

**CODE OF GOOD CORPORATE GOVERNANCE  
COLOMBIA TELECOMUNICACIONES S.A. E.S.P.**

**1.- CHAPTER I.- GENERAL ASPECTS OF THE COMPANY AND THE CODE OF GOOD GOVERNANCE**

**1.1.- IDENTIFICATION OF THE COMPANY**

Colombia Telecomunicaciones S.A. E.S.P. is a corporation with a special regime, provider of public services, with its main domicile in the city of Bogotá, D.C., created by virtue of Decree Law 1616 of 2003, incorporated by public deed number 0001331 of June sixteen (16), two thousand three (2003), granted at the twenty-second (22) Notary Office under the jurisdiction of Bogotá D.C. and subject to the private legal regime in accordance with the provisions of Article 55 of Law 1341 of 2009 and its amendments.

Colombia Telecomunicaciones S.A. E.S.P. whose main corporate purpose is the organization, operation, rendering, provision and exploitation of telecommunications activities, networks and services, such as local, extended local and national and international long distance basic public switched telephony, mobile services, cellular mobile telephony services in any territorial, national or international order, carriers, teleservices, telematic services, value added services, satellite services in their different modalities, television services in all their modalities including cable television, broadcasting services, wireless technologies, video, computer application hosting services, data center services, private and public telecommunications network operation services and total information systems operations, services for the provision and/or generation of contents and applications, information services and any other activity, product or service qualified as telecommunications and/or information and communication technologies (ICT), such as resources, tools, equipment, computer programs, applications, networks and media, which allow the compilation, processing, storage, transmission of information, such as processing, storage, transmission of information such as voice, data, text, video and images, including their complementary and supplementary activities, within the national territory and abroad and in connection with the exterior, using for this purpose goods, assets and rights of its own or exercising the use and enjoyment of goods, assets and rights of third parties.

**1.2.- PURPOSE AND SCOPE OF THE PRESENT CODE OF GOOD GOVERNANCE**

To ensure respect for the rights of all its shareholders, creditors, and other investors, as well as other stakeholders, the General Shareholders' Meeting of Colombia Telecomunicaciones S.A. E.S.P. (hereinafter the "Company") adopts this "Code of Good Corporate Governance," which shall govern the ethical behavior of the company and compiles the rules of administration, conduct, information, and control to which the company is subject.

Through this Code of Good Corporate Governance, the Company seeks to guarantee its proper administration, public knowledge of its management, and the evaluation and control mechanisms of such evaluation.

For these purposes, the Company undertakes to make this Code of Good Corporate Governance known to its stakeholders and do its best to ensure its strict observance.

### 1.3.- FRAMEWORK FOR ACTION

The Company's corporate governance framework defines the general principles and mechanisms through which it directs, manages, and controls its performance, manages daily the corporate commitment to integrity, guarantees the rights of shareholders, and maintains the relationship with the different stakeholders.

#### General Principles

- a. Investment encouragement and protection. Fair and equitable treatment of all shareholders and investors, complying with all Company obligations to shareholders, regardless of their shareholding.
- b. Incentive to infrastructure development. We act as an engine of economic and social technological development through investments in telecommunications infrastructure and the development of services that improve the quality of life of our customers.
- c. Sustainable investment model. We manage the Company to create value for our stakeholders.
- d. Healthy competition. We compete with integrity in the markets. We believe that customers and society in general benefit from open and free markets.
- e. A socially responsible company. We orient our sustainability strategy according to the parameters established by the leading responsible investment index, the Dow Jones Sustainability Index (DJSI), creating long-term value for shareholders by taking advantage of opportunities and effectively managing the risks inherent in economic, environmental, and social development. We also collaborate with civic, community, and non-profit organizations and public initiatives to provide solutions to the country's development challenges.

### 1.4.- RESPONSIBLE BUSINESS PRINCIPLES, ANTI-CORRUPTION POLICY AND CODE OF ETHICS

The Company expresses in its Responsible Business Principles and Anti-Corruption Policy the ethical conduct and behaviors that guide its activities, allowing it to build trust relationships with its stakeholders, strengthen its corporate reputation, and contribute to the generation of upright and transparent environments in the societies where it operates. In line with this purpose, we work to transmit and communicate to the different stakeholders with whom we interact the meaning and implications of these Principles to maximize the positive impacts of their activity within a framework of transparency and integrity.

In accordance with the above, the Principles of Responsible Business and the Anti-Corruption Policy are defined within the strategic framework of the Company, as the Code of Ethics or Conduct, which guides the behavior of employees in the performance of their duties. Likewise, they will be the instruments that provide practical guidelines for the ethical management of the Company and generate behavioral guidelines that reflect the responsibilities that must be fulfilled within the Company or in the relations of employees with third parties, shareholders, suppliers, customers, government entities and the community in general, thus fostering the development of relationships of mutual trust.

The Responsible Business Principles and the Anti-Corruption Policy are an integral part of this Code of Good Governance as **Annex No. 1** and **4** and can be consulted at <http://www.telefonica.co/nuestros-accionistas>.

The Company will establish a series of mechanisms to ensure its implementation and observance and define its compliance responsibilities.

## 2.- CHAPTER II.- RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS

### 2.1.- SHAREHOLDER RIGHTS

We manage the Company within the highest standards and best practices in corporate governance, seeking at all times to generate greater value for our shareholders.

The Company's shareholders have the rights enshrined in the Company's Bylaws, the Code of Commerce, and other applicable regulations, especially the following:

- a. To be treated fairly by the Company.
- b. To participate in the deliberations of the General Shareholders' Meeting and to vote therein.
- c. To be represented at the meetings of the General Shareholders' Meeting through a proxy granted in writing, in accordance with the provisions of the Company's Bylaws and Article 184 of the Code of Commerce.
- d. Each Shareholder shall have as many votes as the number of shares owned in the Company; therefore, in no case shall the voting restriction apply.
- e. Receive a proportional part of the corporate profits established by the year-end balance sheets, subject to the provisions of the Law and the Company's Bylaws.
- f. To trade the Ordinary Shares under the terms established in the Company's Bylaws and subject to the law.
- g. Access the Company's public information in a timely and comprehensive manner, as well as request information that allows him/her to make decisions regarding their investment in the Company and in a thorough way; and freely inspect the corporate books and papers within fifteen (15) business days prior to the meetings of the General Shareholders' Meeting in which the financial statements and the year-end balance sheet are examined.
- h. Receive a proportional part of the corporate assets at the time of liquidation and once the Company's external liabilities have been paid.
- i. Withdraw from the Company in the events provided for by law.
- j. To challenge the decisions adopted by the General Shareholders' Meeting.
- k. To resort to the administrative authorities to request protection of the rights of the minority Shareholders.
- l. Request the Company's management or the Shareholder Service Office for authorization to commission specialized audits at its expense and responsibility, provided that the conditions set forth in this Code are observed, especially those outlined in section 8.3.- of this Code.
- m. Make recommendations to the Board of Directors, the management, or the Shareholder Service Office to improve the Company's good governance practices. Submit new items for consideration of the shareholders at the General Shareholders' Meeting, in compliance with the provisions of the Company's Bylaws and this Code.
- n. To resort to the conflict resolution mechanisms set forth in the Company's Bylaws and in this Code when there are differences or controversies among Shareholders or between them and the Company.
- o. To associate in order to exercise their rights.

