



# INTEGRITY MANUAL

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<b>Next Revision Date</b>	Not applicable
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<b>Revision History</b>		
<b>Rev No.</b>	<b>Changes</b>	<b>Date</b>

## INTEGRITY MANUAL

### 1. OBJECTIVE OF THE MANUAL

Our values, our "Code of Ethics and Conduct", are part of our ethical commitment, as reflected in the actions of our employees, business partners acting on our behalf, suppliers and clients.

These guidelines aim to strengthen our Crime Prevention Management System. Specific objectives of these guidelines are:

- To ensure that vision, mission, objectives and values are reflected in attitudes, behaviours, rules of action and organisational practices, governed by a high standard of ethical-professional conduct.
- To become a management tool to strengthen values, as well as to outline and articulate responsibilities, obligations and ethical challenges of the "Code of Ethics and Conduct".

### 2. SCOPE OF THE MANUAL

This Manual applies to all Crime Prevention Management System (Sistema de Gestión de Prevención de Delitos, SGPD) processes within Master Drilling Peru S.A.C, based on ISO 37001 and Act No. 30424, its amendments and regulations.

### 3. REFERENCE DOCUMENTS

- Legislative Decree No. 1327, which establishes procedures and mechanisms to facilitate and encourage good faith reports of acts of corruption and to sanction bad faith reports.
- Legislative Decree No. 1352, which extends administrative responsibility of legal entities.
- Act No. 30424, which regulates administrative responsibility of legal entities for transnational active bribery, as amended.
- International Standard ISO 37001: 2016 - Anti-Bribery Management System. Requirements with guidance for use.
- Regulation of Act No. 30424, which regulates Administrative Responsibility of Legal Entities.

### 4. TERMS AND DEFINITIONS

**4.1. Senior Management:** Composed of the General Manager.

**4.2. Employee Exposed to Risk - SGPD:** Employee with responsibilities and functions that expose him/her to significant crime risks identified in processes previously evaluated according to the "SGPD Risk Matrix" (MD-FCPL-001).

**4.3. Conflict of Interest:** Situation where business, financial, family, political or personal interests could interfere with best judgement of stakeholders (employees, external suppliers, partners, clients, among others) in the performance of their duties towards the organisation.

**4.4. Due Diligence:** Process to further assess nature and scope of bribery risk, and to help the entity to make decisions related to operations, projects, activities, clients, partners, external suppliers and specific personnel.

**4.5. Extortion:** A punishable act consisting of obtaining money, goods or services from a person, entity or institution by forcing a third party to act involuntarily by using threats or other form of pressure or force that creates a fear of injury or harm to a person.

**4.6. Government Official:** Any person holding a legislative, administrative or judicial office, by appointment, election or as a successor, or any person exercising a government function,

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including for a government body or enterprise, or any official or agent of a local or international government organisation, or any candidate for public office.

**4.7. Compliance Officer:** Compliance function primarily responsible for overseeing design and implementation of Crime Prevention Management System.

**4.8. Facilitation Payment:** Term sometimes given to an illegal or non-accountable payment made in exchange for services that the payer is legally entitled to receive without making such payment.

**4.9. Politically Exposed Person (PEP):** Natural person, national or foreigner, who is or who has been entrusted with a prominent public function or prominent function in an international organisation, whether domestically or abroad, in the last five (5) years, and whose financial position may be of public interest. Likewise, a PEP is a direct employee of the institution's highest authority (those persons who follow them in the line of command and have decision-making capacity). The Superintendency of Banking and Insurance of Peru keeps a list of positions and/or functions held by PEPs, which is published on their institutional website.

**4.10. Bribery or Improper Payment:** Any transfer of tangible or intangible value (money, goods, contracts or other benefit-generating), which may be of a financial or non-financial nature, accepted or solicited directly or indirectly, in violation of applicable laws, and which may be considered an improper payment or bribery if used to influence or reward a decision to obtain an undue advantage for the company, whether for representatives of the public or private sector.

**4.11. SGPD:** Crime Prevention Management System.

## 5. RESPONSIBILITIES

### 5.1. Integrity Committee

- To comply with guidelines in this document.
- To solve ethical dilemmas, clear up doubts in complex situations and standardise criteria in similar cases.

### 5.2. Compliance Officer

- To comply with guidelines set out in this document.

