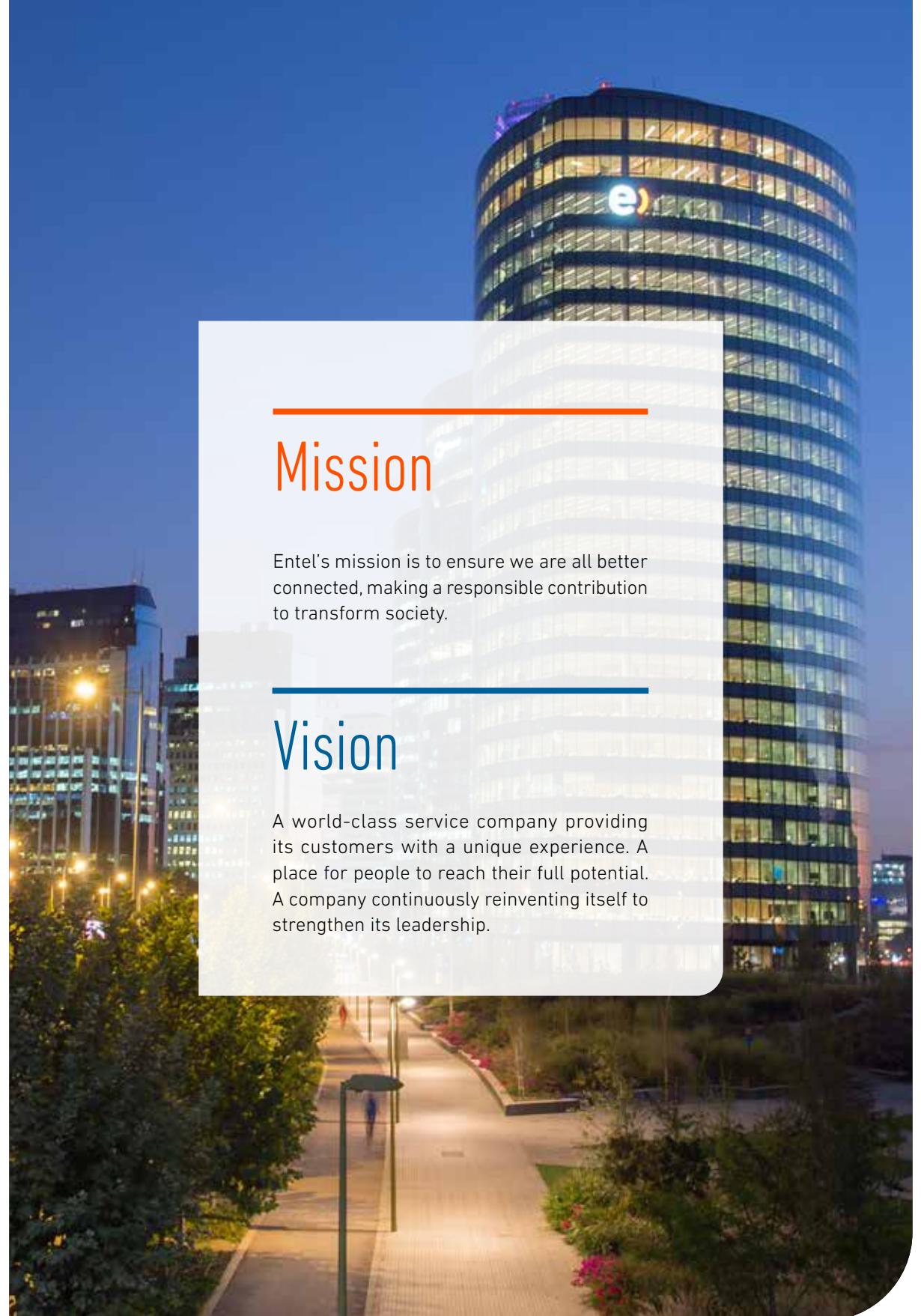
<sup>6</sup> The Board in 2015 has an independent director.

<sup>7</sup> Details of Board members and their roles can be found in the Annual Report 2015, in the Corporate Information section. (page 23).

<sup>8</sup> The positions of CEO and Chairman of the Board are held by different people.

<sup>9</sup> The organisational chart for the management can be found in the Annual Report 2015, in the Corporate Information section (page 33).

<sup>10</sup> The Corporate Governance Manual can be found at [http://www.entel.cl/inversionistas/gobierno\\_corporativo.html](http://www.entel.cl/inversionistas/gobierno_corporativo.html)



## Mission

Entel's mission is to ensure we are all better connected, making a responsible contribution to transform society.

## Vision

A world-class service company providing its customers with a unique experience. A place for people to reach their full potential. A company continuously reinventing itself to strengthen its leadership.

## Entel has a formal induction policy for new directors.

Entel has a formal induction policy for new directors:

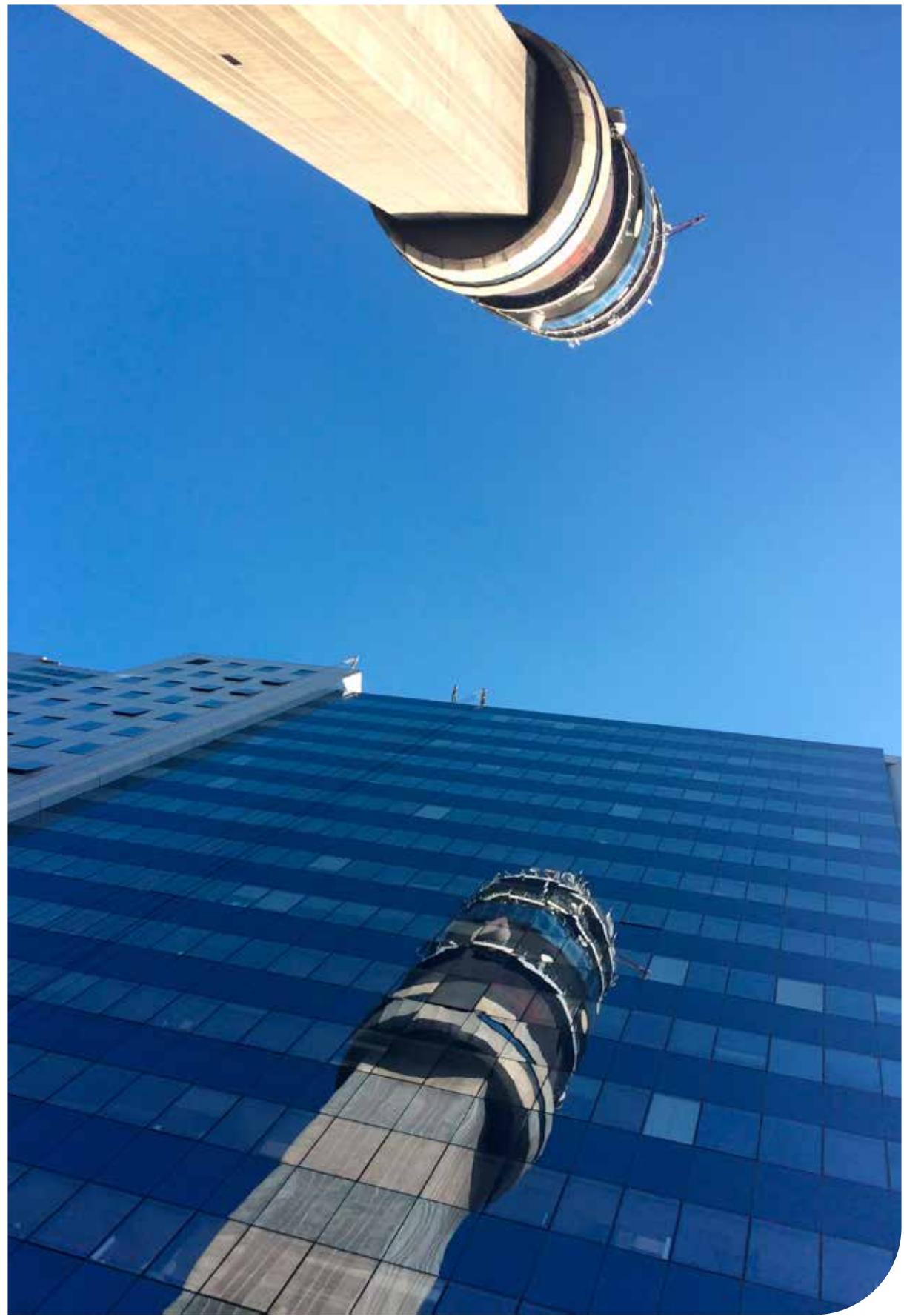
- » It provides all relevant, qualitative and quantitative, oral and written information regarding the functioning of the Board and the major operational, financial and institutional aspects of the company.
- » It offers digital access to the quarterly and annual financial statements and to the resolutions adopted by the Board over the previous 2 years or more.
- » Directors will also be notified of the scope and criteria for imposing penalties for dereliction of duty, both by the regulatory authority and by the courts.

As part of the induction policy each new member of the Board is provided with the main legal provisions that frame the overall functioning of boards of directors, with emphasis on specific laws and regulations governing the telecommunications industry.

### **Training neighbourhood leaders**

The Entel corporate governance manual also includes annual expert presentations on various matters relating to risk management and legislation regarding the duty of board

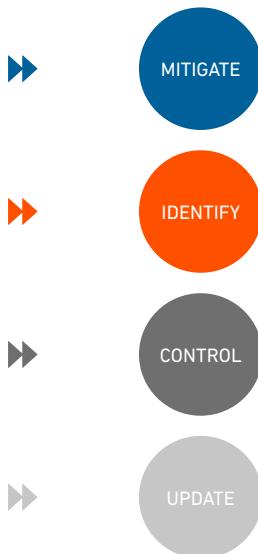
members. These presentations are given to all members of the board.



## Risk Management Support

The risk management policy is managed by the Internal Audit Department. There is an operational risk manager and a security officer responsible for business continuity and information security.

### **Responsibility of the strategic, financial and environmental and social and economic risks area.**



Risk management is reported on at least once a year to the Audit Committee and the Board.

The most relevant organizational areas each have staff responsible for operational risks.

### **Responsibilities of Internal Audit and Operational Risks managers.**

- » Lead the work of the Risk Committees, establish general policies, be in charge of drawing up the risk map and make sure there are coordinated initiatives for the rest of the areas of the company where the alarm has been raised.
- » Inform higher levels of incidents and vulnerabilities detected and generate a methodology and a way of disseminating good practices on risk management.
- » Establish audit programs and monitor them permanently to ensure progress and compliance with the various occasional or regular initiatives established as part of the risk mitigation plan.
- » Drive corporate certification for the Crime Prevention Model which on June 25, 2015 was recertified by ratings agency Feller Rate.

The model, applicable to all employees and third parties connected to the company, monitors processes and initiatives relating to Entel's business that could pose risks, as defined in Law No. 20,393 (money laundering, financing terrorism and bribery of national or foreign public officials).

"Managers and workers do not use, directly or indirectly for their own benefit, the influence or resources made available to them through performing their work. They also avoid conflicts of interest, real or apparent, between personal and professional relationships, including investments, property rights or associations that interfere or could interfere with the exercise of independent judgment in the protection of the interests of Entel Enterprises".

G4-41  
G4-47

Code of Ethics



In terms of risk that could constitute potential conflicts of interest, Entel has a detailed policy in its Code of Ethics <sup>11</sup>.

Entel requests that external auditors submit biannually to the Audit Committee and the Board the most relevant developments - nationally and internationally - in risk management. This includes a review of cases where directors have breached the fiduciary duties mentioned, and other cases relevant to management.

<sup>11</sup> Chapter 3.3.3 "Policies of Entel Enterprises in relation to conflicts of interest", Entel Code of Ethics.



## Corporate Ethics

From 2008 Entel has had a Code of Ethics.  
This was updated in 2013.

### Cornerstones of the Code of Ethics

- » Excellence, quality and delivery.
- » Customer centred
- » ethical, transparent, fulfilled people
- » Cross-cutting and collaborative teamwork.
- » Innovation and adaptation
- » Passion and perserverence
- » Entrepreneurial spirit

To reinforce the ethical values and behaviour of employees there is an Ethics Handbook, an intranet portal for raising and resolving doubts and three confidential reporting channels, namely an online platform, an e-mail address and a post office box. Issues received through these channels are investigated and sent to the Ethics Committee to be resolved. The committee is made up of six company executives appointed by the general manager.

### Dissemination channels for Entel Code of Ethics:

- » Corporate website.
- » Intranet
- » Company inductions
- » Providing Code of Ethics (with contract)
- » Regional workshops.
- » E-learning.
- » Supplier registration.