The Company may issue shares other than ordinary shares, subject to the applicable legal and statutory rules. If it does so, such shares may have limited rights, whereby the shareholders holding such shares may not enjoy some of the rights included in the above list, depending on the nature of their shares.

The Company will inform its shareholders through its web page <http://www.telefonica.co/atencion-al-accionista>, the procedure on infractions and administrative sanctions available to the Shareholders to make effective the protection of their rights.

## **2.2.- DUTIES OF THE SHAREHOLDERS**

Shareholders shall have an obligation to act in the best interest of the Company and in general shall refrain from engaging in acts or conduct that jeopardize the Company's interests or involve the disclosure of privileged information. Additionally, they shall have the following duties:

- a. Comply with the Company's Bylaws.
- b. To abide by the general decisions of the General Shareholders' Meeting.
- c. Pay for the Ordinary Shares subscribed within the terms and conditions indicated in the issuance and placement regulations.
- d. Provide all the necessary information to comply with the regulations on the control of money laundering and illegal activities, when necessary.
- e. Keep the Company or the administrator of the issue in the event that the shares are dematerialized and registered in the Centralized Securities Depository, duly informed of its current address or that of its legal representative or attorney-in-fact as the case may be, to be able to send to the registered address any summons or communications that may arise and to be able to have effective and direct contact.
- f. Any other obligations conferred by Colombian law, the Company's Bylaws, and the Company's Code of Good Governance.

## **2.3.- EQUITABLE TREATMENT**

The Board of Directors and the Company's management shall ensure that all the Company's Shareholders receive fair and equitable treatment in accordance with the rights and obligations recognized by law and the Company's Bylaws.

The Company respects and cares for its shareholders, for this reason, the Company:

- a. Recognizes and protects the rights of all its shareholders and makes them aware of their obligations.
- b. Provides equitable and equal treatment to all its shareholders of the same type.
- c. Provides sufficient information to all its shareholders for them to make their decisions in accordance with the provisions of the Bylaws and the law.
- d. Plans and executes the meetings of the General Assembly of Shareholders in a way that all its shareholders may participate.
- e. Establishes procedures to protect the interests of minority shareholders.

## **2.4.- IDENTIFICATION OF THE MAIN SHAREHOLDERS**

The shareholder composition shall be disclosed at <http://www.telefonica.co/nuestros-accionistas>, indicating those shareholders holding 5% or more of the Company's capital stock.

Likewise, the type of shares issued by the Company, the number of shares issued, and the number of shares in reserve for each type of shares shall be disclosed.

## **2.5.- SHAREHOLDER SERVICE OFFICE**

To facilitate interaction with our shareholders, the Company has a Shareholders' Office.

The purpose of the Office is to attend to the needs and concerns of shareholders concerning their rights and obligations, providing at all times clear, objective, immediate and non-discriminatory information about the Company and its activities, allowing shareholders to make informed decisions regarding their investment.

Other functions of the Shareholder Service Office are as follows: **(i)** To design, update and disclose the programs for the dissemination of the rights and obligations of the shareholders and the mechanisms that allow the adequate attention of their interests within which dialogues with the shareholders on the impact management of the Company in corporate social responsibility shall be included; **ii)** Attend to requests from shareholders regarding compliance with the Code of Good Governance and provide a clear and sufficient response within fifteen (15) business days following the request; **iii)** Coordinate the presentation of the shareholder newsletter; and **iv)** Coordinate the annual presentation to the Board of Directors of the Report on Compliance with Good Corporate Governance practices, stakeholder management, and corporate social responsibility. Likewise, the consolidated presentation of these reports to the Ordinary Shareholders' Meeting shall be coordinated; **v)** Coordinate and ensure compliance with the publications and reports indicated in this Code of Good Governance.

The Shareholder Service Office will be part of the General Secretary's Office and managed by the Legal Management. This office can be accessed through <http://www.telefonica.co/atencion-al-accionista>, by writing to the following e-mail addresses: [atencionaccionistas@telefonica.com](mailto:atencionaccionistas@telefonica.com) or by writing to the Legal Management, Transversal 60 (Avenida Suba) No. 114<sup>a</sup>- 55 Bloque L.

## **3.- CHAPTER III.- CORPORATE AND GOVERNANCE BODIES**

### **3.1.- GENERAL SHAREHOLDERS' MEETING**

The General Shareholders' Meeting comprises the shareholders registered in the shareholders' registry book or of their representatives or proxies gathered with the quorum and under the conditions set forth in the Company's Bylaws and the Law. As long as the Company is listed on the stock exchange, the administration of the shareholders' registry book will be carried out by Deceval.

### **3.2.- MEETINGS AND QUORUM**

The General Shareholders' Meeting shall meet on an ordinary basis within the first three (3) months following the expiration of each fiscal year. The call to the ordinary meeting of the General Shareholders' Meeting shall be made, prior notice, no less than fifteen (15) business days prior to the date of the corresponding General Shareholders' Meeting. As long as the Company is not listed on the stock exchange, the summons shall be made in writing by the legal representative and sent to the shareholders' registered address at the Company's secretary's office. While the Company is listed on the stock exchange, the summons shall be made by electronic means, written communication

addressed to each of the shareholders, to the address registered in the Company's books, or by publication on the Company's web page. In addition, the notice shall contain the proposed agenda with a precise indication of the content of the items to be discussed.

While the Company is listed on the stock exchange, simultaneously with the notice of the meeting, the Company will make available to the shareholders the proposed resolutions or resolutions that will be submitted to the General Shareholders' Meeting for each item on the agenda; and the shareholders may, up to five (5) days prior to the date of the meeting, request information or clarifications, through written requests addressed to the Secretary of the Company, in relation to the matters included in the agenda, the documentation received or on the public information provided by the Company, in the understanding that the Company may refuse to provide additional information if the shareholder's request may be qualified as: **(i)** unreasonable; **(ii)** irrelevant to know the progress or interests of the Company; **(iii)** relating to confidential information, which shall include privileged information in the field of the securities market, industrial secrets, ongoing operations whose good end for the Company substantially depends on the secrecy of their negotiation; or **(iv)** relating to other information whose disclosure would put in imminent and severe danger the competitiveness of the Company. .

Extraordinary meetings shall be held when unforeseen or urgent needs of the Company so require and are called by the Board of Directors, the Legal Representative, or the Statutory Auditor. The call for extraordinary meetings of the General Shareholders' Meeting shall be made five (5) calendar days in advance. As long as the Company is not listed on the stock exchange, the summons shall be made in writing by the legal representative and sent to the shareholders' registered address at the Company's Secretary's office. While the Company is listed on the stock exchange, the summons shall be made by electronic means, written communication addressed to each of the shareholders, to the address registered in the Company's books, or by publication on the Company's web page. Additionally, the notice shall contain the proposed agenda with a precise indication of the content of the items to be discussed. Simultaneously with the notice of meeting, the Company shall make available to the shareholders the proposed resolutions or resolutions that for each item on the agenda will be submitted to the general meeting of shareholders; and the shareholders may, up to two (2) days prior to the date of the meeting, request information or clarifications, through written requests addressed to the Secretary of the Company, in relation to the matters included in the agenda, the documentation received or on the public information provided by the Company, in the understanding that the Company may refuse to provide additional information if the shareholder's request may be qualified as: **(i)** unreasonable; **(ii)** irrelevant to know the progress or interests of the Company; **(iii)** relating to confidential information, which shall include privileged information in the field of the securities market, industrial secrets, ongoing operations whose success for the Company substantially depends on the secrecy of their negotiation; or **(iv)** relating to other information whose disclosure would put in imminent and severe danger the competitiveness of the Company.

