



# ESG REPORT

## 2022





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# A LETTER FROM OUR PRESIDENT AND CHIEF EXECUTIVE OFFICER

“Doing business the right way”



## **Alfredo Vilas**

President and Chief Executive Officer

Dear Business Partner,

Despite many challenges in the energy market, Novum has performed very well over the past year. Our customers are increasingly seeking integrated supply solutions that involve logistics, credit and reliability, and we have been more than equal to the challenge.

Having started small in 2011, Novum is today one of the fastest growing supply and logistics companies in the world. But we have been careful to invest significant management time and resources to ensure that we expand professionally and with due regard for all our stakeholders.

Novum is developing the right business culture under a top management team. Our experienced employees based in several major cities across the globe are positioning us to expand into new and fascinating markets.

As we grow, we continue to maintain our excellent environmental record, which is the result of comprehensive safety policies, training and inspections that have enabled Novum to

avoid environmental accidents during our global supply and logistics operations.

Novum has strong support from our financial underwriters and a network of deep-rooted financial partners.

Crucially, we are very conscious of how and with whom we do business, implementing robust compliance and internal risk control systems.

As this report shows, Novum has all the ingredients to continue to grow quickly, transparently and with confidence.

These are exciting times for Novum.

# EXECUTIVE SUMMARY

At Novum Energy, we continuously strive to operate to the highest ethical standards, to grow with transparency and accountability, and to act at all times with due regard for the social and environmental impacts of our international operations.

Novum's Environmental, Social and Governance Report is intended to demonstrate our activities across these crucial fields while improving investor transparency and inspiring our business partners to do the same.

This report highlights our mission, vision and values, and captures details of our dedication to our communities, our employees and our environment.

Particular importance is given to environmental protection, ethical behavior, risk management, compliance and anti-corruption - all areas where Novum Energy has made significant investments in recent years.



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# MISSION, VISION & VALUES

## Novum Energy's Mission

To provide our global energy customers with perfectly tailored solutions using our unique, bespoke logistics, risk management and finance packages.

To deliver a stable and reliable supply of crude, fuel oil, and distillates, in a variety of customized options, tailored specifically to the needs of our clients.

## Novum Energy's Vision

To be innovative and be recognised as the most reliable and profitable global supplier and logistics operations company by employing the finest global talent, investing in the most advanced technologies available, conducting our business to the highest ethical standards, and operating robust safety procedures that protect the natural environment.



## Novum Energy's Values

Everyone at Novum Energy shares a set of core values:

- Integrity
- Honesty
- Professional Competence
- Respect for People

We believe that only through teamwork will we better serve our clients and become more successful entrepreneurs.

Novum Energy is a company that cares deeply about how we do business and with whom. We strive to operate at all times to the very highest ethical standards, with respect for the wellbeing of all our stakeholders - employees, business partners, and local communities - and the natural environment.

People are at the heart of Novum's success and at the core of our values. Social responsibility is embedded as a principle of our business model. As a socially and environmentally responsible company, we respect international human rights standards and continuously work to assess how our operations impact upon our employees, our suppliers, and the communities in which we operate.

We require all our business partners to share our values with regard to ethics, human rights and environmental responsibility, giving us the confidence to grow quickly and transparently.

**TOGETHER, NOVUM ENERGY'S MISSION, VISION AND VALUES STATEMENTS GIVE US STRATEGIC DIRECTION, GUIDING OUR BEHAVIOR ON A DAILY BASIS, AND INFLUENCING OUR CURRENT BUSINESS AND FUTURE STRATEGIES.**



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# BUSINESS OVERVIEW

## Summary

Novum Energy is a global supplier and logistics operations group of companies. We provide oil, oil products, risk management and logistical needs to dedicated clients in the US, South America, EMEA and Asia-Pacific.

### **Global physical supply and trading group originating in Houston, Texas**

- Growing organically since 2011 in core markets of oil and refined products with long-standing industrial suppliers and buyers.
- Building on historic operations in Americas/Caribbean to execute eastward expansion in support of product and logistics for clients in EMEA and Asia-Pacific.

### **World-class executive management and trading teams**

- Founder, management and regional traders represent expert professionals formerly of global traders (Trafigura, Cargill, Vitol) and national oil companies (Petrobras, ENOC, Petrochina).

### **10 consecutive years of methodical growth in profits and financial capacity**

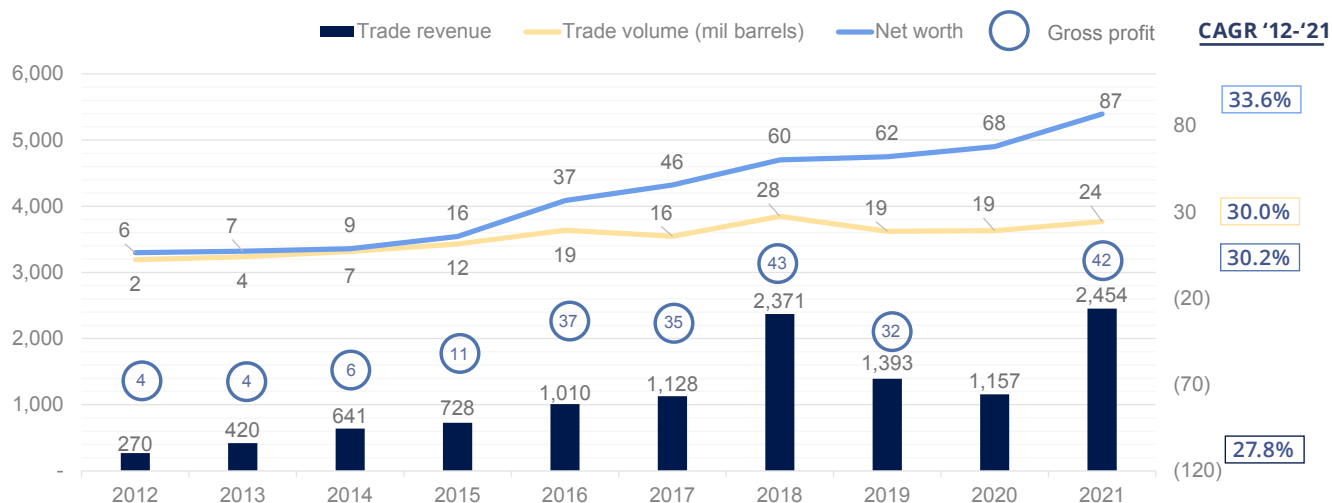
- Over USD 150m barrels of oil products traded since 2012.
- Revenue, gross profit and net worth grew by 27.8%, 30.2% and 33.6% CAGR respectively since 2012.
- Strong liquidity highlighted by an asset-light business model with over 95% of assets being current assets in the last 3 years and an average 35 days working capital cycle.