## 6. CRIME PREVENTION MANAGEMENT SYSTEM

### 6.1. Crime Prevention Management System Governance

#### 6.1.1. Integrity Committee

SGPD commitment starts with members of the Governing Body, Senior Management and extends to all employees of Master Drilling Peru.

The Integrity Committee oversees Master Drilling Peru ethical culture, by issuing neutral recommendations, conducting confidential analyses and making decisions in the event of breach or irregularities by employees.

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The Integrity Committee's objective is to support the Compliance Officer on issues involving breaches of the crime prevention management system.

a) Roles of Master Drilling Peru Integrity Committee:

- ✓ To strengthen ethical culture.
- ✓ To evaluate and discuss in a confidential manner allegation investigation reports issued by internal audit.
- ✓ To make decisions on investigated cases, as well as to determine sanctions on personnel when it is concluded that they have participated in a fact or action that is contrary to the "Code of Ethics and Conduct" and SGPD Policy (MD-03).
- ✓ To make recommendations or suggestions for improvement to the Compliance Officer.
- ✓ To solve ethical dilemmas, clear up doubts in complex situations and standardise criteria in similar cases.
- ✓ To meet at least once a year.

b) Members of the Integrity Committee

The Integrity Committee is composed of the General Manager, the MIS Specialist and the Compliance Officer. The Integrity Committee shall meet once every quarter, as scheduled by its Coordinator, and extraordinarily upon request of the Compliance Officer or any of its members due to high impact allegation reports.

The Compliance Officer coordinates Integrity Committee meetings, and has the following responsibilities:

- ✓ To draw up the annual schedule of meetings and make it known to members.
- ✓ To set the meeting agenda, taking into account recommendations by members of the Integrity Committee.
- ✓ To convene meetings and inform the agenda.
- ✓ To conduct Integrity Committee meetings.
- ✓ To present detailed status of allegation investigations.
- ✓ To draft meeting minutes with at least: Attendees present, with respective signatures; report of allegations and cases investigated, topics discussed; and recommendations and opportunities for improvement.
- ✓ To send meeting minutes to the Governing Body.

Quorum: A minimum of 2 Committee members must be present for the Compliance Officer to be able to hold meetings.

The Compliance Officer shall be in charge of digitally storing the Integrity Committee meeting minutes for a period of not less than 5 years from the first meeting.

### 6.1.2. Compliance Officer

As applicable, stakeholders (employees, clients, partners, external suppliers, business partners, among others) shall comply with the "Code of Ethics and Conduct" guidelines.

Compliance with this Crime Prevention Management System will be monitored by the Compliance Officer.

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The Compliance Officer has been appointed by the Governing Body as responsible for the Crime Prevention Management System, and his responsibilities are outlined in the Compliance Officer Profile and Job Description (MD-FRH-002).

In addition, he is responsible for:

- ✓ Informing the Governing Body and Senior Management on the status of implementation of regulatory compliance measures.
- ✓ Overseeing audit process planning in relation with integrity issues, as recorded in the "Audit Programme" (MD-FMEC-001) and "Internal Audit Plan" (MD-FMEC-002).
- ✓ Monitoring the process of identification, analysis, assessment and treatment of bribery and/or crime risks.
- ✓ Promoting the dissemination of the "Code of Ethics and Conduct" and whistle blowing channels for reporting bribery/crime.
- ✓ Overseeing functioning of the whistleblowing channel and coordinating with the Integrity Committee analysis and resolution of allegations as required.
- ✓ Preparing and submitting reports, including reports on investigations, follow-up of SGPD controls and other Integrity-related issues.
- ✓ Overseeing training on ethics, integrity, transparency, risk management and audit issues and recommending opportunities for improvement.
- ✓ Proposing mechanisms to ensure compliance with SGPD.

The Governing Body commits to overseeing and reviewing functioning of SGPD, in addition to granting Compliance Officer the authority to make decisions and the necessary resources for its good performance, for example:

- ✓ Personnel according to the size and identified risks of Master Drilling Peru.
- ✓ Budget for implementation and maintenance of SGPD.
- ✓ Free access to information, data, records, systems and facilities.

The Compliance Officer has autonomy and independence in putting actions/controls in place to guarantee the proper performance of SGPD. Likewise, he has direct and quick access to the Governance Body and the Integrity Committee, where disputes, conflicts of interest or misconduct related to SGPD will be evaluated and decisions will be made in coordination with the process owner.

