



2. CORPORATE GOVERNANCE

Our Board of Directors and Managerial Team

Board of Directors

[G4-34] Metro's Board of Directors is in charge of managing the company. Presiding over the Board is the Chairman, who is supported by a Vice-Chair and five board members. The CEO and a advisory body headed up by the Comptroller are subordinate to the Board of Directors.

The Board of Directors is made up of seasoned professionals from academia, business, and public policy/administration with a great deal of experience in their respective areas of expertise.

[G4-40] Board members are elected exclusively by shareholders as there is no other formal procedure to do so.

[G4-38] New board members were elected at the 23rd Regular Shareholders' Meeting held in April. From that point onward, Aldo González Tissinetti took over as Chairman of the Board until board meeting No. 857 was held on November 15th during which the Board of Directors accepted his resignation and in stride appointed Rodrigo Azócar Hidalgo as both board member and Chairman of the Board.

Chairman of the Board of Directors	Rodrigo Azócar Hidalgo	Industrial-Civil Engineer	6.444.699-1
Vice-chair	Paulina Soriano Fuenzalida	Attorney	8.783.340-2
Board Member	Karen Poniachik Pollak	Journalist	6.379.415-5
Board Member	Carlos Mladinic Alonso	Commercial Engineer	6.100.558-7
Board Member	Juan Carlos Muñoz Abogabir	Industrial Civil-Engineer	6.005.541-0
Board Member	Claudio Soto Gamboa	Commercial Engineer	7.981.443-1
Board Member	Vicente Pardo Díaz	Civil Transportation Engineer	6.317.380-0

[G4-39] The Chairman of the Board and board members at Metro do not hold executive positions.



Board Committees

The Board of Directors meets twice a month in addition to holding the meetings of the three board committees:

- **Project Management Committee:** oversees guidelines applicable to new expansion and line projects.
- **Operating Committee:** addresses strategic lines and manages the company's business development, covering operational and service issues to planning and control, engineering and technology, human resources, and commercial matters.
- **Audit and Finance Committee:** oversees management of the company's financial resources to ensure their efficient use, in keeping with established procedures; its purview also includes being aware of the accounting criteria adopted by Metro and amendments thereto; and monitors internal auditing function and issues statements on the external auditor's report of the company's financial statements.

The aforementioned activities of the three committees are general in nature and are not exclusively limited to the above since these functions are dynamic and fluctuate according to changes in the business.

[G4-38] The Committees' makeup in 2014 was as follows:

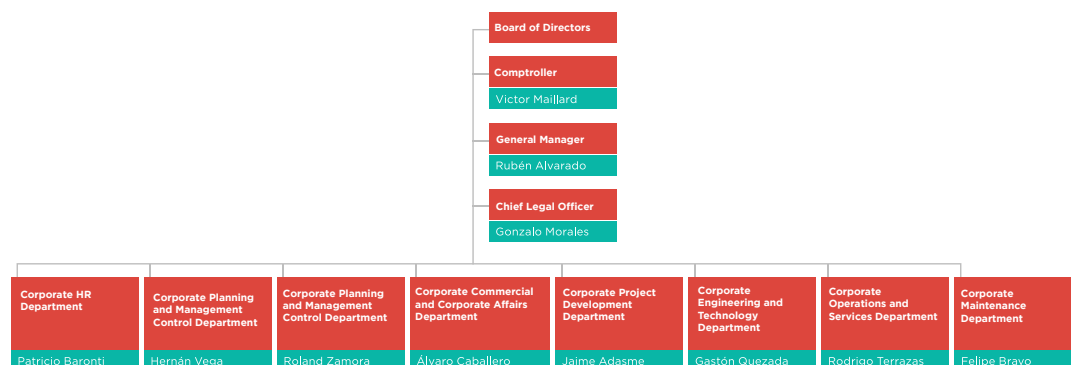
2014 Board Committees

Project Management (N° of Meetings: : 12)	Operating (N° of Meetings: : 12)	Audit & Finance (N° of Meetings: : 11)
Vicente Pardo Díaz (Pdte.)	Juan Carlos Muñoz Abogabir (Pdte.)	Carlos Mladinic Alonso (Pdte.)
Rodrigo Azócar Hidalgo	Rodrigo Azócar Hidalgo	Rodrigo Azócar Hidalgo
Carlos Mladinic Alonso	Vicente Pardo Díaz	Claudio Soto Gamboa
Juan Carlos Muñoz Abogabir	Karen Poniachik Pollak	Paulina Soriano Fuenzalida
Paulina Soriano Fuenzalida		
Claudio Soto Gamboa		

The Chairman of the Board of Directors sits as a member on all board committees, and Cristian Ruiz Santibáñez is the Secretary of the Board of Directors and its respective Committees.