### **Culture of disciplined risk management**

- Implementation of strict risk management policies and procedures.
- Maintenance of diligent relationships with business partners and customers.
- Strict compliance with international sanctions and regulations, including those of OFAC, EU and UNSC.



## Impressive 10 years of Operating Growth



## Track Record of Success

Established in 2011, Novum Energy is a global energy trading and logistics group established in Houston, USA and with offices in Latin America, Europe and Asia. The founding members of the Novum Group collectively represent over 80 years of industry experience and hail from Oil Supermajors, National Oil Companies and Tier 1 commodity trading firms. Novum bridges the physical energy supply chain by connecting producers with users, catering to the unique needs of its counterparties by providing innovative solutions. With a firm foundation in the distribution of crude and fuel oil, the Group has been branching out into additional energy products including gasoline and distillates.

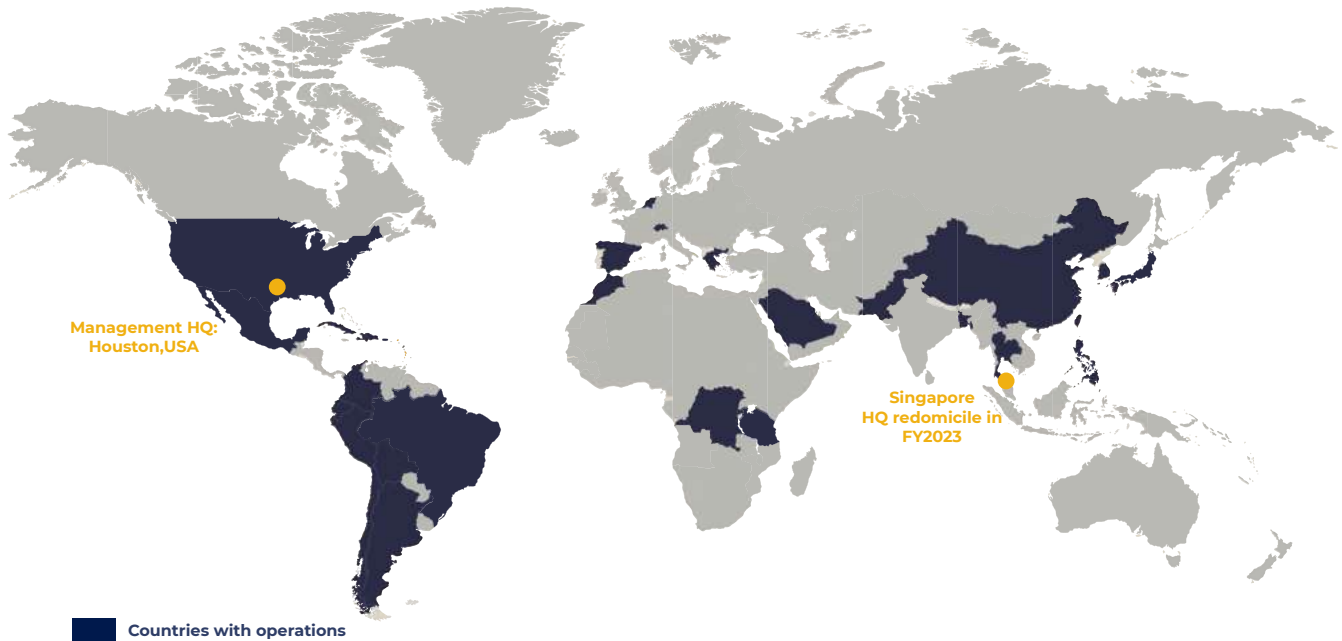
Over the last decade, Novum Energy has built a firm and profitable business centered on the relationships it has developed with all parties in its supply chain. The Group is renowned as a stable and reliable counterparty with a strong business acumen.

Starting with a regional focus on the Americas, the Group began its global expansion just three years ago. In a short space of time, Novum’s strong reputation has enabled it to achieve early success in Europe and Asia. Novum has continued to expand in these markets through investment in highly skilled and experienced employees. With a commitment to continued growth, the Group is seeking to diversify its revenue base by both product and region.

Since its inception in 2011, Novum has moved over 150 million barrels of oil products and delivered 11 consecutive years of positive financial results without a single loss. These results have been achieved through a disciplined and rigorous credit and trading framework that is embraced by every employee of the Group. It is this attention to detail that sets the Group apart from the competition and positions it for future growth.

In 2021, the Group moved 25 million barrels and is on track to surpass that figure in 2022. Plans are also afoot to move the Group’s Headquarters to Singapore from the British Virgin Islands. The future looks bright for Novum.

## Global presence



With significant experience in energy products, Novum understands the core of these industries and mobilizes relationships in a way that benefits clients, analyzing and understanding the distillates, fuel oil, and gasoline industries on a global scale.

Facilitating the product and logistical needs for clients throughout Mexico, the Caribbean and South America, Novum offers some of the most comprehensive services in our sector. The Novum team has years of expertise in trading energy products and works hard to understand the client's needs through every step of every transaction. There's no job too small or too large.

Novum is made up of several corporations and holding companies established throughout North and South America.

Novum Energy Trading Corp. (NETC) was established as a Physical Oil Trader in February of 2011, with Alfredo Vilas as Founder and President. Novum began by supplying HSD and HFO to various power generators in the Caribbean, including Generadora San Felipe.

Since its inception, Novum has remained true to its primary principles of teamwork and entrepreneurship and delivered on its initial business plan of achieving organic growth through the addition of experienced industry specialists, along with a policy of reinvesting a substantial portion of profits back into the business.

