



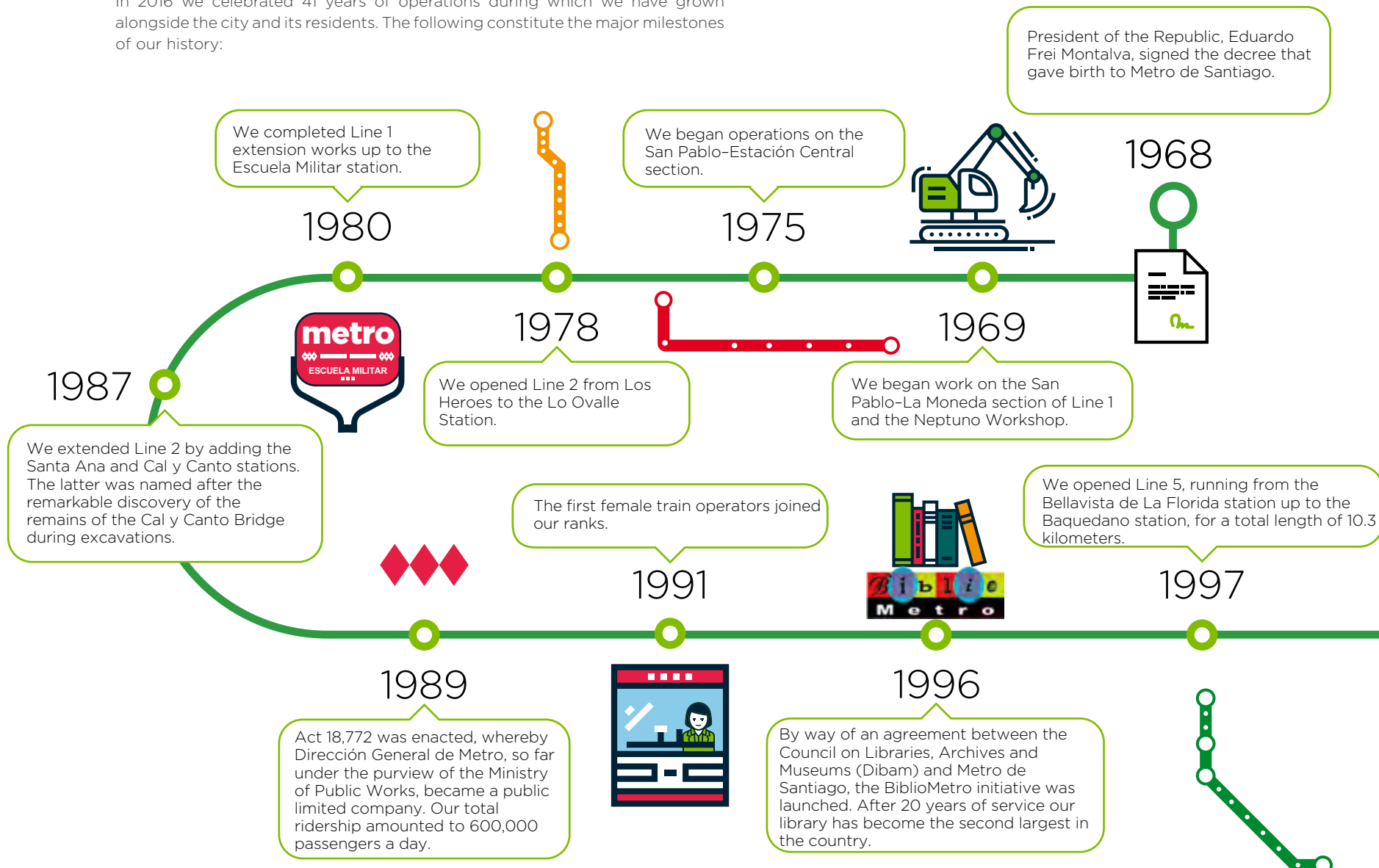
METRO
DE SANTIAGO

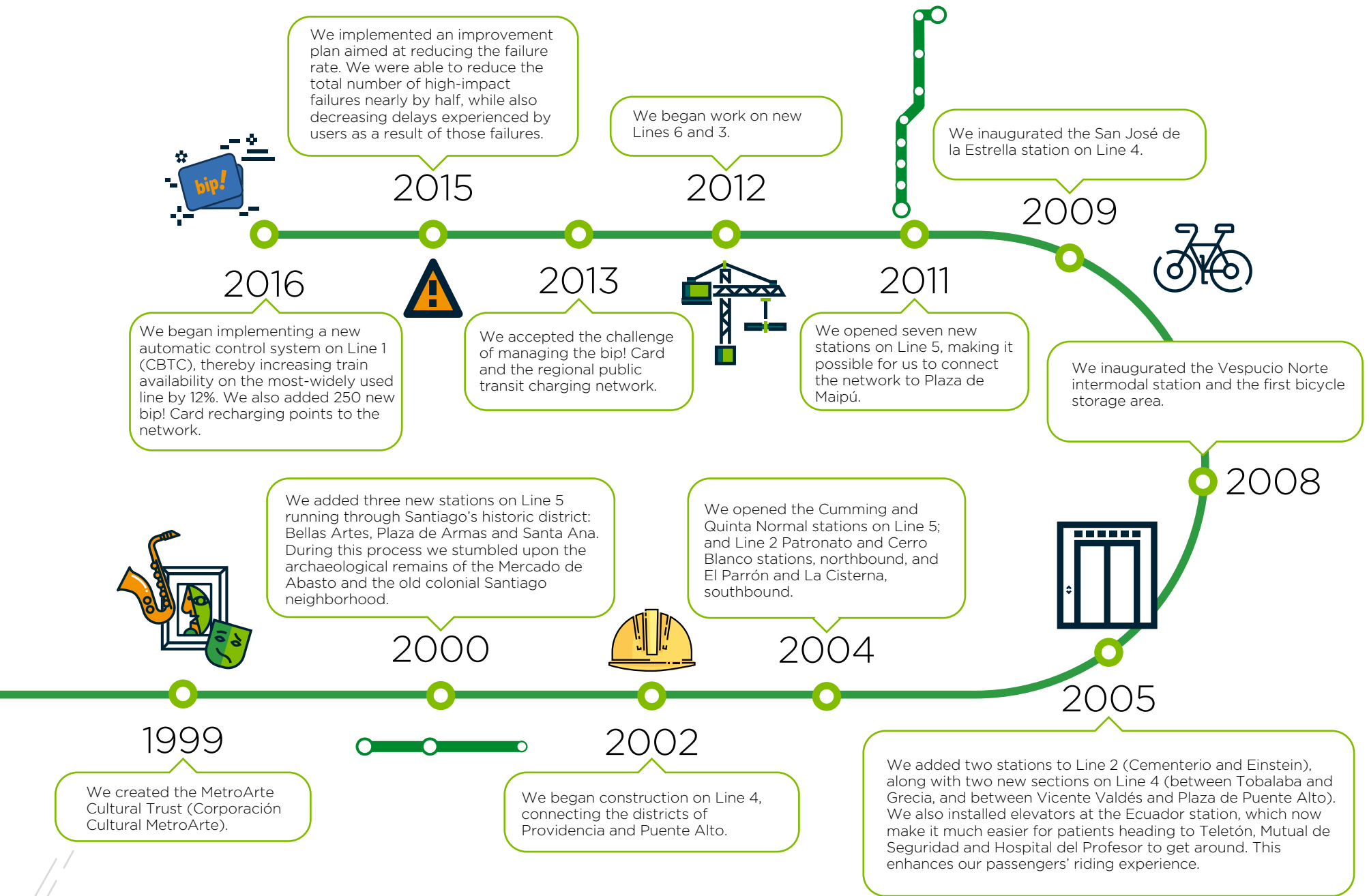


1. We Are Metro de Santiago

1.1 Our History

In 2016 we celebrated 41 years of operations during which we have grown alongside the city and its residents. The following constitute the major milestones of our history:

