
 <b>DRUMMOND LTD.</b> <small>COLOMBIA</small>	<b>POLICY FOR PREVENTION AND CONTROL OF THE RISK OF MONEY LAUNDERING, FINANCING OF TERRORISM AND FINANCING OF THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION (ML/FT/FPWMD)</b>	Version 3
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**POLICY FOR PREVENTION AND CONTROL OF THE RISK OF MONEY LAUNDERING, FINANCING OF TERRORISM AND FINANCING OF THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION (ML/FT/FPWMD)**

**SIG-2153**

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<b>Reviewed by</b>	LEGAL DEPARTMENT MANAGER, DRUMMOND LTD
<b>Approved by</b>	PRESIDENT, DRUMMOND LTD

VERSION CONTROL		
Version	Date	Summary description of changes
1	December, 2014	Creation of the policy
2	March, 2020	Overall updating of the policy
3	July, 2021	Updating of the policy in accordance with the update to Chapter X of the Basic Legal Circular of the Superintendent of Companies

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## 1. OBJECT

To define general concepts and the guidelines that should be followed for prevention and control of the risk of ML/FT/FPWMD, with the aim of minimizing the possibility that in execution of its operations Drummond Ltd (hereinafter, DLT) might be used, directly or indirectly, as an instrument for carrying out illicit activities.


This policy is aligned in accord with what is provided in the regulations in force with regard to the subject and the best practices of the industry.

## 2. SCOPE

This policy is in accord with what is defined in Chapter X of the Basic Legal Circular of the Superintendent of Companies for adequate control and management of the risk of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction (ML/FT/FPWMD). This policy is applicable to the entire human team employed by DLT directly, suppliers, contractors and, in general, all third parties who have any kind of contractual or commercial relationship or link with Drummond Ltd, who shall be informed of it.

## 3. DEFINITIONS

- **Self-control:** This is the will of the Company to detect, control and manage, in an efficient and efficacious manner, the risks to which it is exposed.
- **Counterpart:** Any natural or juridical person with which the Company has commercial, business, contractual or juridical relationships of any kind. Among others, the Company's associates, employees, clients, contractors and product suppliers are counterparts.
- **Control of the risk of ML/FT/FPWMD:** This comprises the implementation of existing policies, procedures, practices or other actions that act to minimize the risk of ML/FT/FPWMD in the operations, business deals or contracts of the Company.
- **ML/FT/FPWMD:** Money laundering / financing of terrorism / financing of the proliferation of weapons of mass destruction.
- **Compliance Officer:** The natural person designated by the Obligated Company who is in charge of promoting, developing and overseeing compliance with the specific procedures for prevention, updating and mitigation of the risk of ML/FT/FPWMD.
- **Risk of ML/FT/FPWMD:** This is the possibility of loss or harm that a company may suffer due to its propensity to be used directly or through its operations as an instrument for money laundering and/or the channeling of funds towards the execution of terrorist activities or the financing of proliferation of weapons of mass destruction, or when it is proposed to cover up funds coming from such activities. The contingencies inherent in ML/FT/FPWMD materialize through risks such as the risk of contagion, legal risk, operational risk, reputational risk and others to which the company is

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exposed, with the consequent negative economic effect that this can represent for its financial stability when it is used for such activities.

- **SAGRILAFT:** This is the system for self-control and management of the integral risk of ML/FT/FPWMD defined in Chapter X of the Basic Legal Circular of the Superintendent of Companies.
- **UIAF:** The Financial Information and Analysis Unit [**Unidad de Información y Análisis Financiero**], which is Colombia's financial intelligence unit, with the function of intervening in the economy to prevent and detect ML/FT/FPWMD.


#### 4. BASIC CRITERIA

- 4.1 This policy shall not be published until it has the approval of the President of DLTD.
- 4.2 This update of the policy shall enter in force once it is approved and published on DLTD's web page and in the Integrated Management System, which are the authorized sites that guarantee use of currently valid versions of the corporate policies of the company.

#### 5. GUIDELINES OF THE POLICY

To develop the policy of the System for Self-control and Management of the Risk de Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction (SAGRILAFT [**Sistema de Autocontrol y Gestión del Riesgo Integral de Lavado de Activos, Financiamiento del Terrorismo y Financiamiento de la Proliferación de Armas de Destrucción Masiva**]), Drummond Ltd. declares the following guidelines:

- Compliance with what is stipulated in Chapter X of the Basic Legal Circular of the Superintendent of Companies and in the regulations issued with regard to the prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.
- DLTD has designated a Compliance Officer, allocating the human, technical, financial and operational resources required for appropriate execution of his/her functions.
- DLTD, within the legal framework in force, directs efforts to prevent and manage the risk money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction by way of design and implementation of the SAGRILAFT.
- DLTD promotes an institutional culture against any activity that may lead to money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.
- DLTD has guidelines defined for the prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction that are of strict compliance for all company employees.
- DLTD has a methodology defined for the identification, measurement, control and monitoring of the risk of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.
- The SAGRILAFT of DLTD has policies and procedures that allow obtaining appropriate knowledge of its counterparts and of the market, with the aim of detecting unusual and/or suspicious operations

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related to money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction and of avoiding the materialization of this risk.

- DLTD has an organizational structure defined for management of the risk of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, headed by the President of the Company.
- DLTD shall avoid, within the best commercial practices, any kind of relationship with employees, suppliers and contractors who are included on the national and international control lists related to money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction. Likewise, DLTD's Compliance Officer shall request the cancellation and/or termination of the commercial/employment relationship when he/she detects any deviation according to the warning signs detected.
- It is an obligation of DLTD's employees to reserve and safeguard the confidentiality of the information related to the reporting of suspicious operations to the authorities and related to the persons implicated in such reports.
- DLTD shall collaborate with the authorities by providing the information that may be requested during the process of investigations of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.
- No employee of DLTD may divulge aspects of the operations reported to the Financial Information and Analysis Unit (UIAF) as suspicious or attempted. Only the Compliance Officer shall report the information to the UIAF, without prejudice to the reports that he/she must present to the Presidency of the Company.
- It is an obligation of all DLTD employees to know and rigorously apply the criteria and rules included in the SAGRILAFT Manual, and to know and pay attention to the warning signs included in it.
- The decision to assume the risk of ML/FT/FPWMD shall be submitted for approval by the President of the Company or by whomsoever he/she delegates said function to.
- It is an obligation of each employee to attend the training events held on this subject, regardless of level or position.
- This policy shall be known to, understood by and applied by all DLTD employees.
- Noncompliance with this policy by any employee shall be considered a very grave violation of the In-house Work Regulations and shall lead to the legal consequences they set out to this end.

## 6. APPROVAL

### Approved by:

*José Miguel Linares Martínez*  
*President, Drummond Ltd*

**Date:** 7/12/2021