The scope of complaints includes Entel operations and those relating to suppliers, contractors and third parties. Information collected in this way was used to develop the 2016 training plan.



G4-2  
G4-24  
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G4-49

## Corporate Strategy 2025

This was a cross-cutting and collaborative process. Looking into market and customer needs led us to explore new trends which, with our adaptive culture, we will explore, moving forward to capture new value. The basis for accomplishing this will be the people in the company - the creation of multidisciplinary teams supported by collaboration and knowledge transfer, allowing us to further accelerate the development of services focused on our customers.

It was in this context that over six months we explored and analysed more than 40 trends, pinpointing and consolidating nine macro trends that will define a new frontier in our industry. For this task collaborative work played a key role. Executives were interviewed and workshops held with employees from different areas, all helping to formulate a clear vision of the future and of unified company ambitions.

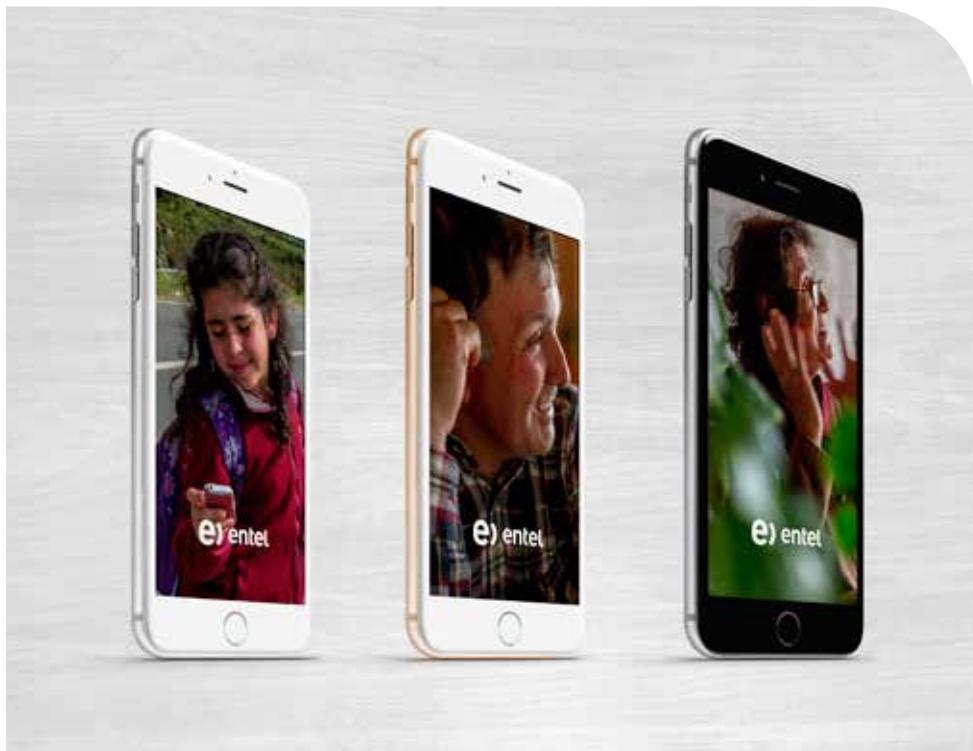
## Sustainability Policy

Entel's Sustainability Policy focuses on addressing, understanding and meeting the expectations and interests of stakeholders, and in doing so contributing to the technological, social, economic and environmental development of the country.

### Entel's Sustainability Policy

- » Sustainability is an integral part of our operations.
- » We want to contribute to the welfare of society and the democratisation of telecommunications.
- » We support policies that improve the social and economic conditions of the communities where we develop our projects.
- » We encourage the implementation of initiatives that create shared value.
- » We believe in innovation and entrepreneurship.

G4-24  
G4-25



The division in charge of ensuring the implementation and enforcement of these objectives and to maintain the relationship with stakeholders is the Department of Sustainability and Communities. It reports directly to the Regulatory and Corporate Affairs Department, communicating annually with the Board regarding progress and concerns arising in the context of the relationship between the company and its stakeholders.

The department is continually reviewing and improving ways of identifying these groups, creating new spaces for dialogue.

### Relationship with Stakeholders

In 2015, achieving synergies from joint work with stakeholders focused on improving connectivity and facilitating access to technology, whilst respecting the environment and the local communities where the projects are being developed.

STAKEHOLDER GROUPS	AIM OF THE RELATIONSHIP	MECHANISM AND/OR FREQUENCY OF CONTACT	G4-26 G4-27 G4-49
 Community	<p>To help improve quality of life, business productivity and the country's development, building connectivity and facilitating access to technology, respecting the environment and the surroundings in communities where the projects are developed, and promoting open and transparent dialogue with society.</p>	<p>Face-to-face with experts in the field, through scheduled meetings and as per neighbour requirements. Activities in conjunction with neighbourhood associations and consumer organisations.</p>	
 Customers and users	<p>To achieve customer satisfaction by offering cutting-edge products and services with a focus on learning. To deliver information that is accurate, transparent and respects privacy, with a commitment to listen and respond to concerns and proposals.</p>	<p>Multiplatform channel, mass media advertising, social networking, website, telephone customer care service and retail outlets.</p>	
 Employees	<p>The sustainability policy extends across the value chain and the company's relationships are based on equity and transparency, ensuring their alignment with the company's values and code of ethics.</p>	<p>Corporate intranet, e-mail, screens on corporate buildings. Collective bargaining with unions and performance evaluations.</p>	
 Suppliers and distributors	<p>To anticipate their requirements by continuously exploring new trends in the industry, devising innovative proposals that protect and increase the value of their investment, and providing all required information in a timely, transparent and fair manner.</p>	<p>Those responsible for purchasing and contracts in the Administration and Human Resources Departments maintain a fluid relationship with contractors, suppliers and distributors.</p>	
 Shareholders and investors	<p>To anticipate their requirements by continuously exploring new trends in the industry, devising innovative proposals that protect and increase the value of their investment, and providing all required information in a timely, transparent and fair manner.</p>	<p>The Investor Relations area keeps information flowing.</p>	
 Media	<p>The company aims to strengthen dialogue using modern and traditional media, encompassing opinion leaders and local regional, national and international communities to ensure open and transparent information about the company's current performance and its outlook with respect to future trends in the telecommunications industry.</p>	<p>The Regulatory and Corporate Affairs Department is responsible for creating spaces for dialogue, channelling communication through the External Communications and Institutional Relations Unit.</p>	
 State	<p>The state and its institutions are strategic partners in the development of a more democratic, sustainable and inclusive digital society for all. The company is serious, transparent and open, respecting current regulations and promoting the highest standards of quality and improvements to industry practices.</p>	<p>The Regulatory and Corporate Affairs Department channels communication through the Regulatory Department, the Department of Public Affairs and Institutional Relations and through the Subtel information transfer system.</p>	

## Partnerships, alliances and memberships

Entel believes in collaborative work which is why it belongs to industry associations related to trade, telecommunications, and internet technologies, both nationally and internationally, which broaden its vision and experience. As part of its social focus it also supports various foundations while maintaining its commitment to stick to the principles of the Global Compact Network - Chile.

SECTORAL ORGANISATIONS 2015	WEBSITE
» 4G Americas	4gamericas.org
» Asociación Chilena de Empresas de Tecnología de Información A.G. (ACTI)	acti.cl
» Asociación de Telefonía Móvil (ATELMO)	atelmo.cl
» Global GSM Association	gsma.com
» GSM Association Latin America	gsma.com
» Chilean American Chamber of Commerce (AMCHAM)	amchamchile.cl
» National Chamber of Commerce	cnc.cl
» Centro de estudios del Desarrollo (CED)	ced.cl
» Centro de Estudios Públicos (CEP)	cepchile.cl
» Corporación de Estudios para Latinoamérica (CIEPLAN)	cieplan.org
» Libertad y Desarrollo	lyd.org
» Sociedad de Fomento Fabril (SOFOFA) y SOFOFA-INNOVA	sofofa.cl

FOUNDATIONS	WEBSITE
» Fundación Enseña Chile	ensenachile.cl
» Fundación Junto al Barrio	juntoalbarrio.cl
» Fundación OPTE	opte.cl
» Fundación País Digital	paisdigital.org
» Fundación Paz Ciudadana	pazciudadana.cl



G4-EC7

## Infrastructure

With the growing demand for telecommunications services, especially the exponential growth of data usage, the company is dedicated to investing in infrastructure and keeping its commitment to its customers - living better connected is a direct result of investments made by the company in infrastructure. These principles are cross-cutting, both for the operation in Chile and Peru where the proposition is to have the most reliable network.

In Chile, investments over the next three years will focus on growth areas such as Entel Residential, the fibre optic connectivity services needed to support services to medium and small enterprises and for the connectivity of their mobile network sites, Datacenter projects and other iT platforms for services and projects for Corporation and Enterprise Segment customers, and the

transformation of all systems, platforms and web services that support Entel services.

The plan also includes the rollout of new 3G sites, both outside and inside office buildings and spaces with high numbers of visitors, as well as the development of 4G LTE on 2600 MHz and 700 MHz.

In 2015 there were two connectivity milestones that allowed us to bridge the digital divide for Chileans - the deployment of the first phase of the Conectando Chile project and expansion of the satellite link for Easter Island.

## First connection

### LTE-Advanced Carrier Aggregation

In September 2015, Entel carried out the first trial using LTE-Advanced Carrier Aggregation technology in Latin America, combining 2,600 Mhz and 700 Mhz spectrum bands and almost doubling the speed obtained with 4G on the 2,600 Mhz band.

This technology leverages existing Entel spectrum resources to achieve higher download speeds for mobile broadband and provide customers with a better user experience.

In tests conducted by Ericsson, the technical provider, speeds exceeding 200 Mbps they were achieved. Entel became the first operator in Latin America to test these speeds on a commercial LTE network, also using a commercial terminal.

## New satellite link

### for Rapa Nui

In October 2015 Entel took another step towards fulfilling its commitment to bridge the digital divide and improve communications in the most isolated areas of the country <sup>12</sup>, inaugurating together with the Secretariat of Communications (Subtel), a new satellite link to Rapa Nui aimed at improving the capacity of data transmission.

Until that date, telecommunications on the island were limited to a single geostationary satellite, which had always remained in the same vertical position above Earth. From October the island has enjoyed an additional satellite link

using the latest technology and made up of a constellation of 12 satellites in medium orbit over the line of Ecuador and revolving around the Earth.

With the support of this new connection, Entel started offering two plans designed especially for the island, which means it is no longer necessary for the islanders to come the mainland to buy a mobile phone plan.

<sup>12</sup> At the end of 2013, Entel was awarded a Telecommunications Development Fund for the expansion of satellite links in Easter Island.

## CHAPTER 2

G4-EC1

# Economic Performance



Entel's economic performance in 2015 should be viewed in the context of a highly competitive industry going through a slowdown in growth in Chile; all within the framework of a less dynamic economy and a more mature market.

The development of the business in Peru stood out however, as did the achievement of operational efficiencies in Chile and the transformation from voice to data, both in the enterprises and the corporations segment. All the above was accompanied by a major organisational change as Entel seeks to achieve a better and closer relationship with customers, with a view to responding quickly to the constant challenges presented by the market.

Entel business model

High quality services

The best network infrastructure

High degree of innovation

Notably, Entel has remained true to its business model, the cornerstones of which are high-quality services, having the best network infrastructure, and being highly innovative.

## VALUE GENERATED

	2014 ThCh\$	2015 ThCh\$	Change %
Revenue from ordinary activities	1,657,770,373	1,784,612,664	8%
Other revenue and earnings	10,281,346	8,251,303	-20%
Sub-total Revenue	1,668,051,719	1,792,863,967	7%
Net indirect taxes	101,480,229	111,324,848	10%
Total revenue	1,769,531,948	1,904,188,815	8%
Direct costs (goods and services)	-970,675,806	-1,070,978,533	10%
Total generated	798,856,142	833,210,282	4%

## Distributed Value

	2014 ThCh\$	2015 ThCh\$	Change %
Employees	222,256,358	247,055,145	11%
State	152,741,465	206,585,981	35%
Community and environment	2,607,238	2,255,042	-14%
Retained by the company	289,828,035	277,058,396	-4%
Shareholders	54,400,450	8,041,806	-85%
Financial Suppliers	77,022,596	92,213,912	20%
Total distributed	798,856,142	833,210,282	4%

Addition, Creation  
and Distribution of Value<sup>13</sup>

In this period the economic value generated and distributed by Entel was CLP 833,210,282 million, an increase of 4% on 2014.