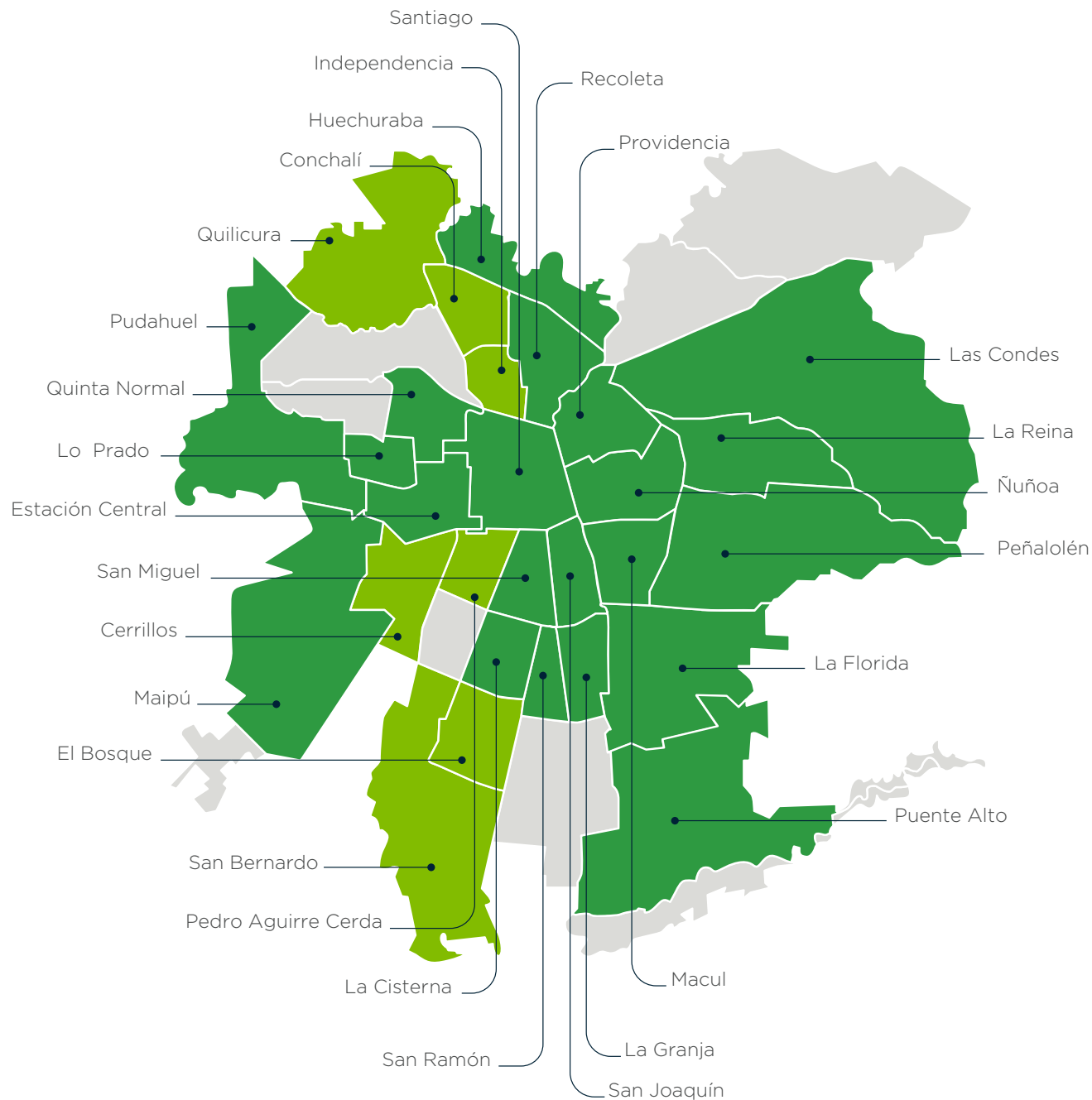






1.2 Metro de Santiago Network





Line 1

Lo Prado
Estación Central
Santiago
Providencia
Las Condes

Line 2

Huechuraba
Recoleta
Santiago
San Miguel
La Cisterna
El Bosque
San Bernardo

Line 5

Maipú
Pudahuel
Lo Prado
Quinta Normal
Santiago
Ñuñoa
San Joaquín
Macul
La Florida

Line 4

Puente Alto
La Florida
Macul
Ñuñoa
La Reina
Las Condes
Providencia

Line 4A

La Cisterna
San Ramón
La Granja
La Florida

Line 6

Cerrillos
Pedro Aguirre Cerda
San Joaquín
Santiago
Ñuñoa
Providencia

Line 3

Quilicura
Conchalí
Independencia
Santiago
Ñuñoa
La Reina



1.3 Our Business

[G4-3] [G4-4] Empresa de Transporte de Pasajeros Metro S.A. is a state-owned company located in the City of Santiago de Chile.

[G4-6][G4-8] Our main business consists of operating and building the urban rail transit system in the City of Santiago, which was used by an average of 2.3 million passengers on weekdays in 2016. This makes us a key player in the capital city's public mass transit system. Our operations exceed 60% of all trips made on the Metropolitan Area's public transit system. Our main concerns are the citizens, passengers and communities that interact with the existing and future Metro network.

[G4-8] Although we are considered to be one of the best passenger train service providers in all of Latin America, since 2013 we have also been managing the bip! card network services. This includes all street level and underground points of sales located in the Metropolitan Region.

[G4-8] We also operate other businesses such as leasing commercial and advertising space, telecommunications, space for services and ATMs, land leases, and intermodal station operations. Moreover, we have operations abroad in the form of consulting services for urban train systems

Ownership Structure

[G4-7] Our ownership structure is comprised of two shareholders: the Ministry of Finance with a 37.25% share in ownership and the Corporación de Fomento de la Producción (CORFO) - controlling partner - with a 62.75% share (as of December 2016). However, Metro does not have any joint action agreements.