### 6.1.3. Delegating Decision-Making

The Governing Body has set out its decision-making process in different SGPD documents, based on problem definition and analysis, assessment and choice of alternatives and implementation of decisions.

The Governing Body delegates decision making when there are significant risks of crime to the Integrity Committee, Compliance Officer and Process Owners, as appropriate. Such risks are established in SGPD documents and reviewed at least once a year.

The following controls are in place to ensure that decision-making is appropriate and free from actual or potential conflicts of interest:

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- ✓ When a finding involves any member of the Governing Body, the Compliance Officer will communicate analysis results directly to the Shareholders of Master Drilling Peru.
- ✓ When a finding involves any member of the Senior Management, the Compliance Officer will communicate analysis results directly to the Governing Body or Shareholders of Master Drilling Peru.
- ✓ When a finding involves a head of area/process owner, the Compliance Officer will communicate analysis results directly to the Integrity Committee.
- ✓ When a finding involves the Compliance Officer, the Integrity Committee (in the absence of Compliance Officer) will communicate results immediately to the Governing Body of Master Drilling Peru.

### 6.2. Policies, Guidelines and Others

The Governing Body conducts an analysis of internal and external factors determining context and success in achieving the Organisation's goals; this analysis will be recorded in the respective Meeting Minutes or SWOT Analysis.

The Governing Body of Master Drilling Peru has developed its "Crime Prevention Management System Policy" (MD-03), which includes among its commitments, those associated with integrity issues, as indicated in the ISO 37001:2016 and its commitment to the implementation and improvement of a Crime Prevention Model (Act No. 30424, its amendments and regulations). The "Objectives of the Crime Prevention Management System" and its planning have been defined using the guidelines set out in this policy as reference framework.

The form "Affidavit of Commitment to Crime Prevention and Conflict of Interest for Workers" (MD-FRH-058) and the "Commitment to Compliance by Organisations and Business Partners" (MD-FCPL-011) reflect the commitments of Master Drilling Peru to integrity and responsibility to preventing any act against integrity that could occur within the organisation. This demonstrates our commitment to responsibility, promotes a culture of integrity and increases stakeholder confidence on Master Drilling Peru performance.

To draw up the "Affidavit of Commitment to Crime Prevention and Conflict of Interest for Workers" (MD-FRH-058) and the "Commitment to Compliance by Organisations and Business Partners" (MD-FCPL-011), Master Drilling Peru has taken as a starting point the requirements set out in current ethics rules, laws and regulations applicable to the development of our activities.

These policies are applied to Master Drilling Peru and its affiliated organisations, and serve as a framework for policies or other internal rules in companies, consortia or entities in which Master Drilling Peru takes part but does not retain control, to align business partners.

Employees, external suppliers, partners, clients, shareholders, among others, must be familiar with these commitments, which will be disseminated, if applicable, using different media as indicated in the "Communication Matrix" (MD-FSIG-130).

The organisational structure of Master Drilling Peru is composed of Heads/Sub-Managers/Managers, or responsible for areas/processes. As managers of their areas, they operate in line with the Policies and Values of Master Drilling Peru, and must:

- ✓ Promote the implementation of the "Crime Prevention Management System Policy" (MD-03) and the "Affidavit of Commitment to Crime Prevention and Conflict of Interest for

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Workers" (MD-FRH-058), as well as the "Commitment to Compliance by Organisations and Business Partners" (MD-FCPL-011).

- ✓ Report on the implementation of and compliance with these commitments, as well as relevant developments.

### 6.3. Control and Risk Assessment

#### 6.3.1. Risk Identification, Analysis and Assessment

Based on the "SGPD Risk Matrix" (MD-FCPL-001), "Risk and Opportunity Matrix" (MD-FSIG-128) and internal documents of the Compliance Officer, we have identified, assessed and duly addressed various compliance, strategic, commercial or operational and financial risks, among others that may arise in the different processes carried out by our organisation.