In terms of distributed value, the company's operation generates value for its employees, the community, suppliers of goods and services, contractors, shareholders, financial creditors and the state.

<sup>13</sup> All the figures in this chapter include the Entel Peru operation, which may explain differences with the figures from the Sustainability Report 2013-2014.

## Generation of Value

### Revenue

Revenue from Entel's operations comes primarily from the mobile and fixed network operations (including data, IT integration, Internet, local, long distance and other related services). Other revenue relates mainly to sales of fixed assets, lease of properties and dividends.



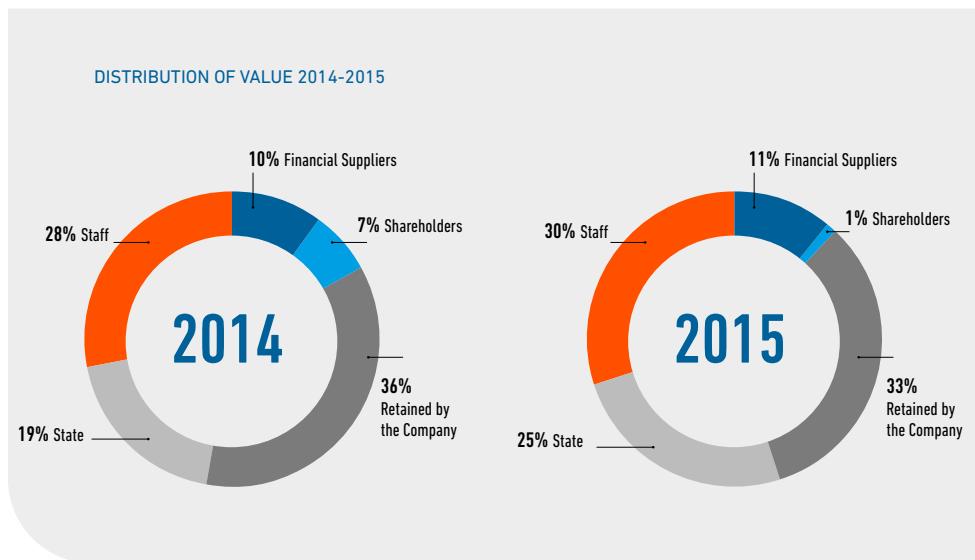
	2014 ThCh\$	2015 ThCh\$
Revenue from ordinary activities	1,657,770,373	1,784,612,664
Other revenue and earnings	10,281,346	8,251,303
Sub-total Revenue	1,668,051,719	1,792,863,967
Net indirect taxes	101,480,229	111,324,848
<b>Total revenue</b>	<b>1,769,531,948</b>	<b>1,904,188,815</b>

The 8% increase in the company's total revenue for this period compared to 2014, was driven by the mobile business in Peru (+ 55%), followed by 3% revenue growth in Chile. This increase comes mainly from integrated voice, data and IT services in the enterprises segment, Entel Residential, mobile services and leasing of infrastructure to other operators. At the end of 2015, the company had 12,899,626 mobile customers, representing growth of 9% driven mainly by mobile operations in Peru.

In 2015 Entel Peru continued to implement its strategy to establish a distinctive experience in customer satisfaction and service quality,

helping to garner a mobile subscriber base of 3,128,853 at the close of the year, an increase of 80% over the figure recorded in 2014, (growth mainly supported by 2G/3G/4G customers).

In Chile the year was characterised by high levels of competition along with a weak economy. In this environment, the postpaid segment grew, maintaining a very positive brand image and service-quality level, and providing the customer with a distinctive experience. In Chile, the customer base of mobile customers reached 9,770,773 - a decrease of 3% compared to 2014.



## Costs

The company's main costs in 2015 were associated with customer acquisition expenses and payment of suppliers.

	2014 ThCh\$	2015 ThCh\$
Advertising, Sales Commissions and Expenses	495,209,604	550,944,502
Access charges and payments to correspondents	165,139,321	171,632,992
Leasing	105,883,522	126,840,455
Bad Debt Provision	51,504,892	51,680,056
Outsourcing and Materials	67,576,541	81,794,146
Other	85,361,926	88,086,382
<b>Total costs</b>	<b>970,675,806</b>	<b>1,070,978,533</b>

Costs in 2015 were up by 10% over the previous year as a result of the expansion of mobile operations in Peru, mainly associated with customer acquisition costs.

## Distribution of Value

Entel not only supports improving people's quality of life, it also generates value through its business which is distributed amongst its main stakeholders.

The company's employees receive both pay and benefits; the state, tax payments; the community, contributions through social and environmental programmes; for the financial market, transactions translate into returns; suppliers and contractors receive revenue from services and supplies delivered to the company; and shareholders receive dividends.

In 2015 there were two major changes in the distribution of value in relation to 2014 - first, an increase in total taxes paid to the State, due to higher income taxes payable in Chile, and, secondly, a decrease in the payment of dividends to shareholders following the losses recorded for the period.

## EMPLOYEES

	2014 ThCh\$	2015 ThCh\$
Salaries	165,702,497	175,794,247
Short term benefits for employees	14,447,895	17,368,078
Severance and post-employment benefits	10,770,577	21,961,592
Other staff costs	31,335,389	31,931,228
<b>Total staff</b>	<b>222,256,358</b>	<b>247,055,145</b>

The contribution to staff increased by 11% in 2015 compared to 2014, mainly as a result of collective bargaining conducted during 2015 and to a lesser extent to increases in staffing in Entel Peru and adjustments made, due to higher inflation for the period in Chile.

This was partially offset by a reduction of personnel in Chile. After an analysis of best practices worldwide and of management within our own company, we saw the need for a more horizontal organization with an emphasis on human capital management, bringing it closer to the individual businesses and ensuring the proximity of all employees to our customers, their problems and challenges.

## STATE

	2014 ThCh\$	2015 ThCh\$
Income taxes payable	36,396,382	77,538,637
Other taxes	14,864,854	17,722,496
Net indirect taxes	101,480,229	111,324,848
<b>Total State</b>	<b>152,741,465</b>	<b>206,585,981</b>

In 2015 there was increase of 35% in total taxes paid to the state due to higher income taxes payable in Chile, which rose by 113% as a result of investments held abroad, affected by a 17% average increase in the CLP/USD exchange rate and an increase

in the corporate tax rate. Additionally, an increase was recorded in net Value Added Tax collections, in line with lower investments in Chile.

## COMMUNITY AND ENVIRONMENT

	2014 ThCh\$	2015 ThCh\$
<b>Total community and environment</b>	<b>2,607,238</b>	<b>2,255,042</b>

The value distributed to the community and the environment comes from contributions Entel makes through various programmes linked to its sustainability and communities policy. Variation for 2015 corresponds to an adjustment in the budget in line with a less dynamic economy and slower growth in Chile.

## SHAREHOLDERS

	2014 ThCh\$	2015 ThCh\$
<b>Total shareholders</b>	<b>54,400,450</b>	<b>8,041,806</b>

Entel's commitment to its shareholders is based on creating long-term value, guaranteeing equal rights, offering maximum information transparency and promoting ongoing dialogue.

Shareholders in their capacity as owners receive dividends. In 2015 dividends paid to shareholders were down in relation to 2014, as a result of the losses incurred by the company during the period.

## FINANCIAL

	2014 ThCh\$	2015 ThCh\$
Financial revenue	-10,818,705	-12,183,865
Financial costs	53,962,601	68,466,066
Exchange difference	11,243,068	12,945,839
Income from units of account	22,635,632	22,985,872
<b>Total Financial</b>	<b>77,022,596</b>	<b>92,213,912</b>

Financial contributions include interest payments to financial institutions providing capital and investment results, which together during 2015 increased 19.7%. Higher net financing costs were due to a higher debt level during 2015 compared to 2014, which led to an increase in financial expenses.

## RETAINED BY THE COMPANY

	2014 ThCh\$	2015 ThCh\$
Annual profit	56,470,502	-1,101,996
Income tax and tax credits	-44,410,367	-90,319,013
Depreciation and amortization	239,635,274	273,625,473
Maintenance	88,787,625	100,779,717
Impairment	3,745,451	2,116,021
Dividends	-54,400,450	-8,041,806
<b>Total retained by company</b>	<b>289,828,035</b>	<b>277,058,396</b>

The retained value fell by 4% compared to 2014, primarily due to the loss recorded for 2015 owing to Peru's mobile operation, higher taxes in Chile and other expenses due to increased financial debt, partly offset by lower dividends.

## Suppliers and Contractors

## Suppliers

Dealings with suppliers are governed by the principles of transparency, integrity, honesty and mutual convenience. Choosing a supplier depends on their merit and ability and the quality and cost of the product or service. All potential suppliers have equal access to information to prepare their proposals.

Entel provides equal opportunities to all qualified companies wishing to enter into commercial relations and in this context bids are analysed and adjudicated by objective procedures.

The sustainability policy extends across the value chain and the company's relationships are based on equity and transparency, ensuring their alignment with the company's values and code of ethics.

The Purchasing Department is responsible for dealing with suppliers, reporting directly to the Risk and Administration Department.

## Rating and assessing suppliers

Entel has clear and explicit policies and procedures to rate and assess suppliers. The aims of the rating and assessing process include risk reduction, checking technical expertise and delivering greater transparency in the selection process. Adherence by potential suppliers to the Entel Code of Ethics and a declaration that there are no conflicts of interest are an important part of the selection process.

Notably, during 2015 a pilot project was developed and initiated to deepen and



enhance the holistic assessment of suppliers in order to improve relations between Entel and its suppliers.

The pilot scheme applies only to suppliers who provide services to Entel for at least one year and assesses the following:

During the current period a cross-cutting group of suppliers was chosen and evaluated according to the new procedure. Suppliers with a poor result will be addressed through joint actions for improvement aligning Entel's expectations with those of the supplier. In addition, in 2016 a systemic platform has been planned to broaden the base of suppliers to be evaluated.

Entel has reaffirmed its commitment to supporting the development of the SME sector, being given once more the Propyme Seal by the Ministry of Economy, Development and Tourism, awarded to those large entities that pay SME suppliers within a maximum period of 30 calendar days.

1.	<b>Finances</b>	Financial analysis and solvency of the company.
2.	<b>Work and risk prevention</b>	Compliance with work obligations and preventive management system for occupational health and safety.
3.	<b>Quality</b>	Technical user satisfaction with services delivered.
4.	<b>Deliverable compliance</b>	Supplier performance based on delivery times.
5.	<b>Commercial</b>	Management of contract and guarantee bonds, negotiation, billing, payments and insurance.
6.	<b>Sustainability</b>	Ethics and corporate responsibility.
7.	<b>Supplier opinion of Entel</b>	The supplier has the chance to voice views about certain company processes.

At the end of 2015, 93% of Entel's suppliers were domestic, and of these, 70% (1,453 suppliers) were small and medium enterprises.

#### NATIONAL VS. INTERNATIONAL SUPPLIERS

	2013	2014	2015
National	2,220	2,155	2,069
International	171	148	150
Total	2,391	2,303	2,219



## Contractors

As stated in the Entel Code of Ethics, contractors, distributors and agents must comply with existing labour laws when dealing with their own employees. Contractors and distributors who directly or indirectly represent Entel must ensure that the image and quality of the service they deliver meets our standards.

The relationship with contractors and distributors is based on respect for people's dignity and on responsibility and transparency, along with avoidance of any behaviour that could be interpreted as an abuse of power.

The unit responsible for ensuring compliance with these guidelines and for any relationship with Entel is the Contractors Department, reporting to the Human Resources Department.

During 2015, as part of the development plan for contractors, the Risk Prevention Department worked with suppliers in order to comply with the Preventive Management System for Occupational Health and Safety.

The companies that adhered most closely to best practices and processes were highlighted in a recognition ceremony held in December 2015.

Another important activity in terms of management in 2015 was a training workshop on community relations, aimed at contractors responsible for installation and infrastructure<sup>14</sup>. At the end of the period 21 contractors had been trained.

By contracting services, Entel generated 12,406 indirect jobs in 2015 through 473 contracting companies.

### CONTRACTORS AND INDIRECT EMPLOYMENT GENERATED

	2013	2014	2015
Number of contractors	470	463	473
Indirect employment generated	W/I	13,740	12,406

<sup>14</sup> 81% of total contractors working on infrastructure participated in workshop

## CHAPTER 3

# Customer Experience

## Customer relations approach

Entel aims to improve the customer experience whenever they have contact with the company, ie from when a product or service is offered, through the purchase and usage phase to the after sales experience. The reason - to help customers live better connected.

