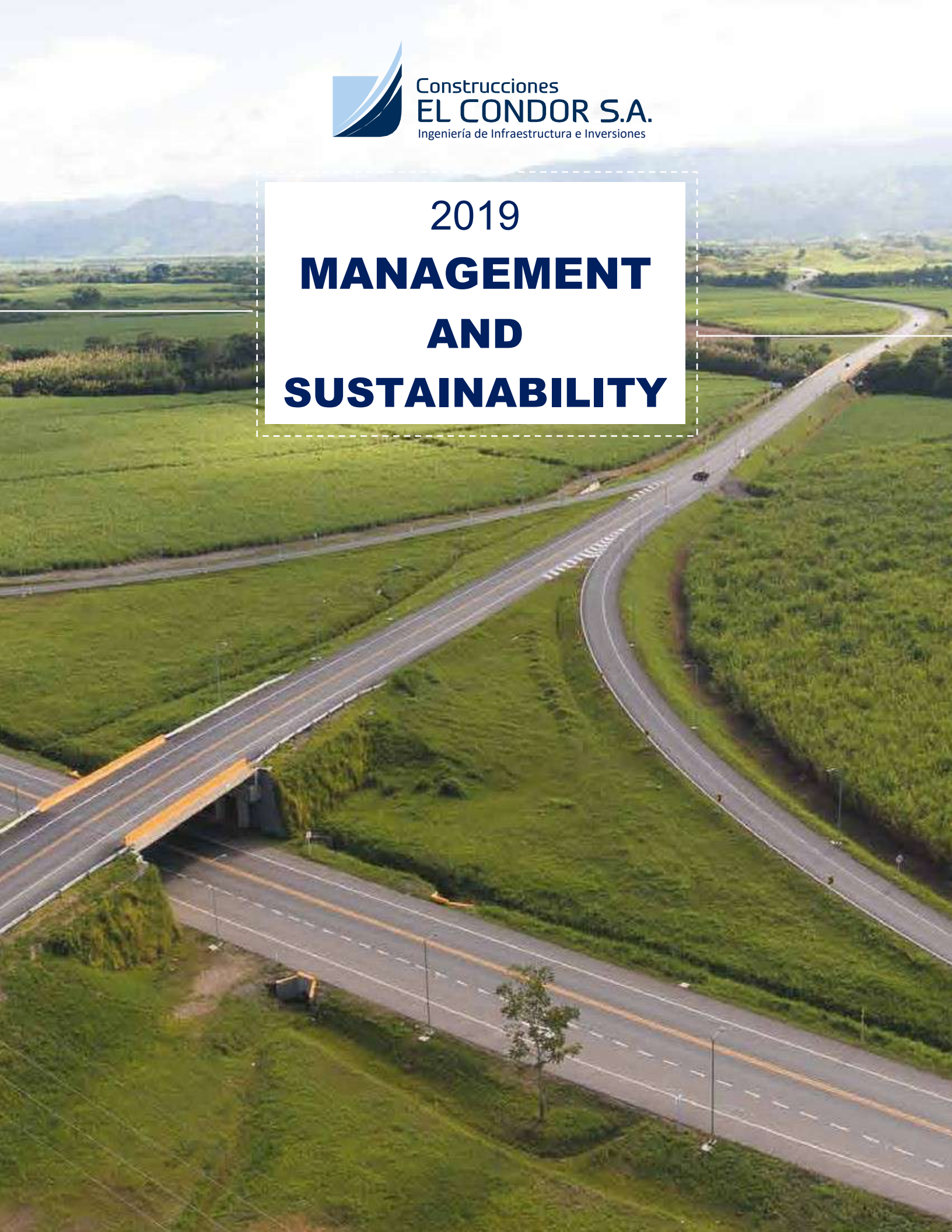




Construcciones  
**EL CONDOR S.A.**  
Ingeniería de Infraestructura e Inversiones

2019  
**MANAGEMENT  
AND  
SUSTAINABILITY**





2019  
**MANAGEMENT  
AND  
SUSTAINABILITY**

# ABOUT THIS REPORT

Construcciones el Cóndor presents its Annual Management and Sustainability Report prepared in accordance with GRI Standards ([www.globalreporting.org](http://www.globalreporting.org)) at the core level. The following documents are an integral part of this Report: the Audit and Risk Management Committee Management Report, the Corporate Governance and Strategy Committee Management Report, the Human Talent and Remuneration Committee Management Report, the Article 446 Report of the Colombian Code of Commerce, and the Separate and Consolidated Financial Statements (<https://www.elcondor.com/es/inversionistas/asamblea-de-accionistas>).

The Company reaffirms its commitment to disclose the results of the period alongside the main economic, social and environmental impacts to its operation, including those which are relevant for the market and for its stakeholders. This report has been approved by the Board of Directors, which is in charge of assessing every material issue. The digital version of this report is found at [www.elcondor.com](http://www.elcondor.com).

## Contents and Coverage

The contents of this Report consider the principles established in GRI 101 and were determined through the materiality analysis conducted in 2015 and adjusted in 2017. Said analysis involves the impacts on the business, on the market and on the stakeholders; every materiality issue has internal and external impacts. Though every activity of the company is reported, the indicators of material issues are limited to the construction activities which represent the biggest impacts. In 2019, the corporate strategy was revised, leading to an update of the materiality analysis (see page 26.). The Company will report new indicators as of 2020.

## Stakeholders



Clients



Employees



Users



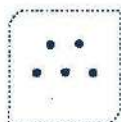
Suppliers



Shareholders



Authorities



Communities



Funding Bodies

Mechanisms of Relations:

<https://www.elcondor.com/es/compania/sostenibilidad>

## Aligned with the Sustainable Development Goals

By aligning its material issues with the 2030 Agenda of the SDGs proposed by the U.N., the Company engages its internal strategies with external initiatives to achieve specific goals and to connect to new opportunities stemming from this worldwide effort.

## Material Issues

- Governance, ethics and transparency
- Regulation compliance
- Profitable growth
- Stone materials
- Product quality
- Greenhouse Gas (GHG) emissions
- Employees
- Innovation
- Community Relations

If you have any questions about this report, please contact our Sustainability Coordinator, at: [Camila.villa@elcondor.com](mailto:Camila.villa@elcondor.com).

## OUR ADDRESS



Carrera 25 #3-45 Piso 3  
Medellín - Colombia



GRI indicators reported are found on the footnotes. Attachments with the index thereof are presented as well.

GRI Indicator: 102-3; 102-32; 102-40; 102-43; 102-46; 102-47; 102-52; 102-53; 102-54; 102-56





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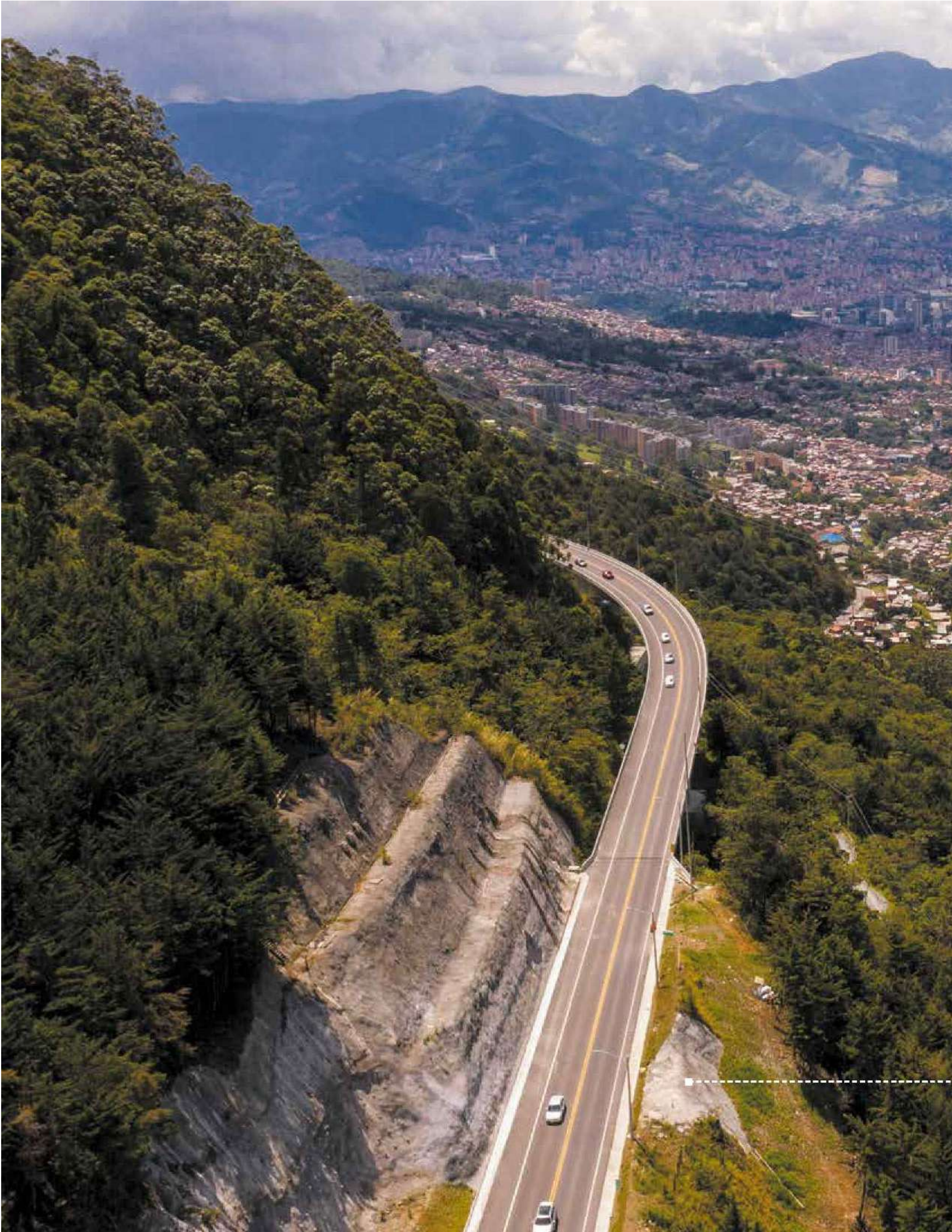
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An aerial photograph of a city, likely Bogotá, Colombia, showing a dense urban area with many buildings and a large green park area in the foreground. The city is surrounded by rolling hills and mountains in the background under a cloudy sky.

# MANAGEMENT REPORT

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## President's Message

There is no doubt about the impact and the importance that building infrastructure is for the country and its regions. The boost to the economy, the creation of jobs, and the new opportunities provided by better connectivity are obvious.

As leading actors in this great jump of the country's infrastructure, we are aware of the fact that our responsibility is huge. The commitment by management and all our employees is seen, day after day, by the rigor and care with which each process is carried out to make this new reality possible.



Our construction revenue, based on our meeting of our strategic objectives, was the focus of the work done during 2019, when the challenge for the second consecutive year with the same level of invoicing, was our consolidation while protecting the company's profit levels and financial health.

Relying on our employees' dedication and experience to implement our projects enabled us to reach our proposed goals both in terms of contractual compliance and economic results.

However, we have had to deal with different external factors that have to do with land, environmental, and social management issues which, in spite of the good work achieved, led to specific deviations from the plan. But, because these reasons are not attributable to the management activity itself, the client has given us the appropriate recognition because those were events that relieved us from responsibility, according to the definitions in those contracts. This forced us to seek authorization from the financiers to modify some compliance terms, which we have done, rigorously following the procedures set forth in the loan agreements. With the financiers' support, we have always achieved positive results.

Nevertheless, the time that these processes take impact the payments to the party that implements the EPC (Engineering, Procurement and Construction) contract, a task that we carry out as a construction company. This, together with the postponement of the arbitration court's decision in the liquidation of Concesión Cesar Guajira, led to an increase in our debt level. As a result, in May 2019 Fitch lowered our company's risk rating to A- with a negative outlook.

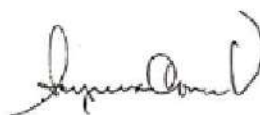
This event prevented us from going ahead with our original financing plan. But thanks to the Company's credibility in the financial market, the trust we have built in our stakeholders, our history of compliance, and with a sound corporate government, we were able to modify our strategy using an innovative process in the capital market.

This enabled us to broaden our sources of financing and our debt profile, thus significantly improving the liquidity index.

In advancing our alliance with ISA (Interconexión Eléctrica S.A. E.S.P), during 2019, we started to look into some projects using the strengths contributed by both ISA and Construcciones El Cóndor. We continue moving forward with the definition of certain key aspects to build our concession platform, such as the definition of strategic road corridors, and the short- and medium-term business plan.

Finally, we would like to remember and honor the memory of Juan Felipe Gaviria Gutiérrez, a great business leader and an exceptional human being, who led us as a member of the Board of Directors for 23 years, with his timely and accurate analyses, professionalism, and human warmth.

We invite our stakeholders to review this report through which we would like to share with you the results of this great team.



Luz María Correa Vargas  
President



# Management Report

## HIGHLIGHTS OF THE PERIOD

- 1** The Company launched its first ordinary bonds in the second market for \$81.500 million pesos on a 24-month term. In addition, it began a program for the issuance and placement of ordinary bonds and second-market commercial papers, which add up to an additional \$176.200 million pesos on an 18-month term. Such issuances lead to increase the average life of the work capital debt. On a short-term basis, the Company issued commercial papers for \$250.000 million pesos. The foregoing milestones endorse the market's trust and support, especially of professional and institutional investors, in the company's handling.
- 2** An agreement was signed with China Harbour Engineering Company Limited Colombia, to revamp functional unit 5 of the road project Autopista al Mar 2, amounting to \$11.409 million pesos. In August 2019, this agreement was amended to expand its term and to add \$8.233 million pesos, for a total of \$19.642 million pesos; execution was completed in December 2019.
- 3** Functional units 1 and 3 of Concesión Ruta al Mar were completed, representing 51% of the work's total progress. In addition, an extension was signed in the concession agreement, which led to rebalance the scope between functional units 7.2, 7.3 and 6.3, optimizing its design and avoiding protected areas as required by the corresponding environmental authority.
- 4** Functional unit 4 of the Irra Tunnel and of the Cauca and Tapias bridges was completed in the Concesión Pacífico Tres project; total execution of the project reached 76%.
- 5** The two work fronts met in making the Mulatos Tunnel of Concesión Pacífico 2; total progress of the project's execution 81%.
- 6** The two work fronts met in making the La Quebra Tunnel of Concesión Vías del Nus. Progress was made to finance the work through medium-term bridge loans with the approval of a new credit facility from IDEA and Banco de Bogotá; total progress of the project's execution was at 61%.
- 7** The Aburrá Oriente Tunnel opened to the public in August, a project in which the Company had a 12.5% share until December 2019. Seeking additional liquidity sources through the turnover of assets that reached their optimal maturity level, our shares in the project of the Oriente Tunnel were sold to Odinsa S. A. This operation granted access to a liquidity of about \$80,000 million pesos.
- 8** In terms of the controlled company, we inform that Condor Construction Corp. displayed steady growth in 2019. Its operating revenue increased 77% compared to the previous period, reaching an invoicing of about USD\$3 million. Consistent with the strategy to enter new markets, the Board of Directors authorized the capitalization of Condor Construction Corp. through SPV Condor Investment Inc. for USD\$500,000.

## SECTOR PERFORMANCE

The intervention interest rate in 2019 remained at 4.25% throughout the year while the annual inflation ended at 3.8%; the Colombian Central Bank (Banco de la República) expects it will resume its convergence with the 3% goal. In addition, economic growth at the end of 2019 reached 3,3%. It is worth underscoring that for Construcciones el Cóndor, which invests in concessions, economic growth represents one of the main variables that drive its projects.

The subsector of Road and Railroad Constructions ended the year displaying steady growth similar to that of 2019 and set at 10.7%. As expected with the launch of the 4G program, the positive result of this subsector helps to buffer the contraction exhibited by other sectors of the economy.

## CORPORATE RESULTS

At December 2019, revenue from ordinary activities added up to \$874.798 million pesos, thereby meeting the budget set forth for the year's operating revenue

Likewise, the EBITDA reached \$203.000 million pesos, which is equivalent to a margin over the level of sales of 23%, confirming the uptrend of this indicator in the partial results of 2019. This positive result is partly related to the investment activity, which contributed close to \$40.000 million pesos with the sale of the Túnel de Oriente project.

Net profit was \$73.103 million pesos, sliding 37% compared to 2018. This net result was hit by the negative impact of incorporating the loss of 74.303 million pesos of Vías de las Américas when applying the equity method.

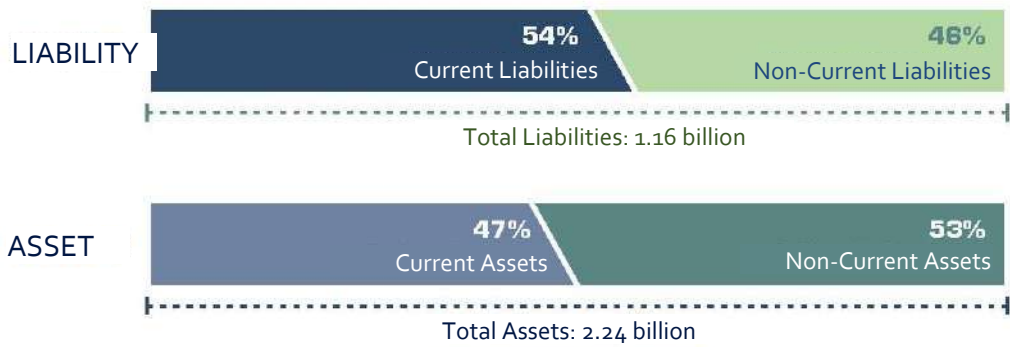
To ensure that the assets held to provide the construction service are managed profitably, the Company designed an indicator that measures the Construction Return of Investment (or ROIC), which compares that profit stemming from this business with the equity exclusively destined for this same end. The Company's profitability reached 18.20%.



## BALANCE SHEET

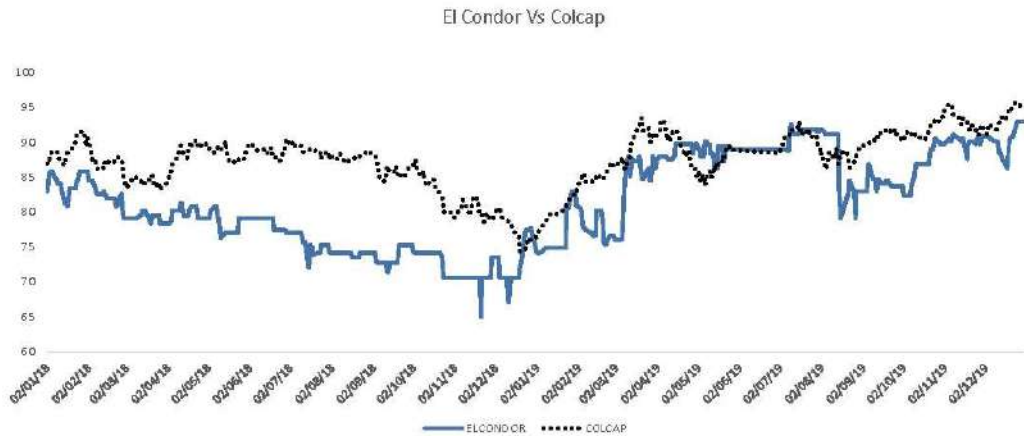
Assets at the end of 2019 added up to \$2.24 billion pesos, maintaining a distribution of 47% current assets and 53% non-current assets. Liabilities decreased 10% compared to 2018 figures, and closed at \$1.16 billion pesos. As the company has: (i) freed the cash trapped in the Ruta al Mar and Vías de Las Americas project, (ii) shifted to longer-term debt, and (iii) decreased its leverage, the Company's liquidity position has improved because there is a now positive working capital. This represents a major landmark in view of the bid opportunities envisaged for 2020 and 2021.

With regards to financial debt, the Company ends the year with approximately \$713.000 million pesos, which goes hand-in-hand with the debt level displayed early in the period, and represents a significant deleverage compared with the amounts of debt exhibited at the end of the third quarter.



## STOCK PERFORMANCE

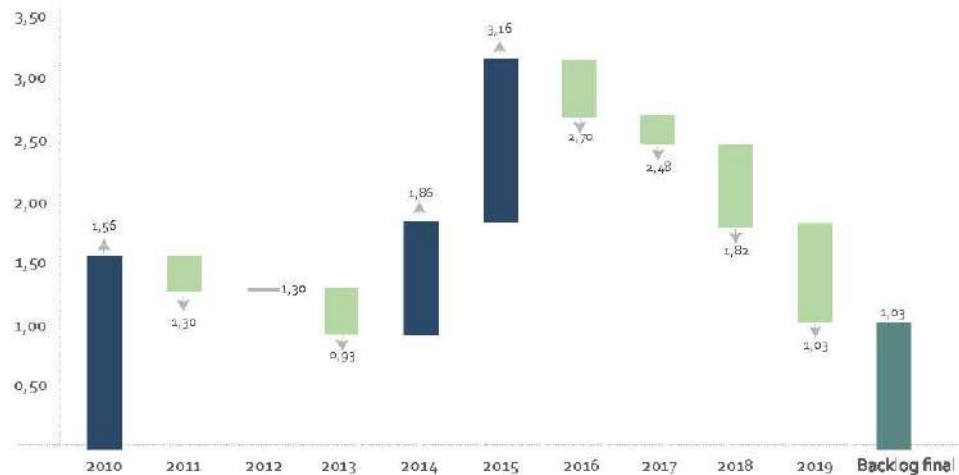
The Company's stock ended 2019 at \$1.315 pesos, increasing 25.24%. This represents a major development in acknowledging the real value contributed by the successful execution of our construction projects, surpassing the COLCAP performance index which closed at a 24.73% valuation.





## BACKLOG

At the end of 2019, the Company's backlog - understood as the balance of works hired and pending execution - was \$1.03 billion pesos. This calculation keeps in mind the invoicing made at December 2019 for constructions services provided, which correspond to \$870.000 million pesos. The lower backlog is mainly related to the restriction of new projects which demand capital, imposed by the funders of the bank guarantees of capital issued for projects. Inasmuch as the Company could advance in its Equity financing plan and decreased its exposure to these guarantees, the issuing banks accepted to lift the restriction, which in turn allowed the Company to begin a process of reconstitution of its backlog by awarding Public APP, Private APP and EPC (Engineering, Procurement, Construction) projects in the Colombian infrastructure market.



The Company's structuring department has been working on the attainment of new projects by participating in public and private bids, mainly seeking as a builder of infrastructure projects. Pertaining to this, along with ISA, the Company is assessing three private initiative projects; one is already underway in the prefeasibility phase and we hope to move to the feasibility stage during Q1 of 2020. Likewise, the plan is to conduct the prefeasibility study of two private initiatives of national interest.

## OUTLOOK 2020

According to data from analysts and the multilateral banking sector, the Colombian economy is projected to grow slightly in 2020, between 3.3% and 3.6%. Among the drivers we have consumption, remittances, migration and the tax policy as well as public investment in the infrastructure sector, especially in the 4G program, which is expected to surpass regulatory and financial impasses, and in turn, should be a great boost for the economic activity.

Indeed, 2020 is a very important year for the 4G program since the completion of works is expected to begin this year, with major completions of functional units throughout Colombia which in turn improves the level of trust in the sector.