Risk identification is based on SWOT analysis results. In addition, the following criteria, among others, have been considered:

- ✓ Size of company.
- ✓ Organisational structure.
- ✓ Nature, extent and complexity.
- ✓ Market sectors and geographic location.
- ✓ Regulatory environment.
- ✓ Company shareholdings in which it is either part of the economic group or over which it retains control.
- ✓ Number of employees and third parties.
- ✓ Business partners, intermediaries or consultants.
- ✓ Interactions with government officials and civil servants.
- ✓ Economic and financial structure.

As established in "Crime Risk Management" (MD-PCPL-001) and "Risk and Opportunity Management" (MD-PSIG-030) procedures, we will make sure to:

- ✓ Identify and prioritise risks.
- ✓ Analyse probability and impact of risk occurring.
- ✓ Define degree of tolerance for risks.
- ✓ Define treatment for each risk (avoid, increase, eliminate, modify, share, retain, modify and share the risk).
- ✓ Implement the plan of new controls to improve the likelihood and/or impact with those responsible.
- ✓ Report to the Integrity Committee newly identified risks, which are not yet part of the company's established risk list.

Documented information on risk management is stored by the Compliance Officer.

The General Manager defines the degree of tolerance for identified risks (risk appetite), it is at the option of process owners to put controls in place to mitigate risks that are below the risk appetite.

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As established in the "SGPD Risk Matrix" (MD-FCPL-001) by process and using risk management best practices, the process owner performs a risk assessment on an ongoing basis.

Likewise, MIS Specialist will assess risks and opportunities of Master Drilling Peru's SGPD at least once a year and when there is a significant change in the structure or activities of the organisation to be assessed in an adequate and timely manner.

The Compliance Officer is responsible for the risk and control assessment process, which includes:

- ✓ Supporting heads of area/process owners in the identification and assessment of risks, by using his technical and methodological expertise in risk management.
- ✓ Supporting heads of area/process owner in defining the necessary actions to address risks identified.
- ✓ Reporting to the Governing Body risk assessment results and the implementation of respective controls.
- ✓ Assessing adequacy and effectiveness of existing controls to mitigate assessed bribery risks.

### 6.3.2. Determining Operating Controls

Financial and non-financial controls in place to mitigate or maintain a non-significant level of risk are planned in various SGPD risk matrices stored by the Compliance Officer.

#### 6.3.2.1 Integrity Controls in Place for Affiliated Organisations and Business Partners

In the case of affiliated organisations, we apply the same controls on business partners that maintain a significant level of risk, and they are as follows:

- a) "Commitment to Compliance by Organisations and Business Partners" (MD-FCPL-011).
- b) Anti-corruption clause in contracts with business partners.

In the case of non-affiliated organisations and business partners who cannot be required to have controls in place, such risk shall be assessed and managed with an ad hoc analysis by the Compliance Officer.

#### 6.3.2.2 Controls in Place for Employees

During the selection process of a new employee, recommendations specified in the "Employee Recruitment" procedure (MD-PRH-001) shall be followed. The Head of Human Resources or his/her designee will use due diligence tools to ensure that applicant is not participating in exchange for an inappropriate benefit.

All new employees must be familiar with the "Code of Ethics and Conduct" (MD-DCPL-001), the "Crime Prevention Management System Policy" (MD-003), SGPD objectives and risk matrices. They shall undergo an induction training on these policies and procedures for reporting or raising concerns about SGPD as established by the organisation.



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Employees shall complete and sign the following document:

- a) "Affidavit of Commitment to Crime Prevention and Conflict of Interest for Workers" (MD-FRH-058).

This will make our employees aware of integrity-related risks they are exposed to, as well as specific prohibitions, and will mitigate the potential risk of conflict of interest.

### 6.3.3. Controls for Specific Risk Areas

#### 6.3.3.1 Commitment to Integrity

With the commitment to prevent crime and based on a culture of integrity, a crime prevention clause shall be included in contracts with suppliers. In cases where a contract is not required, but where there is a significant risk of crime, business partners shall sign the "Commitment to Compliance by Organisations and Business Partners."

#### 6.3.3.2. Facilitation Payments

Master Drilling Peru is prohibited from making or receiving "facilitation" payments (payment given to an official or business person to expedite a transaction.) Such payments must not be made to government officials, even if they are nominal in amount and/or common in a particular country. If it is a relevant payment, it should be reported to the Integrity Committee, which should provide employees with training and support to avoid such payments.