However, the Shareholders' Meeting may meet without prior notice and at any place when all the subscribed shares into which the Company's capital stock is divided are represented.

The Meeting may deliberate with a number of persons representing at least one half plus one of the subscribed shares. If this quorum is not reached, a new meeting shall be called and validly meet and decide with a plural number of persons, regardless of the number of shares represented. However, as long as the Company is listed on the stock exchange, at second call meetings, the meeting shall be validly convened and decided by one or more members, regardless of the number of shares represented. The second call meeting shall be held no earlier than ten (10) business days and no later than thirty (30) business days from the date set for the meeting. The General Shareholders' Meeting

shall make decisions with the majority of the votes present at the meeting, unless the law or, as long as the Company is not listed on the stock exchange, the Company's Bylaws, require special majorities.

At extraordinary meetings, the General Shareholders' Meeting may only make decisions on the items included in the agenda included in the notice of the meeting. However, with the favorable vote of seventy percent (70%) plus one of the shares represented, the General Shareholders' Meeting may deal with other matters once the agenda has been exhausted.

When the Meeting meets ex officio on the first business day of the month of April, it may validly deliberate and decide with two or more persons, regardless of the number of shares represented. In any case, the special decision-making quorum referred to herein may not be used to adopt decisions for which the bylaws require a qualified majority.

### **3.3.- GENERAL FUNCTIONS OF THE SHAREHOLDERS' MEETING**

The functions of the General Shareholders' Meeting of the Company are all those assigned to it by the Law and the Company's Bylaws.

### **3.4.- DECISIONS AND MAJORITIES**

All decisions of the Meeting shall be made by a majority of the votes present, except those that the law or, as long as the Company is not listed on the stock exchange, the Company's Bylaws, require a special majority.

### **3.5.- INTERNAL REGULATIONS OF THE SHAREHOLDERS' MEETING**

The Company has an Internal Regulation of the Shareholders' Meeting, which regulates the internal operation of this corporate body and is an integral part of this Code of Good Governance as **Annex No. 2**.

### **3.6.- TRANSACTIONS WITH RELATED PARTIES**

For purposes of the provisions of this Section 3.6: **(1)** an "Affiliate" of a legal person is its parent, affiliate or subsidiary, as well as any affiliate or subsidiary of its parent, it is understood that the terms "parent," "affiliate" and "subsidiary" shall be interpreted in accordance with the provisions of Article 260 of the Code of Commerce; and **(2)** an "Affiliate" of a natural person is any person related to such natural person by marriage or by kinship within the fourth degree of consanguinity, first civil or second degree of affinity.

In the event that a contract is considered to be entered into between,

- on the one hand, the Company and,
- on the other, a shareholder, an affiliate of the Company or an Affiliate of a shareholder (any of the preceding, an "Economic Affiliate"),

Such contract must be entered into under market conditions or, if there are no parameters of comparison, under reasonable conditions, always taking into account objective criteria, such as would be required of a third party. In addition, transactions with related parties shall be subject to the following guidelines:



- (a) Contracts between, on the one hand, the Company and, on the other, shareholders who are holders of shares representing less than twenty percent (20%) of the Company's Shares or Affiliates of such shareholders shall not require the approval of the Board of Directors unless such authorization is required due to its amount or for any other reason provided for in the Company's Bylaws.
- (b) Except as provided in (c) below, management shall submit to the Board of Directors for approval the Company's transactions with Economic Related Parties other than those set forth in (a) above (the "Material Economic Related Parties").
- (c) The provisions of the letter (b) above shall not apply to (i) those contracts entered into with Relevant Economic Related Parties as a result of objective contractor selection processes opened by the Company, and (ii) those contracts entered into with Relevant Economic Related Parties under market conditions or that are recurring, i.e., that are the result of operations in the ordinary course of business of the Company.
- (d) In any case, the contracts referred to in (c) above shall be submitted to the Board of Directors no later than the meeting immediately following the date of execution of the respective contract.
- (e) In conditions of equality with third parties, the Company shall prefer the shareholders or its Affiliates to enter into contracts.
- (f) If the transaction with a Significant Economic Related Party submitted to the Board of Directors for approval involves an amount in excess of fifty million dollars (US \$50,000,000), the Board of Directors may request a written opinion from an Independent Qualified Party stating that the transaction is fair from a financial point of view to the Company and is no less favorable to the Company than could reasonably be expected at that time from an arm's length transaction with a non-affiliated person. Independent "Qualified Party" shall mean any internationally recognized investment banking or accounting consulting firm with telecommunications expertise that is not related to the Company or any of its shareholders.
- (g) Notwithstanding the provisions of letters (a) to (f) above, when a transaction with Related Parties is affected by a conflict of interest pursuant to the provisions of Law 222 of 1995 (or any regulation that replaces or amends it), the provisions of section 3.7 of this Code of Good Governance shall be observed.
- (h) Nothing in this Section 3.6 shall deprive the Board of Directors of its power to authorize acts in consideration of their amount or for the other reasons set forth in the Company's Bylaws.

The Company's Annual Financial Statements shall contain the details of the information related to the transactions entered into with Economic Related Parties.

### **3.7.- CONFLICTS OF INTEREST OF THE ADMINISTRATORS**

In accordance with the law, the directors must abstain from participating, by themselves or through an intermediary, in personal interest or the interest of third parties, in acts in respect of which there is a conflict of interest.



#### **4.- CHAPTER IV.- MANAGEMENT AND ADMINISTRATIVE BODIES OF COLOMBIA TELECOMUNICACIONES S.A. E.S.P.**

The Company has the following management and administrative bodies:

- a. The Board of Directors
- b. The Audit Committee
- c. The Chairperson of the Board of Directors;
- d. The General Management and the Officers.

##### **4.1.- THE BOARD OF DIRECTORS OF COLOMBIA TELECOMUNICACIONES S.A. E.S.P.**

###### **4.1.1.- COMPOSITION**

The Company shall have a Board of Directors composed of ten (10) principal members, with their respective personal alternates, all of them elected by the General Assembly of Shareholders of the Company. As long as the Company is listed on the Colombian Stock Exchange, the members of the Board of Directors shall not have alternates.

In addition, while the Company is listed on the stock exchange, the person who is the legal representative of the Company may not act as Chairperson of the Board of Directors.

The main functions of the Board of Directors of Colombia Telecomunicaciones are all those assigned to it by the Law and the Company's Bylaws.

###### **4.1.2.- PRINCIPLES OF CONDUCT OF THE BOARD OF DIRECTORS**

The Board of Directors shall perform its functions in accordance with the corporate interest, understood as the interest of the Company; and, in this sense, shall act to ensure the long-term viability of the Company and maximize its value, also weighing the legitimate plural interests, public or private, that converge in the development of any business activity.