To improve our liquidity and to optimize our working capita indicators, we hope to realize the reception of the sums pending from the liquidation of the Concession Contract of Concesión Cesar Guajira S.A.S. and to conclude the reversal of the Concessional Contract of Vías de las Américas S.A.S.

The Company expects to end 2020 executing about 95% of the works of the 4G concessions in which it currently participated, with 20 of the 24 functional units completed.

Lastly, the Company trusts that the Ministry of Transportation and the ANI will continue reinforcing the regulations and the contractual management to successfully conclude the 4G projects and to being the so-called 5G projects.

## FINANCIAL INFORMATION DISCLOSURE AND CONTROL

The Audit and Risk Management Committee guarantees the timeliness and pertinence of the financial information disclosed by the Company. This is done based on verifying compliance with the Information Disclosure proceeding. The Accounting Management set the dates for the delivery, collection, revision and processing of the information. Keeping in mind this calendar, the Company's accounting revised, consolidated and provided to the External Auditor the financial information for intermediate and year-end period; timely and pertinent information was held to continue the proceeding to review and approve this report from the Financial Management, Operations Management, Executive Vice President, the Auditor and Risk Management Committee, for the final approval provided by the Board of Directors, prior to its publication.

FINANCIAL STATEMENTS 2019			
Period	Date Reviewed by Board of Directors	Date Sent to Superfinanciera	Deadline Given by Superfinanciera
4Q2018	25/02/2019	28/02/2019	01/03/2019
1Q2019	29/04/2019	13/05/2019	15/05/2019
2Q2019	29/07/2019	14/08/2019	14/08/2019
3Q2019	28/10/2019	08/11/2019	14/11/2019

## LEGAL SITUATION

During 2019, the Company's legal situations took a normal course. The following events are worth mentioning:

- The Company ensured compliance with rules pertaining to intellectual property and copyrights, and implemented tools to monitor and control software, brands and other items used by employees to carry out their duties.
- Likewise, the Company ensured compliance with the provisions of personal data protection by appointing a Data Protection Officer in January, 2019.
- The Company certified its full compliance with article 87 of Law 1676 of 2013, and did not hinder the free flow of invoices issued by salespersons or suppliers.
- An on-going follow-up of changes in regulations issued by government authorities has been made alongside an analysis and study of bills in due course; the purpose is to serve and anticipate their impact on the Company's activities.
- Given the nature of the projects underway, a good communication has been held with the authorities in charge of giving their feasibility. The purpose is to understand their needs and requirements and hence, gain favorable results for the Company.
- Legal proceedings have been served with due diligence, using out-house counsel for legal issues and experts, depending of the subject matter.

- The Company Bylaws were amended in March 2019, introducing the following changes:
  - » Article 37: A paragraph was included to list the duties of the General Shareholder’s Assembly which cannot be delegated.
  - » Article 58: The duties of the Secretary are expanded to meet Measure S 18.4 of the Country Code survey.
  - » Articles 63 and 46: Both articles were amended to describe the organizational structure change and the creation of the Risk Management and Internal Control Management.
- The Financial Superintendence of Colombia authorized the Company’s automatic registration in the RNVE (National Record of Securities and Issuers) of a program to issue and place ordinary bonds and commercial papers in the second market; the total amount adds up to \$500.000 million pesos.
- In January, payment of the liquidation notice of Concesión Cesar Guajira S.A.S. was made with resources available in the Autonomous Equity, adding up to \$70.696 million pesos. An outstanding balance pending payment remains of \$14.539 million pesos; the case was presented and reached a conciliation agreement before the Arbitration Court which is aware of the reservations of the liquidation notice. Said Court approved the conciliation agreement for the month of December 2019, and is in the process of payment through TES to date.

The ruling from the Arbitration Court pertaining to the case of Concesión Cesar Guajira SAS against ANI is expected on May 2020. The amount obtained by the formula used for the liquidation of the contract estimated to date is \$133.000 million pesos.

- The Company reached a settlement to pay two legal proceedings brought against Metroplús S.A., for close to \$2.500 million pesos.
- The ruling from the Arbitration Court summoned by Concesión Vial de los Llanos was obtained, in which the Company holds stocks. The ruling stated that the parties should the technical and financial feasibility of the project; work groups with the ANI have been created to seek solutions in accordance with the ruling provided.

## **SUBSEQUENT EVENTS**

- The third package of the first issue made by the Company of ordinary bonds in the second market took place on January 10, 2020, for \$5.000 million pesos, all under the program for the issuance and placement of bonds and commercial papers.
- The Board Meeting held on January 29, 2020 appointed Ana María Jaillier Correa, Executive Vice President, as the Alternate Compliance Officer of the Company.
- The fourth – and last package of the first issue of ordinary bonds in the second market was made by the Company on February 27, 2020, all under the program for the issuance and placement of ordinary bonds and commercial papers, for \$18.800 million pesos.







# STRATEGY AND GOVERNANCE



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# Company Profile

Construcciones El Cóndor is a Colombian company, leader in road infrastructure, with projects in 9 departments of the country and in U.S.A. Founded 41 years again by three entrepreneurs, the company today has revenues close to 1 billion pesos, 3,500 employees, and has consolidated as one of the mayor infrastructure companies in Colombia.

The Company ranks second among the largest in the infrastructure sector per revenue (ranking from *Semana Magazine* in 2019), and is listed in the Colombian Stock Exchange since 2011. In recent years, the Company has obtained financing for concessions in the international capital market and has built strategic alliances for its international promotion.



## ACKNOWLEDGEMENTS AND CERTIFICATIONS

Construcciones El Cóndor has received certifications and acknowledgments that endorse its management procedures, acknowledge its work and the excellence of its personnel, which guarantee that it can take up any type of project successfully.

The Company is ISO 9001, 14001 and OHSAS 18001 certified to comprehensively manage aspects such as quality, occupational health and safety, and environment. Through an Integrated Management System, which seeks to increase the Company's efficiency and competitiveness using international sound practices and standards.

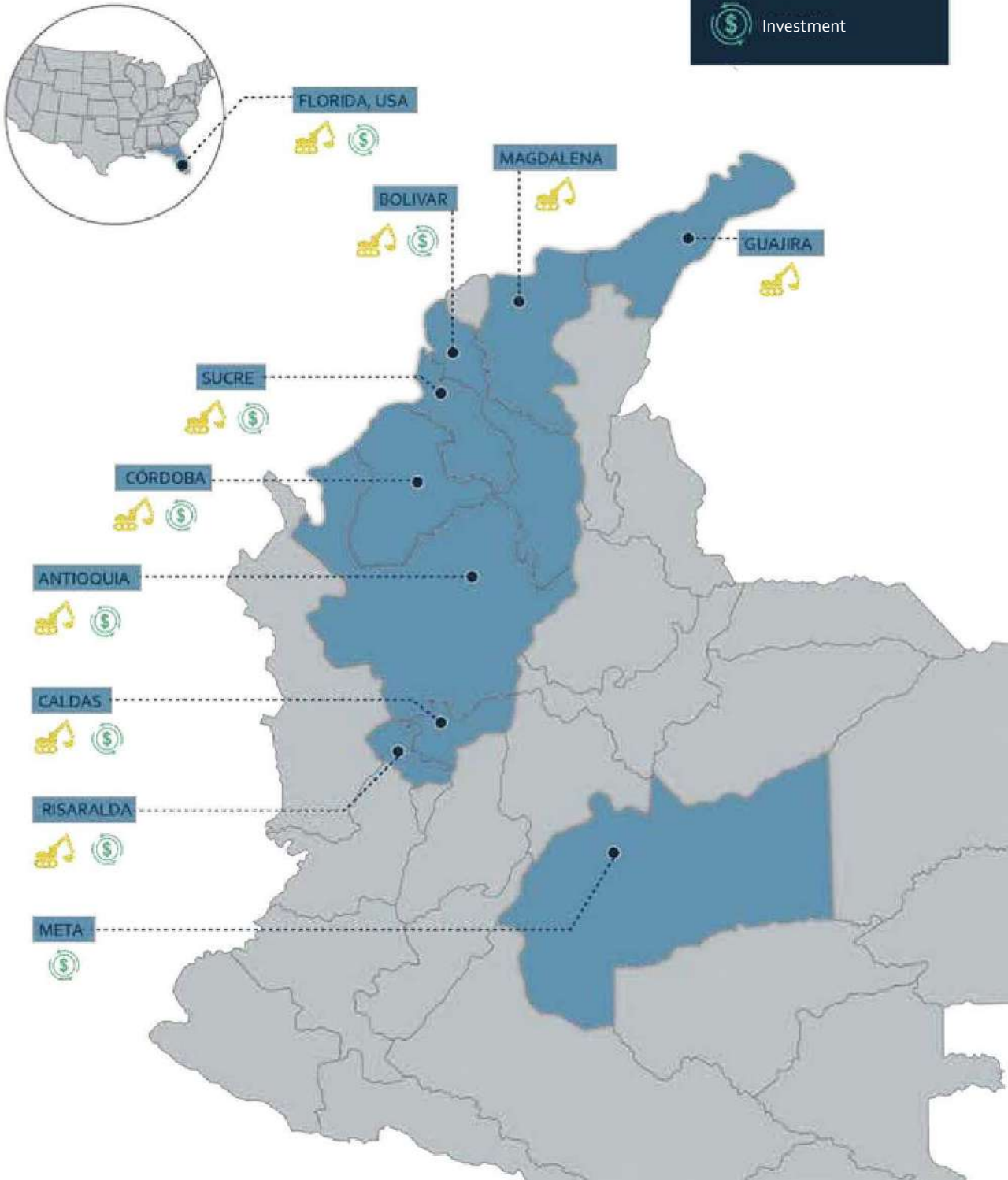


PORTFOLIO

With a vertically-integrated model, the Company has profitably executed construction projects and has managed an investment portfolio which provides it equity soundness to grow and expand the operations.

Map Conventions

-  Place where we have projects
-  Construction
-  Investment







Progress made by the Concession

99%



Antioquia, Córdoba and Sucre



Share in the corporation: 66,7%

Figures 2019



Progress in work fronts:  
Urabá: 100%  
San Pablo - Cantagallo: 68%



Compensation with trees: 6,570



Employees: 200



Beneficiaries of El Cóndor  
Foundation programs: 247



Progress made by the Concession

51,43%



Antioquia, Córdoba and Sucre, Bolívar



Share in the corporation: 50%

Figures 2019



Progress of work fronts:  
Antioquia - Bolívar: 56,4%  
San Onofre: 53%



Compensation with trees: 239,400



Employees: 1,697



Beneficiaries of El Cóndor  
Foundation programs: 1,812





**CONCESIÓN PACÍFICO TRES**

Progress made by the Concession

76%



Antioquia, Caldas and Risaralda



Share in the corporation: 4,8%

**Figures 2019**



Progress of work fronts:  
Irra: 70%



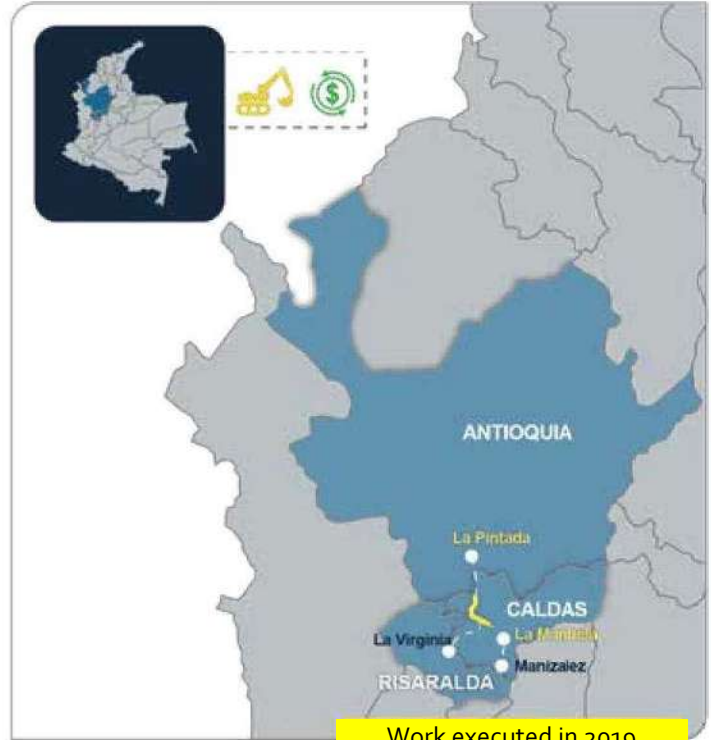
Compensation with trees: 2,868



Employees: 343



Beneficiaries of El Cóndor  
Foundation programs: 322



Progress made by the Concession

81,03%



Antioquia



Share in the corporation: 21,2%

**Figures 2019**



Progress of work fronts:  
La Pintada: 81,03%



Employees: 16



The social and environmental  
management of this project is led by  
Concesión La Pintada, hence, these  
indicators are not reported.





Progress made by the Concession

61%



Antioquia



Share in the corporation: 21,1%

**Figures 2019**



Progress of work fronts:  
Pradera - Porcesito: 25,2%



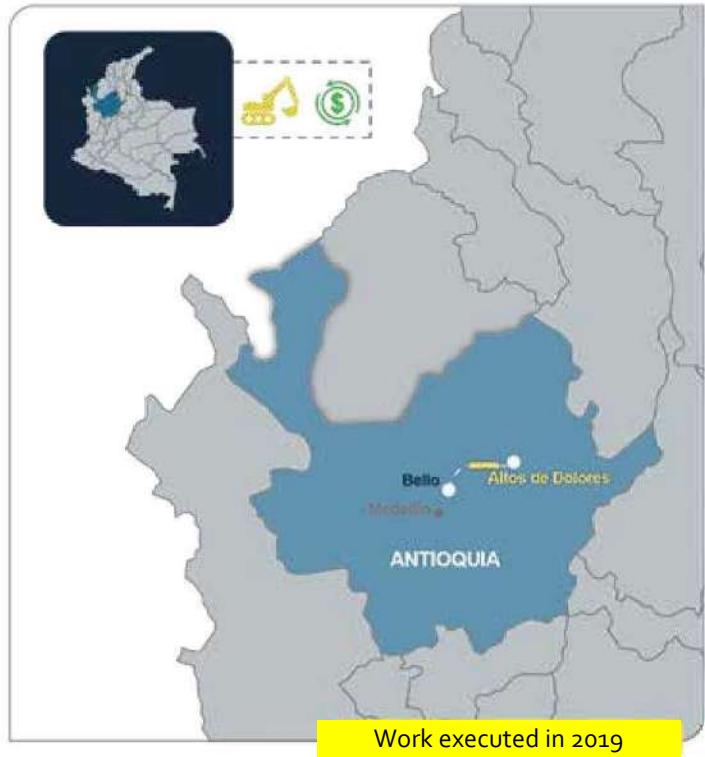
Compensation with trees: 0



Employees: 687



Beneficiaries of El Cóndor  
Foundation programs: 40



**Private Work**

Progress of work fronts

37,4%



Magdalena and La Guajira

**Figures 2019**



Progress of work fronts:  
Guajira: 37,4%



Compensation with trees: 7.500



Employees: 354



Beneficiaries of El Cóndor  
Foundation programs: 125



Years present in U.S.A.

**4 YEARS**



Florida, USA



Share in the corporation: 100%

**Figures 2019**



Project Developments:

- Light Pole Footing: 72%
- Dean Rd. And Curameng Drive: 100%
- New Sidewalks: 19%
- Sidewalk Replacement: 13%
- Little Wekiva River Erosion: 29%
- Sidewalk Improvements: 98%
- Acceleration West Public School: 19%
- Narcoossee Bike Trail: 34%
- Lockwood Boulevard Turn-Lane Construction: 0%



Employees:  
Direct: 7  
Indirect: 31

**Investment**



Concesión Desarrollo Vial del Aburrá Norte



Antioquia



Share in the corporation: 21,1%



Concesión túnel Aburrá Oriente

Antioquia

Share in the corporation: 12,5%



CONCESIÓN VIAL DE LOS LLANOS

Meta

Share in the corporation: 11%

Agregados Argos (Agregados San Javier Project)

Antioquia

Share in the corporation: 24%

# Strategy

The results obtained in 2019 display the Company's consolidation as a highly qualified builder of civil works and an investments manager of infrastructure projects.

The Company has the experience and knowledge in technical and financial structuring of projects to meet the demands of national and international promoters and funders.

Indeed, 2019 was a year in which we consolidated results and reconsidered the challenges of a new 2020-2030 cycle. For this, an analysis of the current situation of the Company was made, understanding the setting within the global context and mega trends, and in the local and national context with its risk and opportunities alongside the expectations and needs of its stakeholders.

## STRENGTHS OF THE BUSINESS SETTING

	Global	Local
POLITICAL	The public sector redefines its role. In the following years, it will focus on creating regulations which are flexible and long-lasting to face technological and market-related changes.	<ul style="list-style-type: none"> <li>Free Trade Agreements boost the development of infrastructure projects.</li> <li>The 5G program will incorporate lessons learned.</li> <li>Public entities still display risks of institutional weakness, corruption and public order.</li> </ul>
ECONOMIC	The more competition in the developed markets, more attention will be given to gain opportunities and margins that emerging market offer.	<ul style="list-style-type: none"> <li>Continuity of the APP model.</li> <li>Growth of the sector above the national average.</li> <li>International firms interested in the local market.</li> </ul>
SOCIAL	Technology will continue changing how users interact with infrastructure. Infrastructure planning will democratize while new market share opportunities will be created.	<ul style="list-style-type: none"> <li>Increased community expectation and participation in projects.</li> <li>User-based construction.</li> <li>Demographic changes impact the job market.</li> <li>Change of vision and expectations towards jobs among new generations</li> </ul>
TECHNOLOGICAL	Decisions pertaining to public investment in infrastructure will be increasingly based on evidence. Data will enable making better decisions and build more social consensus around projects.	<ul style="list-style-type: none"> <li>Increased use of technologies and data analytics to plan and execute works.</li> <li>Technology and innovation based on efficiencies and user experience.</li> </ul>
LEGAL	Increasingly complex projects with more restrictions in their management, capabilities, materials, standards, among others; new and better management models will be required.	<ul style="list-style-type: none"> <li>Lack of legal certainty for environmental, social and property proceedings.</li> <li>Complexity of prior consultation proceedings.</li> </ul>
ENVIRONMENTAL	Sustainability plays a role in economic development and corporate responsibility. As long as the public and private sectors commit to the 2030 Agenda, we expect more social pressure and surveillance in terms of the planning, execution and maintenance of infrastructure projects with a sustainable outlook.	<ul style="list-style-type: none"> <li>Difficult to find suitable sources of rock materials.</li> <li>Complexity in infrastructure to guarantee connectivity and minimize environmental impact.</li> <li>Infrastructure prepared for climate change.</li> </ul>



In consideration of the impacts of the setting described above, a MEGA was structured for the 2020-2030 period, which determined 8 strategic guidelines with their applicable goals and indicators.



- **Diversification and Growth** to achieve the backlog required to meet the MEGA through new clients, geographies and strategic allies.
- **Enhancement of the Corporate Investment business** to guarantee the profitability level expected by shareholders and optimum balance in the portfolio.
- **A Construction business** with compliance, execution capability and financial standing to guarantee the backlog required and the profitability level expected.
- **Employer of choice** with quality human talent, to leverage the organizational strategy and to drive growth.
- **Active participation in the guild and leadership in the sector** to create favorable conditions in compliance with the strategy.
- **Strategic relations with priority stakeholders** to understand and provide for the business more efficiently and proactively.
- **Incorporation of innovation in the current business and of future strategic challenges** to remain ahead, to incorporate new trends and to increase efficiencies today.
- **Generation of social and environmental value** to reach more acceptance and flow to execute projects, generating local development.



## MATERIALITY MATRIX

By reviewing the new 2020-2030 strategic cycle, the Company aligned its focus on sustainability and risks, considering not solely economic variables but social and corporate governance variables as well, to guarantee its continuity on the long-term. Hence, the materiality matrix was revised and adjusted based on the strategic exercise. The above led to give priority to 8 material categories and their corresponding activities, framed in the risk management, governance, ethics and transparency.

### Risk Management, Governance, Ethics and Transparency



#### Conventions

- Diversification and Growth**
  - 1 New sectors, clients and geographies
  - 2 Alliances
- Investment Business**
  - 1 Attracting capital and financing
  - 2 Greenfield/Brownfield project balance
  - 3 Governance and structure framework
- Construction Business**
  - 1 Compliance and quality
  - 2 Optimum debt level
  - 3 Value engineering
- Employer of Choice**
  - 1 Value proposition for employees
  - 2 Leadership culture and brand
  - 3 SST
- Sector and Guild Incidence**
  - 1 Sector and guild incidence
- Stakeholders**
  - 1 Stakeholder relations
- Innovation**
  - 1 New technologies and innovation
- Social and Environmental Value**
  - 1 Compensations
  - 2 High-impact social and environmental projects
- Issues deemed NON-priority

Note: The issues in the gray area are prioritized for the Company's sustainability; the other issues in the white area were kept in mind in the materiality analysis.

## RISK MANAGEMENT

Risk management enables us to identify the events that may affect compliance with goals and the path we take to follow the strategy, preventing and mitigating negative impacts and seizing opportunities. The Company identifies, assesses, controls and mitigates or transfers the occurrence of strategic risks, operating risks, disasters, contractual breach (non-compliance) risks as well as those that go against the corporate ethics, and pertaining to the Money Laundering and Counter Terrorism Financing (ML/TF) at corporate, project and society level.



# Corporate Governance

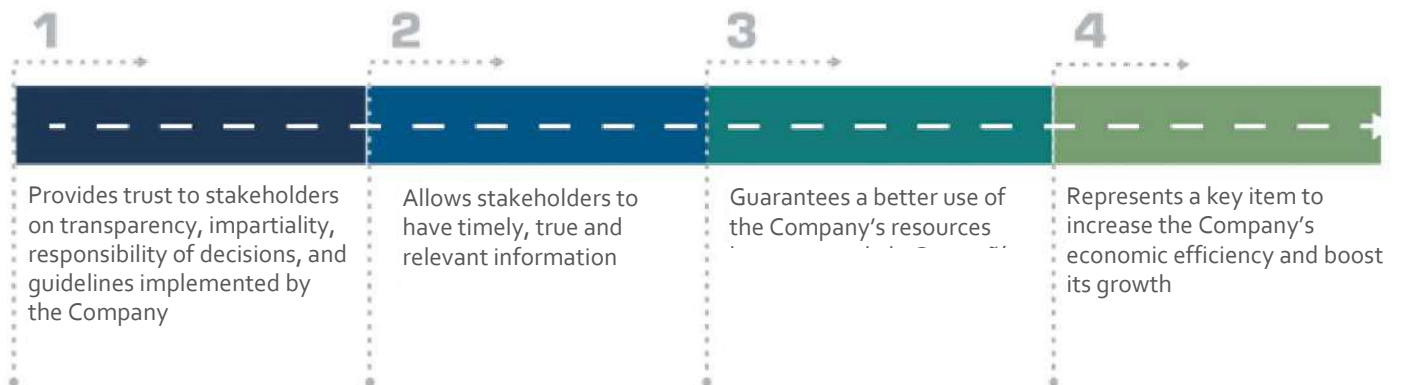
Corporate Governance comprises a set of principles, values and regulations gathered in documents and procedures, which rule and guide the Company in favor of an ethical and legal conduct pertaining to the relations its establishes with its different stakeholders.