#### 6.3.3.3. Extortion Payments

Master Drilling Peru prohibits "extortion" payments, i.e., where money is forcibly demanded from employees by means of actual or alleged threats to health, safety or freedom and is outside the scope of the Crime Prevention Management System.

#### 6.3.3.4. Conflicts of Interest

A conflict of interest occurs when an employee makes a decision, performs or omits an action in the performance of his/her functions, where he/she must choose between his/her personal or family interest and that of Master Drilling Peru, supplier or client, because his/her decision, action or omission creates an undue benefit for himself/herself, for a family member or for a third party.

In accordance with our "Code of Ethics and Conduct," all employees of Master Drilling Peru are required to report any situation that could generate actual or apparent conflict of interest between personal or family interests, and those of Master Drilling Peru.

In case employees have any kind of relationship with suppliers, competitors, or any other organisation where their participation may negatively influence the decisions taken within Master Drilling Peru, they must inform the Compliance Officer.

The Compliance Officer reviews the outcome of a due diligence conducted on an employee, and issues a report to Senior Management in the event that this relationship negatively affects Master Drilling Peru.

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Furthermore, in an effort to prevent the risk of Conflict of Interest among employees, external suppliers, partners and clients, Master Drilling Peru has drawn up the following forms, which are part of its due diligence processes and controls:

- ✓ "Affidavit of Commitment to Crime Prevention and Conflict of Interest for Workers" (MD-FRH-058).
- ✓ "Commitment to Compliance by Organisations and Business Partners" (MD-FCPL-011).

### 6.3.3.5. Gifts, Courtesies, Donations and Similar Benefits

In accordance with the "Code of Ethics and Conduct" (MD-DCPL-001) and the "Policy on Gifts, Hospitality, Donations and Similar Benefits" (MD-DCPL-002), Master Drilling Peru has established guidelines for the offer, provision or acceptance of gifts, courtesies, invitations, donations, special treatment and similar benefits by any natural or legal entity who maintains commercial and inter-institutional relations with Master Drilling Peru or by stakeholders previously identified in the SGPD, which may appear to be intended to influence the procurement of business, benefits of a contract or a decision by Master Drilling Peru.

#### a) Gifts, hospitality and similar benefits

If, as a matter of courtesy (deemed necessary), you decide to receive or offer a gift, present, entertainment or courtesies, you must adhere to the current legislation and the "Policy on Gifts, Hospitality, Donations and Similar Benefits" (MD-DCPL-002) and follow the guidelines below:

- They must not be used to influence decisions.
- They must be reasonable in relation to value, opportunity and frequency.
- They must be in line with the business partner's policy on gifts and courtesies, if any.
- They must be approved by your immediate superior for effective documentation and monitoring.
- Gifts and courtesies above a reasonable value and frequency must be known to and recorded by the Compliance Officer.

#### b) Donations

Donations that are in line with Master Drilling Peru's sustainability strategy and aimed at developing cultural, social, environmental or sporting events as appropriate are permitted. All donations made at an institutional level must be approved by the Compliance Officer and/or Integrity Committee, depending on the value of the donation. Prior to making a donation, the person in charge of it shall perform a due diligence assessment and take into account the following criteria:

- Donations must be permitted by law.
- The beneficiary is not related to a government official.
- They must be registered and reputable companies.
- They must not generate dependence for their operation.
- The beneficiary company must declare how donated funds will be used.
- They must follow financial controls for the transfer of funds.

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- They must be properly documented and publicly reported (if required by law).
- They must be made to recognised institutions and not to individuals.
- They must have no "strings attached" by an individual or an organisation.
- They must not be made to secure any improper business or other advantage.

### 6.3.3.6. Political Activities of Master Drilling Peru Employees

In accordance with the "Code of Ethics and Conduct", Master Drilling Peru respects the right of its employees to associate according to their own choice, therefore:

- ✓ All employees are free to participate in community affairs and to support the political party or candidate of their choice.
- ✓ Any employee who wishes to run for political office or accept a political appointment must inform the Compliance Officer.
- ✓ No employee may engage in political proselytising activities using his/her functions or Master Drilling Peru's name, infrastructure, assets or resources, either for or against political parties or organisations or candidates.