Likewise, the Board of Directors shall ensure compliance with all laws, rules, and regulatory obligations, as well as the Company's Principles of Responsible Business, the Code of Good Governance, and internal policies.

In accordance with the provisions of Article 23 of Law 222 of 1995 and based on the general principles of good corporate governance, the members of the Board of Directors of the Company must act in good faith, with loyalty and with the diligence of a good businessperson. Their actions shall be carried out in the best interest of the Company, taking into account the interests of its shareholders.

Accordingly, in addition to complying with the Principles of Responsible Business, the members of the Board of Directors shall take into account the following principles in the performance of their duties and to maintain the greatest objectivity, independence, and knowledge in decision-making:

- a. Development of the corporate purpose: To make efforts conducive to the adequate development of the corporate purpose.
- b. Internal control and risk management: To collaborate and facilitate the work of the audit, inspection, and intervention units and other internal control areas, as well as external auditors,

Statutory Auditors, and competent authorities.

- c. Transparency: Adequately inform shareholders and all other stakeholders of the Company about the development and performance of the Company in an immediate and non-discriminatory manner.
- d. Confidentiality - Refrain from improper use of privileged information.
- e. Equitable treatment: To treat all shareholders and the different interest groups fairly and to respect the exercise of the right of inspection that may correspond to them in accordance with the law, the bylaws, or the contracts that have been entered into.
- f. Independence: To exercise objectively and independently its own judgment in all matters related to the management of Colombia Telecomunicaciones S.A. E.S.P.
- g. Conflicts of Interest: Refrain from participating, either personally or through an intermediary, in activities that involve competition with the company or in acts in respect of which there is a conflict of interest, either personally or through an intermediary. In these cases, disclose the conflict of interest in the terms established in the Internal Regulations of the Board of Directors. Likewise, the members of the Board of Directors shall abstain from voting in all decisions that represent a conflict of interest.
- h. Sustainability - To balance the impact of its decisions in the short and long term, taking into account the social and environmental consequences thereof.

Management shall present the relevant information on Corporate Governance, stakeholder management, and corporate social responsibility to the board of directors at least once a year.

#### **4.1.3.- ELECTION PROCEDURE OF THE BOARD OF DIRECTORS**

The members of the Board of Directors shall be elected for a term of two (2) years. If no new appointment of the principal or alternate members of the Board of Directors is elected, it shall be understood that their term of office has been extended until a new appointment is made. The members of the Board of Directors shall be subject to the regime of disqualifications and incompatibilities established by law for this purpose. As long as the Company is listed on the Colombian Stock Exchange, the members of the Board of Directors shall not have alternates.

Each elected member of the Board of Directors shall receive a documentary and practical induction that covers the relevant aspects of the business, the processes of the Board of Directors, and the participation expected of him/her. This induction may include interviews with key executives.

The Shareholders' Meeting shall appoint the members of the Board of Directors subject to the provisions of the Company's Bylaws and, while the Company is listed on the stock exchange, to the provisions of Law 964 of 2005 and its regulatory decree.

#### **4.1.4.- QUALITY OF THE MEMBERS OF THE BOARD OF DIRECTORS**

The members of the Board of Directors shall be professionals of high moral and ethical quality, with managerial leadership skills that allow them to contribute to the Company through their exceptional knowledge of the information and communications technology sector, financial and risk aspects, legal matters, commercial issues, and crisis management.

The profiles of the members of the Board of Directors will be published on the website <http://www.telefonica.co/junta-directiva>.

#### **4.1.5.- INDEPENDENT MEMBERS**

At least 25% of the Principal Members shall be independent members, who shall be elected in accordance with the electoral quota system, all of the preceding as established in article 44 of Law 964 of 2005 and its regulatory decree. The members of the Board of Directors who are elected as independent shall commit in writing, upon accepting the position, to maintain their independent status during the exercise of their functions. Likewise, the alternates of the principal independent members, when applicable, must also be independent. If for any reason they lose that status, they must resign from the position, and the Company may call an extraordinary meeting of the General Shareholders' Meeting so that they may be replaced.

#### **4.1.6.- CONVOCATION**

The Board of Directors shall meet when summoned by itself, by two of its members acting as principal members, the Chairperson of the Board of Directors, the General Manager, and the General Secretary or the Statutory Auditor. The summons or call of the Board of Directors shall be made five (5) standard days prior to the respective meeting, personally to the principal members and also to the alternate members when any or some of the principal members are absent or unable to act or state, upon being summoned, that they will not attend the meeting. The members of the Board of Directors shall be provided in advance with the documentation and information necessary for the discussions that will be the object of the foreseen agenda.

#### **4.1.7.- REMUNERATION**

The members of the Board of Directors shall receive fees once elected by the Shareholders' Meeting. The fees of the Board of Directors shall be set by the Shareholders' Meeting as provided in the Bylaws, taking into account the responsibility of the position, the size of the Company, and market guidelines. Likewise, when applicable, the members of the Board of Directors may receive per diem and travel expenses for attending the meetings of the Board of Directors.

The remuneration received by the members of the Board of Directors in each fiscal year shall be reported annually on the website <http://www.telefonica.co/modelo-de-gobierno>.

#### **4.1.8.- MEETINGS AND QUORUM**

The Board of Directors shall ordinarily meet at least six (6) times a year (once every two (2) months). The Board of Directors shall be attended by the members of the Board of Directors, the General Manager, and the General Secretary of the Company. In exceptional cases, other members of the management shall be invited.

The agenda of the Board of Directors shall be defined jointly by the Chairperson of the Board of Directors and the Chief Executive Officer of Colombia Telecomunicaciones S.A. E.S.P.

The decisions of the Board of Directors shall be adopted by an absolute majority of the members present at the respective meeting, except for those that by the Bylaws require the favorable vote of all the members of the Board of Directors.

#### **4.1.9.- INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS**

The Company has an Internal Regulation of the Board of Directors, which regulates the internal operation of this corporate body and is an integral part of this Code of Good Governance as **Annex No. 3**.

#### **4.1.10.- EVALUATION MECHANISMS OF THE BOARD OF DIRECTORS**

The Board of Directors shall annually evaluate its management through the mechanism defined by the Board itself. The self-evaluation shall contemplate, among others, the active participation and attendance of its members to the meetings, their knowledge of the main aspects of the Company and follow-up of decisions made by this corporate body and their contribution to defining the strategies and projection of the Company.

The annual corporate social responsibility report to be presented at each ordinary meeting of the Shareholders' Meeting shall include a report on the operation of the Board of Directors, including the results of the self-evaluation. .

#### **4.1.11.- SUPPORT FOR THE MANAGEMENT OF THE BOARD OF DIRECTORS**

For the members of the Board of Directors to be able to carry out a more detailed follow-up and have specific recommendations for their deliberation and approval, the Board of Directors may request the management to prepare and submit studies, support, and evaluations in financial, technical, legal and administrative matters for each of the matters under its responsibility.

Likewise, the Board of Directors may request, at any time, the reports of the Audit and Statutory Auditors to evaluate the performance of the company and its team in each of the areas.

It shall be the responsibility of the General Management to ensure the accuracy, suitability, and timeliness of the reports submitted to the Board of Directors, taking into account that they support the evaluation, analysis, and decision of the Board of Directors.