Indeed, this subject has gain relevance not only in the Company but worldwide among businesses since its on-going evolution has led enterprises to adopt formal standards to ensure an ethical and coherent management of their businesses and to consolidate an organizational culture framed within fundamental principles, such as integrity, respect and transparency.

Every year, the Company reviews its standards to complement and align them with the best practices, all to build trust with its stakeholders. The Board of Directors and the Committees thereof revised and approved the following amendments:

- Amendment of the Good Governance Code, mainly to enhance the governance system, and on determining and regulating the internal control system of the Company.
- Amendment to the Corporate Ethics Code, mainly to clarify the concepts and definitions included in this code.
- Amendment to the Board of Directors' Selection, Performance and Succession Policy, mainly to determine the inabilities and incompatibilities to be members of this body, and to determine the individual and group skills which give diversity to the Board.

## Relevance of Corporate Governance



The purpose of the Integrated Management System (or SIG) of Construcciones El Cóndor is to constantly develop and improve processes to guarantee their compliance with the applicable law, product quality and service, the prevention of negative environmental impacts, injuries and diseases of persons, and accidents damaging property or the environment.

The SIG system includes the Corporate Governance Map comprised of every policy and process of the Company to manage this issue, distributed according to their role in four groups:

### Corporate Governance Map



Note: The Corporate Governance Map and all documents thereof may be found at: <https://www.elcondor.com/es/inversionistas/asamblea-de-accionistas>.

### Governance Structure

The governance structure is comprised by the General Shareholders Assembly, the Board of Directors and Senior Management.; the latter includes the President, Executive Vice President, Secretary General and four Managers (Financial, Operations, Organization Development, and Projects).

#### General Shareholders Assembly

The Assembly consists of the shareholders with right to vote, who meet once a year to examine the Company’s situation and to make the decisions applicable to this body. Special meetings may be held to address urgent or unforeseen issues.

#### Our Shareholders



#### Distribution of Others



**The Board of Directors**

The Board of Directors is in charge of overseeing the compliance of corporate strategic goals and follows-up the activities and strategies implemented for the achievement thereof. The Board is also in charge of overseeing the compliance of the internal control model and approving once a year the risk management policy as well as the risk appetite set forth.

The Board is comprised of seven members; five are independent, one is equity and the other is both equity and executive. During 2019, the Board of Directors was chaired by Mr. Dr. Jairo González Gómez, an independent member.

**José Jairo Correa Gómez**



**Nature:** Equity  
**Seniority:** 35 years  
**Company:** N.A  
**Position:** N.A  
**Attendance to Board Meetings:** 93,3%  
**Attendance to Committees:** N.A  
**Seat on Other Boards:** N.A

**Juan Felipe Gaviria Gutiérrez**



The Company mourns the death of Dr. Juan Felipe Gaviria, who shared with us his timely and sound analytical sense during 23 years as a member of the Board of Directors.

**Oscar Antonio Echeverri Restrepo**



**Nature:** Independent  
**Seniority:** 15 years  
**Company:** N.A  
**Position:** N.A  
**Attendance to Board Meetings:** 100%  
**Attendance to Committees:**  
 ■ 100% ■ 100% ■ 100%  
**Seat on Other Boards:** N.A

**Alejandro Correa Restrepo**



**Nature:** Equity and Executive  
**Seniority:** 14 years  
**Company:** Construcciones El Cóndor  
**Position:** Financial Manager  
**Attendance to Board Meetings:** 100%  
**Attendance to Committees:** N.A  
**Seat on Other Boards:** C2 Estudio, Concesión Aburrá Norte and Concesión Vial de los Llanos

**Jairo González Gómez**



**Nature:** Independent  
**Seniority:** 9 years  
**Company:** Nutresa S.A.  
**Position:** Vice President Secretary General  
**Attendance to Board Meetings:** 100%  
**Attendance to Committees:** ■ 100% ■ 100%  
**Seat on Other Boards:** Fundación Infantil Santiago Corazón, Corporación Excelencia en la Justicia, Colegio Columbus School

**Luis Fernando Pérez Cardona**



**Nature:** Independent  
**Seniority:** 8 years  
**Company:** N.A  
**Position:** N.A  
**Attendance to Board Meetings:** 100%  
**Attendance to Committees:** ■ 100% ■ 100%  
**Seat on Other Boards:** SUAM, SOMA, Indaer and Imbocar

**Claudia Echavarría Uribe**



**Nature:** Independent  
**Seniority:** 4 years  
**Company/Position:** Grupo Éxito/Manager of Corporate Affairs (until Nov. 2019) Grupo Bancolombia/Vice Presidente of Legal Affairs (today)  
**Attendance to Board Meetings:** 60%  
**Attendance to Committees:** ■ 40% ■ 0%  
**Seat on Other Boards:** Fondo Mutuo de Inversión Futuro

**Note:** Absences to Board Meetings were duly justified and informed beforehand; the member absent was briefed on the matters addressed.

**CONVENTIONS**

- Audit and Risk Management Committee
- Organizational Development, Human Talent and Remuneration Committee
- Corporate Governance and Strategy Committee



The members of the Board are appointed for two-year periods using the electoral quotient system notwithstanding they may be removed freely or reelected indefinitely. The Selection, Performance and Succession Policy of the Board of Directors, amended by this same body in 2019, establishes that the members are elected keeping in mind the proportional representation of their ownership of stocks pertaining to the following aspects:



The Board of Directors is backed by three Committees for its tasks. These committees are focused on the following subject matters:

**1. Audit and Risk Management Committee**

Helps determine the Internal Control and the Risk Management model, follows-up its operation, and ensures the compliance with laws and regulations applicable to the Company, by safeguarding always the proper and transparent development thereof.

**Main activities in 2019:**

- Consideration of financial statements of intermediate periods and of year-end periods, previously presented to the Board of Directors.
- Revision and update of the Risk Management Policy, to establish the Company’s risk appetite.
- Revision of findings of ML/TF risks.
- Revision of internal audit results.

**2. Corporate Governance and Strategy Committee**

Assists the Board in the adoption and follow-up of the best practices of governance as well as the decisions and follow-ups of the Company’s strategy.

**Main activities in 2019:**

- Presentation of the Cross-sectional Plan of Corporate Governance
- Revision and analysis of the application of the Country Code survey.
- Revision and analysis of the Selection, Performance and Succession of the Board of Directors Policy
- Annual revision of the Corporate Ethics Code.
- Revision, analysis and update of the Corporate Strategy.

**3. Organizational Development, Human Talent and Remuneration Committee**

Supports the determination of the human talent model as well as the execution and follow-up thereof, and provides advice on appointments and remunerations of the members of the Board and Senior Management.

**Main activities in 2019:**

- Presentation of the Development Plan for critical positions.
- Work plan for the new Organizational Development Management.
- Assessment of the President and the Executive Vice President.
- Methodology and update of the Selection, Performance and Succession of the Board of Directors Policy.

In 2019, the method used for the assessment of the Board of Directors was both by self-evaluation and crossed evaluations among peers. The Shareholders Assembly set the fees of the members for the 2018 -2020 period in accordance with the Remuneration Policy of the Board, at four minimum legal monthly wages in force for every meeting attended. The remuneration policy of the Board is published on the Company’s website.

**Senior Management**



From left to right: Alberto Arango, Ana María Jaillier, Isabel Cristina Vásquez, Luz María Correa, Adriana Gallego, Liliana Guzmán and Alejandro Correa

Name	Position	Age	Years of Experience
Luz María Correa Vargas	President	55	33
Ana María Jaillier Correa	Executive Vice President	51	31
Isabel Cristina Vásquez Acosta	Secretary General	49	26
Adriana Gallego Oke	Operations Manager	47	26
Alberto Arango López	Project Manager	52	31
Alejandro Correa Restrepo	Financial Manager	38	18
Liliana Guzmán Palacio	Organizational Development Manager	46	26

In April 2019, Mr. Sergio Pérez Cardona retired. He was the Organizational development Manager of the organization for 22 years, and contributed significantly to the growth and consolidation of the Company’s culture and development.

The Company has a decisions rights model which allows to clarify the roles and responsibilities of Senior Management, individually and collectively, pertaining to the strategic and business key decisions made; the model helps as the launching pad for the other decisions that should be analyzed by other higher management bodies. These decisions are made through regular sessions held by the President's Committee which is in charge of reviewing the strategy, the Projects Committee which is in charge of taking actions to mitigate risks of project compliance, and the Risk Management Committee.

The President of the Company leads the corporate strategy and coordinates the execution thereof, while the Executive Vice President manages the operations along with the Managers, to ensure obtaining the results and to oversee the technical, environmental, social, financial and legal compliance of projects.

The Board of Directors approved an amendment of the Management structure. This consisted of eliminating the Structuring Management and creating the Structuring Director, who directly reports to the Executive Vice President. This decision was taken in accordance with the current needs of the Company and the challenges that management identified as strategic.

Top executives (strategic level) receive a fixed and a variable remuneration, based on the Company's annual results and on individual performance. The Company has its own wage scale system to determine remunerations based on position profile, responsibility and complexity.



# Ethics and Transparency

Promoting a setting based on trust in the business implies having persons in the Company committed to act with ethics and integrity. Hence, the Company actively promotes values, principles and conducts to cascade through its daily activities in its relations with every stakeholder.

The values, principles, standards and regulations of conduct promoted are established in the Company's Code of Ethics, which was amended in 2019, to clarify even more its contents for its users. This code may be found in the Company's web site.

Hence, the Company states:

- Zero tolerance towards situations that hurt its corporate ethics and/or against corporate values.
- The promotion of acting in good faith - that is, with transparency and no hidden agenda.
- Lawfulness, that is, to strictly comply with legal provisions.
- Integrity - where ethical principles prevail over commercial goals.
- Every activity of employees and management are aimed to develop the corporate purpose in an honest, transparent and legitimate fashion.

Senior Management is responsible for the promotion, through its own example, of a culture of base don transparency and integrity. The Board of Directors is in charge of ensuring full compliance with the Code of Ethics; Company employees, suppliers and allies should embrace this code.

**Through the year, training courses and awareness processes were provided to our employees to learn and internalize the governance, ethics and transparency policies and practices adopted by the Company to promote a business culture based on integrity and transparency.**

The Company also has its Conflicts of Interests Policy which determines, rules and establishes mechanisms to settle conflicts that management, employees and business of the conglomerate may encounter.

In compliance with this policy, the Company published in 2019 the Conflicts of Interest Survey, which shed light on the following:

- No member of the Board of Directors has disclosed a relevant conflict of interest nor has the Company had any knowledge whatsoever of its existence.
- No relevant conflict of interest situation was detected which could lead anybody from management to refrain from participating in a meeting or vote.
- No cases of conflict of interest on a tactical and support level were found which could transcend to strategic matters.

In addition to the survey and the normal channels to report conflicts, the Company implemented the Ethics Line for this purpose. It works like a communications channel which is handled by an external and independent supplier. In this line, employees, suppliers, clients, contractors, management, investors and the public at large may inform, for free and anonymously (if the person does not want to be identified), every conduct deemed against the law or the rules and principles, which may hurt the interests and good name of the Company.



In 2019, the Company included information about the Ethics Line next to the signature of its employees and its majority shareholders.

During the year, the Ethics Line received 104 reports: 72% were partially confirmed but without enough grounds to corroborate the claim, 7% were partially confirmed, and 21% were confirmed, mostly related to labor issues and for which the Company already took the necessary corrective actions. None of these reports made through the Ethics Line were related to cases of corruption, fraud, or falsification.



01-800-752-2222 | Available Mondays to Fridays from 10:00 a.m. to 6:00 p.m.

[www.resguarda.com/eticaelcondor](http://www.resguarda.com/eticaelcondor) | Available 24/7

[etica.elcondor@resguarda.com](mailto:etica.elcondor@resguarda.com) | Available 24/7

Since 2013, the Company holds the IR stamp from the Colombian Stock Exchange (Bolsa de Valores de Colombia), which acknowledges issuers that adopt good practices in terms of information disclosure and investor relations.

The period displayed fraud-related events amounting to \$29'972.86g, which is equivalent to 0,63% of total events of losses, and to 0,003% of the Company's sales. Other mechanisms registered 9 reports related to events of corruption, fraud and falsification of information, which could not be confirmed after the investigation process.

During the year, an anticorruption clause was included in contracts made with new contractors and in agreements signed with possible partners or allies. In addition, all policies and procedures pertaining to corporate governance were integrated to the SIG so each are related to specific processes and procedures.

#### Challenges 2020

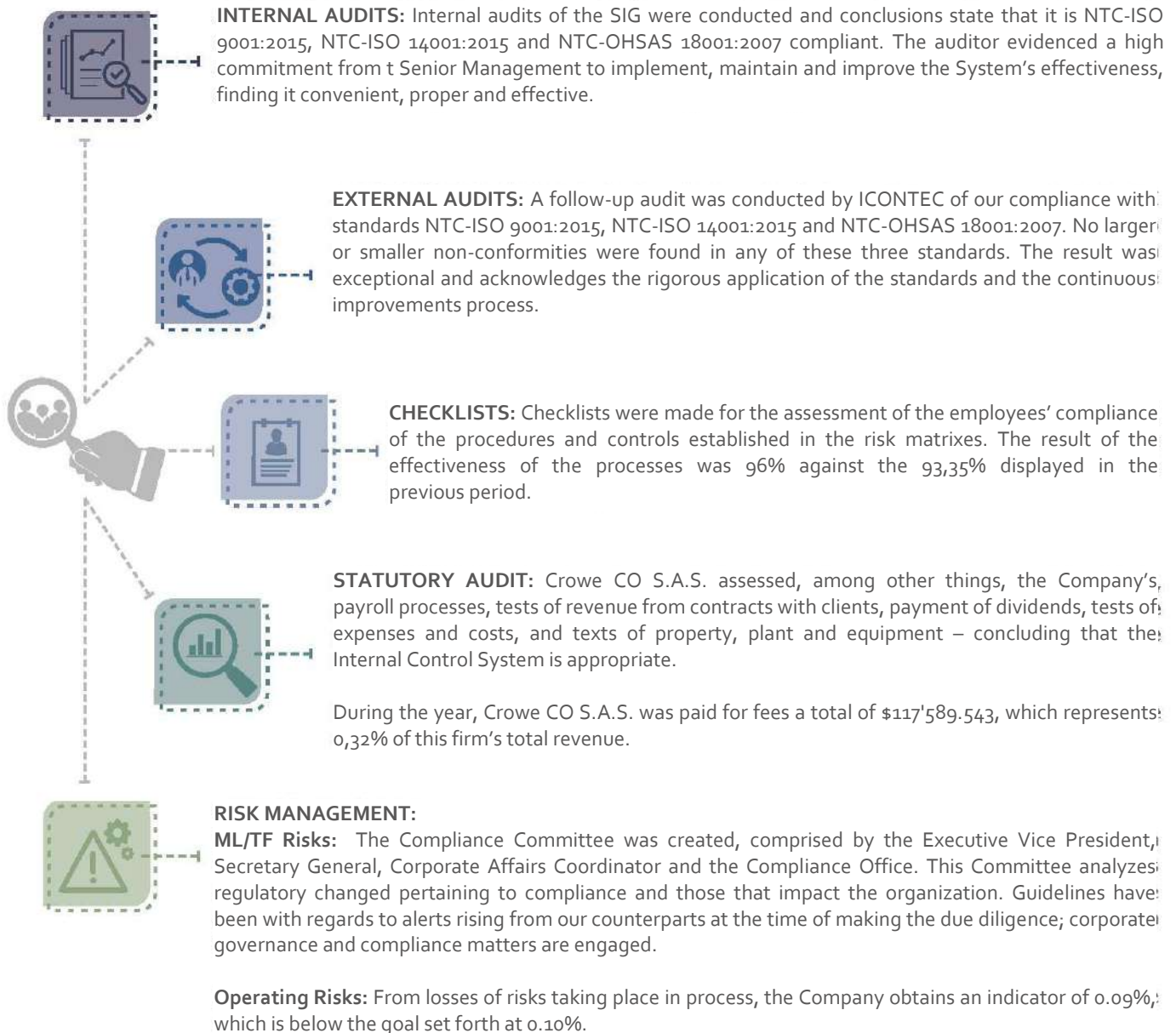
- To reinforce the Delegation of Duties Policy, the Group Structure, and the Social Responsibility and Human Rights Policy.
- To enhance the Introduction and Training of the Board of Directors Plan and to develop and website so that its members can find permanent and pertinent information to comply with their duties.

## REGULATORY COMPLIANCE

This refers to comply with the legislation in force, the agreements signed and company guidelines and internal processes, Construcciones El Cóndor has adopted, implemented and maintained compliance guidelines that surpass the regulations and are focused on developing better practices and creating more transparency in its business setting.

**Internal Control System**

Along with the Corporate Governance instruments, the Company has created a setting of control which has enabled it to maintain the trust of its investors, clients, employees and other stakeholders, thus contributing to corporate sustainability. This system includes Internal Audits, Risk Management, Audits of the Integrated Management System, Checklists and Statutory Audits



**Challenges 2020**

To continue enhancing and implementing the Compliance program, providing training to the employees of every level of the organization, to boost the controls established.





38 Value Chain  
40 Innovation  
43 Environmental  
Management  
47 Product Quality  
48 Critical Inputs



An aerial photograph of a construction site located within a dense, lush green forest. The site is a cleared, brownish area where several large, dark-colored pipes are laid out on the ground. A prominent blue crane with a long, articulated boom is positioned in the center of the site. To the left of the crane, there is another piece of blue machinery, possibly a pump or generator. The surrounding forest is thick with trees, and a dirt road or path is visible leading into the site from the top left. A white rectangular box is overlaid on the right side of the image, containing the text 'RESPONSIBLE ENGINEERING'.

**RESPONSIBLE  
ENGINEERING**



# Value Chain

Value Chain comprises the fragmentation of the Company's activities under a set of different tasks, known as value-added activities. These activities may be divided into two large groups: primary activities and back-up activities. Primary activities involve the physical creation of the product or service and its subsequent sale or transfer to the buyer; Back-up activities support primary activities and relate to each other.

## PROJECT DESIGN AND CONSTRUCTION

A process that determines the works to be executed and how to carry them out based on the technical, legal, financial, environmental and social scope thereof. In addition, the financial closing of the project is carried out.

**Groups impacted:** Suppliers, employees, clients, funding groups and shareholders



## PROGRAMMING AND PLANNING

A process in which the activities and necessary resources are distributed to execute the project and hence, determine the sequence thereof.

**Groups impacted:** Suppliers, employees, clients, funding groups and shareholders



## MATERIAL EXTRACTION

The moment in which basic raw materials are extracted in accordance with the applicable standards and laws, to build a project's works and structures.

**Groups impacted:** Suppliers, employees, clients, shareholders, communities and authorities.



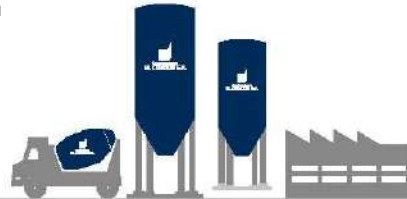
## MATERIAL TRANSPORTATION

The moment in which resources produced are taken to the exact point where they are applied in a project.

**Groups impacted:** Suppliers, employees, shareholders, communities and users.



Human Talent Management and Accident Prevention



## MATERIAL EXTENSION, PLACEMENT AND COMPACTING

The stage in which the materials are disposed of and applied in accordance with technical designs and specifications.

**Groups impacted:** Suppliers, employees, communities, users and clients.



Innovation and Knowledge Management



Social Investment Management

The value generated and distributed reflects how the Company contributes to the social and economic development of the setting where it operates, by creating jobs, providing goods and services, paying dividends to shareholders, paying taxes, and investing in communities.

The following table shows the inter-dependence with stakeholders and the dynamizing effect of the Company on society.

Value	2019	2018
Economic value generated	921,417,156	970,185,482
Revenue	921,417,156	970,185,482
Economic value distributed	878,467,877	885,586,397
Costs and expenses	800,322,018	817,585,782
Dividends	30,154,206	29,292,657
Taxes	46,736,089	37,444,336
Investments in communities	1,255,564	1,263,623
Economic value withheld	42,949,279	84,599,085

### PROPERTY MANAGEMENT

Intermediation to acquire, on behalf of the State, the necessary properties to establish the road rights required to build the works.

**Groups impacted:** Clients, communities and authorities.

### MOVEMENT OF LAND

A process in which the project is levelled based on the geometric design of the road.

**Groups impacted:** Users, communities and authorities.

  
Environmental Management and Compensations

  
Social Investment Management

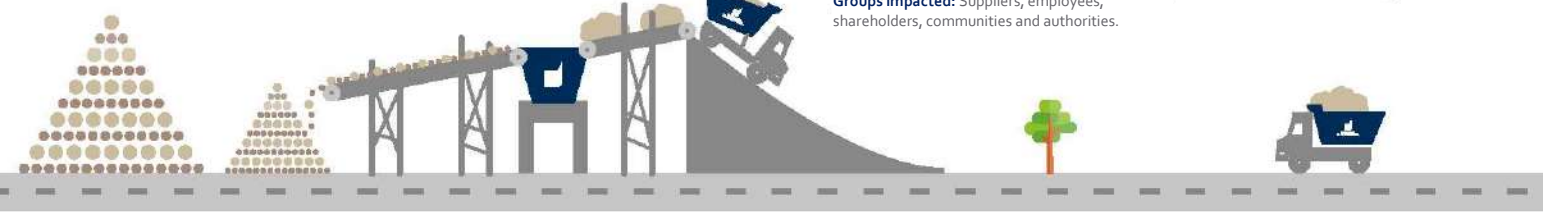
  
Environmental Management and Compensations



### MATERIAL PROCESSING

The transformation phase of raw materials with other components necessary to execute works and structures.

**Groups impacted:** Suppliers, employees, shareholders, communities and authorities.



### TUNNELS AND BRIDGES

The construction of special structures to guarantee a proper layout of the road.

**Groups impacted:** Suppliers, employees, communities, users and clients.

  
Social Investment Management

### WORK COMPLETION

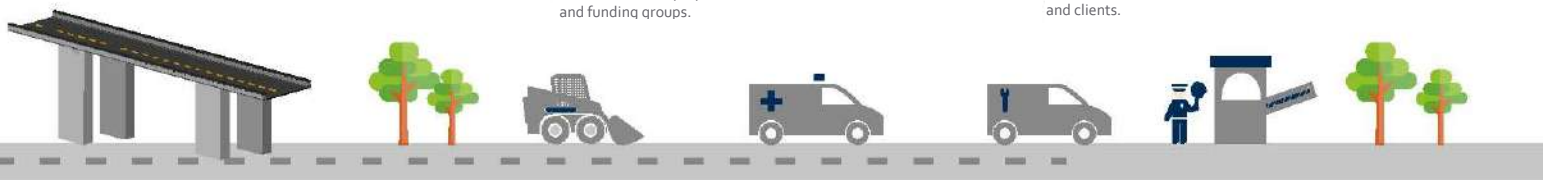
The phase in which the road is completed and delivered to the client fully meeting the parameters of the contract.