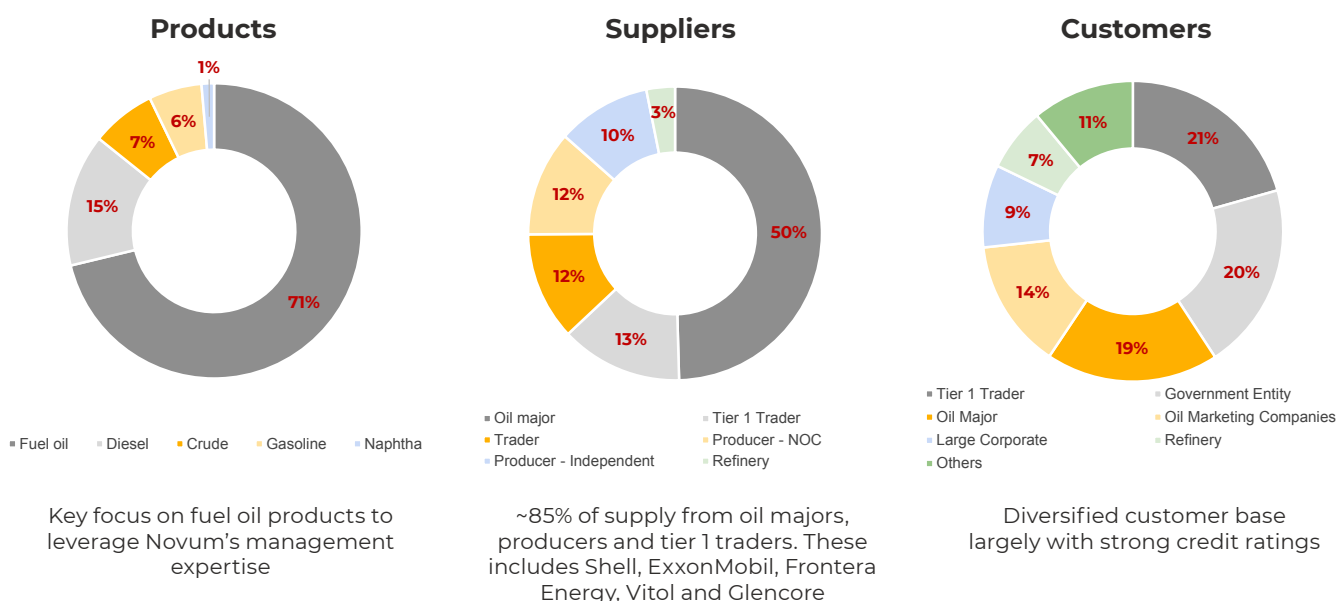
In 2020, the Novum group moved more than 18.7 million barrels of oil products, generating a gross profit of \$1.70 per barrel. In August 2020, Novum Energy Trading Pte Ltd was incorporated in Singapore, beginning trading in the Asian markets. Mpya Energy Trading Kenya Ltd ("Novum Kenya") and Mpya Energy Trading Uganda Limited ("Novum Uganda") were registered in September and October 2019 respectively, completing the first truck sale across East Africa as well as distillate cargo sales from Europe to the US and WAF. In 2021, Novum opened an office in London.

In 2022, new gasoline traders were employed in Houston to open up opportunities across the globe. We will continue to grow the company by carefully implementing a strict risk management philosophy whilst maintaining a close relationship with our business partners worldwide.

## What We Trade

### Focus products, diversified suppliers and customers

Business model supported by long-trusted relationships and Novum Energy’s product expertise



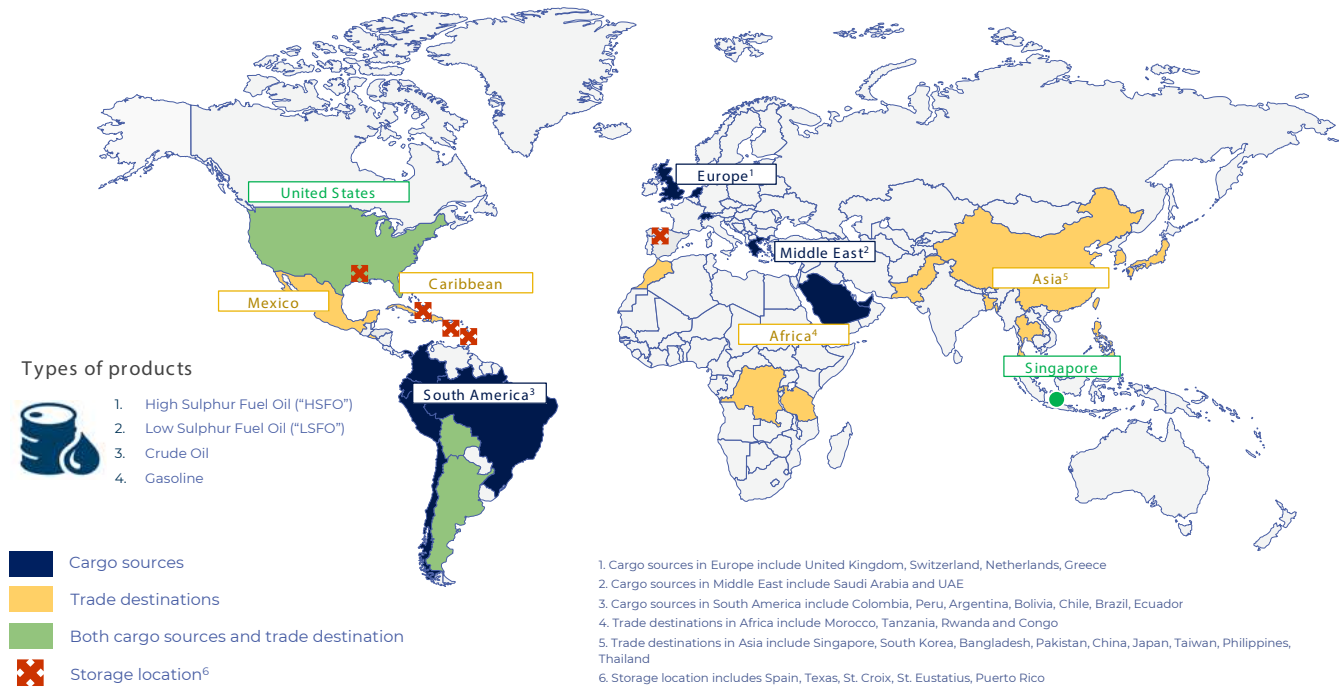
#### Crude, Fuels and Feedstocks

- Low Sulphur Fuel Oil (LSFO)
- High Sulphur Fuel Oil (HSFO)
- Vacuum Gasoil (VGO)
- Light Cycle Oil (LCO)
- Crude Oil