1.4 Economic and Financial Performance

Main Results

[G4-DMA] Metro's total assets in 2016 amounted to MM\$ 4,225,557, 11.7% more than the previous year. Our EBITDA totaled MM \$ 83,150, 20% greater than the 2015 figure.

This year we made a MM\$ 38,250 profit due to USD exchange rate difference. As a result, we recorded an annual loss under this concept of MM\$30,543, less than the MM\$155,238 loss booked as of December 31, 2015.

Furthermore, our total financial expenses amounted MM\$ 50,226. This figure represents our contracted financial debt. Additionally, given a 2.7% increase in the value of the UF during the year, the company booked a loss of MM\$25,924 under index-adjusted unit.

[Please see our Financial Report for more financial information.](#)

Economic Value Generated and Distributed

[G4-EC1] At Metro we strive to increase the economic value of our company, which amounted to MM\$ 328,307 this year, equal to a 5% increase over the economic value generated in 2015. This value refers to the revenue we record, which primarily corresponds to ordinary assets which increased by 7% during the period mostly due to commercial space leases, accounts receivable, and technical fare income.

When we add up all of that, the result is a 5% increase in the economic value distributed. This primarily refers to all expenses incurred in the development of our business, covering aspects such as: salaries; network, trains and station maintenance; electric power supply for running the network; tax payments to the government; and debt and interest payments. Expenses associated with each of these concepts increased 5% over the 2015 figure.

Finally, Metro's reinvestment consists of the economic value generated less the economic value distributed, and the 2016 figure (MM\$ 29,476) was similar to 2015.

Economic Value Generated and Distributed		MM\$			
		2014	2015	2016	% Change
Economic Value Generated (A)		\$300.542	\$313.430	\$328.307	5%
Revenue	Income from Ordinary Assets	\$281.290	\$300.949	\$320.561	7%
	Financial Revenue	\$10.343	\$8.914	\$5.725	-36%
	Other Income by Function	\$8.909	\$3.567	\$2.022	-43%
Economic Value Distributed (B)		\$300.542	\$313.430	\$328.307	5%
Personnel	Total Personnel	\$61.331	\$68.006	\$78.681	16%
Operating Costs	Maintenance	\$48.348	\$56.442	\$57.448	2%
	Electric Energy	\$44.288	\$42.531	\$42.051	-1%
	General Expenses	\$49.913	\$52.219	\$51.376	-2%
	Total Operating Costs	\$142.549	\$151.192	\$150.876	0%
Governments	Total	\$6.396	\$7.097	\$7.845	11%
Funds Suppliers	Interest Payments	\$46.446	\$55.401	\$41.907	-24%
	Debt Servicing	\$52.819	\$60.409	\$78.475	30%
	Total	\$99.265	\$115.810	\$120.382	4%
METRO's Reinvestment	Total Re-Investment (A-B)	-\$9.000	-\$28.675	-\$29.476	3%



Metro's Fares

It must be noted that the fare we charge our riders is different from the fare that we receive per passenger transported. Although in December 2016 customers paid a fare of \$740 during peak hours, \$660 during intermediate hours and \$610 during off-peak hours, on average we received a technical fare of \$402.98 per passenger that month.