**Groups impacted:** Clients, communities, shareholders, employees, users, authorities and funding groups.

### ROAD OPERATION

Phase in which maintenance, user service, toll collection and road management (received or intervened) tasks are made.

**Groups impacted:** Suppliers, employees, shareholders, communities, users, authorities and clients.





# Innovation

Staying at the forefront to face challenges in the future and increase efficiency in the present can only be achieved by incorporating innovation processes and new technologies. Major company milestones have been supported by novel construction, engineering, and even financing processes that provide competitive advantages in the market and reinforce the culture of excellence in the company. During this period, we continued to implement the innovation model established in 2018 to manage ideas and projects and made progress in two very important innovation areas: construction processes, and corporate finances.

The economic benefits associate with innovation in 2019 represent a rate of 1.59, i.e., that for every peso invested, you get a margin of 0.59 pesos.

## Major Achievements During the Period

### CONCRETE

#### Shotcrete with polypropylene fiber

By adding synthetic polypropylene fiber to the shotcrete used to stabilize embankments, it was possible to replace the conventional electro-welded mesh used for reinforcement. Innovation from design and concept to production and placement led to a significant reduction of the number of operators needed for installation, and the performance of the activity went from installing 22m<sup>3</sup>/day to an average of 45m<sup>3</sup>/ day of shotcrete.



#### Concrete pavement with recycled synthetic fiber

A synthetic polypropylene-based fiber, domestically produced, was included in the concrete used for the pavement of the Irra tunnel. This material meets all quality requirements, increases the material's break modulus. And made it possible to reduce the amount of cement in the mix. This provides technical advantages and lowers costs.

#### Concrete with thermoelectric ash

The use of high performance pozzolans was proposed since 2018 to improve the characteristics of concrete mixes when using low-quality aggregates. Based on the studies that were carried out, it was possible to ascertain that high-performance pozzolans could be replaced using a byproduct of thermoelectric power plants known as fly ash. This material replaced 70% of the pozzolan used earlier and this provided significant cost advantages because fly ash costs 70% less than pozzolan. Performance of the concrete mixes remained stable and we made a positive environmental impact by including large quantities of this byproduct.

## PAVEMENTS

**Rubber asphalt plant in La Guajira**

Using existing resources and the team's knowledge we developed our own rubber asphalt plant which cost one fourth of what an imported similar production capacity plant would cost. This plant produces an asphalt mix modified using rubber grains. Its capacity is 1100 m<sup>3</sup>/day and a current average production of 500 m<sup>3</sup>/ day. The modified asphalt from our own plant costs 26% than buying it from a local manufacturer.

## AGGREGATES

**Emulsion-stabilized base**

Together with some suppliers of additives for asphalt we were able to develop an asphalt emulsion which eliminates or reduces hydrochloric acid, a restricted substance in Colombia that is in short supply. This development provides the emulsion needed to meet the project's needs on a timely basis.

In addition, the purchase of a modern emulsion plant that produces 12 tons per hour increased the Company's production capacity six-fold. This plant produces 80 tons per day of slow-breaking emulsion that costs 24% less than the same product purchased from third parties.

## EQUIPMENT

**Extruder**

This is a construction process used to produce kerbs, gutters and new jerseys at the jobsite using a sliding form system. This makes for a significant improvement in the efficiency of the activities and ensures better quality in terms of finishes and uniformity of the items.



## CORPORATE FINANCES

**Structuring of PPA PI (Public- Private Associations with Private Initiative)**

To structure PI projects without public resources the Autonomous Support Sub-account (Subcuenta Autónoma de Soporte) which covers the risks for which the State is responsible. This sub-account makes it possible to show the financiers that the project is self-sufficient and that, by installing new toll stations during the construction stage, the risk of future collections is limited.

This sub-account is regulated in the wording of the contract, is funded using resources from the new toll stations and a percentage of the toll stations already in operation. This ensures the necessary liquidity during the life of the project.

Thanks to the design of this sub-account in the project structure it was possible to obtain the rating of international investment for Concesión Ruta Al Mar.

**First international issue of road infrastructure bonds**

In the process of funding major road infrastructure projects, Construcciones el Cóndor was the first to go to the international market and use the *Project Finance*, format, creating sophisticated structures for these kinds of projects, which include multi-tranche and multi-currency funding, combining syndicated loans and the capital market. This is because the Colombian financial market is limited and that makes it difficult to finance these projects in the medium term.

Thus, the UVR bonds for the infrastructure were created. These bonds meet the need for high debt leveraging —up to 70% - 80% debt vis-a-vis 20% - 30% capital contribution— with long maturities and terms between 20 and 26 years.

These papers created a large appetite in the international market because they are indexed to inflation in Colombia, which acts as collateral for long-term assets that these investors might have in the country.

**Issue of commercial paper and bonds in the secondary market**

**Commercial papers:** because of the financial closings of the 4G projects in which the company participates, there were high levels of leverage to invest the necessary capital and guarantees. The Company needed to finance its working capital to implement projects. However, a local financial market was found, with little capacity and with reservations about the sector. The Company adapted a financial instrument that had not been used for years in the stock market: commercial papers. The company was able to issue \$550.000 million pesos during 2018 and 2019 and optimized its debt ratios.

**Secondary market bonds:** to optimize the Company's future flows it was necessary to extend the average term of its loans. To do this, the Company used on of the instruments available in the Colombian stock market: secondary market bonds where investors are interested in taking the infrastructure risk and give credibility to future flows. This produced an issue for \$262.700 million pesos with an average maturity of eighteen months.

**Cession of the share in Ruta al Mar to a financial partner**

To cede a percentage of the project and lower the Company's exposure in the assets and keep 100% of the project's execution, the company searched for a financial partner that met these criteria. To attract the required partner it was necessary to develop an instrument that enable it to develop an instrument that made it possible to provide the returns expected by the investors. The decision was to use a quasi-equity in the form of a mezzanine, taking advantage of the coverage levels of the structured funding that the project.

## Challenges 2020

Promote a culture of innovation at various levels of the company that makes it possible to consistently pursue technological or process development and thus bring to live ideas that add value.





## Environmental Management

Environmental Management identifies the impact produced by infrastructure works and, at the same time, creates the strategies to mitigate and control those impacts. This process is certified according to the standard NTC-ISO 14001:2015 and follows the guidelines set forth in the contracts, environmental licenses, the Environmental Guidelines Adaptation Programs (Programas de Adaptación de la Guía Ambiental (PAGA), and control instruments.

Colombian regulations are based on the principle of caution and, to that extent, the instruments mentioned above are focused on impact prevention, mitigation, correction, and compensation.

Main achievements	
	2.820
■ Reused waste (Kg)	313.491
■ Waste delivered for recycling (Kg)	265.331
■ Compensations implemented (number of trees)	10.675
■ Archaeological items analyzed (Unit)	309.929
■ Use of rainwater / water reuse (m3)	1.302.004
■ Use of alternative materials - RAP (m3) and reused excavation materials	

In 2019 the Company was notified of two environmental administration sanctions without environmental impact or damage. These sanctions were imposed by Corporación Autónoma Regional CVS for the sum of \$172.771.658. Because the Company believes that these sanctions were imposed without a legal or factual basis, and in violation of due process, the Company filed suits for annulment and restoration of rights with the Administrative Jurisdiction. These suits were admitted and are on-going processes.

**Energy efficiency – Fossil fuels**

The nature of the construction business requires the use of large numbers of machinery and equipment that use large amounts of fossil fuels. These represent significant environmental impacts due to the production of greenhouse effects gasses (GHG’s), and economic impacts on the projects’ execution costs. Because it understands that impact, the Company works to measure and control fuel consumption and, at the same time, find ways to offset the emissions produced.

The equivalent greenhouse gas emissions during 2019 were 56.214 tons of CO<sub>2</sub>, 32% of which were offset with certified and verified carbon certificates. The desire to have a carbon-neutral fleet is being evaluated in light of the dynamics of the certificates market and the respective tax incentives.

During 2019, there were few offers in the carbon bonds due to the regulatory transition. This meant delays when certifying projects as clean development mechanisms.

To measure greenhouse gasses for diesel fuel and gasoline the Company uses the conversion factors defined in Decree 926 of 2017, which regulated the procedure to avoid the national carbon tax and become carbon-neutral certified. The Company uses the methodology established by the Mining and Energy Planning Unit (Unidad de Planeación Minero-Energética - UPME), and the EFCF Emission Factor for Colombian Fuels.

Using novel strategies, the Company was able to save 306,338 gallons of fuel which represent 2,794 tons of CO<sub>2</sub> that were not emitted. These savings are the result of:

1. Using *dolly-type* trailers: this allows more material to be transported per dump truck trip.
2. Follow-up and control of fuel consumed by the equipment: with a *Skytracking* and *Visionlink* satellite-based equipment tracking system and the use of fuel in the fleet is controlled.
3. Using electrical substations: this avoids having to use Diesel gensets.
4. Minimizing materials hauling by separating the inappropriate material and using mobile crushers at the extraction site.
6. Using an overhead crane in the central workshop it is possible to lift loads avoiding the need for forklifts.

Project	Fuel Oil (GL)	Fuel or improved crude	Gasoline (GL)	Total	Total tons of CO <sub>2</sub> emissions	Total tons of CO <sub>2</sub> emissions offset
Antioquia Bolivar	1.239.497	231.878	22.002	1'493.376	14.284	9.960
Agregados Argos	56.682	0	-	56.682	517	246
La Guajira	856.227	0	5.934	862.161	7.862	0
Irra	633.073	0	14.998	648.071	5.934	2.737
San Onofre	1.606.516	0	19.046	1'625.562	14.952	1.599
San Pablo - Cantagallo	404.301	0	1.641	405.942	3.702	0
Taller central	8.451	0	761	9.213	84	0
Urabá	449.404	175.536	6.243	631.183	6.228	3.542
Vinus	375.300	0	5.908	381.209	3.476	0
<b>TOTAL</b>	<b>5'629.452</b>	<b>407.414</b>	<b>76.533</b>	<b>6'113.398</b>	<b>57.039</b>	<b>18.084</b>

## Challenges 2020

- Approach the third parties from who we buy the largest amounts for fuels, to see if it might possible to apply the coal tax exemption.
- Continue with the evaluation of the company's own carbon certificate projects.



The rate of CO<sub>2</sub> emission per hour by each machine in the Company's active fleet. This rate shows a weighted average of 0.0305 which shows a slight increase of 0.0025, mostly due to the double axel dump trucks, gensets, bulldozers, and milling equipment.

The W200 milling machines went from 1.352 hours of work in 2018 to 5.191 hours in 2019; and a greater use of *D8T* and *D9 bulldozers* which, although they have high fuel consumption, are more efficient per cubic meter.



Type of machinery	Qty.	Hours worked	Fuel spent	Total tons of CO2 emissions	Rate of emission per hour worked
Bulldozer	25	35,834	221,739	2,250	0.0628
Loader	39	94,336	330,693	3,356	0.0356
Tanker truck	32	68,259	104,255	1,058	0.0155
Double roller compactor	13	12,270	21,801	221	0.0180
Tire compactor	9	7,113	11,939	121	0.0170
Vibrating compactor	41	52,658	133,637	1,356	0.0258
Compressor	14	7,664	21,945	223	0.0291
Crushing cone	10	17,657	49,017	497	0.0282
Dumper	3	3,596	12,802	130	0.0361
Wheel excavator	13	22,668	74,259	754	0.0332
Track excavator	83	171,674	915,856	9,295	0.0541
Milling machine	7	9,390	76,197	773	0.0824
Primer 1	4	8,627	18,557	188	0.0218
Light	48	36,927	17,845	181	0.0049
Piling machine	3	8,464	17,329	176	0.0208
Mini loader	21	27,592	31,673	321	0.0117
Mixer	20	38,606	76,397	775	0.0201
Forklift	5	3,664	2,534	26	0.0070
Grader	36	60,029	201,260	2,043	0.0340
Generator/welder	5	1,256	643	7	0.0052
Borer	2	1,220	1,229	12	0.0102
Track borer	4	3,611	15,595	158	0.0438
Concrete dosing plant	4	2,940	58	1	0.0002
Genset	42	94,460	478,805	4,859	0.0514
Concrete injection machine	2	511	398	4	0.0079
Crushing plant	4	10,169	11,928	121	0.0119
Jaw crushing plant	7	14,705	29,283	297	0.0202
Recycler	2	2,154	23,393	237	0.1102
Backloader	13	19,313	33,235	337	0.0175
Diesel welder	24	15,298	7,614	77	0.0051
Pavement finisher	12	14,294	42,484	431	0.0302
Semi	12	22,154	75,307	764	0.0345
Crusher on tracks	2	3,793	16,874	171	0.0451
Crushing unit	1	1,858	0	0	0.0000
Vibrating pile driver	1	37	23	0	0.0062
Double axel dump truck	386	681,934	1,698,154	17,235	0.0253
Simple dump truck	4	4,662	7,619	77	0.0166
Vibrating screens	13	14,499	20,518	208	0.0144
<b>Total</b>	<b>966</b>	<b>1,595,896</b>	<b>4,802,894</b>	<b>48,745</b>	<b>0.0305</b>

Total emissions produced are not reported because equipment leased from third parties, over which the Company has no control and does not measure efficiencies, is not included.

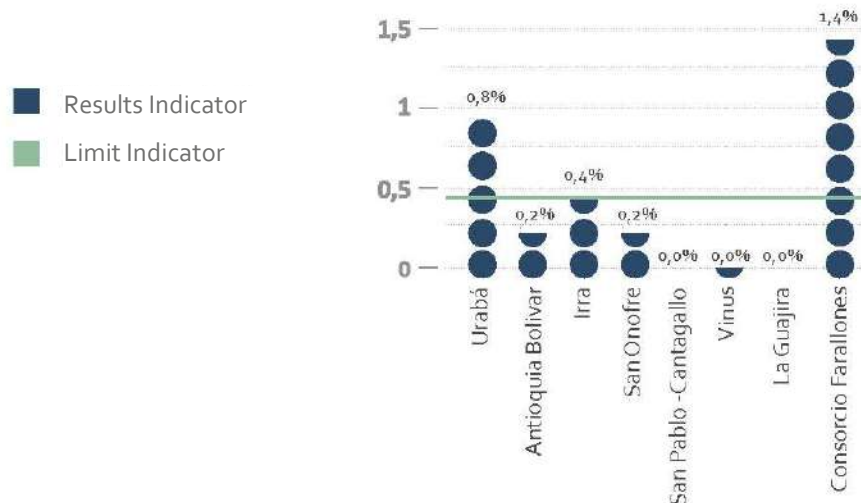
# Product Quality

Creating product quality implies meeting the technical specifications of the designed approved. To reach this result, it is important to have an impeccable compliance process in place which enables efficient constructions using the latest technology and control strategies which avoid rep-processes with expensive additional costs and delays of the work's timetable

Compliance of Designs and Technical Specifications			
Designs	Execution	Maintenance	Aftermarket
<ul style="list-style-type: none"> <li>Evaluation of efficiency strategies under the responsible engineering parameters</li> <li>R&amp;D of new technologies</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with technical specifications and development of particular specifications.</li> <li>Execution and control and inspection and trial points.</li> <li>Implementation of new technologies.</li> <li>Early detection of subgrade products and processes.</li> </ul>	<ul style="list-style-type: none"> <li>Indicator compliance</li> <li>Auscultation and intervention to prevent degradation.</li> <li>Major interventions</li> </ul>	<ul style="list-style-type: none"> <li>Follow-up of the aftermarket projects built and delivered.</li> </ul>

With operating revenue at December 2019 of \$874.798.025.654, the indicator of losses due to reprocesses is .40%. The significant improvements made compared to 2018 are worth underlining, in which an indicator of 1.03% was obtained.

## Indicator: Materialization of events due to constructive reprocesses



Consorcio Farallones this year continued assuming the reprocesses derived from the execution of functional unit 1 (UF1). The repairs required in Urabá to complete the work of Vías de las Américas were made.

# Critical Input Stone Materials

The extraction and use of stone materials is vital for the execution of projects since they are the main raw materials of concrete, granular layers and asphalt mixes. The sound use of these resources impacts not solely the costs and times of the work, but also the environment. Consequently, good practices to decrease their impact involve the use of appropriate exploitation methods, production efficiencies, reuse of existing materials, and design optimization.

### Rubber Asphalt

A total of 15,735 tons of asphaltic mix was produced with rubber asphalt. These asphaltic mixes have a longer resistance to fatigue and less deformation compared to conventional asphaltic mixes. Moreover, they can decrease the thickness of the asphaltic layer, which in turn reduces the consumption of stone materials by 20%, approximately.

### Reuse of Recycled Asphaltic Pavement (RAP)

Recovering and reincorporating RPA on the layers of the pavement's structure creates high-impact environmental and economic efficiencies. This construction process leads to a lower exploitation and purchase of materials, less fuel consumption due to less hauling, and less efforts to dispose of these materials.

Project	Reuse of RAP			
	Asphaltic Mix Produced (Ton)	Amount of Asphaltic Mix Produced with RAP (Ton)	Amount of RAP used and Decreased of Oil-based Materials (Ton)	Reduction of Virgin Asphalt Mix with RAP (Ton)
La Guajira	66.942	34.839	4.124	376
Irra	56.816	48.794	10.798	510
Antioquia - Bolivar	148.041	135.285	20.049	507
<b>TOTAL GENERAL</b>	<b>271.799</b>	<b>218.918</b>	<b>34.971</b>	<b>1.393</b>





In 2019, a 38% increase of the amount of asphaltic mix with RAP produced was displayed along with a 20% increase of RAP used in mixes, climbing from 28,699 tons to 34,971 tons.

A total of 218,918 tons of asphaltic mix were produced, of which 34,971 tons of recycled asphaltic pavement (RAP) were used, which represent in turn savings in the use of stone materials. RAP was used as well for stabilized base, reaching a production of 223,224 tons of this base with emulsion, using 134.873 tons of RAP.

**Material Source Efficiency**

Material source efficiency increased 5 percentage points from 93% in 2018 to 98% in 2019, as described in the table below:

Project	Volume Exploited	Volume Used	%
La Guajira	60.981	56.327	92%
San Onofre	340.267	339.168	100%
Antioquia - Bolivar	788.273	780.749	99%
Irra	63.555	63.555	100%
Urabá	13.780	13.719	100%
San Pablo - Cantagallo	417.364	404.463	97%
Vinús	42.587	42.587	100%
<b>Total General</b>	<b>1.726.806</b>	<b>1.700.568</b>	<b>98%</b>

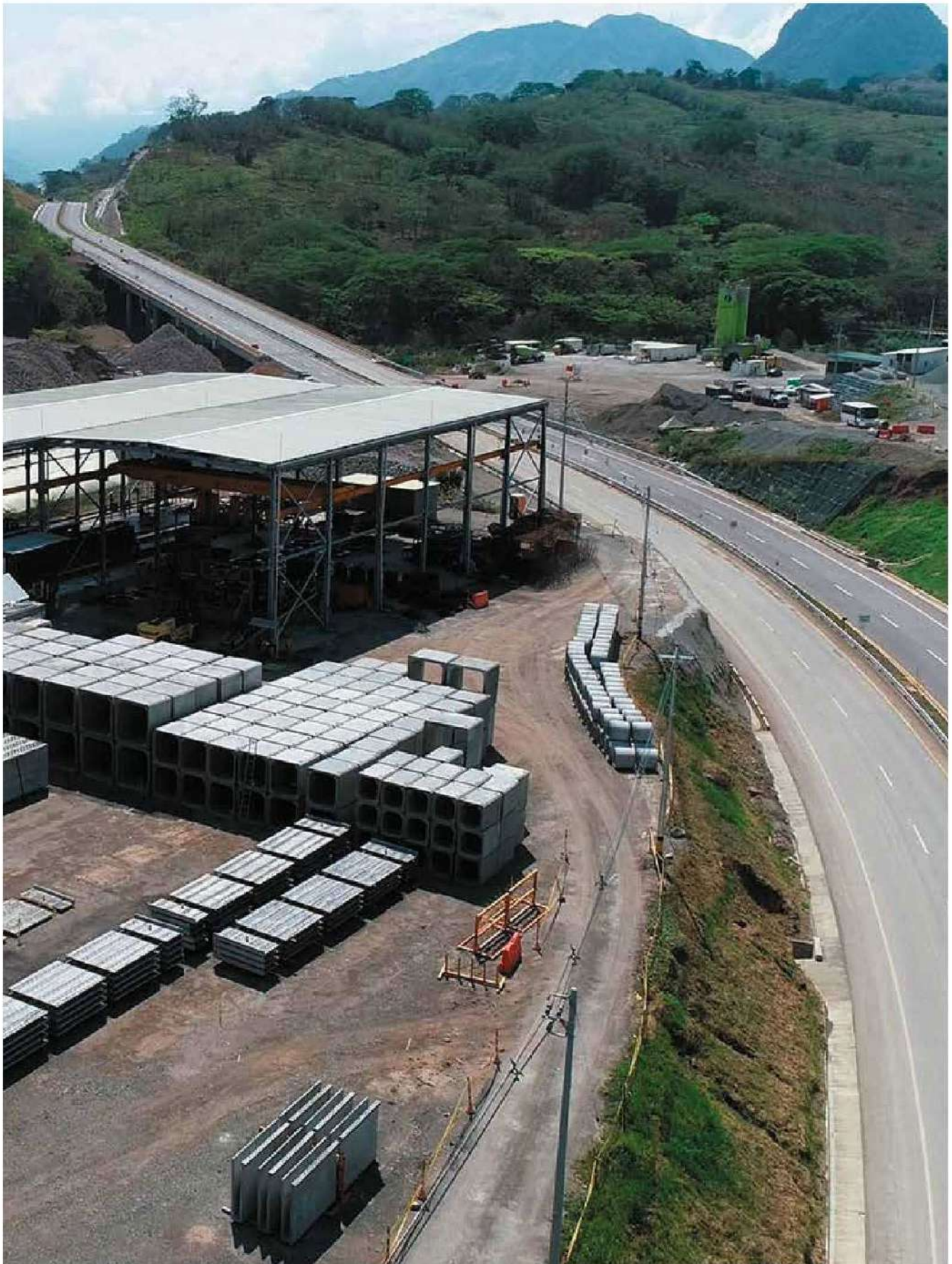
To reach efficiencies in the use of resources exploited from different sources, the Company has been formalizing methods that guarantee the use of the most stone materials in its projects. Several of the methods used include:

1. Maximize the use of existing materials through stabilization processes.
2. Decrease the thickness of pavement structure layers by adjusting the theoretical values of the design parameters (modules) to the real values of the materials produced.
3. Use maintenance techniques using thin mixes in the pavement structure.
4. Optimize the grinding line assemblies and decrease as much as possible all surplus materials.
5. Cleaning systems to eliminate foreign matter from the materials.

An example of this strategy was made in the Montería project. A cleaning system was installed to eliminate the foreign matter from the materials classified as waste in the grinding process. These materials were included as aggregates to produce asphaltic mixes in a proportion of 25% total aggregate, and in the production of granular bases, in a proportion of 40% of the material. A total of 25,165 tons of materials washes were used during 2019, which corresponds to the savings in the use of stone materials..