#### Clean Products

- Ultra Low Sulphur Diesel (ULSD)
- High Sulphur Diesel (HSD)
- Marine Gasoil (MGO)
- Jet Fuel
- Avgas
- Gasoline
- Naphtha

# Where We Trade



## Latin America - Novum Energy Trading Corp.

- Ecuador
- Colombia
- Guyana
- Peru
- Paraguay
- Argentina
- Uruguay
- Chile
- Bolivia

## United States of America - Novum Energy Trading Inc.

- Brownsville, Texas – 525 MB of Terminal Storage
- Texas – Rack Sales business in Odessa and Midland, Texas Louisiana – Colonial Pipeline activity
- California – Imperial City for export to Mexico El Paso, Texas
- North Dakota – Crude pipeline on Enbridge and Keystone Systems

## Mexico - Novum Mexico Trading S de RL de CV

- Mexico City Office

## Asia - Novum Energy Trading Pte Ltd

- Singapore
- China
- India
- Thailand
- Bangladesh
- Korea
- Japan
- Taiwan
- Philippines
- Pakistan

## Novum Energy's storage and shipping capabilities

Growing group infrastructure on varied term leases with long-standing counterparties



- **Location: St. Eustatius**
- Capacity: 512 mbbls (4 storage tanks ranging from 60 mbbls to 220 mbbls)
- Product: Fuel oil



- **Location: Brownsville, Texas**
- Capacity: 550 mbbls (11 storage tanks ranging from 10 mbbls to 30 mbbls)
- Product: Diesel, MTBE



- **Location: Spain**
- Capacity: 2 tanks with 40,000 m3 total
- Product: Fuel oil



- **Location: St. Croix**
- Capacity: 292 mbbls
- Product: Diesel




- **Location: Kinder Morgan, Pasadena**
- Capacity: 450 mbbls
- Product: Gasoline



- **Location: IMTT Bayonne**
- Capacity: 120 mbbls
- Product: Fuel Oil

Name	Type	Year built	Flag	Cargo	Lease term
Anuket Ruby	Chemical tanker	2008	Malta	Fuel oil	3 months
CBR 2012/2024/2030/2031	Chemical / Oil tanker	2014	USA	Gasoline	12 months
Double skin 601	Oil tanker	2016	USA	Diesel	12 months
Elektra	Oil tanker	2012	Bahamas	Fuel oil	6 months
Falcon Iris	Oil tanker	2008	Liberia	Fuel / crude oil	4 months
Kastos	Oil tanker	2010	Greece	Fuel oil	4 months
Kimolos	Oil tanker	2010	Greece	Crude oil	6 months
Lucy PG	Oil tanker	2001	British	Fuel oil	12 months

# History of Novum Energy group

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- 2011**
    - NETC was established in Panama, as a physical oil trading company
    - Began by supplying HSD and HSFO to various power generators in the Caribbean including Generadora San Felipe
  - 2012**
    - Maximiliano Poveda joined Novum as Alfredo's business partner, joint owner, and trader based in Dubai
    - NETC secured its first secured credit line with BNP Paribas
    - Christopher Scott joined as Novum's CFO
    - A hedging account was opened, and Marine Cargo Insurance policies were put in place
    - NETC moved from Panama to the British Virgin Islands in order to comply with standard KYC requirements
  - 2013**
    - Secured a term supply agreement to supply Fuel Oil to EGE Haina and Generadora San Felipe, in the Dominican Republic
  - 2014**
    - Secured its first major diesel term contract, supplying Refidomsa and Petrojam with more than 9mbbls
    - The Group is registered with all the US majors and established a term contract with P66
    - New credit lines are granted by ING and Societe Generale
  - 2015**
    - First long-term storage agreement with Buckeye Caribbean Terminals for 1.2 mmbbls of fuel oil storage in Yabucoa, Puerto Rico
    - Signed a 3-year fuel oil supply agreement to Barbados National Oil Company
    - Novum Energy Trading Inc. became active on the domestic US Pipeline system and begins moving Trucks of B30 across the Mexican border from Texas
  - 2016**
    - Acquired 50% of a Metallurgical coal mine operation in the Boyaca region of Colombia. It currently produces around 3kt per month, which is sold domestically through NEMM
    - Became the first non-Mexican company to import refined oil products across the border from the United States into Mexico
  - 2017**
    - Moved ~1,500 trucks per month of oil products to Northern Mexico
    - Opened offices in Mexico City which now employs around 30 people in the country
  - 2019**
    - Opened its first offices in Buenos Aires, Argentina, and Bogota, Colombia, and incorporated Mpya Energy in Kenya, Zambia and Uganda
    - Took delivery of 310,000 barrels of Gasoline tanks at TransMontaigne, Brownsville for shipments to Mexico
    - Renewed its 3-year term supply agreement with Barbados National Oil Company

**2020-21**

- In August 2020, Novum Energy Trading Pte. Ltd is incorporated in Singapore and a senior trader joins the company in March 2021. Novum begins trading into the Asian markets.
- Concluded its first truck sale across East Africa as well as distillate cargo sales from Europe to the US and WAF
- Opened an office in London and hires a trader in 2021
- Exported 50,000 MT of metallurgical coke from Columbia in 2021

**2022**

- New Gasoline traders employed in Houston who are opening up opportunities across the globe.
- A Regional Head of Finance, Asia is hired for the Singapore office.
- Established USD 70m borrowing base in the USA
- New credit facilities being established out of Asia / ME
- Increased borrowing base to \$120M in December 2022



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# SUSTAINABILITY & ENVIRONMENTAL PROTECTION



## Introduction

Sustainability is at the heart of Novum's development strategy.

We are **engaging with society** - ensuring that we protect and preserve those communities impacted by our operations; keeping our employees healthy, safe and secure in the workplace; and continuing to enhance our knowledge and skills through lifelong learning opportunities.

We are **protecting the natural environment** - implementing robust safety policies and procedures, and taking every precaution.

We are **investing in the future of our company** - ensuring responsible and sustainable business development accompanied by robust governance, integrity and accountability.

As a global supply and logistics company, Novum is involved in the movement of crude, fuel oil, gasoline and distillates throughout the world via ships, barges, railcars and trucks, all of which carry an inherent risk. However, through robust safety policies, training and inspections, Novum has to date successfully managed to prevent environmental accidents occurring throughout its operations. We are confident that we have the systems in place to ensure that our excellent environmental track record continues throughout our global operations.