Managerial Team

[G4-35] The General Manager is in charge of managing the company through eight corporate departments and direct support from the legal department.



(*) Organizational Chart as of 31 December 2014

Changes to the Managerial Team

In May 2014, the Board of Directors accepted Ramón Cañas Cambiaso's voluntary resignation as Metro's CEO. Former Administration and Finance Manager Hernán Vega Molina was appointed interim CEO until September 2014 when the Board of Directors named Rubén Alvarado Vigar to the position.

On 22 November 2014, Felipe Bravo Busta joined the managing team as Maintenance Manager, while Patricio Baronti Correa came on board as Human Resources Manager on 1 December 2014.

Compensation

[G4-51, G4-52] Board member compensation is both fixed and variable, the latter of which depends on meeting attendance, and shareholders determine the upper limit placed on board member compensation.

Board members do not receive any economic bonus for their managerial role or for the company's economic performance. The chairman of the board, however, does receive a set monthly compensation.

Members of the managerial team receive a set monthly salary and are also enrolled in a performance plan that entails an annual performance-based bonus that takes into consideration the degree to which they meet the corporate and individuals goals set out for them annually by the Board of Directors.

The 2014 Annual Report discloses Board Member and Managerial Team member compensation, and can be downloaded at: www.metroantiago.cl/corporativo/memoria.



It is worth noting that Metro board members and senior executives do not hold any capital shares in the company since Metro is entirely state-owned.

Ethics & Transparency

Ethical Guidelines

Código SEP

[G4-41, G4-56] As a state-owned company Metro is governed by the State-owned Company System (SEP) Code, which defines a Code of Ethics, a Manual of Principles and Good Corporate Practices, and other requirements applicable to board members, all with a view to preventing conflicts of interest among governing bodies.

The SEP Code of Ethics consists of a **“set of values and ethical principles that are to serve as a basis for decision making, procedures, corporate culture and standards at state-owned companies, and is applicable to both board members and workers of state-owned companies.”**

The Code covers the following areas:

Value-Seeking Corporate Governance and Guideline: applying and enforcing appropriate corporate governance practices that lend themselves to quality, efficient and effective administration aimed primarily at creating sustainable value.

Probity and trustworthiness: being honest and trustworthy in all company actions, negotiations and hiring activities, in addition to disclosing and avoiding any and all conflicts of interest.

Openness and transparency: acting in a clear, transparent and open manner that is accessible to all, and focusing on listening, engaging in dialogue, and cooperating.

Respect for the Political Constitution and Law: abiding by the law and ensuring correct and complete compliance with the Political Constitution, legislation and other applicable rules and regulations.

Respect for human rights: shaping company actions around the principles outlined under the United Nations Universal Declaration of Human Rights and treating all company workers, contractors, customers, suppliers, competitors and individuals at large with respect and dignity, fairly and impartially, without arbitrarily discriminating against them on the basis of gender, age, ethnic origin, political creed, religion, race, marital status or anything else.

Respect for workers and their organizations: complying with legal rules and regulations pertaining to workers' rights, labor law in effect and collective bargaining agreements and contracts; respecting workers' rights to unionize, and providing workers with a safe working environment.

- **Respect for the environment:** pledging a commitment to sustainable development, environmental protection and avoiding or keeping to a bare minimum any negative impact company projects, operations or activities may have on the surroundings.
- **Corporate Social Responsibility:** developing smooth and transparent relationships with communities where the company operates and abiding by ethical principles and current legislation when dealing with customers and suppliers.

The SEP Code also defines corporate governance principles for state-owned companies which are **“institutional instances and practices that must be reflected in companies’ decision making so that when framed by transparency, ethics and corporate responsibility they contribute to creating sustainable value in the long term by fostering respect for all shareholders and stakeholders involved with the company.”**

When enforced, these guidelines facilitate the tasks undertaken by other government agencies such as the Comptroller’s Office, the Superintendency of Securities and Insurance (SVS), the actual state-owned companies’ administrative control. Moreover, the “Guidelines to Corporate Governance for State-owned Companies” includes a self-assessment questionnaire that must be filled out annually by companies’ senior management, and it will be audited by the SEP starting in 2015.

The CAIGG (Government Council for General Audits), under the Office of the President of the Republic, also has control-related responsibilities.