## 6.4. Communication and Training

### 6.4.1. Communication

SGPD commitments must be communicated to all our relevant stakeholders including employees, suppliers, clients, shareholders, among others; guidelines and policies must be transmitted clearly and accurately, and available and accessible to our relevant stakeholders. To this end, they will be disseminated, if applicable, using different media as indicated in the "Communication Matrix" (MD-FSIG-130).

### 6.4.2. Training

Training and awareness for employees and business partners on SGPD must be established and updated at planned intervals determined by Master Drilling Peru. In addition, training and awareness must be offered to new employees through induction training as indicated in the "Employee Recruitment" procedure (MD-PRH-001), as well as any other induction procedure for new employees.

Heads of area/process owner must ensure that their employees are available to attend Master Drilling Peru training events in order to strengthen the culture of integrity. Training on SGPD should include practical scenarios, case studies and guidance on how to resolve potential dilemmas.

The Compliance Officer together with the Head of Human Resources must implement follow-up mechanisms to ensure that employees have been trained and are aware of the risks related to compliance obligations, SGPD policy, SGPD aspects, and any necessary reporting and preventive action required in relation to any suspected or actual risk of wrongdoing.

In addition, the Compliance Officer together with the Head of Human Resources should identify relevant stakeholders to be trained and sensitised to reinforce the culture of integrity,

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if necessary, both internally and externally taking into account the risks identified in this manual.

### 6.5. Due Diligence and Integrity Control Management

Master Drilling Peru performs due diligence on clients, partners, suppliers and employees as identified in the organisation's internal guidelines, and based on the "Due Diligence" procedure (MD-PCPL-003), which establishes the necessary controls for prevention and detection of risk for cases with risk level higher than acceptable.

Due diligence should be applied according to the assessment rules for each risk level of employees, board, shareholders and business partners, exceptions may be necessary, however, they must be substantiated and previously approved by the Compliance Officer.

The following factors might be considered for the assessment and due diligence of business partners:

- Track record of performance as a business partner of Master Drilling Peru.
- Company structure.
- Business activity.
- Business performance.
- Origin and nature of funds.
- Amount of contract and method of payment or receipt.
- Representatives and final beneficiaries.
- Investigations related to economic-financial aspects.
- Fiscal regularity.
- Direct or indirect links with Master Drilling Peru or Master Drilling Peru clients.
- Places where activities are carried out.
- Links with Politically Exposed Persons (PEPs).
- Being subject to economic and commercial sanctions.
- Exposure and positioning in the media.
- Press and market reports.
- Investigation in relation to their reputation by accessing specialised websites, such as, but not limited to, the following:
  - ✓ Supervising Agency of the Government Procurement (Organismo Supervisor de las Contrataciones del Estado, OSCE)
  - ✓ U.S. Department of Treasury website to consult the OFAC's Sanctions list.
  - ✓ HM Treasury and Office of Financial Sanctions Implementation website to consult the consolidated list of those who received UK financial sanctions.
  - ✓ FATF list of non-cooperative countries and territories.
  - ✓ European Union website or that of competent authorities of each European Union Member State to consult the consolidated list of persons, groups, and entities subject to EU financial sanctions.
  - ✓ United Nations Security Council website.
  - ✓ World Bank website to consult ineligible companies and individuals.

Due diligence stages and resulting information should be recorded pursuant to procedures in place.

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Due diligence should be conducted on an annual basis.

The Compliance Officer shall conduct due diligence checks on business partners (clients and suppliers), new employees, transfers, promotions, performance bonuses, and other situations identified in the risk management process.

### 6.6. Whistle Blowing and Investigation Procedures

In Master Drilling Peru we assess and require, where appropriate, the investigation of acts that go against our SGPD policies and guidelines that are reported via whistle blowing channels or those that are detected or under reasonable suspicion; allegations are made as set out in the Policy for Raising Concerns and Investigation of Allegations (MD-DCPL-003).

Any allegation involving an investigation shall be duly documented and depending on its complexity, the Compliance Officer may decide, at the initial assessment, to rely on the support of an independent third party (specialist) in the investigation.

During the investigation, the following factors shall be considered:

1. Applicable laws
2. Personnel safety
3. Risk of defamation in making statements
4. Protection and confidentiality of persons making reports and other persons involved or referred to in the report.
5. The potential criminal, civil and administrative responsibility, financial loss and damage to the reputation of Master Drilling Peru and individuals.
6. Any legal obligation or benefit to the company to report to the authorities.
7. Keep the subject, investigation and results confidential until facts have been established.