A decisión de la Junta Directiva o de alguno de sus integrantes, cualquier empleado de la empresa podrá ser requerido para ilustrar a la Junta Directiva sobre los asuntos sometidos a su consideración, debiendo aportar la total diligencia y cuidado en el cumplimiento de esta solicitud.

At the request of the Board of Directors, the Company's General Management may establish temporary committees of officers to work with the Board of Directors in the study and evaluation of specific issues. Once the study is concluded, the committees shall be dissolved.

#### **4.2.- EXTERNAL ADVISORS**

The Board of Directors may request external advisors whose approval shall be subject to the affirmative vote of the majority of the Directors present at the meeting of the Board of Directors in accordance with the majorities established in the Company's Bylaws. Likewise, the Audit Committee of the Board of

Directors may also, at any time, request the service of external advisors when it deems it necessary for the proper performance of its duties.

In any case, the external advisors must maintain confidentiality regarding the matters consulted and the information presented to establish the advisory contract.

#### **4.3.- AUDIT COMMITTEE**

The Company shall have an Audit Committee composed of five (5) members of the Board of Directors, of which three (3) members shall be independent. The Audit Committee shall be chaired by an independent member of the Board of Directors. The Statutory Auditor of the Company may attend the meetings of the Audit Committee, with the right to speak but not to vote.

The members of the Committee shall be elected for periods of one (1) year. If no new appointment is made, it shall be understood that their term of office has been extended until a new appointment is elected. Those who cease to be members of the Board of Directors shall automatically cease to be members of the Audit Committee. The members of the Committee must have the appropriate experience to comply with the functions corresponding to the same fully. The members of the Audit Committee shall have knowledge of accounting, financial, and other related matters.

Decisions shall be adopted by a simple majority.

##### **4.3.1. MEETINGS OF THE AUDIT COMMITTEE.**

The Audit Committee shall meet at least every three (3) months or as often as required by the interests of the Company, at the discretion of the Committee, the Board of Directors, two (2) of its members, or the legal representative of the Company. However, it may meet without prior notice when all its members are present. The notices to the meetings shall be sent five (5) business days prior to the date scheduled for the meeting, by e-mail, facsimile (fax), or any other means of instantaneous communication.

The decisions and actions of the Audit Committee shall be recorded in minutes, which shall comply with the provisions of Article 189 of the Code of Commerce. The documents known by the Committee that support its decisions must form an integral part of the minutes, and if they are not transcribed, they must be presented as annexes to the minutes.

When situations of significant importance are detected, a special report must be sent to the Board of Directors or equivalent body and the legal representative.

##### **4.3.2. FUNCTIONS OF THE AUDIT COMMITTEE.**

The Audit Committee to be formed in accordance with the Company's Bylaws shall supervise compliance with the internal audit program, which shall take into account the risks of the business and comprehensively evaluate all areas of the Company. Likewise, it shall ensure that the preparation, presentation, and disclosure of financial information is in accordance with the provisions of the law, in addition to the functions assigned by the Board of Directors.

The financial statements shall be submitted to the consideration of the Audit Committee before being subject to the Board of Directors and the General Shareholders' Meeting.

To fulfill its functions, the Audit Committee may hire independent specialists in specific cases in which it deems appropriate, in accordance with the Company's general hiring policies.

#### **4.4.- PRESIDENCY OF THE BOARD OF DIRECTORS**

The Board of Directors shall have a President elected by its members, for a period equal to that of this corporate body. Likewise, the Board of Directors shall have a Secretary, who shall be the General Secretary of the Company. As long as the Company is listed on the Colombian Stock Exchange, whoever is the legal representative of the Company may not act as Chairperson of the Board of Directors.

In addition to the functions corresponding to the members of the Board of Directors, the Chairperson of the Board of Directors shall have the following attributions: **(i)** Represent the corporation institutionally; **(ii)** Chair the Board of Directors of the corporation and Special Meetings and the official acts of the corporation; while the corporation is listed on the stock exchange **(iii)** Ensure that the Board of Directors efficiently sets and implements the strategic direction of the corporation; **(iv)** Drive the governance action of the corporation, acting as liaison between the shareholders and the Board of Directors; **(v)** Carry out the convening of meetings, directly or through the Secretary of the Board of Directors; **(vi)** Ensure the delivery, in due time and form, of information to the members of the Board of Directors, directly or through the Secretary of the Board of Directors; **(vii)** Chair the meetings and manage the debates; **(viii)** Ensure the execution of the resolutions of the Board of Directors and follow up on its assignments and decisions; **(ix)** Verify the annual evaluation process of the Board of Directors, except for its own evaluation; and **(x)** Exercise any other authority delegated to it by the Board of Directors or the General Shareholders' Meeting.

#### **4.5.- GENERAL MANAGEMENT OF COLOMBIA TELECOMUNICACIONES S.A. E.S.P.**

The Chief Executive Officer of the Company shall be the legal representative of the Company and shall have three (3) permanent alternates, who shall replace him/her and have the same powers as the Chief Executive Officer, and one (1) fourth alternate legal representative for judicial purposes, whom the Board of Directors shall appoint.

##### **4.5.1.- DUTIES OF THE GENERAL MANAGER OF COLOMBIA TELECOMUNICACIONES S.A. E.S.P.**

The General Manager is responsible for the administrative and financial management of the Company and performs all the duties inherent to the nature of their position, especially those set forth in the Bylaws of Colombia Telecomunicaciones S.A. E.S.P.

The Company's General Manager shall be subject to the same Principles of Responsible Business and responsibilities set forth in paragraphs 1.4.- and 4.1.2.- of this Code of Good Governance.

##### **4.5.2.- ELECTION AND REMUNERATION**

The Company's Chief Executive Officer is appointed by the Board of Directors for a term of two (2) years and may be re-elected indefinitely or freely removed before the expiration of the term. When the Board of Directors does not elect the Chief Executive Officer and their alternates when it should do so, the former shall continue in their positions until a new appointment is nominated.

The Company shall offer fair and adequate compensation in the labor market in which it operates.

#### **4.5.3.- DIRECTORS OF COLOMBIA TELECOMUNICACIONES S.A. E.S.P.**

The Officers are responsible for the Company's overall management, based on the sound and efficient administration of financial, human, and technological resources, to increase value and generate profits that satisfy the Shareholders.

The current organizational structure of the Company will be disclosed at <http://www.telefonica.co/estructura-organizacional>, as well as the profile of its Officers. .

#### **4.5.4.- PRINCIPLES OF SELECTION, EVALUATION AND REMUNERATION**

The selection, evaluation, and remuneration of the Company's employees are carried out with professional and ethical criteria, in accordance with the following general principles:

- a. It is the Company's policy that vacant positions shall be filled, in the first instance, with the Company's personnel to promote the professional development of its employees. Given the preceding, all Company employees shall be in equal conditions to apply for internal vacancies when they consider that they have the human skills and specific knowledge required for the vacant position.
- b. All candidates for positions at Colombia Telecomunicaciones S.A. E.S.P. must submit to the Company's technical selection process and fill the position based on the merits of the candidates within the Company and in the labor market, in accordance with the required profile.
- c. The Company assesses employees through a system for setting, monitoring, and evaluating the performance of all its employees under a global model, which allows the evaluation of not only the performance objectives but also the behaviors that define the way results are achieved.