Code of Ethics

[G4-56] In addition to the SEP Code of Ethics, Metro has its own Code of Ethics that describes the values and conducts that the company expects workers to uphold in their daily work activities.

The Code of Ethics covers the follows areas: individual and interpersonal ethics; ethical use of resources; ethics in business dealings; ethics in dealing with the public; and the scope of the code and sanctions.

Auditing

Metro has an internal auditing function that is periodically reviewed by the Internal Control Department, Independent Auditors and the Office of the National Comptroller. Given changes to the Board of Directors and the Managerial Team, as well as incidents taken place in 2014, the 2012-2014 Triennial Auditing Plan was postponed in order to provide the company with sufficient time to rewrite a new Auditing Plan for the 2015-2017 period. The purpose of the plan is to ensure that the financial controls set in place by the administration sufficiently mitigate risks.

Likewise, the Legal Department conducted a study on Law 20,393 on the Criminal Liability of Legal Entities regarding the prevention of money laundering, financial terrorism and bribery.



Reporting Violations

[G4-58] Since 2012 Metro has been using an In-house Violation Reporting System where individuals can report events that may or may not constitute a crime or violate the Code of Ethics, Corporate Regulations or other Metro rules. The purpose of this initiative is to maintain the highest possible standards of ethics and probity. The site is confidential, reliable, and supported by an outsourced company.

The system is open to all workers and third parties who interact with the company. Reports may be made anonymously or not, sent through an Internet or Intranet website, E-mail or by letter sent to a P.O. box set up specifically for this purpose or directly to Metro S.A. authorities (Chairman of the Board, Controller, CEO, HR Manager, etc.). Workers have been informed of the reporting several different ways, to wit, Anden en Linea (digital in-house newsletter), printed pamphlets, corporate intranet, posters, and corporate induction programs.

Metro's Comptroller is in charge of managing all reports received and ensuring that they are investigated and resolved. Work-related violations (discrimination, sexual abuse, abusing authority, etc.) are investigated by the HR Department while other reports on other types of violations (conflicts of interest, probity, transparency, fraud, misappropriation, supplies and subcontractors, etc.) are investigated by the Controller's Office, which submits a confidential monthly report on the status of violations to the Board of Directors' Auditing Committee.

[G4-S05] In 2014, Metro did not receive any reports on corruption-related violations.

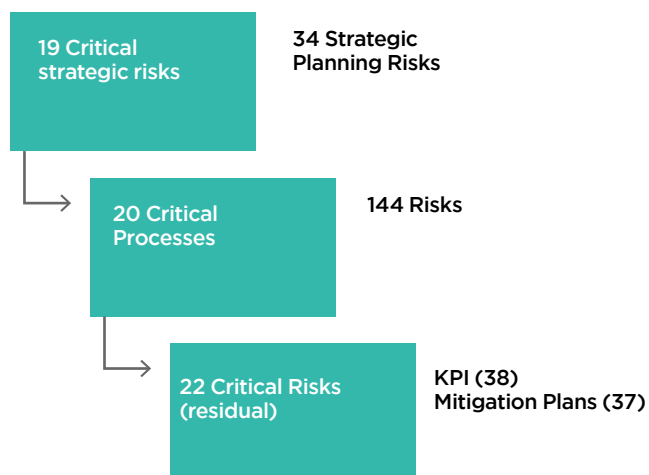
Risk Management

[G4-14] Metro faces a variety of market-related risks in addition to those inherent to the nature of its business. In order to manage these risks, the company has set up measures aimed at defining risk- and impact-mitigation.

[G4-45, G4-46, G4-47] Metro's risk-management approach begins with the strategic planning process periodically carried out by the company. At the most recent planning session, senior management compiled a list of strategic risks that could hinder Metro's ability to meet its strategic goals.

Using said risks as a starting point and the ISO 31.000 methodology, the company defined critical processes, risk exposure and acceptance levels. Moreover, Metro came up with Treatment Plans to mitigate said risks and assigned deadlines and personnel in charge, as well as indicators to monitor risk levels. The Business Planning and Control department is responsible for risk management.

Risks identified are based on 20 critical administration- and control-related processes associated with the Lines 3 & 6 Project; train and station operations; maintenance scheduling and execution; environmental and sustainability control and management; risk prevention and occupational health; human resources; supplies; long-term financing and budget control; supplier development; and the long-term Development Plan.