## Environmental Policies

**Since Novum began marine operations, the company has never had a spill or environmental damage that could be attributed to our own ships or barges.** Nor have we had any accidents at sea. Every ship and barge Novum uses undergoes a rigorous screening process.

### **Internal vetting process:**

The vast majority of ships chartered by Novum are under 15 years old, and the few older ships that are chartered on an exceptional basis are in possession of the highest Condition Assessment Program rating. All ships we use are in compliance with all regulations and must maintain those approvals in order to be chartered. Ship Inspection Reports Programs (SIRE), originally introduced by the Oil Companies International Marine Forum in 1993 as a tool to better evaluate the qualities of the ships used for transportation, are required to be up to date.

### **Additional external vetting process:**

In accordance with OFAC requirements and policies related to sanctioned countries and individuals, additional vetting is carried out via the use of a dedicated software program created by Windward. Such software is extensively used throughout the industry.

All third parties nominated ships must undergo the same vetting processes.

### **Terminal Vetting:**

Vetting is not limited to ships alone. Whenever new tanks are leased, or built, an inspection of these tanks and the terminals where they are located, takes place. Safety is always paramount and before any product is introduced into any tank a vetting operation is carried out by internationally recognised inspection companies, using one or more of their certified inspectors.

All third parties nominated ships must undergo the same vetting processes.

## Employee Training

While senior Novum employees gained their significant experience at other international trading organizations, our junior operators are trained in-house by a few selected senior members of our team on a wide range of issues, such as Tanker Operation, Voyage Orders and Inspectors Nominations. These, together with instructions on compliance with specific port and terminal requirements for different sized ships and types of cargo, ensure that our operational risks are reduced to a minimum. Should an operational problem be encountered, it is Novum's strict policy to address it immediately in order to find the root cause of the problem, and share any findings with all operators. A tanker operations manual has been recently issued and distributed among the operators.

## Fuel Oil Operations in the Americas

Novum has historically been very active delivering fuel oil throughout the Caribbean, from Aruba to Barbados and Dominican Republic. Such deliveries are performed by our time-chartered fleet of two to four small handy-size vessels as well as spot-chartered vessels loading out of our leased storages in Puerto Rico and St Eustatius. This year, Novum has performed approximately 80 moves without any negative environmental impact.

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## European Fuel Oil Operations

Novum's term contract with Petrom for the delivery of fuel oil into Morocco requires us to time-charter seven different vessels and 10 additional spot ships in just one year. We have undertaken over 100 shipments, including many ship-to-ship operations. Novum has recorded no spills and experienced no marine operations accidents. Novum has secured additional temporary storage in Algeciras in order to reduce the numbers of STS operations involved and thus the potential for marine related accidents.

## Distillates

Novum has a term deal with the government of Puerto Rico for the supply of diesel oil to the island. Novum has time-chartered the American-flagged barge Double Skin 601 to undertake the distribution of the diesel from the storage terminals at Puerto Rico and St Croix. We have performed over 50 voyages on the DS 601, all without incident. In light of our successful operations on the island, Novum's contract has been extended and we are actively looking to time-charter a second barge to transport the increased volume.

Novum sources gasoline and diesel, as well as MTBE, for supply to Mexico. Our domestic barges regularly deliver to the Brownsville storage facility. We have performed over 60 voyages of time-chartered barges in the past, currently averaging seven voyages per month. All barges we use are double hulled.



## Brownsville Ops

Our long-term Brownsville storage has been the hub for the distribution of gasoline and diesel via tank trucks or railcars into Mexico. This is Novum's most intense land-based operation, from where we move approximately 30 trucks and railcars a week. Since the inception of the business in 2017, we have performed over 88,000 operations and experienced only two minor truck spills and one train derailment, all of which were beyond our control, but successfully cleaned up with no negative environmental impact.

Given that all of the trucks load at 3rd party terminals, each terminal has its own procedures for the registration and approval of loads. Typically, this process requires the submission of commercial and liability insurance, vapor certificates, and driver information. Over and above the terminal procedures, Novum imposes additional requirements on trucks, including possession of GPS tracking, spill kits, and a range of permits, in addition to driver protections such as the wearing of steel toed boots and safety vests.

## East Africa Operations

Novum has recently expanded into Africa, where we supply our customers FOB from our storage in Tanzania. Since January 2022, a total of approximately 300 trucks per month have lifted product from our leased terminal, all without incident.



## Environmental Innovation

Novum is involved in discussions regarding the development of an innovative method for the sampling of petroleum products from shore tanks. This method, internationally patented, would allow for a remote controlled and entirely automated sampling of product out of any shore tank 24/7/365 without the need for an inspector to climb to the roof of the tank to open sampling ports that release gases in the atmosphere. The benefits of the ATS system are multiple, from a clean carbon footprint to a better tank turnaround, to manpower savings, to immediate tank quality results, to consistency of sampling and analysis, to demurrage savings and refinery output optimization.

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## Investing in Solar Energy

Novum Energy has invested directly with the Government of Morocco in Maroc Photovoltaïque SARL, a company developing a solar PV project with capacity of up to 150MW in Ain Bin Mathar, Jerada province in northwest Morocco. Connection and grid access agreements have been executed in 2022 with a 24-year land lease and environmental studies have been completed. This project is part of the Moroccan government's ambition to raise its renewable energy share to 52% by 2030 and reduce fuel oil and diesel imports from Spain for power generation. The investment to date is in excess of USD 200k and the project is estimated to be operational in Q3 2023.



## Our Carbon Footprint - Assessment and Reduction

Novum recognises the environmental impact of its carbon footprint and accepts the need for change to protect the world we live in. We believe in the energy transition and are striving to work with like-minded partners and technologies to contribute to this transition. Part of this journey involves the analysis and evaluation of the emissions generated from our operations. To better understand this, we are currently evaluating proposals from external consultants who will evaluate and report on our carbon footprint. These partners will then collaborate with us on strategies to reduce our emissions and accelerate our transition to a net zero future. We aim to have this implemented by Q1 2023 with an action plan that will be executed through that year.

# SOCIAL RESPONSIBILITY

## Code of Conduct

### Novum's Values

At Novum, we share a set of core values: Integrity, Honesty, Professional Competence and Respect for People.

Our business is conducted in full compliance with all applicable economic sanction laws and regulations, with special focus on international anti-money laundering principles and standards as recommended by the Financial Action Task Force.