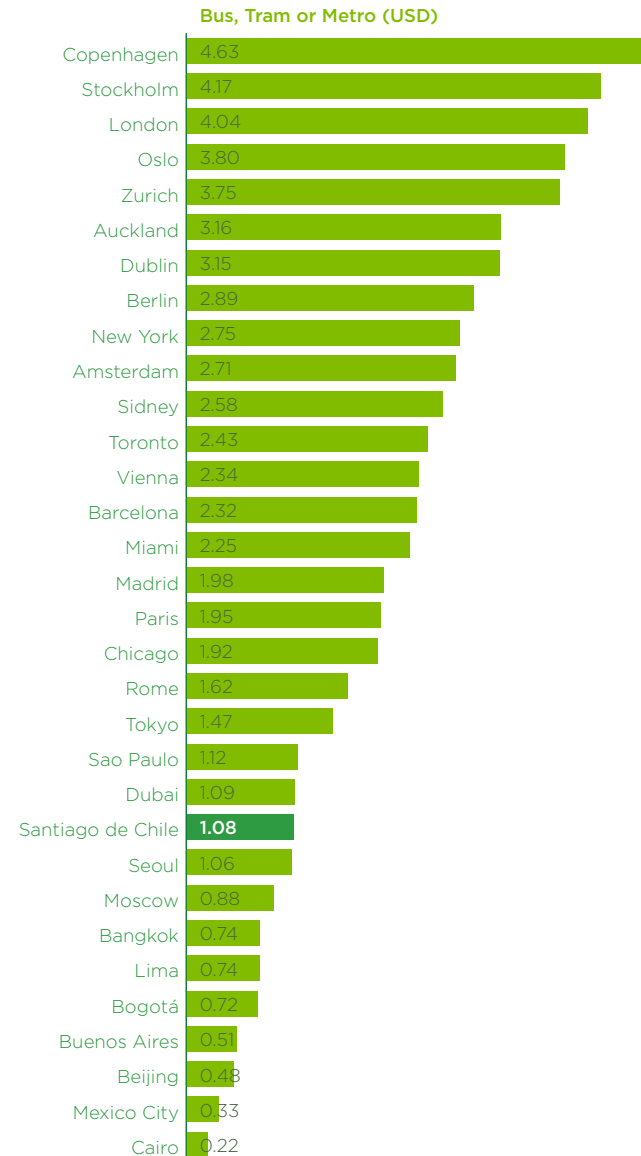
The purpose of Metro's technical fare is to cover company's costs, which consist of: operating costs, and asset replenishment and debt over a 40-year horizon. The technical fare is updated on a monthly basis using a formula that reflects variations in the variables making up the company's long-term cost structure (CPI, dollar, euro, price of power and electric power). This allows for a natural indexation to cost variations resulting from an increase in any one of the variables making up the polynomial.

The student discount fare (high school and higher education students) costs \$210 throughout the school year, and provides students the same benefits derived under the normal fare. Students wishing to transfer from buses to Metro during peak hours do not pay extra. Students may use the discount fare card 24 hours a day/7 days a week during the entire school year.

Metro's preferential Senior Fare is \$210. This fare is for exclusive use on Metro during operating hours with a maximum of two trips daily. At present, this benefit is available only at ticket counters located at Metro stations. In order to access this benefit, male applicants must be 65 years of age or older when applying and females must be 60 years of age or older when applying and all of them must be on social security or receiving a pension. For more information, go to: <http://www.metro.cl/atencion-cliente/beneficios-adulto-mayor>.

Note that the price of our fare is less than the average fare of most large cities, very similar to the public transit fare in Sao Paulo, and much less than fares in European cities such as Paris, Madrid Berlin, London or Copenhagen where fares are 3.5 times what we charge. The table below illustrates metro fares (in USD) charged in major cities around the globe. For comparative purposes the fares reflected in the table below correspond to bus, tram or metro fare for a 10-km ride or the equivalent to ten stops.

Comparative Rate Table



Source: 2015 Prices and Earnings. UBS. September 2015.

Non-Fare Businesses

As a company we operate a series of other businesses that are not related to passenger transit; we call these “non-fare businesses,” and in 2016 they accounted for 20% of our company’s total income. Our Payment Methods Management Division manages the network employed to load the bip! Card used in the Santiago public transit system ([For more information, see the “Passenger Relations” chapter](#)).

Moreover, our Business Management Division is responsible for developing, selling, and operating and managing Metro’s portfolio of non-fare businesses.

We take advantage of this type of service to bring about a win-win relationship for Santiago residents, by providing the community with services and benefits that contribute to their social wellbeing. For example, we have many conveniently located stores that we use to provide more and better services to our customers and improve our passengers’ riding experience.

Metro’s non-fare businesses are as follows:



Retail Space: we focus on leasing retail and store space throughout our network. At present, we have over 300 stores, primarily in the shape of: mini-markets, bakeries, fast food, services, etc.



Advertising: available space at Metro stations and on trains make up some of the main advertising means in the city given wide audience with broad coverage. We work with JCDecaux and SubTV who are responsible for managing static and dynamic advertising.



Telecommunications: These are communications technology-related businesses that primarily consist of antennas installed throughout our network to deliver better phone coverage in and outside of stations.



Services and ATMs: we rent space inside our network for ATMs, vending machines, pay phones and mobile phone recharge kiosks in order to provide passengers and residents with more services.



Land Leases: we aim to gain a profit from the residual land owned by Metro.



Intermodal Operations: we manage and make a profit from intermodal connections within our network.



International Consulting: as a result of our expertise, we provide support to public and private entities abroad in the process of developing rail networks. We are able to deliver consulting services for all project development stages ranging from design to start up and operations.