The purpose of performance management is to periodically monitor and evaluate the employees' individual and group performance and their contribution to achieving organizational objectives.

Performance management involves **(i)** the agreement of goals, **(ii)** periodic monitoring of results, **(iii)** the development of personal and group improvement plans, and **(iv)** a periodic evaluation and feedback in this way, the sum of objectives of all employees and the way it is achieved favors the creation of a culture of excellence, aligned to the organization and leads it to achieve optimal performance.

- d. The compensation schemes developed by the Company are oriented to support the achievement of the business's strategic objectives and to inspire and recognize the achievements of its employees, ensuring the Company's ability to attract and retain key talent for the achievement of business success. In this way, three fundamental criteria will be defined for salary reviews: equity, competitiveness, and performance.

Additionally, we frame our remuneration policy within the following principles:



- i. **Transparency:** We consider transparency in remuneration matters to be a fundamental principle of corporate governance, which is why we regularly inform and explain our remuneration and evaluation policy to our employees.
- ii. **Competitiveness:** We aim to ensure that the remuneration package of its employees is competitive with that of its international peers to have the best professionals in the market.
- iii. **Linkage between remuneration and results and value creation.**

Our compensation policy aims to create shareholder value in a sustainable manner over time.

A significant part of our employee's total compensation is variable, and its perception is linked to the achievement of financial, business, and value creation objectives, predetermined, concrete, quantifiable, and aligned with the social interest of the Company.

The same principles and procedures for selecting the Company's executives apply to the selection and evaluation of all employees of Colombia Telecomunicaciones S.A. E.S.P.

## 5.- CHAPTER V.- STAKEHOLDERS OF COLOMBIA TELECOMUNICACIONES S.A. E.S.P.

The Company recognizes that its business success and projection in the community depend both on good internal relations among shareholders, the Board of Directors, the General Management, and the organization, as well as external relations with its suppliers, customers, creditors, the community, the Government and the competition, among others.

The generation of trust towards all stakeholders is the fundamental basis for achieving the Company's goal of being the best communications company in the digital world. This trust is built through fluid communication, efficient management, and transparent corporate behavior, actions that maximize the Company's contribution to its shareholders and the societies where it operates.

### 5.1.- OBJECTIVES

The Company recognizes the importance of each relationship with the different stakeholders, made up of the persons or entities related to the entity. Consequently, it has a philosophy and general guidelines for management and coordination, the purpose of which is to provide guarantees regarding the proper functioning of the Company and the adequate protection of the rights of each of the stakeholders.

The objectives of the management of each of the stakeholders are as follows:

- i. Recognize and ensure respect for the rights that the law has established to protect them.
- ii. Encourage participation and cooperation to create value, wealth, work, and sustainability for the Society to be financially viable.
- iii. To develop performance improvement mechanisms that can involve each of the stakeholders.
- iv. Share information relevant to the issues in which they are involved, in accordance with the regulations and laws in force.

### 5.2.- ACCOUNTABILITY AND DIALOGUE WITH STAKEHOLDERS

Taking into account our objectives concerning our stakeholders, we work to maintain transparent and

trustworthy relations with them. The path adopted to achieve this purpose is to keep, subject to the provisions of the Law and the Bylaws, our information constantly and openly available, an option that requires the Company to listen and respond to the expectations of stakeholders, to present reasoned accountability and to be in a position to submit its corporate management to the critical analysis of its interlocutors.

In addition to having a dialogue methodology, the Company has various mechanisms and means to provide timely information to our stakeholders: :

**a. Responsible Management Report:**

The Responsible Management Report presented annually by the administrators to the General Shareholders' Meeting:

1. It contains a clear statement on the evolution of the business and the Company's economic, administrative, and legal situation.
2. It presents the main milestones and lessons learned from the Company's management during the year in a detailed and comparative manner. The document responds to the international parameters of the Global Reporting Initiative (GRI) Guidelines, incorporates the guidelines of the AA1000 AS standard of the Institute of Social and Ethical Accountability, highlights the organization's contribution to the achievement of the Millennium Development Goals, and describes the progress in the corporate commitment to the Ten Principles of the Global Compact.
3. In addition, the report includes information on:
  - Significant events occurring after the fiscal year.
  - Foreseeable evolution of the Company.
  - Transactions entered into with partners and directors.
  - The state of compliance with intellectual property and copyright regulations.

**b. Shareholder Bulletins.**

The Company shall have a semi-annual newsletter to inform shareholders of the main events related to the Company, including the financial statements for the end of the fiscal year and interim periods and the relevant issues of the company and society relationship.

In addition, the year-end and interim financial statements will be published on the website <http://www.telefonica.co/boletin-del-accionista>.

**5.3.- CUSTOMERS**

We are honest with our customers, consistently providing truthful, transparent, valuable, and accurate information when marketing our products. In addition, we check that they meet all the required and advertised specifications. We provide all the information required to satisfy our customers if at any time they are dissatisfied with our products and services.

We have a relationship model with our customers, which adapts and adjusts to users' needs by proposing solutions and alternatives to each request. This model also considers customers as the

center of the business, which requires the Company to be faster, do things better, and offer more value-added service.

Our customers are offered different information and customer service channels such as Movistar experience centers (personalized service centers), virtual or online advisors, telephone service lines, payment points, web pages, virtual and personalized lines for complaints and claims, an expert team of commercial agents, as well as constant contact with our customers from the invoice to constant communication on social networks.

Additionally, the Company has active participation in multiple scenarios of interest, being present in different social networks where we communicate relevant information to our stakeholders and our customers.

#### **5.4.- EMPLOYEES**

Trust is the core value of the Company and is achieved only through relationships characterized by respect. The Company's employees and collaborators find in the Company an ally for their professional and personal development, which enhances their capabilities and competencies, improving their skills and promoting their well-being in an environment of constant communication and dialogue.

The Company's communication processes favor direct interaction between employees and leaders, thanks to open spaces and a communications agenda, which allow the dissemination and generation of content throughout the value chain.

#### **5.5.- SUPPLY CHAIN**

The Company strives to contribute responsibly to improve the quality of life of the societies in which it operates. This commitment extends to its supply chain, maintaining relationships of trust and transparency with its suppliers and promoting among them compliance with high standards of performance in ethics, labor, environmental, human rights, and health and safety matters.

As a frame of reference for these relationships, the Company designed a Supply Chain Responsibility Policy for its suppliers based on the Company's Responsible Business Principles. It allows directing and standardizing the procedures required of its contractors to comply with ethical criteria, good labor, human rights, and environmental practices through on-site and/or administrative audits and training plans, allowing them to enhance their capabilities, constantly evaluate their performance, and jointly design permanent improvement plans.

#### **5.6.- TRANSPARENCY AND INTEGRITY**

The Company will submit itself to independent evaluations by third parties with a genuine interest in knowing its performance and having precise indications on closing gaps and implementing more effective transparency mechanisms in its business management. With the above, the purpose of promoting a habit of transparency in the business will be fulfilled.