**Structural Layer Efficiencies**

This strategy allows the use of materials from cuts or side borrowing areas to build structural layers by adding cement or lime-based cementing materials. With this method, volumes for the exploitation and production of oil-based materials are reduced along with the amount of deposit areas for non-suitable materials. The materials treated (borrowed and from quarries) exhibit significant improvements in their mechanical properties, which is reflected in the optimization and reduction of the widths of the various layers of the pavement's structure.

A total of 1,518,247 tons of material with 44,770 tons of limestone were used. Treatment with limestone is made to improve the features and performance of the materials in the work. In addition, savings in transportation are made since this avoids the use of materials from quarries which are far away from the projects and decreases the width of the lower layers.

Pavement Structure			
Project	Amount of Cement used in the Treatment (ton)	Amount of Limestone used in the Treatment (ton)	Amount of Material Treated and/or Dried (lime, cement, etc.) (ton)
San Onofre	957	35.239	795.489
San Pablo - Cantagallo	0	2.120	423.924
Urabá	202	0	102.053
Irra	68	0	0
Antioquia - Bolivar	0	7.411	196.782
<b>Total</b>	<b>1.228</b>	<b>44.770</b>	<b>1.518.247</b>



In 2019, the total figure of material treated exceeded 1.5 million tons. Compared to the previous period, an 80% increase is displayed which represents the amount of materials which were not exploited.

**Other Critical Input**

The Company controls the 6 materials mostly used which are critical to the operation. The consumption of these inputs is maintained within the reasonable limit of waste control.

Main Materials	Weight or Volume	Non-Renewable	Source	Theoretical Waste	Real Waste
Steel	4,041,834 kg	X	External	5%	1,7%
Asphalt	32,605,718 kg	X	External	5%	2,5%
Cement	26,483,481 kg	X	External	5%	0,8%
Geosynthetics	585,523 m <sup>2</sup>	X	External	10%	5,0%
Stones	4,971,147 m <sup>3</sup>	X	External -Internal	35%	32,1%
Fuel Oil	5,629,452 Gl	X	External	0%	(1,79%)

The item of stones includes embankments and granular materials within the pavement's structure.





54 Employees  
55 Job Creation  
57 Knowledge Management  
59 Safety and Occupational Health  
61 Community Relations  
63 El Cóndor Foundation

Construcciones  
EL CONDOR



# THE **PEOPLE**

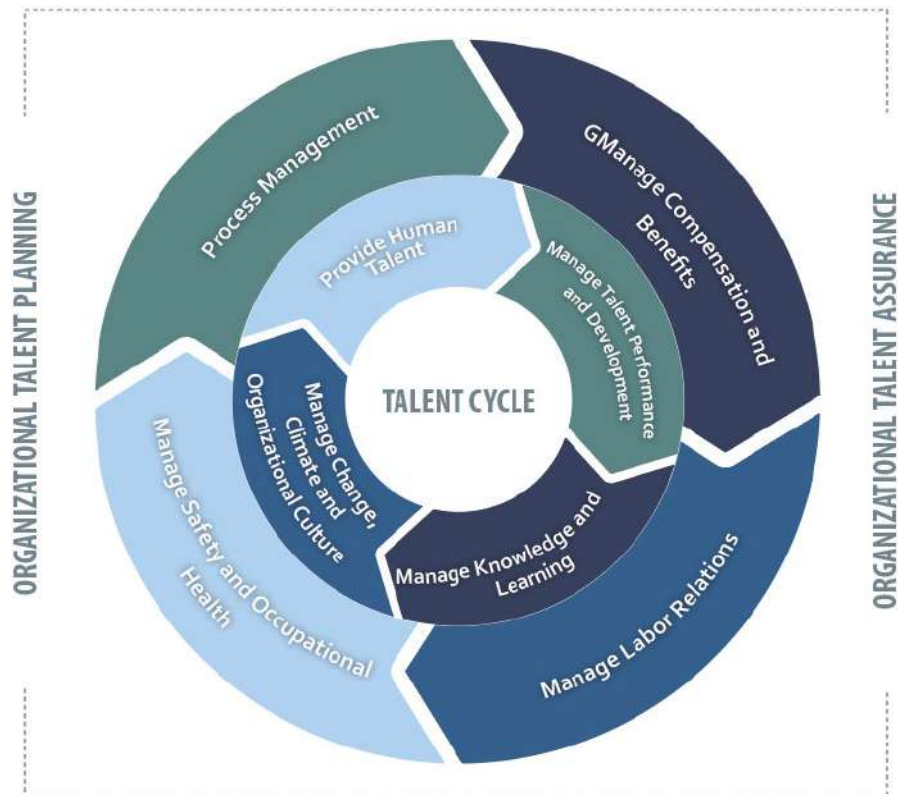


# Employees

Our employees are a fundamental pillar to achieve the goals set forth and to create value in every process of construction, engineering and support provided by the Company. Hence, the selection, development, wellbeing, knowledge, compensation, good labor practices, occupational health and safety, culture and positive working setting represent a priority and an on-going task.

Human talent management involves the creation of the conditions necessary to create quality jobs, where the work setting encourages professional and personal growth, boosts care and invites people to connect to the organization’s purpose

The Company has human talent management policies and processes in place which are regularly updated to adapt to changes in the setting, employees and the needs thereof. These processes and policies are framed within our Talent Cycle and represent key moments which enable everyday human talent management to achieve the results:



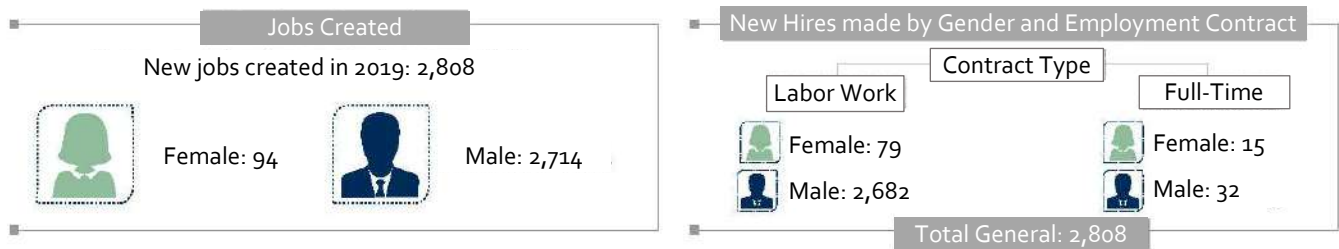


### CREATION OF QUALITY JOBS

The jobs created from the Company's construction works spark huge expectations from the government as well as local communities. Though the Company makes massive hirings around its projects, it is necessary to explain that the construction of road infrastructure demands labor with different skills as the constructions stages advance. Each phase has personnel needs tied to the activities carried out, and that once the state is completed and another stage begins, several posts are ended and others are created, not necessarily in the same numbers.

Throughout 2019, the Company maintained an average of 3,775 direct employees. Compared with the 3,927 employees held in 2018, a 3.87% variation is exhibited due to the closing of the work fronts such as Urabá, which had a significant number of personnel. The opening of other work fronts, such as San Onofre and Vinus created new jobs maintaining a number of employees very similar to the previous period.

A total of 2,808 new jobs were created, of which 98% were operational under labor contracts.



Personnel turnover was 3.45%. This measurement solely includes voluntary leaves of skilled labor since we consider that when the employee leaves for his or her own decision, the talent management is deemed inefficient. Involuntary turnover was excluded; this item corresponds to unilateral leaves because of work completion or structure adjustments, which arise from the natural operation of the business.

After analyzing the personnel turnover controllable by the Company, we found that it mainly took place among machine operators as well as operating teams and physical support, which represented 88% of total turnover. The remaining 12% was found in the project support and corporate support levels. This turnover mainly responds to the proximity to the completion of works, where people seek other jobs beforehand, and to the competition in the job market in which many businesses seek the same talent.

### General Turnover Index



Note: Solely includes voluntary turnover = resignations.  
Includes only skilled labor employees

## SELECTION AND RECRUITMENT

Finding suitable people to carry out the projects represented huge challenges in 2019 due to the increased demand of skilled and non-skilled labor, in which the execution of works from different enterprises joined forces. Despite the foregoing, successful cases were gained to cover these vacancies by 92% in the selection process, a result that consolidates the Company as an employer of choice known for its positive work setting and good organizational culture.



**For more than 13 years, the Company has been recognized by Great Place to Work®, ranking among the best companies to work at in Colombia. This sound result shows the Company’s commitment to its organizational setting.**

Offering a quality job requires a value proposition for the employees, both existing and potential, with a set of skills and benefits in which Construcciones El Cóndor stands out as an employer versus other companies. The Employee Value Proposition (or PVE) enables aligning personal and professional interests of the team which lead to benefits for the Company, that is, talent commitment, motivation and performance to achieve collective goals. The value proposition is represented in the attributes shown below:



## TALENT PERFORMANCE AND DEVELOPMENT

The comprehensive follow-up of the performance results of our employees allows us to align the individual results with their contribution to the Company’s goals. A performance assessment was conducted among 1,317 employees in the strategic, tactical, corporate support and projects, machinery operators as well as shop and maintenance operators, who represent 35% of the total population of employees. The total result was of 97%, thus showing high performance levels in terms of complying with the duties appointed by the Company and the desired behaviors.

In the period reported, the Company designed and developed a tool to ensure a comprehensive and reliable management of its information. This instrument has led to provide employees a swifter access to the information and to prepare reports for their follow-up in real time, facilitating timely decision-making.

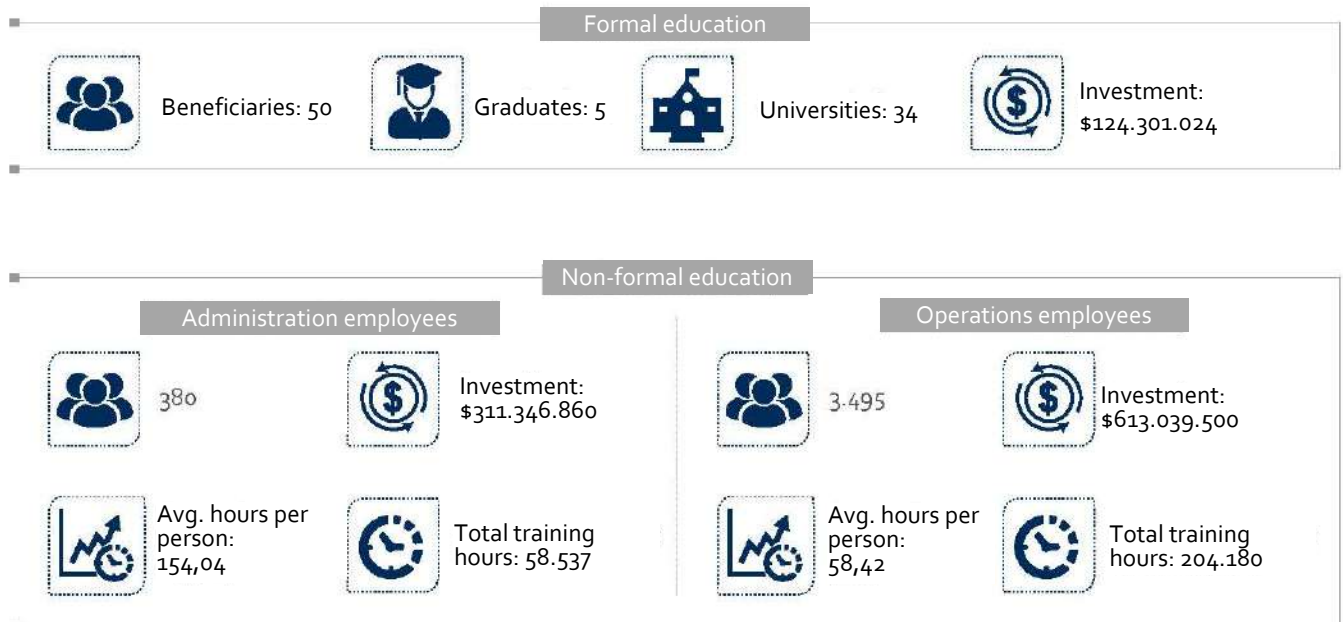
## KNOWLEDGE AND LEARNING MANAGEMENT

When the lessons and experiences acquired by the Company's human talent are capitalized, the competitive and innovation advantages are multiplied and the employees are developed and retained. Supporting and promoting training opportunities keeps the team focused on the changes to the business and open and flexible to adapt to those changes.

Strengthening the Knowledge and Innovation Management process was one of the challenges the company worked on using the tool *Advance*. This tool was used to design and implement virtual training programs on risk management and corporate governance, knowledge and innovation management, road safety, and investigation of work accidents and incidents.

The Equipment Operator Evaluation and Training Program was implemented. The program was designed jointly with the Equipment, Technical office, and Human Talent areas during 2019, and reached 161 operators. This program includes a technical and mechanical equipment diagnostics component to identify and carry out preventive interventions. This has an impact on the machine's productivity and availability and its costs. In addition, it emphasizes improving equipment driving and maintenance. These individuals are key to the production process and, therefore, have a direct impact on job quality and completion times.

Through training programs like, *Juntos Ganamos Todos (Together, We all Win)* and *Desarrollo de Competencias para Encargados de Obra (Developing Skills for Works Managers)* implemented in projects, the Company continues to strengthen the person's skills, aligned with organizational objectives, processes, and work climate.





## CHANGE, CLIMATE, AND ORGANIZATIONAL CULTURE

Companies are currently facing a world with major challenges and volatile, uncertain, complex and ambiguous environments that force them to move quickly to remain relevant, endure, and grow in the market.

Culture is the organization’s DNA. It is the set of values, principles, and beliefs that serve as the foundation of the management system. These values are shown and reinforced through practices and behaviors. This is the differentiation and integration factor to help the company reach its business goals, effective change management, and a good work environment.

Construcciones El Condor, being aware of this, launched its Leadership Brand in 2019. The brand represents the image and the identity of the culture shared by company leaders and what sets them apart from the rest. The brand and the culture are supported by the Corporate Values, which are the pillar that governs the behavior of all Company employees.

### I AM A CONDOR LEADER WHEN:

I get results with my team



- I get things done in the times and with the required quality by empowering my team.
- I am responsible for all issues, not just for my specialty.
- I recognize successes and failures and learn from both.
- I know I am part of a whole and I cooperate to achieve the common purpose.

I guide and assist



- I set challenging performance objectives and I follow-up on their achievement.
- I provide feedback and promote open dialogues.
- I take charge of my and my team’s development.

I set an example



- I work efficiently and without complications.
- I show commitment in all my actions
- I am consistent in what I say and do.

I promote innovation and am open to change



- I propose new and improved ways to do things, taking into consideration my team’s contributions.
- I adapt to changes easily and quickly.
- I add value by receiving and implementing innovative ideas.

### Based on our CORPORATE VALUES



## OCCUPATIONAL HEALTH AND SAFETY

The Company is aware of the risks to the health of the employees posed by the routine activities in an infrastructure construction business. Thus, the Company proactively manages prevention and mitigation of unsafe actions and conditions to prevent the occurrence of work accidents and diseases. The inclusion of good practices in the organization’s culture become key elements throughout the value chain to ensure the employees’ safety and wellbeing.

The Company has an Integrated Occupational Health and Safety System (IOHSS) that includes policies, procedures, and programs to control and mitigate risks, and to promote a culture of care. The System also has technological tools to preventively manage health situation, and to update the legal requirements. The system is OSHAS 18001 certified. During 2019, diagnostics were performed to identify the adjustments needed to migrate from OHSAS 18001 to ISO 45001. Adjustments will begin in 2020 in specific areas to be later implemented and certified.

Current Colombian regulations align Occupational Health and Safety and Road Safety, with the guidelines issued by the International Labor Organization (ILO) to ensure that companies meet certain minimum standards.

In 2019 the Company had 11 locations between projects, headquarter, and central workshop, and each location had its own OHS committee, thus covering 100% of its operations. The level of compliance with the requirements as 90%, which indicates the active participation by all members of the committees in managing actions to improve occupational health and safety.

### Occupational Health and Safety Committees

Type of committee	Representation	Compliance
OHS committee	11 committees / 11 projects	100%
Occupational monitors	1 monitor / 1 project with fewer than de 50 employees	100%

#### Major achievement

- Pilot School for OHS training at Consorcio Farallones with a 50% decrease in the position of general assistant.
- Participation by 88% of the employees in the preventive medicine drives.
- Successful return to work of 86% work accident cases with treatment for wounds.
- Participation of 100% of the employees in simulated drills.
- 100% of the employees have had an entrance occupational medical examination.
- 96% compliance in the implementation of OHS training plan.
- 85% implementation of the Epidemiological Surveillance Programs, without any occupational diseases in the programs of hearing, respiratory, and psycho-social preservation
- 83% compliance in the evaluation of chemical product handling.

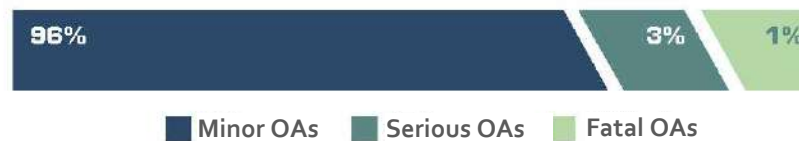
One of the Company’s challenges has always been to maintain the minimum levels of accident rates among its employees. The frequency of occupational accidents in 2019 was 7.29; though it is worth underlining that no comparison is made with the previous year due to legislative changes on how to calculate the indicator. However, when analyzing the accident rate of 2018, the figure in 2019 was 1,87% lower.

It is worth noting that occupational accidents were considered minor. The absenteeism rate per 100 days worked displayed 2.23 days of absence.

### Frequency of occupational accidents per gender



### Levels of occupational accidents (OAs)



One employee with a previous back problem suffered a serious accident.

As to fatal occupational accidents, we are sorry to report the death of 3 employees at the worksite. The major causes were the interference of users on the road due to communication failures and distractions with equipment moving.

To continue improving its SST and SV process, it is Paramount for the Company to continue enhancing its training processes, encouraging self-care and implementing standards and good practices. Several of the activities to be carried out are listed below:

- Train leaders on safety matters for their team.
- Provide technical training to operating personnel to carry out their tasks bearing in mind basic preventive knowledge in: equipment operation, use of tools, activities made with iron and concrete.
- Create specific SST goals per processes and not only at company level.

- Consolidate the culture of leadership required to meet the 2020-2030 strategy.
- Determine and implement a performance management model which leads to reach the goals set forth by the organization, under a continuous improvement premise.
- Disclose and launch the Employee Value Proposition.
- Boost the knowledge management model pertaining to the human and technical skills required.
- Enhance the culture of safety pertaining to the tactical support area and its subordination responsibilities.
- Determine and develop a succession and career plan to guarantee the retention of human talent with high potential.

Challenges in 2020 for Employee Management

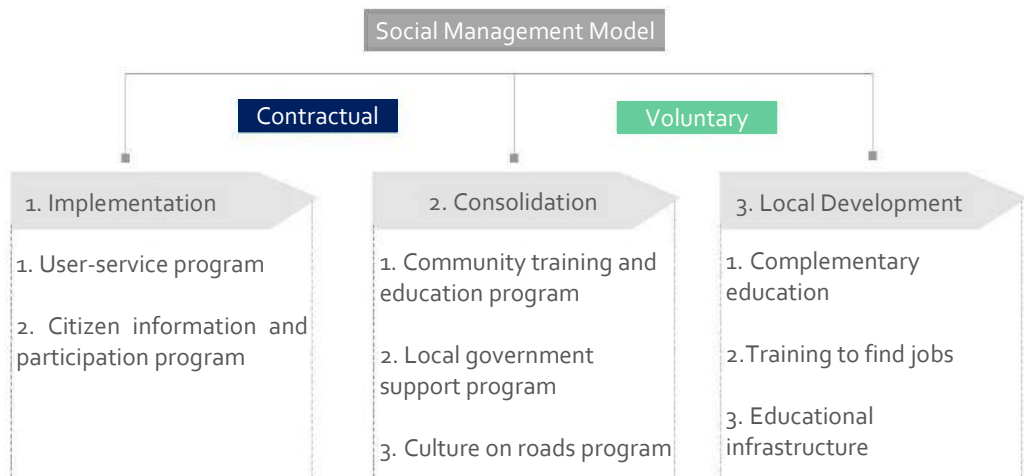




## COMMUNITY RELATIONS

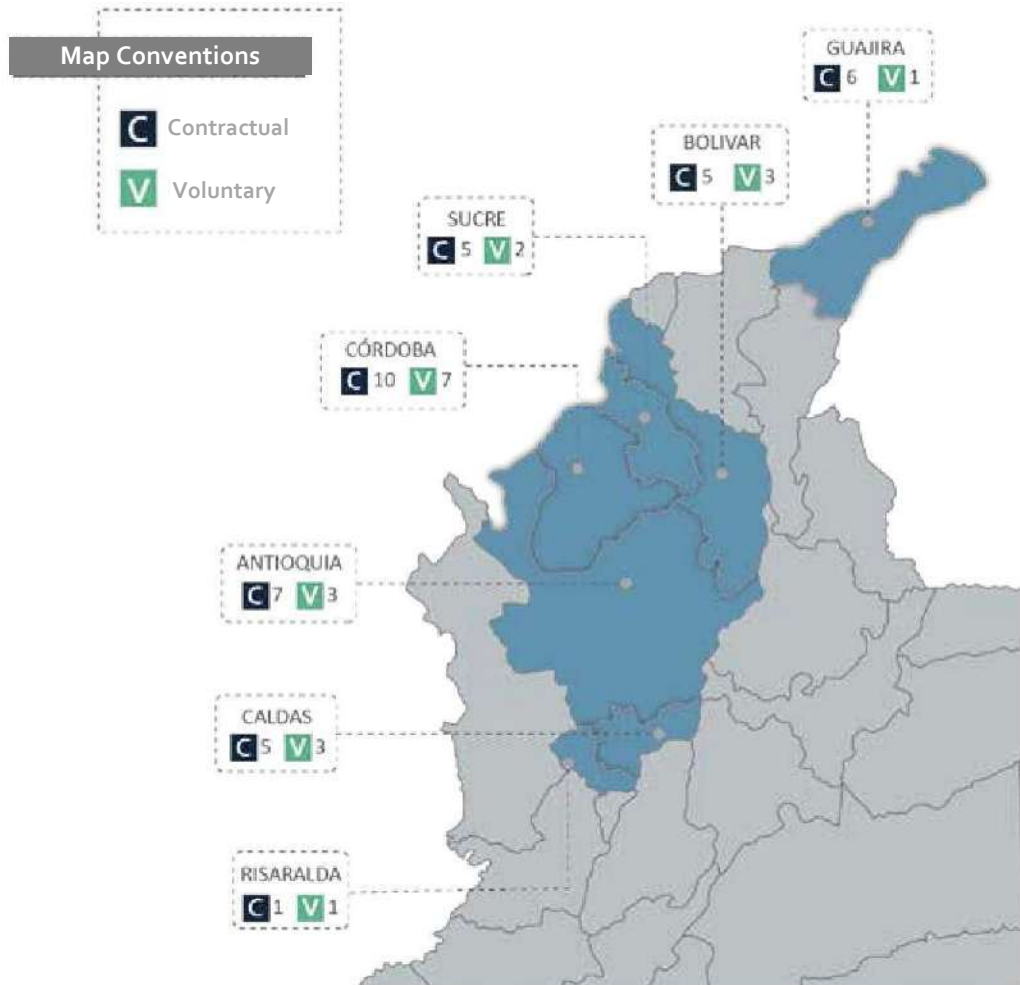
Social management leads to have open relations with the communities which are close to infrastructure projects. Its active role in the relations with local players promotes increasingly effective ties with communities to learn their expectations, to build trust and to minimize negative impacts while boosting positive impacts.