For the company, the customer is at the centre of the business. For this reason all activities focus around three points:

an integrated outlook reflected in a management model of the customer experience that allows for designing, monitoring channels and satisfaction levels and measuring the impact of business indicators, always with the customer at the centre.

To this end, in 2015 Entel launched its Digital Transformation project which aims to turn the company fully digital, radically simplifying the way we operate in terms of processes, products and services.



### Lines of Action



Brand



Product



Service



## Digital Transformation Project

Being 100% digital involves adopting available technologies to improve processes, products and services, which will completely do away with paperwork. Through its Digital Transformation Project, Entel aims to make the customer experience faster, more efficient, and interactive.

The project involves creating needs-based products and plans, enabling a system of self-service channels such as online kiosks and mobile applications with flexible debit and direct credit payment options and procedures that minimise waiting and inconvenience with simplified rates and plans.

The technological change that lies ahead involves transforming the company at all levels - website, mobile app, and email. An omni-channel model, allowing E2E sales, aims to make the customer experience the same as it would be with a sales person.

To carry out this challenge Entel chose Ericsson, the Swedish communications giant, as a strategic partner. A broad portfolio of Operations Support Systems/ Business Support Systems and services will be implemented over a number of years, giving Entel business agility in both Chile and Peru. As such the company will have real-time capabilities and simpler processes to better understand customers and change the way of interacting with them.

As a result we will be able to offer an integrated and consistent experience across all channels, accelerating the delivery of new services and reducing costs in the process. All this will allow Entel to position itself as a leader in the region in terms of efficiency and profitability.

## Consumer Segment

In the consumer segment Entel seeks to provide a distinctive service across all customer service channels, with nearby interactive stores, efficient telephone customer service and fast and simple self-service systems.

Parallel to the plan of redesigning branches that began in 2012, customer services for complaints regarding fixed network internet were improved in 2015, offering residential customers assistance from executives specialised in their particular technical problems.

The launch of new products meanwhile was accompanied by training for executives, strengthening information at the call center and creating a base of frequently asked questions. These activities brought down the rate of complaints in residential internet from 1.8% in July to 1.2% in December.

Main channels made available to customers:

- » **Online channels:** in 2015, activity increased by 14.7%, of which the App<sup>15</sup> launched in 2014 accounted for 9%.
- » **Self-service:** increased 13.7% between January and November 2015 compared to 2014.
- » **IVR:** at year-end, customer satisfaction with IVR 103 was at a level of 71 points, equivalent to an increase of 22% (13 points). In terms of IVR 301, average satisfaction reached a level of 76 points, 5%, or four points, more than in 2014. In the case of Hogar IVR, after starting in January 2015 with 35 points, average satisfaction was up 21 points by the end of December 2015.



These experiences translate into standards for execution and operation, with management indicators defined to ensure adherence to standards and continuous improvement. Delivering solutions to the consumer segment saw an 1.8 percentage point increase on the post-service survey, rising from 59% in 2014 to 60.8% in 2015.

These improvements are also validated by the awards received in customer experience and satisfaction in Chile.

<sup>15</sup> Entel Mobile Application available for iOS and Android phones.

## Enterprise Segment

In 2015 the Enterprise Segment continued the project started in 2014 aimed at delivering a distinctive experience to customers through the restructuring of their journeys (series of interactions) with the company, in order to better meet their needs. Specifically, and according to the defined programme, the quotation for, and provision of, services for the fixed business was addressed, with improvements made in the advice given to customers at the quotation stage, installation times cut, and quality improved, thus significantly increasing satisfaction. Additionally, the restructuring of customer journeys was started, aimed at improving the customer experience with technical support and after-sales services in the fixed business.

In terms of the relationship with mobile customers, in 2015 efforts were focused on communicating tariff adjustments allowing them access to more minutes and more data for the same price. In addition, in 2015 a new exclusive roaming service - Programa Roaming Viajero - was launched, responding to the explosive increase globally in mobile data usage and the continuing need for communication. The service is available in Argentina, Brazil, Peru, United States, Spain, Italy, UK, France, Germany, China, Japan and Australia, and allows customers intermittent daily use, paying only for the days when roaming is activated.

In the fixed line business, in 2015 the fibre network was deployed in places with a high concentration of companies, allowing customers to access high-speed broadband on fibre and through a fixed line. At the end of 2014 coverage took in the cities of Santiago, Concepción, Rancagua, Temuco and Antofagasta. In 2015 this had been extended to another 19 cities in Chile, including Talca,

# 68 points

scored on ProCalidad  
phone and stores  
customer service  
satisfaction survey

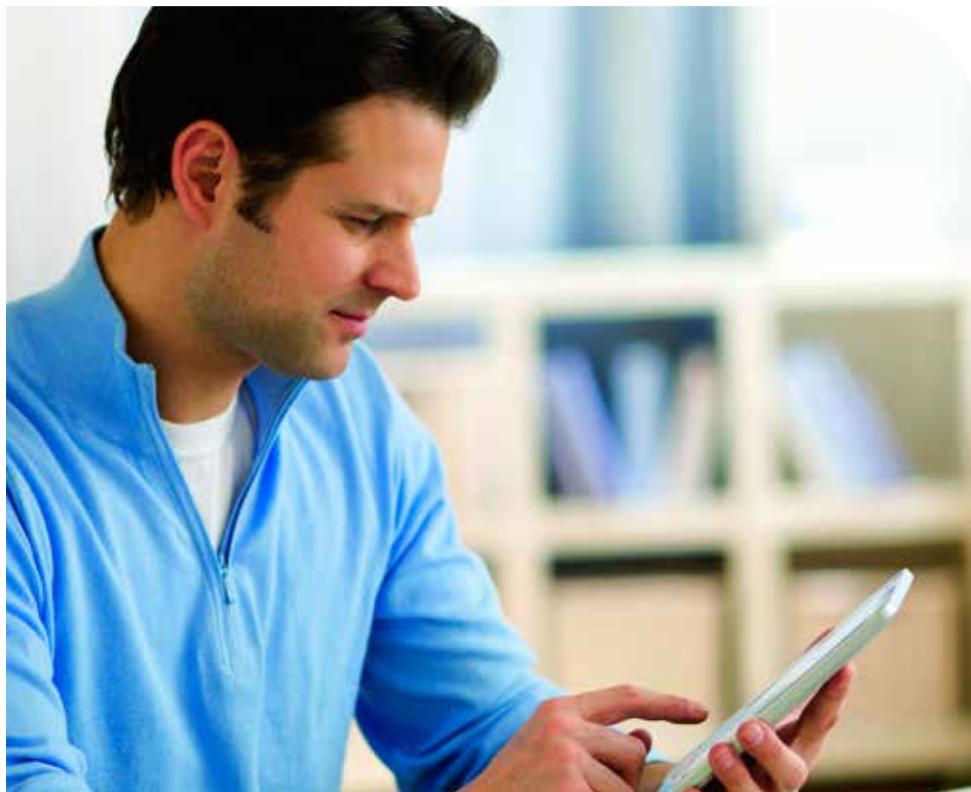
# 8 p.p.

up on 2014 result

La Serena and Coquimbo, translating into 10% annual growth of connected customers. In addition, data managers were made available to customers to manage and allocate usage capacity to individual users, thus keeping control of budgets.

In IT, in 2015 existing products and services were complemented with "cloud" products, along with the full range of infrastructure allowing for integrated delivery to companies of different sizes. Products such as Office 365 were added to the product range and Mobile Device Management was launched, a platform to manage the security of company mobile connections.

Integrating the mobile, fixed line and IT segments into the range meant that in 2015 Entel was providing telecommunications that delivered integrated solutions, ie a differentiated solution for every type of company.



G4-PR5

In 2015 work was done to standardise best practices in the sales force, while in after-sales care efforts focused on providing more personalised attention to SMEs. Thus the two exclusive Business Centres inaugurated in Santiago in 2014 were improved with the aim of innovating the programming of visits through the scheduling and delivering of expert advice to customers. Satisfaction in these centres exceeded the proposed goal by 23%, a 2% increase in satisfaction compared to 2014.

As a way of bringing new business trends and technologies to companies, in 2015 the Enterprise Segment conducted its eighth tour for businessmen, under the banner "the business of tomorrow is built today". As part of the tour leading academics and specialists in marketing and business development gave presentations in Antofagasta, Iquique, Temuco, Puerto Varas, La Serena, Rancagua,

Vina del Mar, Talca, Concepción and Santiago. 1,200 entrepreneurs participated.

In 2015, the Enterprise Segment scored 68% in a post-service survey EPA survey of Call Centers and Stores - an increase of eight percentage points compared to 2014.



## Corporate Segment

Since 2013, the Corporate Segment has been working on the Optimus project, which aims to improve user experience by focusing on the customer's needs, the vision of the organisation and process efficiency.

The satisfaction ratings for 2015 are consistent with the positive trend previously observed according two surveys: 56% satisfaction for fixed and 64% for the mobile segment. Additionally, post-care surveys were carried out after each customer journey.

Under the management of a dedicated team using lean/lean start-up methodology<sup>16</sup>, customer journeys relating to TELCO incidents, IT incidents, Problem Management, Mobile and Technical Service Incidents

**56%**

satisfaction for the fixed segment and 64% for mobile.

were restructured, whilst journeys relating to roaming in the mobile business and TELCO-IT post-sales in the fixed business are in the process of being restructured.

<sup>16</sup> a method for developing businesses startups based on validated learning, scientific experimentation and iteration, designed to shorten the development cycle, measure progress and gain customer feedback.

## Datacenter

The company's Datacenter services make world-class infrastructure available to customers, supporting IT service requirements that are structured in layers.

- » Housing service, whereby the space, energy, physical security and communications necessary to accommodate customers' technology platforms are provided.
- » Cloud computing platforms, with which the required processing infrastructure and storage are provided for installing business applications. Uses a flexible pay-per-use system.
- » Provides customers with a commonly used application such as email, collaborative tools, electronic invoicing, web hosting and electronic forms, as well as support for workstations and mobile device management.
- » Management of applications hosted in the Datacenter, ie support for monitoring, management and maintenance of some client applications such as SAP environments.
- » Delivers Integrated IT Outsourcing through which Entel becomes the customer's technology department, managing and operating their technology platforms.

## Certifications

- » Cisco ISE ATP, enabling Entel to deliver network access control solutions (NAC) to customers.
- » Validation of the ISO 900:2008 certification by external auditor Bureau Veritas, for Datacenter services relating to Housing, Hosting, Servers on Demand and Office 365.
- » Certified employee brought on board as COPC® PSIC 5.2 Registered Coordinator; two new certified Cisco Certified Networking Video Specialists join; two new Polycom Certified Videoconferencing Engineers; and together with Intel Chile, Entel certified three people in Intel vPro Certified, and two in Intel vPro.

In infrastructure management, the experience of operations teams in terms of energy efficiency has shown that air management is a fundamental aspect to reducing energy loss. As such, in 2016 the implementation of systems for air containment in the Datacenter will continue, in addition to continuing with cost containment measures and the standardisation of infrastructure maintenance costs.

## Wholesale Segment Network of Operators 2015



## Wholesale Segment

The Wholesale Segment provides networks and services to other operators such as Mobile Virtual Network Operators (MVNOs) and users of foreign companies. In 2015, efforts focused on improving the management of customer services to reduce times and become approachable to customers so Entel would be regarded as a reliable partner in the area of telecommunications infrastructure.

Improvement measures resulted in the increase of installations carried out within the timeframe agreed upon with the client, climbing from 85% in 2014 to over 90% in 2015.

In order to expand international coverage and to improve relationships with operators around the world, the Wholesale Segment was an active participant in international fairs and conventions:

- » PTC Conference (Hawaii)
- » GSMA (Dubai, Rio de Janeiro, Bangkok, Guatemala)

- » Capacity (Dubai, Rio de Janeiro, Bogota, Paris)
- » ITW (Chicago)
- » WWC (Madrid)
- » MVNO Latam Summit (Mexico)
- » LAWC Buenos Aires

Upcoming fairs include the Satellite Conference 2016 (Washington), Capacity Central & Eastern Europe (Warsaw), Eurasia (Istanbul) and Asia.

### Awards

## AT&T Quarterly Report

First place in Latin America for the period July to September. Top 5 in the region for the previous two quarters.

## Awards

## Verizon Report

One of the top three suppliers in the Latin American ranking for 2015, well above the 2014 ranking.

### Call Center

To offer an excellent service with a strong customer focus, the Call Center continued making progress in delivering employees a good quality of working life.