### **6.- CHAPTER VI.- SOCIAL RESPONSIBILITY**

To ensure consistency between social management and corporate responsibility, the Company will promote projects through the Telefónica Foundation, incorporating specific actions to strengthen the

care of children and adolescents in education and learning. Likewise, through the Public Affairs, Regulation, and Wholesale Division, a sustainability model will be promoted that will seek to involve employees, the value chain, citizens, and different organizations in specific activities to mobilize public policies.

## **7.- CHAPTER VII.- COMMUNICATION AND INFORMATION TRANSPARENCY**

The Company recognizes that disclosure of information is the Company's primary mechanism of contact with its stakeholders.

In accordance with the preceding, we are committed to providing, subject to the provisions of the law and the Company's Bylaws, in a timely manner to our stakeholders accurate, truthful, and complete information on the Company's material issues that allows them to have adequate knowledge of the Company's situation, and to have sufficient elements of judgment to make decisions regarding the Company.

To guarantee equal access to information, when the answer given to a shareholder or investor in the Company's opinion may place them at an advantage, we will publish on our website (<http://www.telefonica.co/atencion-al-accionista>) the answers provided, so that they are available to all shareholders and investors.

We will not publish information related to our customers, strategic information, contracts that constitute competitive advantages, and, in general, all those documents that are considered confidential, reserved or belonging to third parties in accordance with the provisions of current regulations.

### **7.1.- FINANCIAL INFORMATION**

We ensure that the financial and accounting activity records are prepared accurately and reliably; the financial information of Colombia Telecomunicaciones S.A. E.S.P. is prepared in accordance with the accounting and financial reporting principles generally accepted in Colombia established by the Superintendency of Companies and other legal standards.

### **7.2.- TRADING OF SHARES BY DIRECTORS**

In accordance with current legislation, the directors of Colombia Telecomunicaciones S.A. E.S.P. may not, either by themselves or through an intermediary, dispose of or acquire shares of the Company while they are in office, except in the case of transactions that are not speculative and with the authorization of the Board of Directors, granted with the favorable vote of the majority of the votes present at the meeting.

Pursuant to the preceding, the Directors and Administrators who intend to dispose of or acquire shares or any other securities issued by the Company have the duty to inform in advance, before the General Secretary's Office, their intention to acquire or dispose of shares or any other securities issued by the Company, indicating the reasons for this negotiation.

Based on the information provided, the Secretary General shall submit the request to the next meeting of the Board of Directors so that the latter may decide in accordance with the conditions set forth in the Law.

### **7.3.- MEDIA**

With the exception of the Chairperson of the Board of Directors, the General Management, its authorized spokespersons, and the Communications Director, the Company's employees are strictly prohibited from making any comments or disclosing any information to the press, radio, television, or any other mass media, unless they have express authorization to engage in any type of relationship with the media.

### **7.4.- CONFIDENTIALITY OF INFORMATION.**

We protect the confidentiality of information that has been entrusted to us, whether from the Company, customers, shareholders, employees, or suppliers. We provide our stakeholders (customers, employees, suppliers, shareholders, etc.) with relevant information on using and storing their personal data. We also inform them about how to access and correct it.

We maintain personal data with appropriate security measures. If at any time this security is compromised, we act quickly and responsibly.

Aware of the importance of guaranteeing data owners the due treatment, circulation, and respect for their rights, the Company has implemented local data protection policies, making it possible to duly comply with the regulations in force in the country. In this way, the data owner entrusts their personal information with the certainty that it is protected and will only be accessed by those responsible and in charge for authorized purposes. The personal data protection policy is available at [www.movistar.co](http://www.movistar.co).

## **8.- CHAPTER VIII.- INTERNAL CONTROL**

For the Company, Internal Control is an essential element of Corporate Governance and, consequently, an organizational control mechanism. The Company has an Internal Control System, comprising of the set of elements of the organization, including resources, information systems, processes, culture, organizational charts, policies, and goals, among others, which taken as a whole, support the people and the organization in achieving its objectives, subject to the provisions of the law and the Company's Bylaws.

### **8.1.- BODIES RESPONSIBLE FOR INTERNAL CONTROL**

The Internal Control System has a set of bodies that, in turn, are part of the good governance model; these bodies are:

- a. Board of Directors: It is the responsibility of the Board of Directors to define the policies and design the Internal Control procedures to be implemented, as well as to order and oversee that they are adjusted to the needs of the Company, allowing it to adequately develop its corporate purpose and achieve its objectives, under conditions of security, transparency, and efficiency.

- b. Management:** It is the responsibility of the General Manager and the Directors of the Company to implement and faithfully comply with the Internal Control measures and procedures adopted. In accordance with the above, it is the responsibility of the Management:
- i.** Implement the strategies and policies approved by the Board of Directors or equivalent body concerning the Internal Control System.
  - ii.** Communicate the policies and decisions adopted by the Board of Directors or equivalent body to every officer within the organization, who in the performance of their duties and with the application of appropriate operational processes shall ensure compliance with the objectives set by management, always subject to the guidelines established by it.
  - iii.** To implement the structure, procedures, and methodologies inherent to the Internal Control System, in accordance with the guidelines issued by the Board of Directors, ensuring adequate segregation of duties and assignment of responsibilities.
  - iv.** Establish guidelines to create an organizational culture of control by defining and implementing acceptable policies and controls, disseminating ethical and integrity standards within the institution, and defining and approving communication channels, so that personnel at all levels understand the importance of internal control and identify their responsibilities in this regard.
  - v.** Provide internal and external control bodies with all the information they require to develop their work.
  - vi.** Establish and maintain adequate disclosure and control systems for financial information. Control and disclosure procedures must be designed so that financial information is presented acceptably.
  - vii.** Verify that the controls established within the entity are operational.

Management is responsible for internal control, even when internal control activities are conducted at lower levels of the organization.

Management shall ensure that a culture of self-monitoring of its operations is maintained. .

- c. Internal Audit:** Internal Audit is responsible for evaluating the effectiveness and efficiency of the risk management processes and the internal control system and for proposing to Management, the Audit Committee, and the Board of Directors the appropriate internal control mechanisms through the presentation of the annual Audit Plan. The Company complies with all international standards for the professional practice of Internal Auditing and consequently with the quality certification of the International Institute of Internal Auditors IIA.

## **8.2.- THE STATUTORY AUDITOR OF COLOMBIA TELECOMUNICACIONES S.A. E.S.P.**

The Company has a Statutory Auditor and an alternate Statutory Auditor, elected by the General Shareholders' Meeting for a term equal to that of the Board of Directors. They, however, may be re-elected indefinitely or freely removed before the expiration of the aforementioned term. Their remuneration shall be determined transparently, based on objective and public evaluations. The alternate of the Statutory Auditor shall replace them in their absolute or temporary absence.

The Statutory Auditor of the Company shall be independent. No person may be Statutory Auditor of the Company who is **(i)** an associate of the Company, its parents or subordinates; **(ii)** related by marriage or kinship within the fourth degree of consanguinity, first civil or second degree of affinity, to any director, executive officer, auditor or accountant of the Company; **(iii)** a partner of any director,

executive officer, auditor or accountant of the Company; or **(iv)** who holds any other position in the Company or its subordinates.

The Statutory Auditor shall perform the duties assigned to him/her by the Law and the Company's Bylaws.