The Company has a Social Management Model, which seeks, through its programs, to build better community relations. Likewise, the El Cóndor Foundation is an ally on site that contributes educational strategies for these communities.



### Social Management Services and Investments

The Company's contractual social management programs reached 39 municipalities (100% of its areas of influence), of which (49%) included voluntary investments in 2019.



Positive social management results were achieved in the period. Indeed the Company is identified as a local development booster in the territories where it operates while its management and community enhancements is underlined.

Results of Contractual Social Management Programs			
Program	Activity	Result	Municipalities
User service	PQRS	369	32
Community Information/Participation	Disclosure meetings	118	5
Culture for Roads	Road activities	41	13
Neighborhood Policies	Commencement and completion	4343	14

Several communities have been encouraged to participate in training programs for entrepreneurship at entities such as the Colombian National Technical School - SENA. On the other hand, communities are being enhanced in self-management before authorities and local entities to settle their collective needs and problems.

The development of a tool to measure the Company's social print (positive and negative impacts on communities where works are made) is still underway. The instrument is developed with an external consultancy agency. Another program underway is the social management methodological route; initial results are expected in 2020.

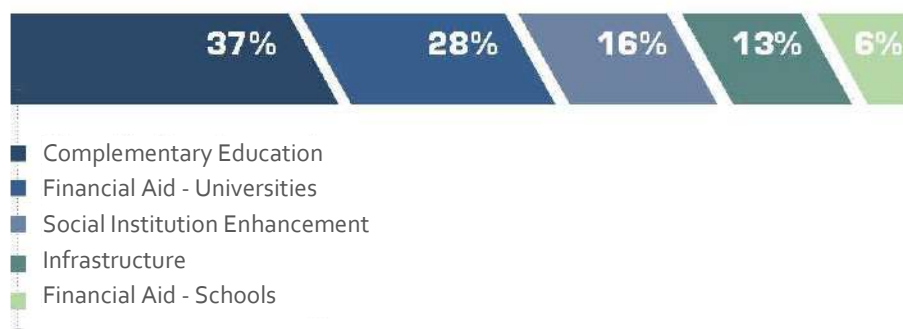


Through the Foundation, the Company reached 19 of the 39 municipalities where it directly operates, providing educational programs which contribute to local development. To prioritize the communities which received the investments, a social map was used to identify the impacts created from the works and to make well-informed decisions based on the context.



A total of \$1.217.621.087 was invested in 2019 in programed aimed to enhance learning processes, to increase community development, and to expand the living options of their members. \*This figure includes surplus from previous years.

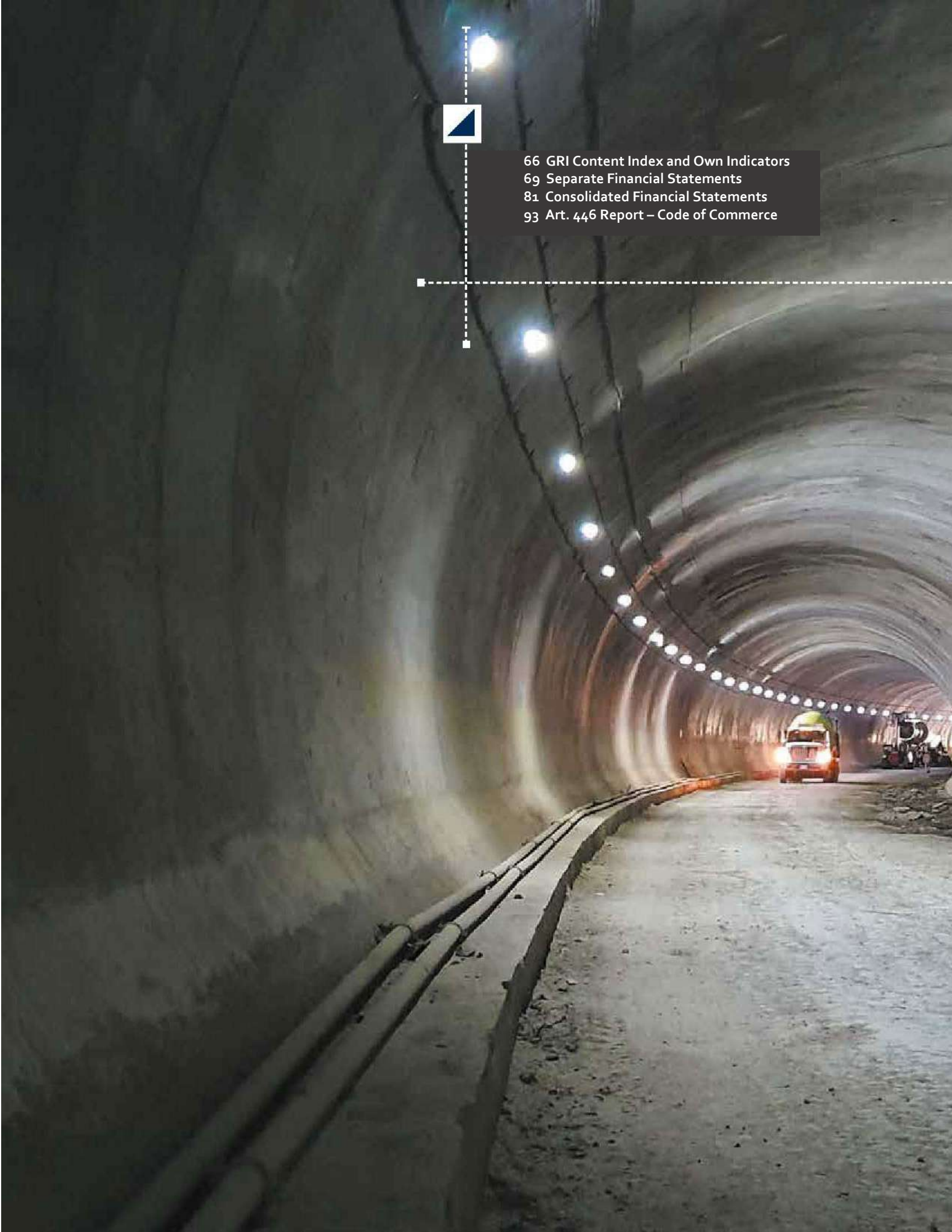
### Investment Distribution



For more information about the tasks of El Cóndor Foundation, refer to the 2019 Management Report attached hereto or download at, <https://www.elcondor.com/es/fundación>.







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81 Consolidated Financial Statements  
93 Art. 446 Report – Code of Commerce



# APPENDIX



## GRI Content Index and Own Indicators

GRI 101 Foundation 2016		
GRI 102 General Disclosures, 2016		
Indicator	Pages and Section	Observations and Omissions
<b>Organizational Profile</b>		
102-1; Name of the organization	About this Report pg. 4	
102-2; Activities, brands, products and services	Company Profile pg. 18	
102-3; Location of headquarters	About this Report	
102-4; Location of operations	Company Profile pg. 18	
102-5; Ownership and legal form	Company Profile pg. 18	
102-6; Markets served	Stock Composition pg. 28	
102-7; Scale of the organization	Company Profile pg. 18	
102-8; Information on employees and other workers	Company Profile pg. 18	
102-9; Supply chain	Employees pg. 54	
102-10; Significant changes to the organization and its supply chain	Value Chain pg. 38	
102-11; Precautionary principle	Management Analysis pg. 10	
102-12; External initiatives	About this Report pg.4 Company Profile pg. 18	
102-13; Membership of associations	Environmental Management pg. 43	Colombian Construction Chamber (Cámara Colombiana de la Construcción)
<b>Strategy</b>		
X Alignment with DSDGs		
102-14; Statement from senior decision-maker	Management Analysis pg10	
102-15; Key impacts, risks, and opportunities	Management Analysis pg. 10 Strategy pg. 24	
<b>GOVERNANCE, ETHICS AND TRANSPARENCY</b>		
<b>Ethics and Integrity</b>		
102-16; Values, principles, tandards, and norms of behavior	Ethics and Transparency pg. 33	
102-17; Mechanisms for advice and concerns about ethics	Ethics and Transparency pg. 33	
<b>Governance</b>		
102-18; Governance structure	Corporate Governance pg. 27	
102-19; Delegating authority	Senior Management pg. 31	
102-20; Executive-level responsibility	Senior Management pg. 31	
102-22; Composition of the highest governance body and its committees	Board of Directors pg. 29	
102-23; Chair of the highest governance body	Board of Directors pg. 29	The Chair of the Board does not hold an executive position
102-24; Nominating and selecting the highest governance body	Board of Directors pg. 29	
102-25; Conflicts of interest	Ethics and Transparency pg. 33	
102-26; Role of the highest governance body in setting purpose, values and strategy	Board of Directors pg. 29	
102-28; Evaluating the highest governance body's performance	Board of Directors pg. 29	
102-29; Identifying and managing impacts	Corporate Governance pg. 27	Stakeholder consultations are made when reviewin the materiality and for specific projects in the environmental licensing framework
102-30; Effectiveness of risk management processes	Board of Directors pg. 29	



102-32; Highest governance body's role in sustainable reporting	About this Report pg. 4	
102-35; Remuneration policies	Board of Directors pg. 29	
102-36; Process for determining remuneration	Board of Directors pg. 29	
Propio: Eventos de fraude, robo o corrupción materializados	Ethics and Transparency pg. 33	
<b>Stakeholder Engagement</b>		
102-40; List of stakeholder groups	About this Report pg. 4	
102-41; Collective bargaining agreements		The Company has no collective bargaining agreements
102-42; Identifying and selecting stakeholders	Chain Value pg. 38	
102-43; Approach to stakeholder engagement	About this Report pg. 4	
102-44; Key topics and concerns raised	Strategy pg. 24	
<b>Reporting Practice</b>		
102-45; Entities included in the consolidated financial statements	Company Profile pg. 18	
102-46; Defining report content and topic boundaries	About this Report pg. 4	
102-47; List of material topics	About this Report pg. 4	
102-48; Restatements of information		No changes
102-49; Changes in reporting		No changes of prioritized material topics and limits thereof
102-50; Reporting period		Fiscal year 2019
102-51; Date of most recent period		Fiscal year 2018
102-52; Reporting cycle	About this Report pg. 4	Annual
102-53; Contact point for questions regarding the report	About this Report pg. 4	
102-54; Claims of reporting in accordance with the GRI Standards	About this Report pg. 4	
102-55; GRI content index	GRI Content Index	
102-56; External assurance	About this Report	The report has not been externally assured
<b>GRI 103, Management Approach 2016 (applied to material topics)</b>		
<b>PROFITABLE GROWTH</b>		
<b>GRI 201, Economic Performance 2016</b>		
201-1; Direct economic value generated and distributed	Value Chain pg. 38	
Own: Operating margin	Corporate Results pg. 11	
Own: ROEC construction	Corporate Results pg. 11	
Own: EBITDA construction	Corporate Results pg. 11	
Own: Invoicing	Corporate Results pg. 11	
<b>STONE MATERIALS</b>		
<b>GRI 301, Materials 2016</b>		
301-1; Materials used by weight or volume	Critical Input pg. 48	
Own: Efficiency in quarry use	Critical Input pg. 48	
Own: Optimization in stone material use for structure layers	Critical Input pg. 48	
<b>EMISSION REDUCTION</b>		
<b>GRI 305, Emissions 2016</b>		

305-1; Direct GHG emissions	Energy Efficiencies pg. 44	Total emissions generated are not reported since equipment rented to third parties are not included given that the Company has not control over them or measures their efficiencies.
Own: Fleet direct emissions rates	Energy Efficiencies pg. 44	
Own: Economic savings for reduced fuel consumption	Energy Efficiencies pg. 44	
Own: Emissions avoided by reduced fuel consumption	Energy Efficiencies pg. 44	
Own: Emissions compensated	Energy Efficiencies pg. 44	
<b>EMPLOYEES</b>		
GRI 401, Employment, 2016		
401-1; New employee hires and employee turnover	Quality Employment pg. 55	Includes retained skill labor
Own: Internal customer satisfaction		The internal customer satisfaction result in 2019 was 93%, exceeding the goal set at 90%.
Own: Percentage of skill personnel retained in work or labor contracts	Quality Employment pg. 55	
GRI 403, Occupational Health and Safety 2016		
403-4; Worker participation, consultation and communication on occupational health and safety	Safety and Occupational Health pg. 59	
403-2; Types of accidents and rates, diseases, days missing, absenteeism and deaths	Safety and Occupational Health pg. 59	
GRI 404, Training and Education 2016		
404-1; Average hours of training	Knowledge and Learning Management pg. 57	Omission: Information per gender is not held
404-3; Percentage of employees receiving regular performance and career development reviews	Talent Performance and Development pg. 56	No performance assessment of employees of short-term contracts per work or task is made.
<b>COMMUNITY RELATIONS</b>		
GRI 413, Local Communities 2016		
413-1; Operations with local community engagement, impact assessments, and development programs	Community Relations pg. 61	Coverage of contractual and voluntary social management is reported. See the El Cóndor Foundation Report as well.
<b>REGULATORY COMPLIANCE</b>		
GRI 307, Environmental Compliance 2016		
GRI 307-1; Non-compliance with environmental laws and regulations	Environmental Management pg. 43	
GRI 419, Socioeconomic Compliance 2016		
GRI 419-1; Sanctions	Management Analysis pg. 10	
Material topics which are not part of GRI		
Innovation (GRI does not provide an indicator for this topic)		
Own: Economic benefits related to innovation	Innovation pg. 40	The indicator of number of innovative projects was eliminated.
Product quality (GRI does not provide an indicator for this topic)		
Own: Losses from reprocesses	Product Quality pg. 47	



# Separate Financial Statements

December 31, 2019  
(Comparative figures as of December 31, 2018)



Construcciones  
**EL CONDOR S.A.**  
Ingeniería de Infraestructura e Inversiones



## STATUTORY AUDITOR'S REPORT

To the Shareholders of CONSTRUCCIONES EL CÓNDOR S.A.

### Audit Report of Separate Financial Statements Report

#### Opinion

I have audited the financial statements of CONSTRUCCIONES EL CONDOR S.A. and its subsidiaries at December 31, 2019, which comprise the separate financial situation statement, the results per duty and other integrated results, the changes in separate equity, and the separate cash flow statement ended on that date and the corresponding notes, including a summary of the significant accounting policies

In my opinion, the separate financial statements I audited were truthfully taken from the books, exhibit, in all significant and reasonable manner, the separate financial situation of CONSTRUCCIONES EL CONDOR S.A. and its subsidiaries at December 31, 2019, the results of their operations and separate cash flows for the year ended on that date, in accordance with the Accounting and Financial Information Standards accepted in Colombia.

#### Basis for My Opinion

I have conducted the audit in accordance with the International Audit Standards (IAS) accepted in Colombia. My responsibility, according to these standards, is described ahead in the section of responsibilities of the Statutory Auditor in terms of auditing separate financial statements. I am independent from the Company and its subsidiaries pursuant to the Code of Ethics for Accounting Professionals through the International Auditing and Assurance Standards Board (Code of Ethics of the IAASB) and I have met the other ethic responsibilities in accordance with the Code of Ethics of the IAASB and with Law 43 of 1990. I deem that the evidence from the audit I have gathered provided a sufficient and proper basis for my opinion.

#### Key Matters of the Audit

The key matters of the audit comprise those which, in my professional opinion, have been highly significant during the audit I conducted of the separate financial statements of the period aforementioned. These matters have been addressed in the context of my audit of the separate financial statements in their entirety and to provide my opinion thereof, and I do not state an opinion separate from those matters.

Key Matters	Reply From the Statutory Auditor
<p><b>1. Acknowledgement of joint operations</b></p> <p>Construcciones El Cóndor S.A. acknowledges in its accounting, in addition to its assets, liabilities, revenues and expenditures – the items that rise from the contractual agreements of its joint operations, presenting on the separate financial statements its share in the joint assets, liabilities, revenues, costs and expenses.</p> <p>I have considered the joint operations of the separate financial statements as a key matter of the audit given the material effect there is from integrating the items from these operations.</p>	<p>My audit procedures pertaining to the joint operations included:</p> <ul style="list-style-type: none"> <li>Conduct a financial audit of the consortiums with the largest share in the results, which are incorporated in the company's accounting.</li> <li>Verificar la adecuada incorporación de los balances de consorcios donde se tiene participación y su oportuna contabilización.</li> <li>Realizar revisión del adecuado reconocimiento de los certificados consorciales.</li> </ul>
<p><b>2. Acknowledgement of revenue in contracts</b></p> <p>Construcciones El Cóndor acknowledges revenue from its construction contracts in accordance with the performance obligations set forth by Management, keeping in mind the processes established in the contracts and the application of further stages of IFRS-15.</p> <p>Acknowledging the revenue from constructions contracts generates material financial assets (accounts receivable). Therefore, I have considered that the revenue from contracts with clients is a key matter of the audit.</p>	<p>My audit procedures pertaining to revenue from contracts included:</p> <ul style="list-style-type: none"> <li>Verify the proper accounting acknowledgement of the revenue base don every performance obligation set forth by the Company and further stages established in IFR- 15.</li> <li>Review the existence and term of the contracts and their corresponding extensions.</li> <li>Verify the existing invoicing and control procedures.</li> <li>Verify that the sales are recorded in the proper period and the completion of operations is accordingly made.</li> <li>Conduct balance sheet confirmation procedures with clients, and analytical proceedings.</li> <li>Validate the integrity of the accounts receivable acknowledged and their valuation based on work progress made.</li> <li>Verify the misstatement analysis acknowledged of the accounts receivable.</li> </ul>

Key Matters	Reply From the Statutory Auditor
<p><b>3. Property, Plant and Equipment</b></p> <p>Construcciones El Cóndor owns different types of significant productive goods on the financial statements. Certain types of goods used are presented with a reasonable market price.</p> <p>This represents a key audit matter due to the judgements, significant opinions and estimates made of calculations used to determine the life, depreciation and depletion methods, residual value of certain type of Property, plant and equipment.</p>	<p>My audit procedures related to Property, plant and equipment included:</p> <ul style="list-style-type: none"> <li>• Verify compliance with regulations of the Company's management over managing property, plant and equipment.</li> <li>• Calculate again the total expenditure-cost for depreciation of property, plant and equipment (including equipment leased) based on the policies and estimated life of each..</li> </ul>

### Responsibility of Management pertaining to separate financial statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Accounting and Financial Information Standards generally accepted in Colombia; this includes the design, implementation and maintenance of internal control relevant to the preparation of separate financial statements free from material misstatement, whether due to fraud or error.

To prepare the separate financial statements, Management is responsible for the assessment of the Group's capacity to continue disclosing, properly, the matters related to the business in operation, following the accounting principle of business in operation except if Management's intent is to liquidate the Group or cease its operations, or there is no other realistic alternative.

Those responsible for the entity's governance are responsible for the supervision of the financial information process thereof.

### Responsibility of the Statutory Auditor pertaining to auditing the consolidating financial statements

My purpose is to obtain reasonable assurance about whether the separate financial statements are free of misstatements, due to fraud or error, and to issue an audit report with my opinion. Reasonable assurance is a high degree of certainty but does not guarantee that the audit made in accordance with IAS always detects misstatements. Misstatements may be due to fraud or error, and considered material if, individually or collectively, they may be foreseen to influence the economic decisions made by the users based on the separate financial statements.

As part of the audit conducted in accordance with IAS, I used by professional judgement and maintained an attitude of professional skepticism during the entire process. I also:

- Identified and assessed the risks of material misstatement in the separate financial statements whether due to fraud or error, designed and implemented audited procedures to meet those risks, and obtained evidence sufficient and proper to provide my opinion. The risk of not detecting a material misstatement whether due to fraud is higher than in the case of a material misstatement due to error, since the fraud may imply collusion, forgery, deliberate omissions, statements intentionally erroneous or evasion of the internal control.
- Obtained knowledge of the internal control relevant for the audit with the purpose of designing audit procedures proper in view of the circumstances.
- Assessed the appropriateness of the accounting policies used and the reasonable accounting estimates made, and the applicable information disclosed by Management.
- Concluded that Management properly uses the accounting principle of the business in operation, and based on the evidenced obtained from the audit, the existence or not of a material misstatement related to events or conditions that may lead to significant doubts about the corporation's capability to continue as a business in operation. If I conclude that there is a material uncertainty, attention must be drawn in my audit report to the information disclosed on the separate financial statement or, if said disclosures are not proper, a modified opinion should be given. My conclusions are based on the evidence obtained from the audit up to the date of my report. However, future events or conditions may be causes for the corporation to stop being a business in operation.
- Assessed the overall presentation, structure and contents of the separate financial statements, including the information disclosed, and if the separate financial statements represent the transactions and underlying facts in a manner the reaches reasonable assurance.

I contacted Management pertaining to, among other matters, the scope and timing of the planned audit, and the significant findings of the audit alongside any significant impairment of the internal control I identified during the course of the audit.

I also handed to Management a statement in which I have met the ethical requirements applicable pertaining to my independence; and stated as well to this body every relation and matters which can reasonably be expected to affect my independence, and if any, the respective safeguards implemented.

Among the matters object of discussion with Management, I determined those which have been of most significance in auditing the financial statements of the current period, which are, consequently, key matters of the audit. I described these matters in my audit report except when the legal or regulatory provisions prohibit the public disclosure of a matter or, though extremely unfrequently, I determined that a matter should not be disclosed in my report because it is reasonable to expect that the adverse consequences if so may surpass the benefits of the public interest in it.

#### **Other matters**

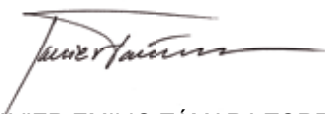
The separate financial statements of CONSTRUCCIONES EL CONDOR S.A., at December 31, 2018, which are part of the information on the financial statements attached, were audited by another public accountant assigned to Crowe Horwath, in accordance with the international audit standards accepted in Colombia. The foregoing unqualified opinion was provided on February 25, 2019.

#### **Report of other legal and regulatory requirements**

The corporation's Management is responsible as well for meeting several regulatory aspects in Colombia, pertaining to management of accounting documents, preparation of management reports, and the timely and appropriate payment of contributions to the Integral Social Security System. My responsibility as Statutory Auditor on these issues is to conduct revisions to provide an opinion on their compliance.

Based on the results of my tests, I am not aware of situations that breach the compliance of the following obligations of the corporation: a) Keeping the accounting in accordance with the legal standards and the accounting technique; b) Properly hold and keep the mail, account vouchers, books of minutes and share ledger. In addition, the financial statements attached hereto and the management report match and exhibit as well evidence over the free circulation of invoices issued by salespersons or suppliers, and the information contained in the statements of payments made to the Integral Social Security System, particularly pertaining to the members and their income, which have been taken from the accounting records and vouchers; the corporation is not in default regarding payments to the Integral Social Security System.

In compliance with the responsibilities of the statutory auditor contained in items 1 and 3 of article 209 of the Colombian Code of Commerce, pertaining to assess if the actions made by the company's Management comply with the bylaws and with the orders or instructions given by the Shareholders' Meeting, and the appropriateness of the measures of internal control, conservation and custody of the goods of the corporation or of third parties in its power, I issued a separate report dated February 24, 2020, applying the International Standard on Assurance Engagement 3000 accepted in Colombia.