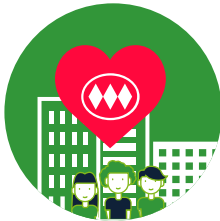
1.5 Our Corporate Strategy

Mission, Vision and Values [G4-56]



MISSION

To guarantee a **safe, reliable, efficient and sustainable travel experience**, in our role as a backbone of the integrated public transit system, thus contributing to a better city.



VISION

To be a company that is a **source of pride for all citizens**.



Customer Based: We strive to be one of the best service-based companies in the country.



Safety and Security: Your safety comes first.



Operational Excellence: Predictable, safe and efficient transit operations.



Collaboration: We learn and move forward more quickly when working together.



Transparency: Is at the core of all our actions.



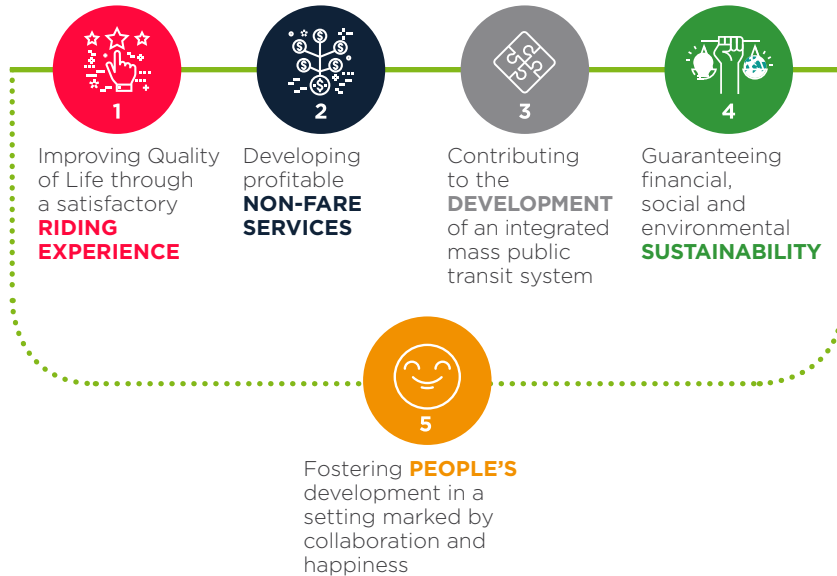
2020 Strategic Planning

In 2016 we launched a new strategic approach which focuses on our role in the city and the importance of our service to the community. In our strategic plan we underscore the importance of each trip by using the slogan “all rides matter,” a message that has enabled us to breathe life into our values by developing and implementing our strategic guidelines.

Teams of Metro workers, and members from management and assistant management divisions took part in meetings and focus groups held to design our strategic plan. The latter enabled us to imprint an integral approach to our business and our community role under a single perspective. Today we now have a more inclusive and strategic framework for our daily activities.

Once we finally drew up and approved the plan, we began circulating and sharing it with all members of the company through presentations, publications on our corporate intranet site, and actual hard copies. Our goal was for everyone to be aligned with the plan, and to share and understand the purpose of our daily business and the direction in which we are headed.

The five strategic areas of action laid out under the plan are as follows:



We defined the following strategic corporate objectives on the basis of the above strategic guidelines:

Strategic Guidelines	Strategic Objectives
IMPROVING quality of life through a satisfactory RIDING EXPERIENCE .	Ensure passengers' riding experience through a safe, reliable, predictable, and informed service with suitable standards of comfort.
	Warrant our operational experience
	Improve Passenger Safety conditions
	Develop customer segmentation and a knowledge model to define segment-based proposals
Developing profitable NON-FARE SERVICES	Provide a better service experience by developing non-fare services
	Maximize the use of Metro Spaces and leverage Metro's Knowhow , to contribute to financial sustainability
	Maximize service quality on the card charging network for the benefit of citizens
	Capture the capital gains in areas surrounding current and future stations
Contributing to the DEVELOPMENT of an integrated mass public transit system	Provide a long-term value proposal and contribute to urban integration
	Reach excellence when executing new projects, specially regarding schedule, budget and form , sustainably
Guaranteeing financial, social and environmental SUSTAINABILITY	Have a seamless and ongoing connection with stakeholders and the community, thus favoring urban inclusion and insertion
	Provide incentives for energy efficient initiatives and good environmental practices
	Optimize costs, income and fare structure , and keep borrowing model to minimum cost
Fostering PEOPLE'S development in a setting marked by collaboration and happiness	Foster an organizational culture based on the collaboration, happiness and safety of our people
	Develop a talent management structure, and organizational skills
	Ensure that the company is managing knowledge
	Develop skills in the areas of innovation and continuous improvement

1.6 Sustainability Management

Sustainability management at Metro is a cross-cutting issue, even though we have a team of individuals spearheading it from within our Customer and Sustainability Management division, which ensures that all related plans and commitments are upheld.