Once the investigation is completed, it will be submitted to the Compliance Officer, whose actions are regulated in the Policy for Raising Concerns and Investigation of Allegations (MD-DCPL-003), to make a decision as to the sanctions to be imposed, the possible criminal or civil actions they deem appropriate; as well as recommendations for improvement, in case operational deficiencies have been identified in the procedures or in the existing controls of the Crime Prevention Management System.

All allegations received and investigation results must be reported periodically to the Compliance Officer for appropriate action as set out in the Policy for Raising Concerns and Investigation of Allegations (MD-DCPL-003), with the exception of the following situations:

- ✓ When an allegation involves any member of the Governing Body, Compliance Officer will communicate the investigation results directly to the Shareholders of Master Drilling Peru.
- ✓ When an allegation involves a head of area/process owner, Compliance Officer will communicate the investigation results directly to the General Manager.
- ✓ When an allegation involves any member of the Integrity Committee, Compliance Officer will communicate the investigation results directly to the Governing Body or Shareholders.

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### 6.7. Monitoring and Follow-up

Master Drilling Peru assesses and monitors the performance of its SGPD, based on a continuous assessment of the effectiveness of controls in place to prevent and mitigate risks related to the fulfilment of its obligations.

The organisation's monitoring and follow-up processes comprise all process aspects for risk management to:

- ✓ Ensure that controls are effective in both design and operation;
- ✓ Obtain additional information to improve risk assessment;
- ✓ Analyse and learn lessons from events, changes, trends, successes and failures;
- ✓ Detect changes in the external and internal context, including changes in risk criteria and risk itself that may require revision of risk treatments and priorities; and
- ✓ Identify emerging risks.

SGPD monitoring and follow-up includes internal and external audits, performance indicators established by Master Drilling Peru, inspections or process checks, and a review by the Management and Governing Body and the Compliance Officer.

The status of risk management controls in place provides a measure of performance. Results can be incorporated into the organisation's overall performance management, measurement and external and internal reporting activities.

#### 6.7.1. Internal Auditing

Internal auditing is an activity designed to add value and improve Master Drilling Peru's operations. It is an independent and objective function that evaluates and provides recommendations to improve Master Drilling Peru's internal controls, policies, procedures and other guidelines. Internal auditing supports process owners in achieving objectives and targets by providing a systematic and disciplined approach to assess and improve the effectiveness of risk management processes.

Master Drilling Peru has established the "Internal Audit" procedure (MD-PMEC-001), which describes how to plan and conduct internal audits on management systems including SGPD, to check for:

- ✓ SGPD conformity with provisions established by Master Drilling Peru including ISO 37001 requirements.
- ✓ Effective SGPD implementation and maintenance.

The Compliance Officer validates internal audit planned by MIS Specialist, in relation to integrity issues, which is recorded in the "Audit Program" (MD-FMEC-001) and the "Internal Audit Plan" (MD-FMEC-002), based on:

- ✓ Risk assessment carried out as indicated in the "SGPD Risk Matrix" (MD-FCPL-001) and considering the financial impact of processes.
- ✓ Allegation investigation reports.
- ✓ Previous internal audit reports.
- ✓ Among others.

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The internal audit report includes results of internal controls, process maturity, identified risks and vulnerabilities, as well as opportunities for improvement.

Audit results are submitted to the Compliance Officer, the Integrity Committee, Senior Management and the Governing Body for review.

### 6.7.2. Financial Auditing

The external auditor analyses, audits and issues an opinion on whether the financial results adequately represent, in all material respects, the net worth and financial position of Master Drilling Peru.

Master Drilling Peru agrees to hiring an external auditor. The independence of external auditors is fundamental. They must guarantee that none of the additional services contracted influences their objectivity and independence, they must not audit their own work, they must not promote or defend the interests of the organisation.

External Auditors, in addition to expressing their opinion on the financial results by means of a report issued in accordance with applicable auditing standards, may:

- ✓ Assess whether the financial results are free from misstatement, whether caused by error or fraud.
- ✓ Issue recommendations arising from the assessment of internal controls performed during the audit process.
- ✓ Report to the Compliance Officer any disagreements with those responsible for Master Drilling Peru's processes, or difficulties in obtaining necessary information.