- » **Remodeling.** The employees rest area was equipped with more amenities, better lighting and graphics at the entrances. The two training rooms located in Vicuña Mackenna, Santiago, were remodelled, increasing their capacity by 10%. Increases in capacity of 20% are planned for 2016, along with changing LED lights and making a 10% saving.
- » **Managing people.** Training plan to enable and empower management in technical areas and in soft- and management competencies. The programme included 79 employees and 10,000 training hours. Issues of leadership and people management were covered, along with time management, coaching and feedback, giving effective presentations, teamwork and Microsoft Office Excel courses. The programme will continue in 2016, extending its reach to those reporting to management.
- » **I adhere.** Programme focused on achieving adherence of employees to different tasks, which in 2015 evaluated the process "from prognosis to systematic, day-to-day focus". It

was attended by 200 employees. In 2016 the programme will focus on the systematic measurement of results based on scorecards, continuous training and biannual certification for each business line.

The Call Center has an inclusion programme and on December 31, 2015 was employing six people with visual and motor disabilities. The challenge for 2016 is to at least double that number. The centre is also inclusive of people's appearance and sexual, religious, ethnic or any other kind of orientation, which has generated a high level approval according to a work environment survey and is also reflected by higher than average satisfaction scores in the "Great Place to Work" survey.





50%

of porting in 2015 goes  
Entel's way.

## Entel Peru

Entel Peru upholds a strong commitment to sustainable development in all its operations, starting with its stakeholder relations.

With this approach, in 2015 Entel achieved higher numbers in terms of porting than anyone else, taking more than 50%<sup>17</sup> of all switches.

It also achieved high levels of satisfaction with customers<sup>18</sup>. Indeed, locally the company led satisfaction studies for user experience of internet, quality of customer care and perceived transparency in terms of simplicity and ease of understanding of billing.

Regarding the development of Entel Peru, in 2015 sales grew by 166%, users by 80% and turnover by 52%. Points of contact with customers were tripled compared to 2014, as was network size, with 2,400 sites at year-end 2015.

Currently, the company has a presence in 103 provinces and 369 districts.

As part of Entel Peru's mission to better connect people, and in order to make a responsible contribution to the transformation of the country in terms of education and social development, the company made an alliance with Internet.org (FreeBasics), making it the first operator in Peru and the third in the world to provide free access to some informative and educational content through the Facebook platform, with no charge for data consumption, in this way giving more people have access to connectivity.

<sup>17</sup> Source: Osiptel.

<sup>18</sup> According to Peruvian market researchers GFK, Entel Peru is 20 percentage points higher than the next operator in terms of customer satisfaction.

## Information security

Entel can protect customer data. Developing this capability is part of our data protection strategy and includes perimeter security layers with ISO 27001<sup>19</sup> certification, obtained in 2014 and valid until 2016. In addition to this, in 2015 compliance of services with standard ISO 9001<sup>20</sup> was recertified with no comments or recommendations.

Meanwhile Entel continued to develop its capabilities in terms of systems and data networks in order for them to be constantly protected. To this end the company periodically uses ethical hacking to identify possible vulnerabilities and to verify and evaluate the physical and logical security of information systems, computer networks, web applications, databases, servers etc. With this information it has been possible to take preventive measures and simulate adverse scenarios, always with the security and safeguarding of customer information in mind.



G4-PR3  
G4-PR8

## Information, communication and customer contactability

In 2015 Entel made advances in terms of customer contactability processes and rules, determining that those answering post-service surveys cannot be surveyed again for six months through the same channel, and for three months via a different channel, avoiding overrepresentation of clients in this type of survey. In the case of tracking surveys carried out by GFK Adimark, customers do not answer the same survey more than once in a six-month period, and for specific or in-depth studies this period is one year.

In terms of technology platforms and the safeguarding of private customer information, in 2015 Entel made alpha numeric encryption available for the access password on its residential website<sup>21</sup>.

<sup>19</sup> ISO 27001, developed by the International Organization for Standardization (ISO) is a standard for information security which specifies the requirements for establishing, implementing, maintaining and improving an information security management system (ISMS).

<sup>20</sup> The ISO 9001 standard, developed by the International Organization for Standardization (ISO), specifies requirements for a quality management system (QMS).

<sup>21</sup> [entel.cl/hogar](http://entel.cl/hogar)



## CHAPTER 4

# Community

## Entel supporting sustainable community development

The aim of Entel in terms of its relationship with the social environments it touches, is to create a positive link through its contribution to enhancing the quality of life of people, the productivity of businesses and the development of the country; building connectivity and facilitating access to technology, being respectful of the environment and the surroundings of local communities where it we operate, and fostering open and transparent dialogue with the community.

The division in charge of ensuring the implementation and meeting of targets set by the organisation in relation to the community is the Department of Sustainability and Communities (until last year the Sustainability and Public Affairs Division), which reports directly to the Regulatory and Corporate Affairs Department.

The major achievements of the department in 2015 include focusing on and deepening community relations work.

In this context the company trained those contractors that assist in finding and setting up network sites, both in terms of the policies and key tools for pursuing a relationship with the community. A community relationship strategy workshop was attended by 50 individuals, 23 of them from Entel contractor companies involved in the setting up of

### Community relations policy



Support, respect and protection of fundamental rights.



Promote the use of environmentally friendly technologies.



Promote participation in initiatives to advance sustainable development at national, regional and local levels, anywhere where activities are pursued.

# 95%

of contractors who install infrastructure  
were given training in community relations.

telecommunications infrastructure. The initiative addressed issues such as the role of empowered communities and social organisations operating in different territories, and ended with participants discussing experiences, giving opinions and making proposals on how to deal with these situations. In addition a presentation was given on protocols regarding Entel community relations, and a group task was undertaken in which representatives from contracting companies proposed solutions to specific cases of conflict with community.

Along the same lines and with the aim of establishing permanent relations with the social leaders of rural and urban localities in regions where there will be significant activity due to the 700 MHz band tender, two workshops were held. They were attended by civil society leaders and took place in

## Participation of Entel in

### Consumers International World Conference

**The world's most important consumer event.**

At this conference all the most important public, private and civil society initiatives worldwide in the consumer field are presented and scrutinised.

Regulation, best practices, stories of success and failure are explored at the

meetings. The event was attended by the Minister of Economy, the director of the WTO (World Trade Organization) and the head of the UN Consumer area.

# 700

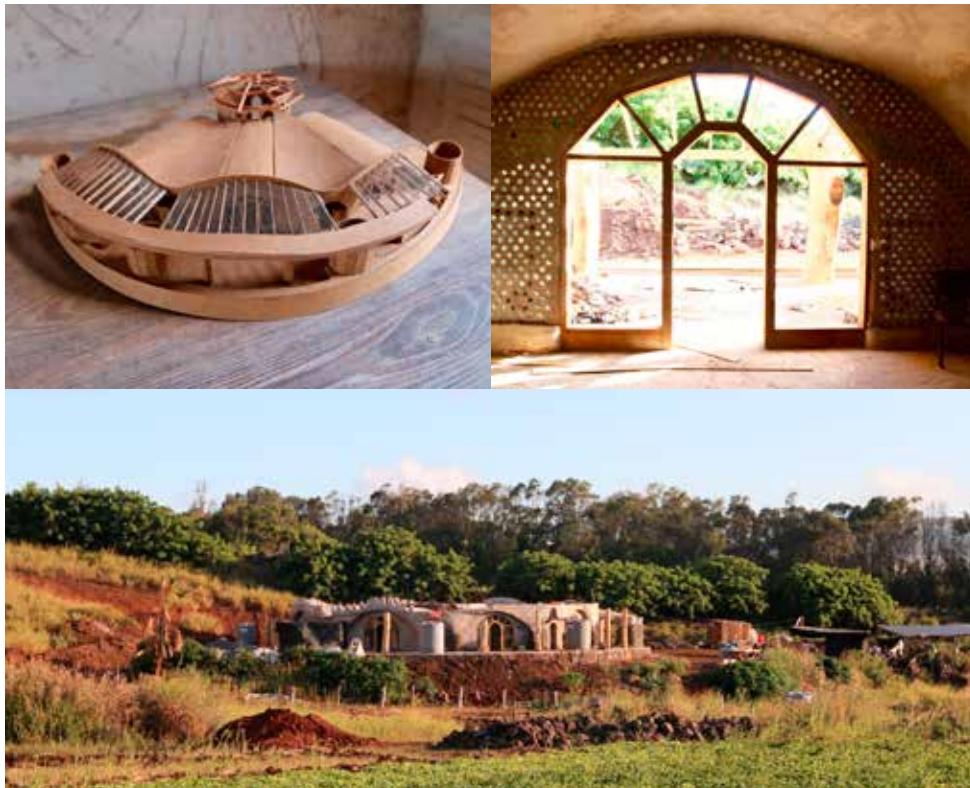
the regions of Bio Bio and La Araucania. By year-end 2015 a total of 700 social leaders had participated in similar forums for dialogue.

In March, as part of the celebration of International Consumer Day, Entel and the Organisation for Consumers and Users (Odecu)<sup>22</sup> signed an agreement for the education of telecommunications users, with the aim of providing information on consumer rights and duties in the field of telecommunications so that better decisions can be made when obtaining products and services. ODECU consequently participated in 2015 in regional seminars for social leaders to provide information on the rights and duties of telecommunications users.

In June 2015 the first stage of the Conectando Chile project was officially completed, connecting 45,000 Chileans in 181 localities, bringing down the geographical barriers that hitherto had kept them without telecommunications services. The first stage of the project involved an investment of approximately USD 48 million.

civil society leaders participated in workshops driven by Entel, Odecu and the municipalities of Biobio and Araucania.

Looking ahead to 2016, the main challenges for the Sustainability and Communities team will be the launch of the Diversity and Inclusion Policy; supporting the deployment of the second phase of the Conectando Chile project; stepping up the dialogue with the communities; and running the Uniting People programme which seeks to recover public spaces in communities that also require connectivity. This replaces the Barrio Feliz programme which ran until 2015.



### Recyclapolis Prize



In October, Toki Rapa Nui and Entel won the National Environment Award 2015, awarded by Fundacion Recyclapolis, the Catholic University and El Mercurio in order to recognise sustainable companies and institutions committed to caring for the environment.

Toki Rapa Nui and Entel won first place in the category "Earth", thanks to the 100% sustainable construction of the school of music and arts on Easter Island. The project was led by Toki Rapa Nui with Entel as the main sponsor. The construction incorporated waste such as plastic and glass bottles, cans, cartons and old tyres.

The project has a twofold purpose - caring for the environment of the island by using waste materials and renewable energy, while seeking to preserve the Rapanui culture by teaching music.

# Social Investment Projects

## Social and digital inclusion

### Connecting Chile

In 2014 the project Connecting Chile was begun, born of Entel's commitment to increase connectivity in Chile and thus promote the development of communities and improve people's quality of life.

The programme provides mobile and internet to 730 remote and rural areas of the country, via the deployment of 2,600 and 700 MHz networks. In June 2015 the first of the project's two stages was officially completed, connecting 45,000 Chileans in 181 localities, bringing down the geographical barriers that hitherto had kept them without telecommunications services. Investment in this first stage came to USD 48 million.

The future rollout of 700 MHz network in Chile will provide telephone and internet services to a total of more than 1,200 rural and isolated areas, which currently have no connectivity, contributing to the development and quality of life of the inhabitants in those areas. In addition, internet will be delivered to five hundred educational establishments and mobile coverage will be assigned for the first time to more than 850 kilometres of roads currently lacking infrastructure.

In 2016 and 2017 the company will launch the second phase of the Connecting Chile

programme which will connect 549 localities, 212 schools and around 373 kilometres of roads, benefiting more than 85,000 people.

### Technological and educational programmes

2,600 MHz

181  
LOCALITIES

44,381  
BENEFICIARIES

USD 48  
INVESTMENT (M)

700 MHz

549  
LOCALITIES

85,717  
BENEFICIARIES

373  
KM ROADS

USD 170  
INVESTMENT (M)

212  
SCHOOLS

### **“Yo Leo”**

In August Entel, Fundación País Digital and Ericsson inaugurated the project “Yo leo” a one-of-a-kind initiative in the country that seeks to improve the reading of more than 400 children in kindergartens and first and second grades, in schools in La Araucanía.

Six schools - three rural and three urban - were presented with 126 tablets in the communes of Temuco, Padre Las Casas, Curacautín and Victoria. Thanks to a partnership with Fundación País Digital and publishers Editorial Pehuén, reading will be encouraged amongst children not only in Spanish but also Mapudungún, as nearly 95% of students participating in the rural schools in the project are of Mapuche origin.

In addition, teachers will receive full training for the implementation of these resources in the classroom, as well as educational guidance. The pupils meanwhile will be able to participate in complementary activities and their families will have access to workshops to learn to read as a family.