[G4-2] At year-end in 2014, the Board of Directors determined it was necessary to update the previously defined risks while emphasizing the need to conduct a more thorough analysis of operations and maintenance processes and stages.

In keeping with said analysis, Metro began focusing on the 22 most critical risks identified given their high degree of residual severity. The table below contains a description of these risks as well as their related risk-management and mitigation activities.

Strategic Risks	Actions
<p>Train derailling and/or accidents or incidents with high operational impact, resulting from poor execution and/or coordination of protocols or procedures.</p>	<p>Metro set up a plan to use simulators to periodically test drivers' emergency-handling skills during collisions and other events. In addition to requiring drivers to take annual mental capacity/coordination tests (psychometric tests), Metro drew up a plan outlining measures to be followed, when necessary, to safeguard the health of collaborators and the operational continuity of Metro. Moreover, Metro set up a random auditing plan for Free Driving Events (CML) in order to verify protocols.</p>
<p>Trains crashes or derailings or incidents with a high operational impact (internal causes: trains, track and system maintenance).</p>	<p>Metro conducted a root-cause analysis on critical train, track and system maintenance activities. Compliance with all of these activities is 100% guaranteed.</p>
<p>Lack of adherence with safety policies, standards, methodologies and indicators set out for workers and contractors</p>	<p>Phase One of the Metro Safety project was launched. This project entails several activities including aligning security at the executive level (Security Policy), defining roles, investigating incidents, updating emergency plans, and a training plan.</p>
<p>Non-compliance with current environmental legislation and Metro standards that could jeopardize the company's normal operations and corporate image.</p>	<p>The Environmental Mitigation Program is currently under implementation. Metro also drew up Environmental Considerations Procedures for contractors, and submitted a draft proposal to include environmental variables in the company's critical processes.</p>
<p>Non-compliance with Metro's pledge to uphold the Environmental Qualification Resolution (RCA) during the course of new line construction projects (P63). Said non-compliance could result in fines and/or sanctions imposed by regulatory agencies, and negatively affect project development.</p>	<p>An environmental ad-hoc working group was set with a view to oversee RCAs. Metro also developed an Environmental Audit Plan for the construction phase of new lines. An environmental information database was developed as well for the construction phase in order to prioritize demands.</p>
<p>Surcharges and deadline extensions on Lines 3 & 6 projects</p>	<p>Managing Authorizations of Special Works and contract amendments. Budget control through progress reports. Additives reports</p>
<p>Risks related to Metro's operational continuity pledge. Caused by union-triggered operational shutdowns, which could affect the quality of services and urban transportation (two risks).</p>	<p>Maintaining good labor relations as they are. In 2014, the collective bargaining process underway with Union No. 3 came to a successful close. Metro also revised its contingency plans for addressing the possibility of there not being enough critical personnel available to continually operate Metro.</p>
<p>Significant or recurring on-the-job accidents (one risk).</p>	<p>IPhases of the METRO SAFETY project were implemented</p>

Strategic Risks	Actions
Accidents caused by uncontrolled environmental aspects (one risk).	“Updating Hazardous Substance Management” projects.
Service interruptions caused by external incidents or accidents that affect train operations, when these occur at a place and time deemed critical for Metro operations (two risks).	Critical points along the network were identified and reinforcement measures were put into place at those points. Metro reviewed and updated the Train, Tunnel and Track Emergency Manual.
Fires on board trains or in tunnels that seriously affect human lives or Metro operations (one risk).	Metro reviewed and updated the Train, Tunnel and Track Emergency Manual, and conducted a drill in keeping with the revised manual.
Inadequate processes for recruiting, selecting and hiring key personnel (critical executives and mass positions) (two risks).	Metro updated the job description for executive positions: role, impact, and knowhow. Study, survey and 100% implementation of re-training plan for all drivers.
Moving up deadlines on new line (P63) construction projects because of external demands (one risk).	Hold ongoing meetings with stakeholders (Board of Directors, Finance Ministry, etc.).
Overshooting Metro-defined human accident indicators and/or fatal or incapacitating accidents during Line 6 and 3 construction work (one risk).	Safety standard procedures were drawn up for contractor companies along with a review of the monitoring plan.
Risks related to a deficient control structure for new line construction (Lines 6 and 3) (four risks).	Metro identified, defined and documented processes required to ensure an appropriate control structure for projects. KPIs for controlling these aspects were also defined.
Contractor strikes during construction of Lines 3 & 6 (one risk).	Metro defined guidelines and articulated actions to address these contingencies.

Source: Metro Risk Matrix, Administrative Control and Planning Management