JAVIER EMILIO TÁMARA TORRES  
Statutory Auditor  
Professional Card No. 208.595-T  
Appointed by Crowe Co. S.A.S.

February 24, 2020



**CONSTRUCCIONES EL CÓNDOR S.A.  
CERTIFICATION OF FINANCIAL STATEMENTS**

Medellín, February 24, 2020

**Gentlemen  
SHAREHOLDERS  
CONSTRUCCIONES EL CÓNDOR S.A.  
Medellín**

Greetings,

Pursuant to article 47 of Law 964 of 2005, the Legal Representative of Construcciones El Cóndor S.A. informs the shareholders that the operational efficiency of the controls established by the Company were been verified by the undersigned, and that the existing systems have been satisfactorily assessed in terms of financial information disclosure and control. All controls and systems above mentioned were found in proper operation.

Sincerely,



**ANA MARÍA JAILLIER CORRE A**  
Legal Representative  
C.C. 42.895.563

**CONSTRUCCIONES EL CÓNDOR S.A.  
CERTIFICATION OF FINANCIAL STATEMENTS**

Medellín, February 24, 2020

**Gentlemen  
SHAREHOLDERS  
CONSTRUCCIONES EL CÓNDOR S.A.  
Medellín**

The undersigned Legal Representative and the Accountant of  
CONSTRUCCIONES EL CÓNDOR S.A.

CERTIFY

That the Separate Financial Statements and other reports relevant to the public and the operations of the Company as of December 31, 2019, do not contain any inaccuracies or errors which restrain from knowing its true equity condition.

The above is to comply with Article 46 of Law 964 of 2005.



**ANA MARÍA JAILLIER CORRE A**  
Legal Representative  
C.C. 42.895.563



**ANA ISABEL GONZÁLEZ VAHOS**  
Accountant  
Professional Card No. 47345-T

## **CERTIFICATION OF FINANCIAL STATEMENTS**

We, ANA MARIA JAILLIER CORREA, acting as the Legal Representative, and ANA ISABEL GONZALEZ VAHOS, acting as the Accountant, hereby state that we have prepared the statements of financial position, comprehensive income, changes in equity and cash flows as of December 31, 2019 of CONSTRUCCIONES EL CÓNDOR S.A. with Tax I.D. No. 890.922.447- 4. This task was prepared applying the International Financial Reporting Standards applicable in Colombia affirming that they reasonably present the financial standing as of December 31, 2019, and furthermore:

1. We are responsible for the reasonable preparation and presentation of the financial statements of the Corporation, and hereby state that the figures were truly taken from the official accounting books and their corresponding complementary documents.
2. We are not aware in any way of:
  - Irregularities involving members of the administration or employees, which may hinder the financial statements of the Corporation.
  - Communications from regulators which by law should exercise control over the corporation, due to the breach of legal provisions in force or to the improper presentation of the information requested.
  - Possible breach of laws or regulations that may create lawsuits or taxes, with effects that should be deemed worth disclosing on the financial statements or taken as a foundation to estimate contingent liabilities.
  - Assets or liabilities other than those registered in the books, or revenues or costs that hurt the results and that should be disclosed in accordance with the International Financial Reporting Standards of Colombia.
3. The Corporation has satisfactorily protected all of the assets it owns as well as those of third parties in its power; there are no pledges or liens on said assets.
4. The Corporation has fully met all contractual agreements which if breached could have an effect on its financial information.
5. No events subsequent to the statement of financial position have taken place that could require an adjustment or disclosure on the financial statements as of December 31, 2019.



**ANA MARÍA JAILLIER CORREA**  
Legal Representative  
C.C. 42.895.563



**ANA ISABEL GONZÁLEZ VAHOS**  
Accountant  
Professional Card No. 47345-T



Financial situation separate statement

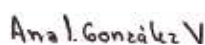
Figures in thousands of Colombian pesos

		As of Dec 31	As of Dec 31
	Note	2019	2018
<b>ASSETS</b>			
Cash and cash equivalents	3	31.465.221	24.771.422
Current investments	4	43.938.769	11.791.043
Commercial accounts receivable and other accounts receivable	5	529.252.735	715.009.867
Accounts receivable, related parties	5	390.406.876	248.703.149
Asset for current taxes	5	4.373.870	1.557.519
Inventory	6	55.701.638	55.211.226
Prepaid expenses	7	3.647.958	4.690.355
Non-current assets maintained for sale	8	2.530.363	879.172
<b>CURRENT ASSET</b>		<b>1.061.317.430</b>	<b>1.062.613.753</b>
Investments in financial instruments	4	947.224	947.224
Investments in associates and joint businesses	4	142.532.902	123.866.022
Investments in subsidiaries	4	26.891.083	104.456.744
Commercial accounts receivable and other accounts receivable	5	2.678.923	4.389.872
Accounts receivable, related parties	5	575.104.918	571.844.243
Prepaid expenses	7	31.848	628.196
Intangible assets other than capital gain	7	4.862.892	20.415.936
Assets for deferred taxes	7	14.409.982	26.537.808
Properties, plant and equipment	9	409.559.291	409.322.253
Investment properties	10	5.735.876	6.408.048
<b>NON-CURRENT ASSETS</b>		<b>1.182.754.939</b>	<b>1.268.816.347</b>
<b>TOTAL ASSETS</b>		<b>2.244.072.369</b>	<b>2.331.430.099</b>
<b>LIABILITIES</b>			
Financial obligations	11	255.215.311	460.468.599
Commercial financing companies	11	42.378.237	65.121.669
Commercial accounts receivable and other accounts receivable	12	199.545.300	315.070.531
Accounts payable with current related parties	12	1.983.853	3.861.082
Current taxes	13	5.375.286	10.485.243
Labor obligations		13.308.504	11.810.092
Other liabilities	14	30.731.881	16.125.704
Prepayments and advances received	15	39.702.130	68.923.013
Prepaid revenues received	16	43.315.534	71.802.522
<b>CURRENT LIABILITY</b>		<b>631.556.036</b>	<b>1.023.668.455</b>
Financial obligations	11	284.366.667	35.515.637
Commercial financing companies	11	131.379.220	122.923.330
Commercial Accounts payable and accounts payable	12	1.041.757	4.687.456
Accounts payable with non current related parties	12	12.441.878	0
Prepayments and advances received	15	20.500.750	12.497.693
Liabilities for deferred taxes	17	80.540.344	88.554.100
<b>NON-CURRENT LIABILITY</b>		<b>530.270.616</b>	<b>264.178.216</b>
<b>TOTAL LIABILITY</b>		<b>1.161.826.652</b>	<b>1.287.846.671</b>
<b>EQUITY</b>			
Stock capital		15.701.606	15.701.606
Premium in share placement		159.711.695	159.711.695
Reserves		718.587.481	632.794.173
Result of the period		73.103.484	115.155.365
Retained earnings		34.518.301	21.291.412
Other integral result		80.623.149	98.929.177
<b>TOTAL EQUITY</b>	<b>18</b>	<b>1.082.245.717</b>	<b>1.043.583.428</b>
<b>TOTAL LIABILITY AND EQUITY</b>		<b>2.244.072.369</b>	<b>2.331.430.099</b>

The notes attached are an integral part of the financial statements



ANA MARÍA JAILLIER CORREA  
Legal Representative  
C.C. 42.895.563  
See certification attached



ANA ISABEL GONZÁLEZ VAHOS  
Accountant  
Professional Card No. 47345-T  
See certification attached



JAVIER EMILIO TÁMARA TORRES  
External Auditor (Crowe)  
Professional Card No. 208595 – T  
See opinion attached

## Income per function statement - separate

Figures in thousands of Colombian pesos, except net profit per share

REVENUES FROM NORMAL ACTIVITIES	Note	From January 1 to December 31		From October 1 to December 31	
		2019	2018	2019	2018
Sale of good		4.103.950	11.410.725	71.000	5.446.070
Services provided		870.694.076	893.957.982	237.419.643	223.933.632
<b>TOTAL REVENUES FROM NORMAL ACTIVITIES</b>	<b>19</b>	<b>874.798.026</b>	<b>905.368.707</b>	<b>237.490.643</b>	<b>229.379.702</b>
Operating costs	20	(720.257.695)	(742.734.432)	(180.396.577)	(191.703.179)
<b>GROSS PROFIT</b>		<b>154.540.331</b>	<b>162.634.275</b>	<b>57.094.066</b>	<b>37.676.523</b>
Administration expenses	21	(32.589.310)	(36.654.381)	(8.927.249)	(13.524.846)
Other revenues	22	6.013.434	8.884.158	917.442	2.228.975
Other expenses	23	(5.014.486)	(2.418.588)	(563.438)	(576.514)
Other gains or losses	24	40.605.697	(2.035.610)	40.772.198	(76.401)
<b>OPERATING PROFIT</b>		<b>163.555.665</b>	<b>130.409.854</b>	<b>89.293.019</b>	<b>25.727.736</b>
Financial revenues	25	55.833.270	34.620.439	12.145.067	7.313.571
Financial expenses	26	(78.586.650)	(68.363.209)	(21.133.928)	(13.898.914)
Net participation in results of subsidiaries, associates and joint business	27	(20.962.712)	55.932.617	20.057.038	19.518.992
<b>PROFIT BEFORE TAXES</b>		<b>119.839.573</b>	<b>152.599.700</b>	<b>100.361.196</b>	<b>38.661.385</b>
Income tax	28	(46.736.089)	(37.444.336)	(22.190.878)	(7.289.628)
<b>NET PROFIT OF THE PERIOD</b>		<b>73.103.484</b>	<b>115.155.365</b>	<b>78.170.317</b>	<b>31.371.757</b>
Net profit per share		127,28	200,49	136,10	54,62

The notes attached are an integral part of the financial statements



ANA MARÍA JAILLIER CORREA  
Legal Representative  
C.C. 42.895.563  
See certification attached



ANA ISABEL GONZÁLEZ VAHOS  
Accountant  
Professional Card No. 47345-T  
See certification attached



JAVIER EMILIO TÁMARA TORRES  
External Auditor (Crowe)  
Professional Card No. 208595 – T  
See opinion attached

## Other integral results of the period separate statement

Figures in thousands of Colombian pesos

	From January 1 to December 31		From October 1 to December 31	
	2019	2018	2019	2018
<b>NET PROFIT OF THE PERIOD</b>	<b>73.103.484</b>	<b>115.155.365</b>	<b>78.170.317</b>	<b>31.371.757</b>
<b>OTHER INTEGRAL RESULT</b>				
<b>Items that will not be reclassified after the period result:</b>				
Gain (loss) from valuations in investments and properties, plant and equipment	(12.979.165)	55.484.051	(3.740.800)	57.455.262
Effect of tax on gains	3.921.676	(10.946.359)	1.097.410	(14.438.017)
Gain (loss) for actuaries for employee benefit plans	(20.819)	14.785	(20.819)	14.785
<b>Items that will be reclassified after the period result:</b>				
Gain (loss) from exchange difference from investment conversion overseas	535.294			
Participation in associates and joint business	(10.966.209)	(30.844.847)	(1.919.283)	(20.531.533)
Effect of tax on gains	1.203.196	4.665.045	275.430	1.920.633
<b>OTHER INTEGRAL RESULT OF THE PERIOD</b>	<b>(18.306.028)</b>	<b>18.372.675</b>	<b>(4.308.062)</b>	<b>24.421.130</b>
<b>TOTAL INTEGRAL RESULT OF THE PERIOD</b>	<b>54.797.457</b>	<b>133.528.040</b>	<b>73.862.255</b>	<b>55.792.887</b>

The notes attached are an integral part of the financial statements



ANA MARÍA JAILLIER CORREA  
Legal Representative  
C.C. 42.895.563  
See certification attached



ANA ISABEL GONZÁLEZ VAHOS  
Accountant  
Professional Card No. 47345-T  
See certification attached



JAVIER EMILIO TÁMARA TORRES  
External Auditor (Crowe)  
Professional Card No. 208595 – T  
See opinion attached



## Cash flow statement - separate

Figures in thousands of Colombian pesos

	As of Dec 31	As of Dec 31
	2019	2018
<b>OPERATING ACTIVITIES</b>		
Profit of the period	73.103.484	115.155.365
Items not affecting cash:		
Depreciation and impairment of properties, plant and equipment	33.312.580	28.876.563
Depletion mining and quarrying	1.499.750	804.749
Amortization	4.236.811	15.691.297
Provisions costs, Accounts receivable, investments, contingencies	12.253.697	(3.402.143)
Exchange difference (net)	28.514	1.161.840
Recovery from reimbursement of costs and expenses	(3.523.283)	(1.866.318)
Net loss (gain) on sale of property, plant and equipment	225.888	2.141.622
Loss (Gain) from the disposal of investments in subsidiaries, joint business and associates	(40.702.233)	0
Net participation in the Loss (Gain) of subsidiaries, associates and joint business	20.962.712	(55.932.617)
Impairment of investments	8.627	0
Income tax	46.736.089	37.444.336
<b>CASH GENERATED IN OPERATION</b>	<b>148.142.637</b>	<b>140.074.694</b>
<b>CHANGE IN OPERATING ITEMS</b>		
<b>Plus: increased liabilities and decreased operating assets</b>	<b>58.453.908</b>	<b>135.891.572</b>
Decrease of commercial accounts receivable and other accounts	42.013.660	0
Decrease of assets for deferred taxes	12.127.826	9.541.301
Decrease of assets for current taxes	0	32.155.248
Increase of accounts payable	0	12.233.343
Increase of labor obligations	1.498.412	3.668.733
Increase of other liabilities	2.814.009	9.459.195
Increase of prepayments and advances received	0	22.522.263
Increase of revenues received in advance	0	46.311.489
<b>Minus: increased assets and decreased operating liabilities</b>	<b>220.542.127</b>	<b>319.235.232</b>
Increase of commercial accounts receivable and other accounts receivable	0	236.220.341
Increase of inventories	490.413	11.207.938
Increase of prepaid expenses	2.587.749	2.453.697
Increase of assets for current taxes	2.816.351	0
Increase of deferred tax assets	0	2.914.606
Decrease of accounts payable	105.082.997	0
Decrease of payment of tax	51.846.046	66.438.650
Decrease of deferred tax liability	8.013.757	0
Decrease of revenues received in advance	28.486.988	0
Decrease of prepayments and advances received	21.217.825	0
<b>NET CASH FOR OPERATING ACTIVITIES</b>	<b>(13.945.582)</b>	<b>(43.268.966)</b>
<b>CASH FLOWS IN INVESTMENT ACTIVITIES</b>		
<b>Plus: decrease in investment activities</b>	<b>62.696.824</b>	<b>803.177</b>
Intangible assets other than capital gain	15.542.727	0
Investments	46.481.925	0
Investment properties	672.172	0
Non-current assets maintained for sale	0	803.177
<b>Minus: increases in investment activities</b>	<b>36.926.447</b>	<b>120.639.447</b>
Non-current assets maintained for sale	1.651.190	0
Intangible assets other than capital gain	0	51.404
Investments	0	571.912
Properties, plant and equipment	35.275.257	118.098.457
Investment properties	0	1.917.674
<b>NET CASH FOR INVESTMENT ACTIVITIES</b>	<b>25.770.377</b>	<b>(119.836.270)</b>
<b>NET CASH FOR FINANCING ACTIVITIES</b>		
<b>Plus: increase for financing activities</b>	<b>43.329.238</b>	<b>220.630.027</b>
Financial obligations	29.310.200	160.167.891
Increase of reserves	792.149	0
Increase of retained earnings	13.226.889	17.866.079
Increase of reserves (tax on wealth)	0	7.851
Surplus from revaluations and differed tax	0	42.588.206
<b>Minus: decreases in financing activities</b>	<b>48.460.233</b>	<b>53.508.187</b>
Dividends decreed	30.154.206	29.292.657
Decrease other integral result	6.200.629	24.215.530
Decrease of surplus for revaluation	12.105.399	0
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(5.130.996)</b>	<b>167.121.840</b>
Cash increase-decrease	6.693.799	4.016.604
Cash beginning the period	24.771.422	20.754.818
<b>CASH AND CASH EQUIVALENTS AS OF DECEMBER 31</b>	<b>31.465.221</b>	<b>24.771.422</b>

The notes attached are an integral part of the financial statements



ANA MARÍA JAILLIER CORREA  
Legal Representative  
C.C. 42.895.563  
See certification attached



ANA ISABEL GONZÁLEZ VAHOS  
Accountant  
Professional Card No. 47345-T  
See certification attached



JAVIER EMILIO TÁMARA TORRES  
External Auditor (Crowe)  
Professional Card No. 208595 – T  
See opinion attached

## Changes in equity statement - separate

Figures in thousands of Colombian pesos

	Subscribed and paid capital	Capital Surplus	Earnings retained	Results of the period	Result of previous periods	Other integral result	Revaluation surplus	Changes in equity
<b>BALANCE AT DECEMBER 31, 2017</b>	<b>15.701.606</b>	<b>159.711.695</b>	<b>477.170.240</b>	<b>184.908.738</b>	<b>3.425.333</b>	<b>33.512.663</b>	<b>47.043.837</b>	<b>921.474.112</b>
Reserves	0	0	155.623.933	(155.616.081)	0	0	0	7.852
Accumulated profits or / and surplus	0	0	0	0	35.787.078	0	0	35.787.078
Adjust investments in associates and subsidiaries	0	0	0	0	0	(24.215.531)	0	(24.215.531)
Results of the period	0	0	0	115.155.365	0	0	0	115.155.365
Dividends	0	0	0	(29.292.657)	0	0	0	(29.292.657)
Revaluation surplus	0	0	0	0	0	0	42.588.206	42.588.206
Revaluation reclassification	0	0	0	0	3.313.773	0	0	3.313.773
Effects of application of IFRS 15-Concessions					(21.234.772)			(21.234.772)
<b>BALANCE AT SEPTEMBER 30, 2018</b>	<b>15.701.606</b>	<b>159.711.695</b>	<b>632.794.173</b>	<b>115.155.365</b>	<b>21.291.412</b>	<b>9.297.132</b>	<b>89.632.043</b>	<b>1.043.583.426</b>
<b>BALANCE AT DECEMBER 31, 2018</b>	<b>15.701.606</b>	<b>159.711.695</b>	<b>632.794.173</b>	<b>115.155.365</b>	<b>21.291.412</b>	<b>9.297.132</b>	<b>89.632.043</b>	<b>1.043.583.426</b>
Reserves	0	0	115.947.514	(115.155.365)	0	0	0	792.149
Accumulated profits or / and surplus	0	0	0	0	5.539.118	0	0	5.539.118
Adjust investments in associates and subsidiaries	0	0	0	0	0	(6.200.629)	0	(6.200.629)
Results of the period	0	0	0	73.103.484	0	0	0	73.103.484
Revaluation reclassification	0	0	0	0	7.687.771	0	0	7.687.771
Dividends	0	0	(30.154.206)	0	0	0	0	(30.154.206)
Revaluation surplus	0	0	0	0	0	0	(12.105.396)	(12.105.396)
<b>BALANCE AT DECEMBER 31, 2019</b>	<b>15.701.606</b>	<b>159.711.695</b>	<b>718.587.481</b>	<b>73.103.484</b>	<b>34.518.301</b>	<b>3.096.503</b>	<b>77.526.647</b>	<b>1.082.245.717</b>

The notes attached are an integral part of the financial statements



ANA MARÍA JAILLIER CORREA  
Legal Representative  
C.C. 42.895.563  
See certification attached



ANA ISABEL GONZÁLEZ VAHOS  
Accountant  
Professional Card No. 47345-T  
See certification attached



JAVIER EMILIO TÁMARA TORRES  
External Auditor (Crowe)  
Professional Card No. 208595 – T  
See opinion attached



# Consolidated Financial Statements

December 31, 2019  
(Comparative figures as of December 31, 2018)



Construcciones  
**EL CONDOR S.A.**  
Ingeniería de Infraestructura e Inversiones



## STATUTORY AUDITOR'S REPORT

### To the Shareholders of CONSTRUCCIONES EL CONDOR S.A. Audit Report of Separate Financial Statements Report

#### Opinión

I have audited the financial statements of CONSTRUCCIONES EL CONDOR S.A. and its subsidiaries at December 31, 2019, which comprise the separate financial situation statement, the results per duty and other integrated results, the changes in separate equity, and the separate cash flow statement ended on that date and the corresponding notes, including a summary of the significant accounting policies

In my opinion, the separate financial statements I audited were truthfully taken from the books, exhibit, in all significant and reasonable manner, the separate financial situation of CONSTRUCCIONES EL CONDOR S.A. and its subsidiaries at December 31, 2019, the results of their operations and separate cash flows for the year ended on that date, in accordance with the Accounting and Financial Information Standards accepted in Colombia.

#### Basis for My Opinion

I have conducted the audit in accordance with the International Audit Standards (IAS) accepted in Colombia. My responsibility, according to these standards, is described ahead in the section of responsibilities of the Statutory Auditor in terms of auditing separate financial statements. I am independent from the Company and its subsidiaries pursuant to the Code of Ethics for Accounting Professionals through the International Auditing and Assurance Standards Board (Code of Ethics of the IAASB) and I have met the other ethic responsibilities in accordance with the Code of Ethics of the IAASB and with Law 43 of 1990. I deem that the evidence from the audit I have gathered provided a sufficient and proper basis for my opinion.

#### Key Matters of the Audit

The key matters of the audit comprise those which, in my professional opinion, have been highly significant during the audit I conducted of the separate financial statements of the period aforementioned. These matters have been addressed in the context of my audit of the separate financial statements in their entirety and to provide my opinion thereof, and I do not state an opinion separate from those matters.

Key Matters	Reply From the Statutory Auditor
<p><b>1. Acknowledgement of joint operations</b></p> <p>The financial statements of the holding acknowledge - in addition to its assets, liabilities, revenues and expenditures – the items that rise from the contractual agreements of its joint operations, presenting on the separate financial statements its share in the joint assets, liabilities, revenues, costs and expenses.</p> <p>I have considered the joint operations of the separate financial statements as a key matter of the audit given the material effect there is from integrating the items from these operations.</p>	<p>My audit procedures pertaining to the joint operations included:</p> <ul style="list-style-type: none"> <li>• Conduct a financial audit of the consortiums with the largest share in the result, based on the material level of the balance sheets incorporated in the accounting system of the holding company.</li> <li>• Verify the proper incorporation of the balance sheets of the consortiums in which there is a share and their timely accounting.</li> <li>• Review the proper acknowledgement of the consortium certificates.</li> </ul>
<p><b>2. Acknowledgement of revenue in contracts</b></p> <p>Revenue from construction contracts is recognized in accordance with the performance obligations set forth by Management, keeping in mind the processes established in the contracts and the application of further stages of IFRS-15.</p> <p>Acknowledging the revenue from constructions contracts generates material financial assets (accounts receivable). Therefore, I have considered that the revenue from contracts with clients is a key matter of the audit.</p>	<p>My audit procedures pertaining to revenue from contracts included:</p> <ul style="list-style-type: none"> <li>• Verify the proper accounting acknowledgement of the revenue base don every performance obligation set forth by the Company and further stages established in IFR- 15.</li> <li>• Review the existence and term of the contracts and their corresponding extensions.</li> <li>• Verify the existing invoicing and control procedures.</li> <li>• Verify that the sales are recorded in the proper period and the completion of operations is accordingly made.</li> <li>• Conduct balance sheet confirmation procedures with clients, and analytical proceedings.</li> <li>• Validate the integrity of the accounts receivable acknowledged and their valuation based on work progress made.</li> <li>• Verify the misstatement analysis acknowledged of the accounts receivable</li> </ul>

**Key Matters**
**Reply From the Statutory Auditor**
**3. Property, Plant and Equipment**

The Group owns different types of significant productive goods on the financial statements. Certain types of goods used are presented with a reasonable market price.