### **Teach Chile and Teach Peru**

Entel joined up with the educational project “Enseña Chile”<sup>23</sup> sharing all its experience in teacher training, both in the metropolitan

area and throughout the country. As part of this alliance the company also supports and participates in the selection processes of teachers who will be part of the Teach Chile network of top professionals. In the case of Peru a partnership was formed between Entel Peru and Enseña Peru, delivering more than 7,000 hours of top-grade education to children from vulnerable communities in the regions of Cajamarca, La Libertad and Lima. Entel Peru was also able to bring connectivity to different schools, benefiting more than 5,000 students. In the framework of this partnership, company employees have participated in volunteer activities such as Christmas and story-telling workshops, forming the Entel Peru corporate volunteering group, “Soy Voluntario”.

### **Yo salto por ...**

This activity began in mid-2015 in Peru, through joint work between Entel Peru and the parapuerto (paragliding airport) located at the highest point of Lima, the Cerro San Cristóbal. The initiative consisted of inviting local celebrities to make a paragliding jump. In exchange, Entel Peru would supply internet to one of the Teach Peru schools. The initiative benefitted more than 2,000 students.

# Yo Leo

Through the project “Yo Leo”, more than 400 children improved their literacy skills in Spanish and Mapudungun.

# 11 communes

Since its inception the Barrio Feliz project has worked in 11 communes and overhauled an area totalling some 11,300 m<sup>2</sup>, benefiting around 3,300 families.



## Public spaces

### Barrio Feliz

Since 2014 Entel has undertaken to improve public spaces and overhaul the infrastructure of some of the country's more vulnerable neighbourhoods. Through the programme Barrio Feliz, Entel helps to rescue run-down public spaces along with the foundations Junto al Barrio and Proyecto Propio, and contributions from company customers.

At the end of 2015 the project had worked with 11 communes<sup>24</sup>, and overhauled an area totalling some 11,300 m<sup>2</sup>, bringing the total of families to benefit from the project to around 3,300.

All this is possible thanks to the contributions of customers who have signed up to be billed by email, the recycling of cellphones and the participation of more than 200 volunteers, along with supplementary contributions from the company.

The initiative also has the active participation of residents from the neighbourhoods where dreams of having public spaces in keeping with the people's needs have been made reality.

A relaunch of the programme has been planned for 2016, with the addition of variable connectivity and the new name "Uniendo Peronsas".

In the case of Peru, as part of the efforts of the network deployment department to further develop telecommunications, key communities and unmet needs were identified for the improvement of public areas. Thus through the Barrio Feliz programme, the company was able to form ties with the community and the authorities. In 2005 three initiatives were carried out and the plan is to double that figure for 2016.

<sup>24</sup> communes in 2014 (Alto Hospicio, Chañaral, Coquimbo, Valparaíso, Rencaico, La Pintana and Lautaro), four communes in 2015 (Peñalolén, Puerto Montt, Rancagua and Antofagasta).



### Corporate volunteer programme

Tengo Una Idea to date has developed:

**109**  
Projects

**32,000**  
People



## Social innovation

### Ruemprende

The Ruemprende initiative, promoted by Entel and the Innovation Laboratory of the Catholic University (iLab UC), is a pilot project that promotes collaboration between rural entrepreneurs through a virtual commerce platform (E-Marketplace), acting as a space for innovation, promotion and dissemination of the different businesses in the area.

The platform was launched in 2015 in the districts of Vilcún, Curacautín, Marikina, Rio Bueno and Quillota, digitally training groups of entrepreneurs to enhance their businesses through the web. The project included around 100 entrepreneurs who participated in various activities including diagnostics, design workshops, pricing strategies and digital literacy. At the end of the pilot results will be evaluated with a view to a possible extension.

## Volunteering

### Tengo una idea

The initiative tengo una idea aims at company employees creating sustainable projects, thereby contributing to the welfare of the community. The ideas are their own, as is the motivation to see them made reality. As such there is real commitment to the projects and importance attached to them.

In 2015 tengo una idea took on 39 projects, bringing the number of people who have benefited from a total of 109 projects<sup>25</sup> to 32,417 throughout Chile.

The number of committed volunteers has also been growing over the initiative's three-year lifespan, from 182 employees in 2013 to the 331 volunteers currently involved in initiatives linked to the communities in which the company operates.

<sup>25</sup> 30 in 2013, 40 in 2014 and 39 in 2015.

## Dissemination and promotion of sustainability

### Inductions and Sustainability Tour

In 2015 the sustainability team started participating in company inductions to raise awareness amongst employees joining the company about sustainability projects and contributions to the community, and invite them to be part of these initiatives through corporate volunteering.

The "Sustainability Tour" is likewise undertaken to bring to the attention of employees throughout the country activities connected to issues of sustainability and community. In 2015 the tour visited the communes of Antofagasta, Rancagua, Talca, Valdivia, Osorno and Puerto Montt.

### Sustainable Journalism Award (PESU)

In recognition of the best journalistic works addressing sustainability issues, in December Entel and the Catholic University of Milan awarded the 7th Sustainable Journalism Prize for written, TV and web journalism. The 2015 TV prize went to Daniel Silva, a TVN journalist, with his report "Wheelchairs".

The judges noted that the report addressed sustainability from a social dimension and had an original and inclusive perspective, a great script and a high technical level, and the subject was treated respectfully.

This year, for the first time, the sustainable journalism award was opened to Peruvian print media. In this category the winner was Gabriela Machuca of Somos Magazine, with a piece addressing the excessive use of plastic bags and their impact on the environment.



### AVONNI ICT

Ente has been supporting the AVONNI<sup>26</sup> awards in the Information and Communications Technology (ICT) category since 2012. The prize rewards innovation based on this technology that gives rise to goods, services and processes that best meet the needs of individuals and businesses. In 2015 the prize went to the Musíglota application.

Musíglota was created by three Chilean music-loving entrepreneurs who saw the need to learn English more easily with a tool that would be at the reach of all Chileans. The application helps users to learn English through music stored on any smartphone.

Users can learn English through doing different exercises with their favourite songs on phones or tablets and are then scored, allowing them to move forward to different levels of difficulty.



### Cycling events

In 2015, as part of Entel's commitment to connect and unite people, three bicycle rides were held in Valparaiso, Coquimbo and Rancagua, which brought together 8,500 riders interested in sports and the outdoor life.

### Free call / emergency Chosica

Following the flood that hit the town of Chosica in the highlands of Lima, Peru, in a Consumer Segment initiative Entel Peru calls were not charged for, enabling flood victims to communicate freely. The initiative lasted from March 24 to April 5, 2015.

## Support for sport and community

### Santiago Marathon

As part of its commitment to sport and healthy living, Entel is the main sponsor of the Entel Santiago Marathon which in 2015 version attracted 28,000 participants. Since 2014, Entel Peru has also committed to the community through the Entel 10K race. The initiative seeks to generate a long-term relationship with all potential customers. In the case of Peru the marathon is a progressive competition that ends in 2023 and is made up of 10 races, 10 kilometres long, over 10 years. An online record of participants' times is kept, and while the biggest prize will be awarded at the end of the 10 years, there are smaller prizes given each year.

## Public-Private Work

Entel keeps lines of communication open with public and private stakeholders in order to contribute to the sustainable development of the telecommunications sector and the country as a whole. The company participates in debates relating to the industry in order to contribute to decision-making and ensure transparency of their sustainable goals.

In particular, Entel works constantly with the public authority for the sector, the Department of Telecommunications of Chile (Subtel), and the regional ministerial secretaries of Transport and Telecommunications, providing input to discussions at regional level and thereby contributing to the development of the country. In this way it plays a part in making sectoral public policy, working together with other companies in the sector through ATELMO<sup>27</sup>, a body that facilitates the relationship between the sector and different agencies and public and private institutions, and disseminates technological input from member companies.

In addition, as a member of the executive committee and board of directors, Entel is actively involved in the Fundación País Digital<sup>28</sup>, which works for the development and popularisation of technology in Chile in the areas of Education, Smart Cities and Digital Development, by coordinating activities between the public- and private sector.



Internationally, Entel participates in the Ibero-American Observatory of Digital Communications - which guides the municipalities on the value of ICT to support digital cities in Latin America - and eLAC<sup>29</sup>, which is in line with the Millennium Development Goals (MDGs) and the World Summit on the Information Society (WSIS). These initiatives deliver a long-term vision by positing that information technology and communications (ICT) are instruments of economic development and social inclusion. The Economic Commission for Latin America and the Caribbean (ECLAC) serves as the technical secretariat of this regional action plan, coordinating efforts, monitoring progress, publishing newsletters and exchanging information between the relevant sectoral actors through private/public working groups, meetings and bodies.

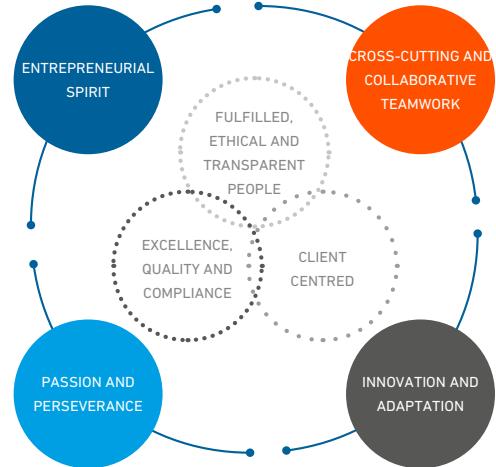
<sup>27</sup> Asociación de Telefonía Móvil de Chile ([www.atelmo.cl](http://www.atelmo.cl))

<sup>28</sup> [www.paisdigital.org](http://www.paisdigital.org)

<sup>29</sup> Action plan for Latin America and the Caribbean ([cepal.org/elac2015](http://cepal.org/elac2015))

## CHAPTER 5

# Employees



Entel promotes the involvement of employees with its business plan, giving each person a fair deal based on respect for the human condition, regardless of their position in the organisation.

In 2015 the Human Resources Department focused efforts on aligning the culture of human capital with business efficiency and productivity, through deepening the cultural building blocks and the Organisation +2015 project.

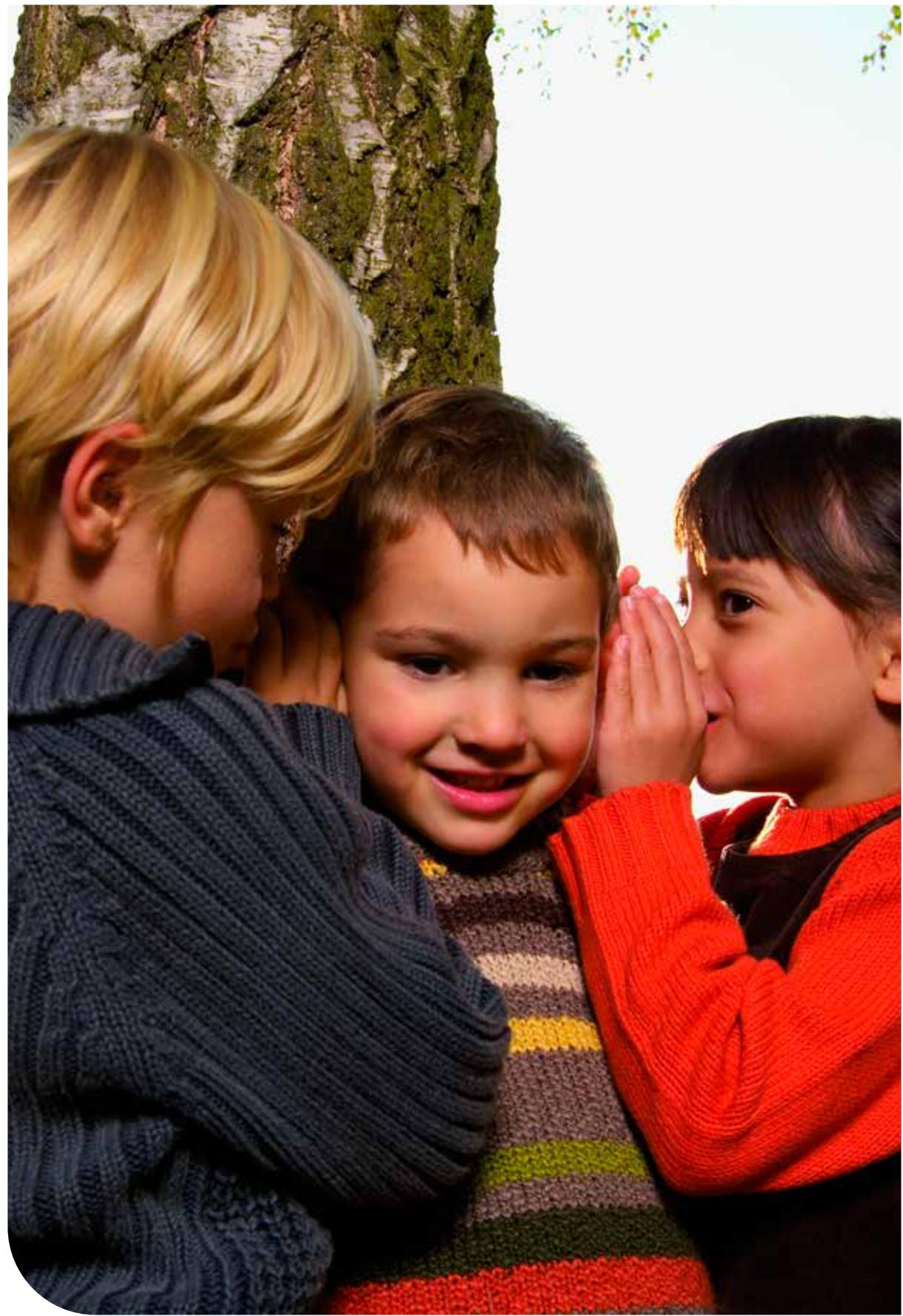
The Organisation +2015 project, which began in mid 2015, was about adapting Entel operations to a less expansionary business cycle than the one being faced four or five years ago, which required the company to become more efficient.