Novum's Code of Conduct is based upon these core values and sets out the principles that Novum adheres to and expects of all its employees and business partners. The Code re-affirms our commitment to always uphold the highest ethical standards and clearly defines the guidelines and expectations of all employees and partners. Everybody who joins Novum makes a commitment to operate in compliance with the standards set by the Code and failure to do so will be treated as a serious disciplinary issue.

Whilst the Code is the foundation for an effective compliance program, it is supplemented by the Group's Anti-bribery and Corruption Policy and its Employee Handbook. Each of these documents provide a practical guidance on the correct approach to a variety of situations that may be encountered whilst working for Novum.



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## Dignity and Respect

At Novum, we believe that our people are our most important asset and the key to our success. Promoting fairness, dignity, trust, and respect amongst all employees is our key commitment and we strive to create a workplace that is free of discrimination and harassment. We promote equal opportunity and fair reward for individual contributions. As we hold ourselves to these standards, we expect the same of all the partners we work with.



## Health, Safety, Environment, Human Rights and Communities

As we recognize our people as our greatest asset, we assign the highest priority to preserving their health, rights, and safety. We are committed to avoiding damage to the environment and related impacts on the communities where we do business. We have zero tolerance for any form of modern slavery including forced, compulsory or child labor. We strive to employ and nurture local talent in the countries we operate in to create a more sustainable business and to contribute to the community. We adhere to the principles of the [Global Business Initiative on Human Rights](#).

## Business Ethics and Conduct

Novum's successful business operation is built upon the principles of fair dealing and ethical conduct of our employees. We base our reputation on integrity and excellence. Novum's continued success is dependent upon our customers' trust, and we are dedicated to preserving that trust. Employees must act at all times in a way that will merit the continued trust and confidence of our stakeholders. Novum is committed to complying with all applicable laws and regulations, and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all

relevant laws and to refrain from any illegal, dishonest, or unethical conduct. Compliance with this policy of business ethics and conduct is the responsibility of every Novum employee. Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including possible termination of employment.

## Anti-Bribery & Corruption

The tenth principle of the [UN's Global Compact](#) states that “Business should work against corruption in all its forms, including extortion and bribery.”

Novum conducts its business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption, and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, and to implement and enforce effective systems to counter bribery.

All of our employees understand that no gifts, hospitality or entertainment should be given or accepted during a tender process or contractual negotiations. At all times, Novum encourages its employees to apply the test of reasonability and appropriateness in accepting or receiving gifts.

Novum upholds all laws globally relevant to countering bribery and corruption, including the UK Bribery Act 2010 (the “**UK BA**”), the U.S. Foreign Corrupt Practices Act of 1977 (the “**FCPA**”), and the Singapore Prevention of Corruption Act (Cap 241, 1993 Rev Ed) (“**PCA**”) and Singapore Penal Code (Cap 224, 2008 Rev Ed) (the “**PC**”). Our anti bribery and corruption policy applies to each Novum entity within the Company as well as its directors, employees, agents and third parties with which we work.

## Anti-money Laundering

Novum does not support, facilitate, or permit money laundering, terrorist financing or any other fraudulent activities. Money laundering is the process by which individuals or entities try to conceal illicit funds, such as the proceeds of crime, or otherwise make such funds look legitimate. Terrorist financing means using the money to fund terrorism. As a global organization, Novum applies the principles of internationally recognized, industry standards to its anti-money laundering checks as recommended by organizations such as The Financial Action Task Force (“**FATF**”) and the UK’s Joint Money Laundering Steering Group (“**JMLSG**”), as well as other equivalent and applicable local regulatory requirements in the jurisdictions in which the Group operates.

## Sanctions

Novum conducts its business in full compliance with all applicable economic sanction laws and regulations. All transactions and counterparties are screened on an on-going basis for any sanction-related issues. We will not seek to structure transactions or amend documentation to circumvent applicable sanctions or trade restrictions or to otherwise attempt to disguise the true nature of a transaction. Novum does not do business with any country, entity or individual if it would breach international sanctions laws. We recognize the ability of international regulators to impose sanctions

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at any time. Novum is constantly in touch with our financial partners, commercial counterparties, and service providers to ensure that we are fully aware of and in compliance with all applicable sanction laws and regulations.

## Market Conduct

Novum requires all employees to behave and trade in a way that is appropriate and in compliance with market-abuse rules and regulations. All trading activities must be performed for genuine economic reasons and not to mislead or manipulate the market. We do not condone collusive or abusive strategies, or trading whilst in possession of inside information. We further ensure that all our transactions fall outside the scope of market abuse or market manipulation. All employees must be familiar with the market-abuse rules and regulations applicable to their activities and should act in accordance with them at all times.

## Fair Treatment of Employees

### Our People

Novum's global presence allows the company to pick top talent from a large pool of professionals in all trading functions, in addition to being able to maintain strong relationships with financial institutions and other business partners. As a result, Novum's employees consist of some of the most talented and experienced executives in the global supply and logistics industry.

We balance our generous compensation schemes, flexible working practices and commitment to work-life balance with rigorous training and robust standards of behavior.





## Diversity and Inclusion

The Company is committed to creating and maintaining a workplace in which all employees have an opportunity to participate and contribute to the success of the business and are valued for their skills, experience, and unique perspectives.

Novum is developing a Diversity & Inclusion Policy that will form a fundamental part of who we are and what we strive to be. The policy will detail our commitment to ensuring an equitable, diverse and inclusive workplace. It will include a process for making complaints of discrimination at work. We will regularly review how effective our Diversity & Inclusion Policy is, making improvements as required.

## Performance Evaluation

Management and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. Formal performance evaluations are conducted every 12 months to provide both management and employees the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals.

## Maintaining a Safe Work Environment

Novum strives to maintain a positive work environment where employees treat each other with respect and courtesy. We are committed to maintaining a safe work environment. The Company implements robust guidelines to deal with the threat of intimidation, harassment, or actual violence that may occur during business hours or on its premises.

All employees, including management and temporary employees, should be treated with courtesy and respect at all times. Conduct that threatens, intimidates, or coerces another employee, a customer, or a member of the public at any time, including off-duty periods, is not tolerated. This includes all acts of harassment, including harassment that is based on an individual's sex, race, age, or any characteristic protected by applicable law.

Novum cares about its people, and is committed to maintaining a highly productive workforce and cooperative relationships among its employees. We have an Open Door Policy whereby any employee may take issues, grievances, or concerns to their supervisor or to any member of management. All employees of Novum have the opportunity to contribute to the business's success and growth by submitting suggestions for practical work-improvement or cost-savings ideas.