The Company shall not appoint as Statutory Auditor persons or firms that have received income from the Companies and/or its economic group, representing twenty-five percent (25%) or more of its last annual income. Likewise, the Company shall not contract with the Statutory Auditor for services other than those directly or indirectly related to auditing services.

### **8.3.- INDEPENDENT SPECIALIZED AUDITS.**

Any group of shareholders representing at least five percent (5%) of the capital stock may commission, at their own cost and under their responsibility, specialized audits if they have well-founded doubts as to the quality, reliability, and legality of the information and financial statements disclosed by the Company to the public. The purpose of the audit shall be to verify the existence of any irregularity in the financial information published by the Company.

To carry out the specialized audit, the shareholders must submit a written request to that effect to the Board of Directors through the Shareholders Service Office. The request must contain at least **(i)** Proof of the minimum percentage of shareholders necessary to submit the request; **(ii)** Purposes sought with the audit; **(iii)** Facts on which the doubts about the financial information of the corporation are based; **(iv)** Three (3) possible firms of recognized reputation and trajectory that could carry out the audit. The proposed firms must have, at least, the qualities of the Statutory Auditor appointed by the General Assembly of Shareholders of the Company for the corresponding period; **(v)** the approximate duration of the audit, which shall not exceed a maximum term of fifteen (15) current days; **(vi)** Mechanisms that guarantee that the information provided for the audit shall not be disclosed or used for the benefit of third parties and to the detriment of the Company, without prejudice to the guarantees required by the Company regarding confidentiality and handling of information.

Once the request has been submitted, the Board of Directors shall have fifteen (15) business days from the receipt thereof to verify compliance with the requirements set forth herein and appoint the firm that will perform the audit. Once the request has been approved, the Board of Directors shall establish the form, conditions, and dates for the independent auditor to carry out the audit.

Specialized audits may not deal with documents that are confidential in accordance with the Law. The shareholders or their legal representatives must sign confidentiality agreements determined for such purpose by the Company's administrators and shall be jointly and severally liable for any damages caused by the disclosure of information materially relevant to the Company.

### **8.4.- ADDITIONAL EXTERNAL CONTROLS**

As a corporation and provider of telecommunications networks and services, the Company is subject to the regulation, surveillance, and control, according to its competencies, of the following entities: **i)** Communications Regulation Commission; **ii)** Ministry of Information and Communications Technologies; **iii)** National Television Authority; **iv)** National Spectrum Agency; **v)** Superintendence of Industry and Commerce; and **vi)** Superintendence of Finance.



The Company is subject to the fiscal control of the Office of the Comptroller General of the Republic, which is carried out with respect to the public shareholding of the Company and in accordance with the legal regulations in force.

Due to our size and the impact we generate, the Company will be guided by international standards of sustainable management marked by: the responsible investment indexes of leading sustainability organizations such as *Principles for Responsible Investment* (PRI) *Global Reporting Initiative* (GRI), Accountability; and will ratify year after year, through the Sustainability Report, and the Ten Principles of the Global Compact.

#### **9.- CHAPTER IX.- CONFLICT OF INTEREST POLICY OF THE COMPANY'S EMPLOYEES**

We recognize that the Company's business interests will be best served when its business decisions are based on commercial criteria and not influenced by factors such as gifts, donations, or payments intended to obtain results for employees or members of their families. In this way, the Company will maintain ongoing and constructive relationships with those organizations, firms, and individuals doing or intending to do business with the Company.

In accordance with the above, the Company has a Conflicts of Interest Policy that applies to all our employees and is available on our corporate website.

Likewise, the Board of Directors shall be responsible for managing conflicts of interest that may arise with respect to the Company's employees in accordance with the provisions of the Board of Directors Regulations.

Pursuant to the provisions of Section 2.2.- of this Code, shareholders shall have an obligation to act in the best interest of the corporation. .

#### **10.- CHAPTER X.- COMPLIANCE WITH THE CODE OF GOOD GOVERNANCE AND INTERNAL RULES FOR CONFLICT RESOLUTION**

It is the responsibility of the Board of Directors, the Chairperson of the Board of Directors, and the Chief Executive Officer of the Company to ensure compliance with the measures and mechanisms for compliance with the Code of Good Governance, its permanent updating, monitoring, and disclosure to all stakeholders.

Shareholders and investors may submit requests to the Shareholders' Attention Office when they consider that there has been non-compliance with the Code of Good Governance provisions. In these cases, through said Office, the Company shall provide a clear and sufficient response to the applicant, with the utmost diligence and timeliness in accordance with the provisions of section 2.5 of this Code.

By the same means, shareholders and investors may file complaints and claims before the Statutory Auditor for non-compliance with the Code of Good Governance provisions. For these purposes, the Company shall give a complete and timely response to the requirements made by the Statutory Auditor on the occasion of the complaint and shall attend to the observations made by the Statutory Auditor on the matter, when the existence of the non-compliance mentioned above is established.

The Responsible Business Office is in charge of disseminating the Responsible Business Principles, ensuring their implementation, overseeing their compliance, dealing with queries and complaints in this matter, and promoting policies and regulations that safeguard their applicability.

The Office safeguards the following principles to ensure due process:

- a. **Confidentiality:** the data and statements made will be examined with strict confidentiality.
- b. **Completeness:** information received regarding potential non-compliance with the Principles of Responsible Business will be investigated to determine the veracity of the situation declared.
- c. **Respect:** the rights of those involved in potential non-compliance will be taken into consideration at all times. Thus, before assessing the reported situations, the affected persons and/or employees shall have the right to provide the reasons and explanations they deem necessary.
- d. **Basis:** any decision must be adopted in a reasoned, proportionate, appropriate, and considering the circumstances and environment of the facts.

In addition, all our employees can ask questions, seek advice, and raise issues related to compliance with the Responsible Business Principles and associated policies such as this Code through the confidential help channel available on the Responsible Business Principles website available on the Company's Intranet.

Suppliers and other stakeholders may also access confidential channels through the portals set up for relations with the different stakeholders. Although issues can be reported anonymously, the identification of the person and the information provided will allow a more thorough investigation, improving the response to the complaint, query, or suggestion raised.

#### 11.- CHAPTER XI.- MEANS OF RESOLVING DISPUTES BETWEEN THE SHAREHOLDERS

Any controversy or difference that is not settled directly by the Parties and related to the corporate agreement and its execution, liquidation, and interpretation, shall be resolved by an Arbitration Tribunal that shall be subject to the rules of the Arbitration and Conciliation Center of the Chamber of Commerce of Bogota.

In any case, the Tribunal shall be made up of three (3) arbitrators, appointed by the Parties within fifteen (15) calendar days following the request for an appointment made by either party or the Company or, in the absence of agreement within the aforementioned period, shall be appointed by the Bogotá Chamber of Commerce from the list of arbitrators it has according to the nature of the dispute at the request of either party or Colombia Telecomunicaciones S.A. E.S.P..

The Tribunal shall meet at the facilities of said center in the city of Bogotá D.C., and its decision shall be adopted as a matter of law in accordance with Colombian substantive law.

For all purposes, the language of the arbitration shall be Spanish. The costs of administration and operation and the fees of the arbitrators shall be paid by the parties and in the manner established by the Arbitration Tribunal.

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