To address this - together with optimising procurement processes methodology; the methodology, strategy and management of contractors; improving efficiency levels of

call center services; optimising network operating and maintenance costs - the Organisation +2015 project aimed to achieve greater efficiency and productivity in Entel through a reorganisation process focused on reviewing the span of control and reducing the excessive depth of hierarchies.

This review process covered a lot of the company's functions, making comparisons with high standards in telecommunications companies similar to Entel, in order to get a clearer picture of the company's efficiency level and see how it had changed over recent years, as well as reviewing the corporate organisational chart and making structural improvements in human resources policies in various areas.

The Organisation +2015 project resulted in the implementation of a less hierarchical or "flatter" organisational design, with managers heading up a greater number of employees and with broader responsibilities



## Our employees

G4-10  
G4-LA1

### WORKFORCE TOTAL BY TYPE OF CONTRACT/OWN STAFF VS CONTRACTORS

Type of contract	Entel		Entel Call Center		Entel Peru		Entel Consolidated*	
	2014	2015	2014	2015	2014	2015	2014	2015
Fixed term (%)	1%	1%	13%	15%	12%	7%	5%	5%
Permanent (%)	99%	99%	87%	85%	88%	93%	95%	95%
Total	100%	100%	100%	100%	100%	100%	100%	100%
Own staff	5,396	5,060	1,565	1,493	2,189	2,281	9,150	8,834
Contractors	12,959	11,608	733	754	48	44	13,740	12,406
Total	18,355	16,668	2,298	2,247	2,237	2,325	22,890	21,240

\*This figure includes Entel workforce (divided in the annual report into: Entel S.A., Entel PCS"), Entel Call Center Chile, excluding ENTEL Services Empresariales in 2014, subsidiary of Entel Call Center since September 2014. The workforce does not include Entel Call Center Peru or Americatel Peru.

### WORKFORCE BREAKDOWN BY GENDER (%)

Gender	Entel		Entel Call Center		Entel Peru		Entel Consolidated*	
	2014	2015	2014	2015	2014	2015	2014	2015
Men	63	63	41	45	60	60	62	57
Women	37	37	59	55	40	40	38	43

for processes. This will result in a more sustainable company, not only with new and improved levels of efficiency but also with a collaborative culture and cross-cutting leadership that is less hierarchical and vertical; and a company with fewer levels and more proximity to customers and the reality of the business.

### Generating quality employment

As at December 31, 2015, Entel employees and contractors numbered 21,240, a decrease of 1,650 compared to 2014. The fall in numbers can be explained largely by a decrease in the number of contractors as part of the drive for efficiency and commitment, as well as a minor adjustment in staff levels due to the Entel +2015 restructuring.

The annual turnover rate was 1.43 in 2015 for Entel Matriz, up on the rate of 1.31 recorded in 2014. The increase can be explained largely by organisational restructuring under the Organization +2015 project.

In terms of gender diversity, at the end of 2015 women accounted for 43% of total employees in the group of companies.

G4-10  
G4-LA1

## WORKFORCE BREAKDOWN BY GEOGRAPHICAL AREA

Entel		Entel Call Center	Entel Peru	
REGION	2015	2015	REGION	2015
Tarapaca Region	46	-	Ancash	33
Antofagasta Region	145	-	Arequipa	27
Atacama Region	45	-	Cusco	11
Coquimbo Region	70	-	Ica	24
Valparaíso Region	149	245	Junin	16
Bernardo O'Higgins Region	50	-	La Libertad	30
Maule Region	64	-	Lambayeque	15
Biobio Region	168	-	Lima	2,066
Araucania Region	39	-	Moquegua	3
Los Lagos Region	56	-	Piura	35
Aysen Region	12	-	Puno	7
Magallanes Region	32	-	Tacna	10
Metropolitan Region	4,138	1,248	Tumbes	4
Los Lagos Region	12	-	Total	2,281
Arica and Parinacota Region	34	-		
Total	5,060	1,493		

## TURNOVER BY GENDER (%)

	Entel		Entel Call Center		Entel Peru	
	2014	2015	2014	2015	2014	2015
Men	1.04%	1.59%	3.00%	2.93%	1.29%	1.35%
Women	1.77%	1.33%	2.10%	2.22%	1.57%	1.56%
Total turnover	1.31%	1.43%	5.10%	5.15%	1.40%	1.44%

\*Formula used for calculation:

Employee turnover = % of employees who have left the company in a given year (employees who have left/employees at the end of the previous year \* 100). Retirements and deaths are not included.

## TURNOVER BY AGE RANGE

	Entel	Entel Call Center	Entel Peru
	2015	2015	2015
Younger than 20	0%	0.04%	0%
20 to 29	2.03%	2.83%	1.93%
30 to 39	1.47%	1.83%	1.45%
40 to 49	1.11%	0.33%	0.76%
50 to 59	1.25%	0.12%	0.35%
60 to 69	2.22%	0.00%	0.00%
70 to 79	1.97%	0.00%	0.00%
Total turnover	1.43%	5.15%	1.44%



## Benefits

The benefits Entel offers its employees are focused on looking after people. They are divided into three main areas - health, work-life balance, non-work activities.

Under the Organisation +2015 project, a severance payment programme for discharged employees provided subsidised compensation and an outplacement programme.

## Working environment

The results of the Great Place to Work survey demonstrated the effectiveness of the work carried out to enhance human capital and the care and sense of responsibility with which Entel has designed and implemented the +2015 Organisation project, given that the score was just one point lower than in 2014. Seventy-nine percent of those polled considered Entel a "great place to work".



## Innovation culture

Entel fosters a permanent spirit of innovation and risk acceptance in its employees, as an inherent condition for fulfilling the mission of living better connected. The company firmly believes that innovation is the way to generate a distinctive and transformative value proposition, as long as it comes from, and is destined to benefit, the people. The company considers innovating a task for all its employees.

In this context, work to develop the necessary environment for generating innovation processes is continuous. Achieving the goals and long-term strategy in this area is coordinated by three departments - Innovation, Economic Evaluation and Investment, and the Planning and New Business Department.

In 2015, innovation focused on creating technical innovation capabilities within the organisation. To make advances in this area, the e)makers challenge was developed.

## e)makers challenge

This is an innovation programme based on challenges, which incorporates the collective knowledge of employees as a source of new solutions to internal and external challenges. The initiative not only serves to directly encourage and gather the proposals of company members, spotlighting those who wish to contribute to innovation, it also places the customer at the core of our challenges.

The programme was set up to open a dynamic space to efficiently channel the innovative energy that exists within Entel, supporting the different areas of the company to meet challenges from a collaborative perspective. In addition, the programme promulgates innovation methodologies, tools and processes through learning by doing, and contributes to strengthening the culture of innovation within the organisation.

In 2015 three cycles of the initiative were carried out and for 2016, two are planned.



## Innovation Days

Innovation Days have been held since 2014 and seek to motivate and inspire employees with the aim of achieving the innovation-orientated transformation that the company pursues. The idea is that personalities are invited to share their experiences from the world of innovation with employees. Sessions with various lecturers are open to everyone in the company and the participation of employees during their

workday is encouraged. The lectures are also streamed for all to follow.

In 2015 there were five of these days, concentrating on topics linked to adaptation, leadership, personal challenges, commitment and happiness. 1,429 employees signed up, with 550 streamings per session.

## Training, development and employability

Entel promotes the selection, retention and development of employees that fit the reality of our business, providing them with ongoing training. To this end the company manages staff performance, providing opportunities and the appropriate tools to carry out their work.

The Organisational Development Division, part of the Human Resources Department, has a team of eight professionals dedicated to designing and installing methodologies to foster excellence and self-fulfilment at work, through programmes focusing on leadership, climate, changes management, culture and performance management etc.

The training programmes developed in 2015 focused on technical training (tailored to functions and/or areas), cross-cutting training (induction, leadership, reporting, corporate competencies) and the Model for Behavioural Adherence, focusing on defining a new cross-cutting model for Behavioural Adherence, inviting various areas to adhere to processes that enhance the quality of their services and, consequently, customer satisfaction.

# 68,807

Training man-hours

Training activities in 2015 totalled 68,807 man-hours, a drop of 5.4% over the 72,766 hours recorded for 2014. This was due mainly to a change in the development and people management strategy, which involved redirecting resources to specific programmes according to the development path of each area and job. At the end of the current period, SENCE franchise funds used came to CLP 54,895,571.

### TRAINING (Hours) BY GENDER

	Entel*		
	2013	2014	2015
Men	52,374	48,731	51,592
Women	25,515	23,605	17,215
<b>Total</b>	<b>77,889</b>	<b>72,766</b>	<b>68,807</b>

### TRAINING (HOURS) BY PROFESSIONAL LEVEL OR EMPLOYEE CATEGORY

	Entel*		
	2013	2014	2015
Managerial	4,444	5,451	4,628
Professional and technical	71,087	65,373	61,431
Clerical	2,358	1,512	2,748
<b>Total</b>	<b>77,889</b>	<b>72,766</b>	<b>68,807</b>

\* These figures only include the results of Matrix Matriz (Entel SA, Entel PCS and Entel Phone).



G4-LA11

## Leadership programmes

At Entel Call Center the leadership programme developed in this period involved 79 employees and 10,000 hours of training. The main topics covered in the programme were time management, leadership, coaching and feedback, effective presentations, teamwork and Microsoft Excel courses.

The programme will continue in 2016, aiming to expand its reach to middle management and clerical and secretarial staff and analysts.

## Performance evaluations

In 2015, the Competency Model for Performance Evaluation was updated to a more simple, effective model with greater impact.

To assess performance, competencies are measured (corporate and specific) and objectives (if applicable according to level).

## Health and Safety at Work

Entel is committed to providing all its employees a safe working environment, taking care of safety, hygiene and well-being. It is the responsibility of Entel and its employees to have a healthy working environment, without abusing alcohol and free of illegal drugs..

The company also has a Preventive Management System for Occupational Health and Safety for contracting companies. This management structure for occupational health and safety, targeted both at direct employees and contractors, has helped

contain accident rates and loss rates which were 0.9 and 20% respectively.

Worth mentioning is the Occupational Health and Safety programme run in 2015 for contractors, consisting of 69 workshops in which 5,012 workers participated, totalling 18,755 hours of training.

At the end of 2015 Entel had 26 safety committees<sup>30</sup> throughout the country.

### LOSSES AND ACCIDENTS AND DAYS LOST\*<sup>31</sup>

	Entel		
	2014	2015	2014
Accident Rate <sup>(1)</sup>	0.9	0.7	0.74
Loss Rate <sup>(2)</sup>	12.0	27.3	22.8
Severity Index <sup>(3)</sup>	50.6	108.3	90.4
Frequency rate <sup>(4)</sup>	3.5	2.8	2.95
Total days lost	344	787	643
Days lost due to occupational sicknesses	-	122	218(*)
Number of fatalities	0	0	0

(\*) The number of days lost due to occupational sicknesses corresponds to cases reported to year-end 2014, the definitive discharges for which were issued in 2015

(1) Accident rate = number of accidents/average workforce \*100

(2) Loss rate = number of days lost/average workforce \*100

(3) Severity index = days lost/man-hours for period \* 1,000,000

(4) Frequency index = no. of accidents/man-hours for period \* 1,000,000

### TOTAL PERCENTAGE OF EMPLOYEES REPRESENTED IN JOINT COMMITTEES

	Entel		Entel Call Center	
	2014	2015	2014	2015
% Employees represented	82%	80%	100%	100%
No. of joint committees	25	22	3	4

<sup>30</sup> For Entel Matriz (Entel SA, Entel PCS and Entel Phone) and Entel Call Center in Chile.