Likewise, in 2016, with a view to comply with the State-Owned Companies (SEP) requirements, stipulated under the Social Responsibility and Shared Value Creation Procedures, which are part of SEP Corporate Governance Guidelines, Metro appointed board member Karen Poniachik as Director of Sustainability. She reports directly to the Board of Directors regarding sustainability-related progress, milestones and challenges.

In addition to the latter, the Metro's Board of Directors is now responsible for sustainability oversight and management. They set up a separate board committee lead by board member Karen Poniachik and composed of staff from the Customer and Sustainability Management division. This committee meets quarterly. Moreover, the administration conducts monthly reviews of sustainability-related issues at its Corporate Committee meetings involving the CEO and his direct reports.

Sustainability Policy and Shared Value

Our Sustainability Policy was updated and implemented in 2015. Although the process was led by the Corporate Affairs and Sustainability Management division, several other Metro Management divisions were involved.

The document contains our statement of commitment to contributing to the development and quality of life of Santiago, by means of efficient, clean and economically sustainable network operations.

We underscore the importance of our workers, male and female alike, as important leaders who foster safe and collaborative work habits in a context that promotes their development and provides them with opportunities to progress professionally in the best possible way.

One of our mains concerns are the citizens of Santiago. We make an effort for our relationship with them to be beneficial to them through an entirely satisfactory riding experience.



Operationally, we are innovative in our solutions to decontaminate by operating environmentally friendly, electric-powered means of transportation, with an emphasis on developing projects that include NCRE and energy efficiency measures.

We consider our collaborating companies as key partners in our ability to meet our strategic objectives, which is why we enter into right partnerships for developing better standards.

Stakeholder Relations

Our strategic guidelines aim to ensure our financial, social and environmental sustainability, which is why one of our strategic objectives is to have a seamless and ongoing connection with our stakeholders, favoring urban inclusion. As such we are committed to making a contribution to the development and the quality of life of the City of Santiago.

Along these lines, with a view to planning our operations and network expansion in an efficient, clean and economically sustainable manner, we updated our Sustainability Policy to define a specific plan for working with our Stakeholders, as follows:

Pillar No. 1: Male and Female Workers

They are committed to and work hard at successfully tackling our challenges. As a result, we encourage them to be leaders in fostering a safe and collaborating working environment that allows for each individual to be his/her best.

Pillar No. 2: Citizens

We care for the citizens of Santiago as passengers and communities that interact with Metro's existing and future network. We want to have a beneficial relationship with them by providing a satisfactory riding experience that results in ties based primarily on shared value.

Pillar No. 3: Environment

Our operations constitute a contribution to the city and the environment since we operate with an environmentally friendly electric-powered means of transportation. We make an effort to strengthen our work in this area through a clean power grid and an efficient use of resources.

4th Pillar: Collaborating Companies

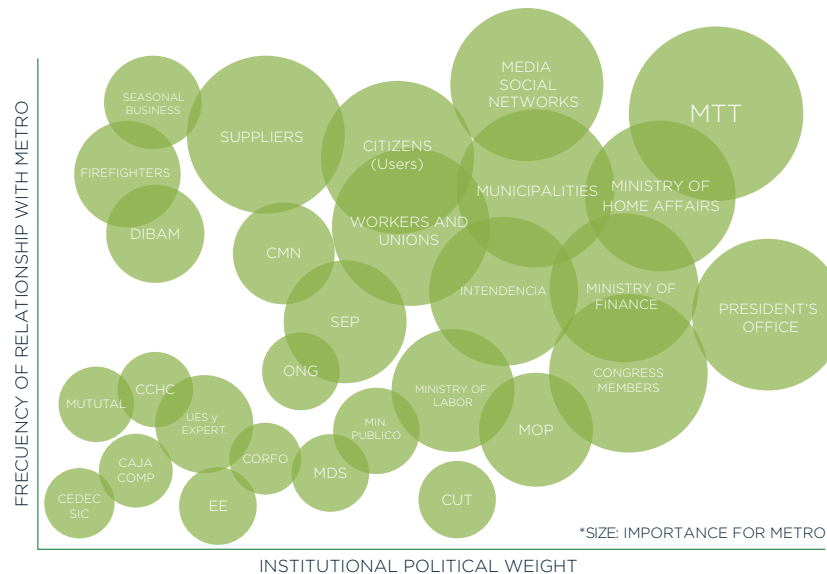
Our collaborating companies are our strategic partners and a key part to Metro's operations. That is why we like to create synergies that allow them to develop better standards and, at the same time, help them meet our objectives.