## Employee Handbook

On starting their work for Novum, all employees are required to acknowledge in writing that they have received and understand the NOVUM ENERGY Employee Handbook.

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## Training

### Anti-Bribery & Corruption (ABC) Training

Novum has a zero-tolerance approach to bribery and corruption. To ensure that all employees act professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, and to limit the risk of exposure to criminal practices, Novum conducts regular, compulsory anti-bribery and anti-corruption (ABC) training.

The training ensures that every employee understands the impact and societal costs of bribery and corruption, and can quickly identify common red flags. Employees learn how to comply with relevant legislation, and how to build anti-bribery and corruption (ABC) best practices into their teams, helping to build confidence and trust among investors and our other stakeholders.

### Sexual Harassment Training

Novum already has an established process for when sexual harassment occurs, including handling complaints, investigations, and corrective measures. However, we are finalizing plans to launch compulsory sexual harassment training. All employees will learn what is and what is not acceptable behavior, and managers and supervisors will be given additional specialized training on proper handling of incidents of sexual harassment.

## Philanthropy and the Novum Foundation

People are at the heart of Novum Energy's success and at the core of our values. Social responsibility is embedded as a principle of our business model. As a socially and environmentally responsible Company, we respect international human rights standards and continuously work to assess how our operations impact upon our employees, our business partners, and the communities in which we operate.

Novum Energy is actively engaged in cultural, recreational, and philanthropic work, using our resources to support culture and some of the most vulnerable members of society in a variety of ways. We encourage our employees to personally commit to helping to improve the communities that are close to their hearts.



## Novum Foundation

Over the years, Novum has actively contributed to social causes in the communities it is active in. As the Group's footprint expands globally, Novum's management team has decided that it is now the right time to formalize its strategy towards its charitable activities and contributions. In that regard, Novum is excited to announce the hiring of an industry expert with a strong background in the not-for-profit space who will head our social and charitable responsibilities. One of her main priorities will be the creation of the Novum Foundation that will receive a fixed proportion of the company's profits and put these to good use in the global communities in which we operate. While Novum already contributes significantly to the wider community, the institutionalization of a Novum Foundation - operated at arms length will guarantee that we support important projects on a sustainable basis.

Here are a few examples of philanthropic projects that we are already undertaking:

### The Projet Niger

The Projet Niger is a Spanish based NGO that aims at promoting communication between schools in Spain and Niger. This pedagogical initiative will allow pupils to open their minds into the discovery of new cultures and solidarity North-South.

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## Reel Abilities

ReelAbilities: Houston Film & Arts Festival is a free city-wide film and arts festival dedicated to presenting films, art exhibitions, performances, and speakers that celebrate the lives, stories, and talents of people with disabilities and enrich Houston's culture, diversity, and inclusion efforts.

## Mission Squash

Novum is a proud sponsor of Mission Squash, an organization that empowers students from underserved communities in Houston, USA, to unlock and maximize their potential through intensive, year-round academic, wellness, and enrichment programs. The work of Mission Squash is centered around three goals: (1) college - helping students to pursue higher education; (2) character - nurturing the growth of children into well-rounded adults; and (3) health - providing a safe, structured space that promotes lifelong study, exercise and nutritional habits.

With Novum's support, Mission Squash has developed in-depth programming on academic intervention, high school access, college matriculation, and college persistence. To date, 100% of Mission Squash's 72 scholars pass their academic classes, 100% apply and are accepted to a 4 year college or university, and 100% have matriculated into a post-secondary program.



## Houston Grand Opera

Headquartered in Houston, Novum is a major donor of the Houston Grand Opera, one of the country's premiere opera houses. Underwriting the production of Mariachi opera, El Pasado Nunca Se Termina, Novum is a proud supporter of the second largest theater district in the United States.

## Autism Speaks

Novum is an active participant in Autism Speaks fundraising events – both in Houston and nationwide – Through our affiliation with the charity and thanks to the Autism Speaks 8k Run in Houston, Novum employees have helped raise funds to support this wonderful charity.