This represents a key audit matter due to the judgements, significant opinions and estimates made of calculations used to determine the life, depreciation and depletion methods, residual value of certain type of Property, plant and equipment.

My audit procedures related to Property, plant and equipment included:

- Verify compliance with regulations of the Company's management over managing property, plant and equipment.
- Calculate again the expenditure-cost for depreciation of property, plant and equipment (including equipment leased) based on the policies and estimated life of each.

**Responsibility of Management pertaining to separate financial statements**

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Accounting and Financial Information Standards generally accepted in Colombia; this includes the design, implementation and maintenance of internal control relevant to the preparation of separate financial statements free from material misstatement, whether due to fraud or error.

To prepare the separate financial statements, Management is responsible for the assessment of the Group's capacity to continue disclosing, properly, the matters related to the business in operation, following the accounting principle of business in operation except if Management's intent is to liquidate the Group or cease its operations, or there is no other realistic alternative.

Those responsible for the entity's governance are responsible for the supervision of the financial information process thereof.

**Responsibility of the Statutory Auditor pertaining to auditing the consolidating financial statements**

My purpose is to obtain reasonable assurance about whether the separate financial statements are free of misstatements, due to fraud or error, and to issue an audit report with my opinion. Reasonable assurance is a high degree of certainty but does not guarantee that the audit made in accordance with IAS always detects misstatements. Misstatements may be due to fraud or error, and considered material if, individually or collectively, they may be foreseen to influence the economic decisions made by the users based on the separate financial statements.

As part of the audit conducted in accordance with IAS, I used by professional judgement and maintained an attitude of professional skepticism during the entire process. I also:

- Identified and assessed the risks of material misstatement in the separate financial statements whether due to fraud or error, designed and implemented audited procedures to meet those risks, and obtained evidence sufficient and proper to provide my opinion. The risk of not detecting a material misstatement whether due to fraud is higher than in the case of a material misstatement due to error, since the fraud may imply collusion, forgery, deliberate omissions, statements intentionally erroneous or evasion of the internal control.
- Obtained knowledge of the internal control relevant for the audit with the purpose of designing audit procedures proper in view of the circumstances.
- Assessed the appropriateness of the accounting policies used and the reasonable accounting estimates made, and the applicable information disclosed by Management.
- Concluded that Management properly uses the accounting principle of the business in operation, and based on the evidenced obtained from the audit, the existence or not of a material misstatement related to events or conditions that may lead to significant doubts about the corporation's capability to continue as a business in operation. If I conclude that there is a material uncertainty, attention must be drawn in my audit report to

the information disclosed on the separate financial statement or, if said disclosures are not proper, a modified opinion should be given. My conclusions are based on the evidence obtained from the audit up to the date of my report. However, future events or conditions may be causes for the corporation to stop being a business in operation.

- Assessed the overall presentation, structure and contents of the separate financial statements, including the information disclosed, and if the separate financial statements represent the transactions and underlying facts in a manner the reaches reasonable assurance.

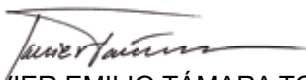
I contacted Management pertaining to, among other matters, the scope and timing of the planned audit, and the significant findings of the audit alongside any significant impairment of the internal control I identified during the course of the audit.

I also handed to Management a statement in which I have met the ethical requirements applicable pertaining to my independence; and stated as well to this body every relation and matters which can reasonably be expected to affect my independence, and if any, the respective safeguards implemented.

Among the matters object of discussion with Management, I determined those which have been of most significance in auditing the financial statements of the current period, which are, consequently, key matters of the audit. I described these matters in my audit report except when the legal or regulatory provisions prohibit the public disclosure of a matter or, though extremely unfrequently, I determined that a matter should not be disclosed in my report because it is reasonable to expect that the adverse consequences if so may surpass the benefits of the public interest in it.

#### **Other matters**

The separate financial statements of CONSTRUCCIONES EL CONDOR S.A., at December 31, 2018, which are part of the information on the financial statements attached, were audited by another public accountant assigned to Crowe Horwath, in accordance with the international audit standards accepted in Colombia. The foregoing unqualified opinion was provided on February 25, 2019.



JAVIER EMILIO TÁMARA TORRES  
Statutory Auditor  
Professional Card No. 208.595-T  
Appointed by Crowe Co. S.A.S.

February 24, 2020

24 de febrero de 2020



**CONSTRUCCIONES EL CÓNDOR S.A.  
CERTIFICATION OF FINANCIAL STATEMENTS**

Medellín, February 24, 2020

**Gentlemen  
SHAREHOLDERS  
CONSTRUCCIONES EL CÓNDOR S.A.  
Medellín**

Greetings,

Pursuant to article 47 of Law 964 of 2005, the Legal Representative of Construcciones El Cóndor S.A. informs the shareholders that the operational efficiency of the controls established by the Company were been verified by the undersigned, and that the existing systems have been satisfactorily assessed in terms of financial information disclosure and control. All controls and systems above mentioned were found in proper operation.

Sincerely,



**ANA MARÍA JAILLIER CORRE A**  
Legal Representative  
C.C. 42.895.563

**CONSTRUCCIONES EL CÓNDOR S.A.  
CERTIFICATION OF FINANCIAL STATEMENTS**

Medellín, February 24, 2020

**Gentlemen  
SHAREHOLDERS  
CONSTRUCCIONES EL CÓNDOR S.A.  
Medellín**

The undersigned Legal Representative and the Accountant of  
CONSTRUCCIONES EL CÓNDOR S.A.

CERTIFY

That the Consolidated Financial Statements and other reports relevant to the public and the operations of the Company as of December 31, 2019, do not contain any inaccuracies or errors which restrain from knowing its true equity condition.

The above is to comply with Article 46 of Law 964 of 2005.



**ANA MARÍA JAILLIER CORRE A**  
Legal Representative  
C.C. 42.895.563



**ANA ISABEL GONZÁLEZ VAHOS**  
Accountant  
Professional Card No. 47345-T

**CERTIFICATION OF FINANCIAL STATEMENTS**

We, ANA MARIA JAILLIER CORREA, acting as the Legal Representative, and ANA ISABEL GONZALEZ VAHOS, acting as the Accountant, hereby state that we have prepared the consolidated statements of financial position, comprehensive income, changes in consolidated equity and cash flows as of December 31, 2019 of CONSTRUCCIONES EL CÓNDOR S.A. with Tax I.D. No. 890.922.447- 4. This task was prepared applying the International Financial Reporting Standards applicable in Colombia affirming that they reasonably present the financial standing as of December 31, 2019, and furthermore:

1. We are responsible for the reasonable preparation and presentation of the financial statements of the Corporation, and hereby state that the figures were truly taken from the official accounting books and their corresponding complementary documents.
2. We are not aware in any way of:
  - Irregularities involving members of the administration or employees, which may hinder the financial statements of the Corporation.
  - Communications from regulators which by law should exercise control over the corporation, due to the breach of legal provisions in force or to the improper presentation of the information requested.
  - Possible breach of laws or regulations that may create lawsuits or taxes, with effects that should be deemed worth disclosing on the financial statements or taken as a foundation to estimate contingent liabilities.
  - Assets or liabilities other than those registered in the books, or revenues or costs that hurt the results and that should be disclosed in accordance with the International Financial Reporting Standards of Colombia.
3. The Corporation has satisfactorily protected all of the assets it owns as well as those of third parties in its power; there are no pledges or liens on said assets.
4. The Corporation has fully met all contractual agreements which if breached could have an effect on its financial information.
5. No events subsequent to the statement of financial position have taken place that could require an adjustment or disclosure on the financial statements as of December 31, 2019.



**ANA MARÍA JAILLIER CORREA**  
Legal Representative  
C.C. 42.895.563



**ANA ISABEL GONZÁLEZ VAHOS**  
Accountant  
Professional Card No. 47345-T

**Financial situation statement - consolidated**


Figures in thousands of Colombian pesos

As of Dec 31

As of Dec 31

<b>ASSETS</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	3	43.094.638	35.939.247
Current investments	4	43.938.769	11.791.043
Commercial accounts receivable and other accounts receivable	5	741.450.361	1.002.794.058
Accounts receivable, related parties	5	255.087.707	198.573.067
Asset for current taxes	5	5.726.767	5.892.539
Inventory	6	104.307.222	122.702.729
Prepaid expenses	7	4.692.925	5.581.356
Non-current assets maintained for sale	8	2.530.363	879.172
<b>CURRENT ASSET</b>		<b>1.200.828.751</b>	<b>1.384.153.211</b>
Investments in financial instruments	4	947.224	947.224
Investments in associates and joint businesses	4	142.532.902	123.866.022
Commercial accounts receivable and other accounts receivable	5	5.958.629	89.246.904
Accounts receivable, related parties	5	575.104.918	501.958.026
Prepaid expenses	7	31.848	628.196
Intangible assets other than capital gain	7	4.862.892	20.415.936
Assets for deferred taxes	7	14.801.477	26.841.945
Properties, plant and equipment	9	410.616.395	410.285.782
Investment properties	10	5.735.876	6.408.048
<b>NON-CURRENT ASSETS</b>		<b>1.160.592.161</b>	<b>1.180.598.083</b>
<b>TOTAL ASSETS</b>		<b>2.361.420.912</b>	<b>2.564.751.294</b>
<b>LIABILITIES</b>			
Financial obligations	11	259.612.867	470.143.602
Commercial financing companies	11	42.378.237	65.121.669
Commercial accounts receivable and other accounts receivable	12	232.925.717	373.901.476
Accounts payable with current related parties	12	387.454	3.861.082
Current taxes	13	5.376.076	11.129.883
Labor obligations		13.819.891	12.547.098
Other liabilities	14	93.398.351	126.912.580
Prepayments and advances received	15	46.968.088	76.439.440
Prepaid revenues received	16	43.315.534	71.802.521
Income received for third parties		386.928	0
<b>CURRENT LIABILITY</b>		<b>738.569.143</b>	<b>1.211.859.351</b>
Financial obligations	11	284.366.667	35.515.637
Commercial financing companies	11	131.379.220	122.923.330
Commercial Accounts payable and accounts payable	12	1.522.759	4.893.617
Accounts payable with non current related parties	12	12.441.878	-
Other accounts payable	14	3.253.678	1.176.349
Prepayments and advances received	15	20.500.750	12.497.693
Liabilities for deferred taxes	17	80.609.592	88.624.346
<b>NON-CURRENT LIABILITY</b>		<b>534.074.544</b>	<b>265.630.973</b>
<b>TOTAL LIABILITY</b>		<b>1.272.643.687</b>	<b>1.477.490.324</b>
<b>EQUITY</b>			
Stock capital		15.701.606	15.701.606
Premium in share placement		159.711.695	159.711.695
Reserves		718.587.481	632.794.173
Result of the period		73.103.484	115.155.365
Other integral result		80.623.149	98.929.177
Retained earnings		34.518.301	21.291.412
<b>EQUITY ATTRIBUTED TO CONTROLLERS</b>	<b>18</b>	<b>1.082.245.717</b>	<b>1.043.583.428</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>6.531.508</b>	<b>43.677.542</b>
<b>TOTAL EQUITY</b>		<b>1.088.777.225</b>	<b>1.087.260.970</b>
<b>TOTAL LIABILITY AND EQUITY</b>		<b>2.361.420.912</b>	<b>2.564.751.294</b>

The notes attached are an integral part of the financial statements



ANA MARÍA JAILLIER CORREA  
Legal Representative  
C.C. 42.895.563  
See certification attached



ANA ISABEL GONZÁLEZ VAHOS  
Accountant  
Professional Card No. 47345-T  
See certification attached



JAVIER EMILIO TÁMARA TORRES  
External Auditor (Crowe)  
Professional Card No. 208595 – T  
See opinion attached



**Income per function statement - consolidated**

Figures in thousands of Colombian pesos,

	Note	From January 1 to December 31		From October 1 to December 31	
		2019	2018	2019	2018
<b>REVENUES FROM NORMAL ACTIVITIES</b>					
Sale of good		4.103.950	11.410.725	71.000	5.446.070
Services provided		882.184.784	1.056.069.779	236.288.195	278.305.529
<b>TOTAL REVENUES FROM NORMAL ACTIVITIES</b>	<b>19</b>	<b>886.288.734</b>	<b>1.067.480.504</b>	<b>236.359.195</b>	<b>283.751.599</b>
Operating costs	20	(827.895.643)	(894.382.178)	(177.075.375)	(244.395.231)
<b>GROSS PROFIT</b>		<b>58.393.092</b>	<b>173.098.326</b>	<b>59.283.820</b>	<b>39.356.368</b>
Administration expenses	21	(38.520.246)	(43.522.798)	(10.367.170)	(15.333.022)
Other revenues	22	6.760.945	9.770.525	975.960	2.332.533
Other expenses	23	(5.663.559)	(8.418.297)	(646.710)	4.162.938
Other gains or losses	24	40.605.697	(1.671.005)	40.772.198	(76.401)
<b>OPERATING PROFIT</b>		<b>61.575.929</b>	<b>129.256.751</b>	<b>90.018.098</b>	<b>30.442.416</b>
Financial revenues	25	43.377.214	35.395.564	10.850.391	7.435.262
Financial expenses	26	(79.689.426)	(64.994.156)	(21.542.146)	(19.758.126)
Net participation in results of subsidiaries, associates and joint business	27	57.887.976	50.755.571	20.694.888	16.398.666
<b>PROFIT BEFORE TAXES</b>		<b>83.151.693</b>	<b>150.413.730</b>	<b>100.021.231</b>	<b>34.518.218</b>
Income tax	28	(47.194.242)	(37.836.817)	(22.614.949)	(4.617.772)
<b>ET PROFIT OF THE PERIOD</b>		<b>35.957.451</b>	<b>112.576.913</b>	<b>77.406.283</b>	<b>29.900.446</b>
Attributed to:					
Owners of the controlling company		73.103.484	115.155.365	78.170.316	31.371.758
Non-controlling interests		(37.146.033)	(2.578.452)	(764.033)	(1.471.312)
		<b>35.957.451</b>	<b>112.576.913</b>	<b>77.406.283</b>	<b>29.900.446</b>

The notes attached are an integral part of the financial statements



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JAVIER EMILIO TÁMARA TORRES  
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Professional Card No. 208595 – T  
See opinion attached

**Other integral results of the period consolidated statement**

Figures in thousands of Colombian pesos

	From January 1 to December 31		From October 1 to December 31	
	2019	2018	2019	2018
<b>NET PROFIT OF THE PERIOD</b>	<b>35.957.451</b>	<b>112.576.913</b>	<b>77.406.283</b>	<b>29.900.446</b>
<b>OTHER INTEGRAL RESULT</b>				
<b>Items that will not be reclassified after the period result:</b>				
Gain (loss) from valuations in investments and properties, plant and equipment	(12.979.165)	55.484.051	(3.740.800)	57.455.262
Effect of tax on gains	3.921.676	(10.946.359)	1.097.410	(14.438.017)
Gain (loss) for actuaries for employee benefit plans	(20.819)	14.785	(20.819)	14.785
<b>Items that will be reclassified after the period result:</b>				
Gain (loss) from exchange difference from investment conversion overseas	535.294	0	0	0
Participation in associates and joint business	(10.966.209)	(30.844.847)	(1.919.283)	(20.531.533)
Effect of tax on gains	1.203.196	4.665.045	275.430	1.920.633
<b>OTHER INTEGRAL RESULT OF THE PERIOD</b>	<b>(18.306.028)</b>	<b>18.372.675</b>	<b>(4.308.062)</b>	<b>24.421.130</b>
<b>TOTAL INTEGRAL RESULT OF THE PERIOD</b>	<b>17.651.423</b>	<b>130.949.588</b>	<b>73.098.220</b>	<b>54.321.576</b>
Attributed to:				
Owners of the controlling company	54.797.456	133.528.040	73.862.255	55.792.890
Non-controlling interests	(37.146.033)	(2.578.452)	(764.034)	(1.471.312)
	<b>17.651.423</b>	<b>130.949.588</b>	<b>73.098.220</b>	<b>54.321.578</b>

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**Cash flow consolidated statement**

Figures in thousands of Colombian pesos

	As of Dec 31	As of Dec 31
	2019	2018
<b>OPERATING ACTIVITIES</b>		
Profit attributed to:		
Owners of the controlling company	73.103.484	115.155.365
Non-controlling interest	(37.146.033)	(2.578.452)
<b>Items not affecting cash:</b>		
Depreciation and impairment of properties, plant and equipment and inventories	33.561.724	29.645.650
Amortizations and impairment	6.869.420	17.045.084
Exchange difference (net)	28.514	1.161.840
Provision for costs (works, dismantling, accounts receivable, investments, contingencies)	(33.869.700)	(1.861.177)
Recovery from reimbursement of costs and expenses	(288.278)	(1.863.322)
Net loss (gain) on sale of property, plant and equipment	(133.505)	1.730.291
Net loss (gain) on sale of investments	(40.702.233)	0
Net participation in the loss (Gain) of subsidiaries, associates and joint business	(57.887.976)	(50.755.571)
Income tax	47.194.242	37.836.815
<b>CASH GENERATED IN OPERATION</b>	<b>(9.270.340)</b>	<b>145.516.523</b>
<b>CHANGE IN OPERATING ITEMS</b>		
<b>Plus: increased liabilities and decreased operating assets</b>	<b>241.630.092</b>	<b>408.749.151</b>
Decrease of inventories	18.395.507	2.592.063
Decrease of rights - intangibles	0	321.899.087
Decrease of assets for deferred taxes	165.773	0
Increase in deferred tax liabilities	4.025.715	4.846.613
Increase in labor obligations	1.272.792	2.755.486
Decrease of commercial accounts receivable and other accounts	214.480.421	0
Increase of other liabilities	2.902.955	9.266.054
Increase of revenues received in advance	386.928	46.311.488
Increase of prepayments and advances received	0	21.078.360
<b>Minus: increased assets and decreased operating liabilities</b>	<b>243.367.745</b>	<b>555.329.343</b>
Increase of commercial accounts receivable and other accounts receivable	0	469.024.893
Increase of prepaid expenses	5.374.325	573.595
Decrease of accounts payable	135.090.088	13.579.951
Decrease of accounts payable and other accounts	28.486.987	0
Decrease of payment of tax	52.948.050	72.150.904
Decrease of of prepayments and advances received	21.468.295	0
<b>NET CASH FOR OPERATING ACTIVITIES</b>	<b>(11.007.993)</b>	<b>(1.063.669)</b>
<b>CASH FLOWS IN INVESTMENT ACTIVITIES</b>		
<b>Plus: decrease in investment activities</b>	<b>63.981.850</b>	<b>803.177</b>
Non-current assets maintained for sale	0	803.177
Investment properties	672.172	0
Investments	47.766.950	0
Intangible assets other than appreciation	15.542.728	0
<b>Minus: increases in investment activities</b>	<b>35.410.023</b>	<b>114.524.592</b>
Current assets maintained for sale	1.651.191	0
Investments	0	1.371.923
Properties, plant and equipment	33.758.832	111.234.995
Investment properties	0	1.917.674
<b>NET CASH FOR INVESTMENT ACTIVITIES</b>	<b>28.571.827</b>	<b>(113.721.415)</b>
<b>NET CASH FOR FINANCING ACTIVITIES</b>		
<b>Plus: increase for financing activities</b>	<b>38.051.791</b>	<b>60.462.136</b>
Reserves	792.149	7.851
Financial obligations	24.032.753	0
Increase of retained earnings	13.226.889	17.866.079
Surplus from revaluations	0	42.588.206
<b>Minus: decreases in financing activities</b>	<b>48.460.234</b>	<b>337.958.288</b>
Financial obligations	0	282.343.336
Other integral result	6.200.629	24.215.528
Surplus from revaluations	12.105.399	0
Dividends decreed	30.154.206	29.292.657
Non-controlling participation	0	2.106.767
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(10.408.442)</b>	<b>(277.496.152)</b>
Cash increase-decrease	7.155.391	(392.281.236)
Cash beginning the period	35.939.247	428.220.483
<b>CASH AND CASH EQUIVALENTS AS OF DECEMBER 31</b>	<b>43.094.638</b>	<b>35.939.247</b>

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## Changes in equity consolidated statement

Figures in thousands of Colombian pesos

	Subscribed and paid capital	Capital Surplus	Earnings retained	Results of the period	Result of previous periods	Other integral result	Revaluation surplus	Changes in equity
<b>Balance at december 31, 2017</b>	<b>15.701.606</b>	<b>159.711.695</b>	<b>477.170.240</b>	<b>184.908.738</b>	<b>3.425.333</b>	<b>33.512.663</b>	<b>47.043.837</b>	<b>921.474.112</b>
Reserves	0	0	155.623.933	(155.616.081)	0	0	0	7.852
For transfer to results of previous periods	0	0	0	0	35.787.078	0	0	35.787.078
Adjustments and reclassifications	0	0	0	0	0	(24.215.531)	0	(24.215.531)
Results of the period	0	0	0	115.155.365	0	0	0	115.155.365
Revaluation reclassification	0	0	0	0	3.313.773	0	0	3.313.773
Dividends	0	0	0	(29.292.657)	0	0	0	(29.292.657)
Effects of application of IFRS 15-Concessions	0	0	0	0	(21.234.772)	0	0	(21.234.772)
Revaluation surplus	0	0	0	0	0	0	42.588.206	42.588.206
<b>Balance at december 31, 2018</b>	<b>15.701.606</b>	<b>159.711.695</b>	<b>632.794.173</b>	<b>115.155.365</b>	<b>21.291.412</b>	<b>9.297.132</b>	<b>89.632.043</b>	<b>1.043.583.426</b>
<b>Balance at december 31, 2018</b>	<b>15.701.606</b>	<b>159.711.695</b>	<b>632.794.173</b>	<b>115.155.365</b>	<b>21.291.412</b>	<b>9.297.132</b>	<b>89.632.043</b>	<b>1.043.583.426</b>
Reserves	0	0	115.947.514	(115.155.365)	0	0	0	792.149
Accumulated profits or / and surplus	0	0	0	0	13.226.889	0	0	13.226.889
Adjust investments in associates and subsidiaries	0	0	0	0	0	(6.200.629)	0	(6.200.629)
Results of the period	0	0	0	73.103.484	0	0	0	73.103.484
Dividends	0	0	(30.154.206)	0	0	0	0	(30.154.206)
Revaluation surplus	0	0	0	0	0	0	(12.105.396)	(12.105.396)
<b>Balance at december 31, 2019</b>	<b>15.701.606</b>	<b>159.711.695</b>	<b>718.587.481</b>	<b>73.103.484</b>	<b>34.518.301</b>	<b>3.096.503</b>	<b>77.526.647</b>	<b>1.082.245.717</b>

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