### 6.7.3. Performance Indicators

SGPD performance indicators enable us to:

- ✓ Timely detect and control situations of deviations to the established requirements or financial losses.
- ✓ Establish corrective actions.
- ✓ Monitor risk management performance continuously, and issue reports to Senior Management and the Governing Body.
- ✓ Identify trends.

The Compliance Officer conducts a follow-up, measurement and analysis of SGPD performance indicators:

- ✓ In relation to SGPD, according to "MIS and SGPD Objectives".
- ✓ In relation to risks identified in the risk management process, as indicated in the "SGPD Risk Matrix" (FR-GCI-18).

The Compliance Officer will monitor SGPD performance indicators at least every six months and report to Senior Management and the Governing Body through the Compliance Function Report.

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### 6.7.4. Review by the Senior Management and Governing Body

Senior Management and the Governing Body conduct at least an annual review of the SGPD to ensure its suitability, adequacy and continued effectiveness under ISO 37001.

Reviews are aimed at assessing the effectiveness of Master Drilling Peru's SGPD, including an assessment and improvement of its performance, as established in the review report by the Senior Management and Governing Body.

With respect to the Crime Prevention Management System, at least the following are reviewed:

- ✓ Status of actions raised by Senior Management.
- ✓ Any external or internal changes affecting the SGPD.
- ✓ Status of non-conformities and corrective actions.
- ✓ Monitoring results and performance indicators.
- ✓ Audit results.
- ✓ Investigation reports.
- ✓ Bribery and crime reports.
- ✓ Nature and extent of risks.
- ✓ Effectiveness of actions.
- ✓ Opportunities for improvement.

Once the review has been carried out by the Senior Management and Governing Body, resulting decisions for continuous improvement are obtained and, if necessary, any changes to SGPD are made and recorded in the review report by the Senior Management and Governing Body.

The Compliance Officer follows up the implementation of decisions made by the Senior Management and Governing Body and recorded in the corresponding Meeting Minutes.

### 6.7.5. Review by Compliance Officer

The Compliance Officer is responsible for assessing on an ongoing and continuous basis the functioning of SGPD to determine whether it is adequate and whether it is being implemented and maintained effectively. The Compliance Officer reports to the Senior Management and Governing Body at least once a year on risk management, adequacy and implementation of SGPD, including the results of investigations and audits of the system.

## 6.8. Strengthening Controls and Assessing Risks

In order to make the best choice, the balance between costs and implementation efforts versus benefits, legal, regulatory or any other requirements should be analysed. Master Drilling Peru can often benefit from adopting a combination of risk response options.

In the treatment of risks established in the "SGPD Risk Matrix" (FR-GCI-18), controls to be implemented to reduce the likelihood and impact of risks are defined.



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The Compliance Officer establishes controls for the follow-up and review of risk management (audits, scheduled and/or random inspections, drills, indicators, etc.) and communication of risk management (To whom, when and how?) to stakeholders.

The Compliance Officer should oversee the implementation of controls to prevent and mitigate risks, and improvements identified as necessary in processes.

### 6.9. Improving SGPD

At least once a year, the Compliance Officer should analyse the following aspects to identify further improvements to SGPD:

- ✓ System functioning
- ✓ Failures and/or weaknesses
- ✓ Corrective actions
- ✓ Effectiveness of measures
- ✓ Opportunities for system improvement

#### 6.9.1. Corrective Actions to SGPD.

Master Drilling Peru has a "Non-Conformity and Non-Compliant Product Management" procedure (MD-PMEC-002), which defines responsibilities and authorities in charge of determining and applying corrections, analysing non-conformities, determining and implementing corrective actions to mitigate any impact or prevent risks.

### 6.10. Disciplinary Actions


In case of non-compliance with the "Code of Ethics and Conduct" (MD-DCPL-001) and the Crime Prevention Management System Policy (MD-003), disciplinary actions shall be taken to ensure SGPD effectiveness.

Disciplinary actions shall be taken as specified in the "Internal Work Regulations".



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## Approval

ITEM	PREPARED BY	REVIEWED BY	APPROVED BY
SIGNATURE			
DESIGNATION	MIS Specialist	Compliance Officer	General Manager
NAME	Rosly Torres	Carlos Acosta	Belisario Tijero
DATE	2022/06/27	2022/06/27	2022/06/29