<sup>31</sup> figures only include the results of Entel Matriz (Entel SA, Entel PCS and Entel Phone).

## Labour relations

As stated in the Entel Code of Ethics, the company respects and recognises all organisations representing their workers in their different interests. As such it is part of the company's policy to promote and maintain a constructive dialogue with employees' representatives.

At the end of 2015, 76.75%<sup>32</sup> of Entel employees belonged to one of the four unions.

In terms of collective bargaining in 2015, the company and workers from the different trade unions signed agreements setting out earnings and working conditions that will apply until 2018. However the union of the subsidiary Entel PCS voted for a legal strike - the first in the history of the company - lasting six days and ending with a collective 36 months agreement.



**UNIONISATION RATE**  
(% workers covered by collective agreement) <sup>33</sup>

	Entel	Entel Call Center
	2015	2015
% unionised workers	76.75	34.45
% workers covered by collective agreement	100	34.45

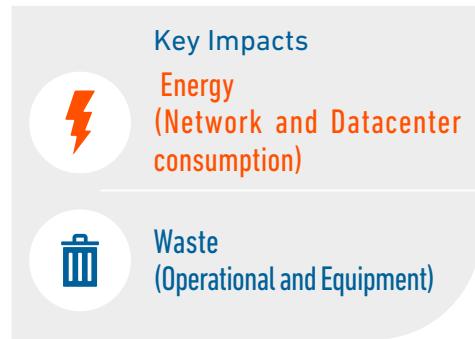
<sup>32</sup> Percentage of unionisation of Entel Matriz (Entel SA, Entel PCS and Entel Phone).

<sup>33</sup> Figures for 2014 and for previous years can be found in the Sustainability Report 2013 2014 [www.entel.cl](http://www.entel.cl)



## CHAPTER 6

# Environment



Entel's commitment to the environment is detailed in its Code of Ethics, which focuses on respect for the ecological balance of facility surroundings, compliance with current regulations, promotion of the training of workers regarding respect for the environment, and environmental protection, all the above demonstrated through concrete actions.

In this context the sustainability policy defines the main focus of Entel as contributing to the care and preservation of the environment and the institutionalisation of a comprehensive recycling policy, allowing the company to become a responsible agent in the life cycle of their products.

The division in charge of monitoring Entel's commitment to the environment and coordinating the implementation of programmes and activities, is the Department of Sustainability and Communities, reporting directly to the Regulatory and Corporate Affairs Department.

The focus of management in 2015 was to deepen and broaden the coverage of recycling initiatives, in development since 2014.

In 2016 the main challenge will be to consolidate initiatives for waste management, both in operations and equipment and accessory sales, as well as expanding environmental management activities in areas such as energy.

Entel's activities, like those of any other company or organisation, impact on the environment both positively and negatively, throughout the lifecycle of the network (from site selection, construction, operation and maintenance, until the end of its useful life), as well as through the provision of services to customers.

The most significant environmental impact currently being managed by Entel is linked to the energy consumption of the network and the Datacenter, as well as waste arising from the use and maintenance of equipment, and the growing number of phones that are no longer being used.

## Energy efficiency and CO<sub>2</sub> emissions

With regard to the energy efficiency of the network, this is provided 100% by our strategic partner Ericsson, using the best technology that exists to reduce energy consumption and increase coverage.

Ericsson implements an energy efficiency strategy in all its operations worldwide that has made it a leader in the field. Through their systematic and holistic approach they identify and manage the main environmental impacts of operations, with reduction in energy consumption a key aspect of management, in order both to meet business and regulatory requirements and to contribute to reducing impact on the environment.

The other important source of energy consumption for Entel is the network of the eight datacenters<sup>34</sup>, which require energy for the operation of IT equipment<sup>35</sup> and for cooling. In order to mitigate this impact, since 2012 Entel has been incorporating energy efficiency, starting at the design phase of the datacenters.

In 2015, infrastructure at one of three datacenters at Longovilo was renewed, replacing the old air-conditioners for equipment that uses the "free cooling" method, improving the energy efficiency of the system. In addition, conditions in the IT equipment rooms were improved which will allow for risks to be controlled and will improve datacenter operating conditions. In the Amunátegui datacenter meanwhile, 250 m<sup>2</sup> on the 6th floor was fitted out with equipment using the very latest standards of design and technology.

# 5,370,000

KWh energy savings in the datacenters.

# 26%

increase in savings compared to 2014.

This year the design process started for Building No. 3 in the Ciudad de los Valles datacenter. The project is being designed to improve energy efficiency as a basis for operational risk control. The project embraces current design trends being used by major global operators but has been adapted to Entel customer requirements and the special conditions of the country, such as building in resistance to high-magnitude earthquakes.

In 2015, total energy savings of 5,370,000 KWh were made in the datacenters, representing a 26% increase in savings compared to the 4,250,889 KWh saved in 2014. This equates to the annual energy consumption of 2,984 households.

<sup>34</sup> Seven in Chile and one in Peru

<sup>35</sup> Information Technology



### Sustainable Business Certification

## for the Ciudad de los Valles Datacenter

In October Entel's Ciudad de los Valles datacenter was awarded Sustainable Operation Certification at the highest, gold, level, by the Uptime Institute.\* The certification is valid for three years.

The datacenter, which supports IT outsourcing services and On-Demand Solutions to Entel customers, is the first datacenter service provider in Chile and Latin America to obtain Sustainable Operation certification, and the eleventh worldwide.

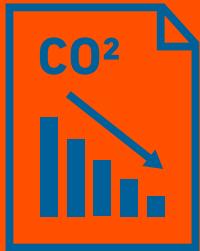
The certification covers the management of the datacenter and evaluates two large areas. The first is infrastructure, relating to construction and design. Here the center had already been

awarded Tier III Design Documents and Tier III Constructed Facility certification.

The second area concerns the operation, ie the way the organisation works, the knowledge of the team that manages it, and how it is maintained. The certification in 2015 was granted for the latter, proving that the datacenter has a team of highly trained professionals with extensive experience in the operational management of infrastructure.

\* <https://es.uptimeinstitute.com/>

PRIZES AND  
AWARDS



# ENERGY

ENTEL WON THE CIBSE BUILDING PERFORMANCE AWARD

Training Programme category.

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Recognising reductions in risk and  
energy consumption at its datacenters.

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Entel complies with the most stringent OECD standards on emission of electromagnetic waves.



G4-EN27  
G4-PR1

In February 2015, Entel won the Building Performance Award (formerly Low Carbon Awards) in the Training Programme category. The prizes are awarded annually in London by CIBSE<sup>36</sup>, and recognise excellence in the construction and operation of facilities. The recognition granted to Entel was for developing a programme to reduce risk and energy consumption in its datacenters. The aim was to make improvements that would reduce energy consumption, increase reliability and reduce the overall cost of the business. Entel achieved its objectives, including the expected savings, with the help of a number of workshops facilitated by Operational Intelligence. With collaborative work from multidisciplinary teams, Entel achieved a greater level of understanding for increasing reliability, resilience and confidence in the operation of its datacenters.

Entel recognises that its efforts in the area of energy efficiency has an impact on reducing CO<sub>2</sub> emissions. Currently the company does not have data on its carbon footprint, to report either emissions or reductions in emissions. However in 2016 the appropriateness of measuring this variable will be evaluated.

## Power Density

Entel currently operates its entire grid of antennas following high standards regarding electromagnetic emissions.

It strictly complies with the safety requirements on telecommunications facilities and equipment that generate electromagnetic waves, as established by Article 7 of the General Telecommunications Law and the provisions of Resolution 3103, 2012, of the Department of Telecommunications, setting out the national limits for the emission of electromagnetic waves. In this regard it is important to note that the regulations in this field set, as a maximum limit, the simple average of the five most rigorous standards of OECD member countries.

<sup>36</sup> Chartered Institution of Building Service Engineers, technical experts on building services.

## Waste management

Waste generation is one of the main environmental issues generated by the activities of companies. In the case of Entel, the main sources of solid waste generated are:



**Towers, antennas and cables.** Waste from these sources is associated primarily with the deployment and operation of the network and as such is principally the responsibility of Ericsson, who has a sustainable method for the management of waste, which in 2015 came to 57,715 kg.



**End-of-life cellphones.** Entel has a programme involving customers, details and figures for which are given in the section Recycling Cellphones Programme.



**Hazardous waste.** Entel delivers dangerous waste to specialist companies certified in this type of waste managed and disposal. In 2015, a total of 28,685 kg of hazardous waste was sent to treatment plants.





G4-EN23

Since 2014 it has been a requirement, established by Entel, for the awarding of logistics services that the supplier has a system for responsible solid waste management.

At the end of 2015, the main waste generated and managed by the logistics operator Sotraser was cardboard, plastic and wood, which resulted in a total of 77,524 kg.

#### WASTE GENERATED AND MANAGED BY LOGISTICS OPERATOR 2015

Type of waste	Amount [kg]	Final disposal
Non-hazardous solid industrial waste	18,980	Landfill
Cardboard	58,544	Recycling
<b>Total</b>	<b>77,524</b>	

#### SOLID WASTE GENERATED AND TREATMENT METHOD 2015\*<sup>37</sup> (IN KG)

Type of waste (by weight)	Treatment	2015
HARDWARE General iron, rack, cable messenger, hardware	Classification and disassembly Naional foundry	36,359
PLASTICS Plastics in general	Recycling and waste operator	799
COPPER Copper wire	Classification and grinding	6,491
PAPER Paper and cardboard	Treatment plant	1,354
CABLES Coaxial, power	Peeling and grinding	7,167
ELECTRONIC Telephones, cards and general equipment	Classification and disassembly	44,939
NON-RECYCLABLES Fibre optics, fibre antennas, other materials	Recycling and waste operator	74,417
Batteries, cells, battery banks	Treatment plant	28,685
	<b>Total</b>	<b>200,211</b>

<sup>37</sup> Only information for 2015 as there are no comparable figures for 2013 and 2014.



## Recycling of cellphones

Rapid advances in mobile technology mean that users want to upgrade and renew their phones regularly. Aware of this reality, since 2014 Entel has implemented a programme to encourage and facilitate their customers and the public in general to manage this in the best possible way from the environmental and social point of view. The programme encompasses the recycling of cellphones, chargers, batteries and accessories.

In 2015, five companies from the corporations segment joined the campaign to recycle obsolete cellphones. Three hundred collection points in Entel stores, at NGOs and businesses were made available to the public, resulting in more than four tons of equipment and accessories collected.

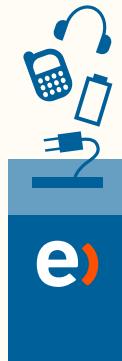
The devices collected are processed by the specialised company Midas Chile, which recovers materials such as copper, aluminium and plastic, and sells them as raw materials in Chile and Asia. The resources generated through this process partly finance the Barrio Feliz projects which make improvements to public spaces, and from 2016 will help fund Uniendo Personas, connectivity projects that will also improve public spaces.

# OBSOLETE CELLPHONES

Entel deals with obsolete cellphones in two ways:



OBSOLETE  
PRODUCTS



300 COLLECTION  
POINTS

3.34

2014

4.35

2015

TONS

Cellphones, batteries, chargers and **obsolete accessories** from both customers and non-customers.

With **300 collection points (Entel stores and other spaces)**, a specialised company processes and recovers materials\* which it sells on as raw materials in Chile and abroad. The funds generated by this programme is used to finance the Barrio Feliz programme. From 2016 it will help fund the Uniendo Personas project

Tons of cellphones, accessories and batteries sent to recycling.

## RESULTS

### CELLPHONES

 1.21  
2014

1.76  
2015

### ACCESSORIES

 1.4  
2014

2.06  
2015

### BATTERIES

 0.73  
2014

0.53  
2015

### TOTAL

3.34  
2014

4.35  
2015

# GRI G4 Indicators and Global Compact (COP)

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Material aspects	Page	Omissions/Comments	Global Compact Principle
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Caleta Andrade, Aysén region.  
'Todo Chile Comunicado' book on the  
benefits of digital connectivity to the  
country's rural communities.





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