Our Stakeholders

[G4-24] [G4-25] We have drawn up a stakeholder map that we use to determine stakeholder relevance, and a list of common topics and gaps we need to close. The purpose of this is to establish direct, horizontal and ongoing ties with our stakeholders.



Stakeholder Communication and Involvement

Stakeholders	Primary Communication Channels	Material Topics
Employees	<ul style="list-style-type: none"> Social Intranet Platform (Andén Social) Andén en Línea Mail Andén Magazine Andén Noticias Digital Bulletin Andén TV corporate TV channel Meetings with Employees (team, widespread and ad-hoc meetings) Annual Work Climate Survey 	<ul style="list-style-type: none"> Employee and Contractor Safety Labor Relations Respect for Hiring Conditions Working Environment and Quality of Life at Work Knowledge Management Career Development and Talent Management Diversity and Inclusion Employment Benefits and Job Security Transparency and Communication
Suppliers and Contractors	<ul style="list-style-type: none"> Web Page Annual Report Sustainability Report Supplier Satisfaction Survey Extended Meetings with Contractors 	<ul style="list-style-type: none"> Employee and Contractor Safety Integrating Sustainability into Construction and Expansion Projects Sustainability Integration with Suppliers Transparency and Communication
Community	<ul style="list-style-type: none"> Web Page Sustainability Report Phone Service Meetings Site Visits Community Book Twitter Facebook 	<ul style="list-style-type: none"> Environmental Impact Mitigation Cultural Affairs Management Support for Social Initiatives Network Expansion Transparency and Communication
Citizenship	<ul style="list-style-type: none"> Web Page Corporate Report Sustainability Report Mass Media Twitter Facebook 	<ul style="list-style-type: none"> Universal Access Operational Continuity Network Expansion Energy Efficiency Efficient Resource Management Urban Connectivity
Customers	<ul style="list-style-type: none"> Customer Service Offices Customer Network Web page Twitter Facebook Mass Media Metro TV Metro Mobile App 	<ul style="list-style-type: none"> Passenger Communication Contingency Management Safety on Trains and at Stations Universal Access Corporate Reputation Facilities Maintenance and Cleanliness Temperature on Trains Passenger Safety Quick and Efficient Services Mass Transit System Integrated into the City
Authorities	<ul style="list-style-type: none"> Web Page Corporate Report Sustainability Report Operations Report Coordination Meetings Work Panels and Technical Committees 	<ul style="list-style-type: none"> Contingency Management Universal Access Passenger Safety Fraud and Crime Prevention Network Expansion Involvement in Public Policy Design Integrating Sustainability into the Business Managing Non-fare Businesses Mass Transit System Integrated to the City



Associations and Memberships

[G4-15] [G4-16] In addition to maintaining open communication with our stakeholders, the company is a member of the following transportation and sustainable development related associations:

Associations / Organizations	Our Type of Participation in the Organization	Projects undertaken by Committees We are Involved in
IAPT (International Association of Public Transport)	Member of IAPT, participate in events, meetings and surveys.	<p>The IAPT is an international association that gather together various public transit companies and organizations. Its goal it to promote public transportation systems while supporting its members, exchanging good practices, studies, contacts and information relevant to Metro's internal projects.</p> <p>Metro is involved in several working groups, such as Metro Division/ LATAM Division/ UTO Sub Division/ Safety Committee, and the Human Resources</p>
Corporación de Desarrollo Tecnológico (CDT) (CChC)	Member Partner and Vice-chair of the Committee on Tunnels and Underground Spaces in Chile	Metro periodically takes part in the Committee on Tunnels and Underground Spaces in Chile (CTES-CHILE), as an associate member, playing a key role in the organization as members of the Board.
Community of Metros (CoMET)	Member of Community of Metros (CoMet). Meetings and Case Studies.	Metro de Santiago is involved in this benchmarking group which consists of 34 large operators of urban rail systems from around the world. The community is divided into two groups based on annual passenger volume. These groups are led by the members themselves, and the Railway and Transport Strategy Centre (RTSC) from the Imperial College in London manages the community, specific studies, benchmarking activities, as well as a forum.
Asociación Latinoamericana de Metros y Subterráneos (ALAMYS)	Principal Partner and Secretary General of the Association since 2014.	Metro de Santiago actively supports studies carried out by the Association's Technical Committees (namely: economic development, rate policy or project construction), and takes part in the organization and development of events (conferences, academic forums, seminars and training sessions) defined in accordance with the member's approved annual work plan.
Acción Empresas	Partners	Metro has taken part in various corporate technical committees: community, customers and human resources.