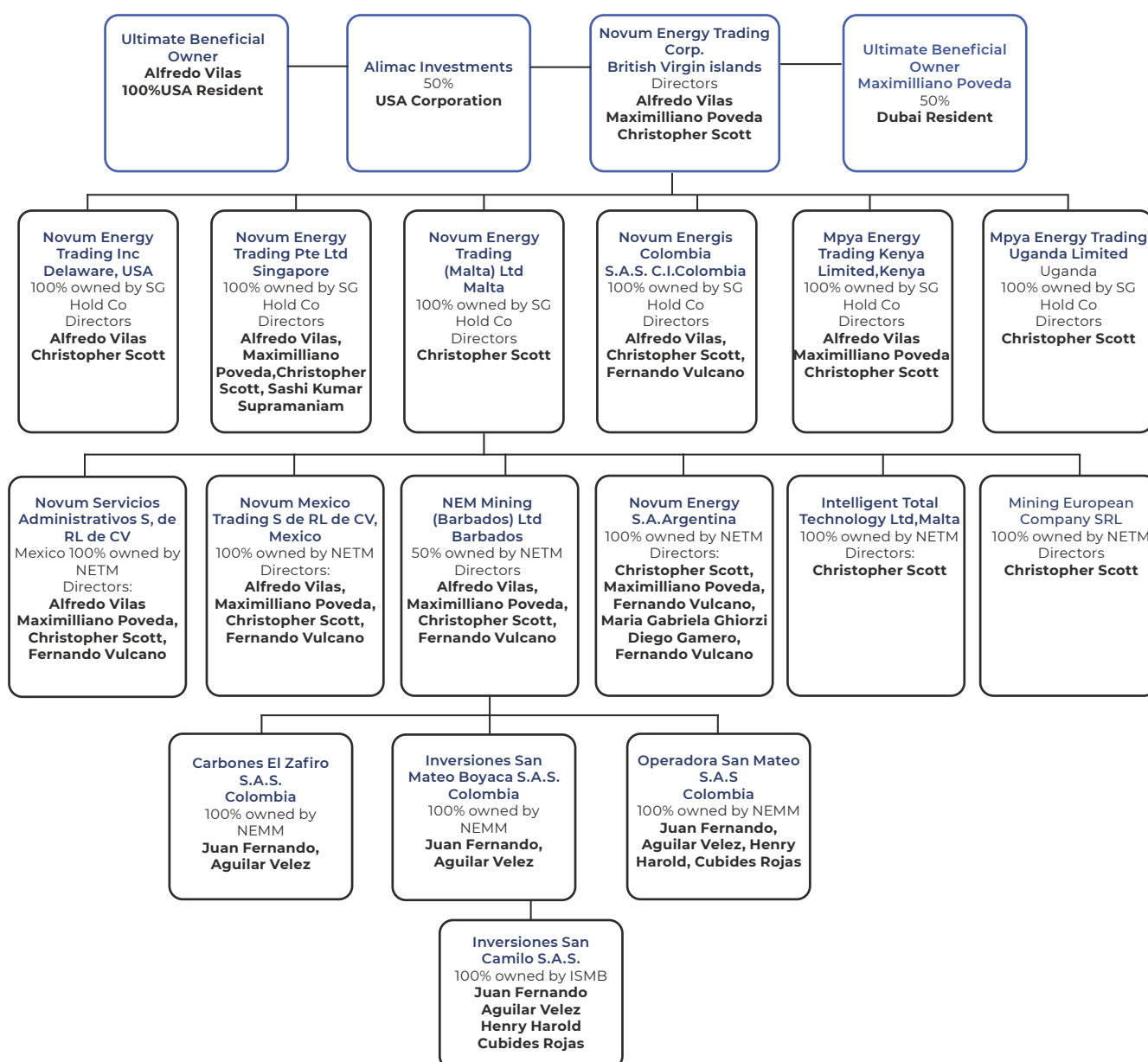
## Innovacion Ortopedica

Based in Santo Domingo, Dominican Republic, Innovacion Ortopedica serves those in need with customized prosthetics. Established in 1998, this non-profit provides custom made prosthetic limbs to under-privileged people of all ages on the island of Hispaniola. Many of the recipients are small children coming from Haiti having lost limbs in the earthquake.

# CORPORATE GOVERNANCE

## Legal and Shareholder Structure

Novum Energy Trading Corp. has a simplified corporate structure that enables us to be agile and efficient. As we continue to grow, we are in the process of expanding our Leadership Committee, ensuring that important decisions are taken by qualified teams of experts.



## Executive Board



### **Alfredo Vilas**

President and Chief Executive Officer

- Founded Novum Energy Trading Corp. in 2011, and quickly established the company as a reliable supplier of oil products to underdeveloped countries in the Caribbean
- 25+ years of experience as originator and trader of refined oil products in Latin America.
- Prior to starting Novum, he held senior positions in global refining and trading companies



### **Maximiliano Poveda**

Director and Co-Owner

- Joined Novum in 2011, as Director and Co-owner.
- 20+ years of experience in the oil trading business.
- Started his career at Interpetrol SA, Buenos Aires, handling vessel logistics.
- Moved to Trafigura, in London, in 1995. In 2007 he became the Head Trader for Trafigura's LPG business worldwide



### **Christopher Scott**

Chief Financial Officer

- Joined Novum in 2012, as the Chief Financial Officer
- 10+ years of banking experience, and 20+ years in the oil trading business
- Worked at Trafigura and Mabanafit before joining Novum
- His extensive relationships in the banking and insurance industries has aided Novum's growth by ensuring risk mitigants are in place at all levels of the supply chain, most notably, enabling the group to offer our customers tailor made financial structures to enhance the business

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# Governance Policy

## Introduction

Novum Energy Trading's corporate governance structure contains policies and procedures that address financial management, conflicts of interest, risk management, hiring practices, and roles of board members, enabling the company to expand transparently and with confidence, and positioning us for long-term success.

Novum's overarching corporate governance structure includes corporate legislation, laws, and policy that bind our directors and board members to Novum, while granting these parties a fiduciary duty to act on behalf of the Company. Our corporate governance policy helps our directors to fulfill their functions and legal expectations required of them. And it governs our actions in relation to shareholders, the media, stock exchanges, and any external interest groups, making any legal obligations of those stakeholders absolutely clear. In short, Novum's corporate governance structure serves the best long-term interests of the Company, our shareholders and other stakeholders.

## Objectives

Through the application of national and international laws and regulations, Company policies and procedures, and Corporate Articles of Association and By-Laws, Novum's Corporate Governance Policy enables the organization to determine its direction and performance through effective management of the relationships among the Shareholders, Board of Directors, Managers, Employees, Customers, Suppliers, and Community.

This Governance Policy has been developed to:

- Set executive limitations by protecting and empowering the way the Company is directed and managed, and thereby preventing conflicts of interest between shareholders and executive management teams, or among shareholders.
- Connect Novum's executives with employees to ensure that all are on the same page regarding the Company's strategic direction, its philosophy, and its strategies to achieve business objectives.
- Nurture a culture of hard work, excellence in performance, and doing business the right way.
- Control risk and ensure accountability, transparency, and integrity across the organization.
- Focus on the strategic goals that the organization wants to accomplish as a team by increasing and sustaining the shareholder's values while remaining competitive, sustainable, relevant, and legitimate.

## Our Principles and Values

Novum takes great pride in how it conducts business, ensuring that all employees follow detailed and robust policies on a range of ethics and compliance issues, backed up by robust internal controls.



Our principles of Good Corporate Governance cover financial management, conflicts of interest, hiring practices, and roles of board members. Our principles and values are: Accountability; Responsibility; Openness and Transparency; Integrity and Ethical Conduct; Independence; Fairness; Innovation and Openness to Change; Human rights, Cultural Diversity and Social Cohesion; Sustainability; and Philanthropy.

These are supported by internal policies that provide guidance at all the levels of the organization, including:

## Policies and Guidance

Novum Energy's **Code of Conduct**, established to outline the organization's principles, standards and values, including expected levels of ethical behavior, integrity, professional competence, and confidentiality.

- Our **Whistleblower** policies and apparatus provide stakeholders (including employees, suppliers, customers and members of the public) with simple, safe, confidential and reliable ways of reporting suspected incidents of non-compliance.
- Novum's policies and procedures on **Conflicts of Interest** enable us to identify and manage situations of actual, potential, and or perceived conflicts of interest.
- Novum has invested considerable time and resources in devising and implementing a robust **Anti-Bribery and Anti-Corruption Policy** (or ABC policy) that clearly sets out the requirement of all employees and business partners to uphold our position against bribery and corruption, and provides information and guidance on how to recognize and deal with bribery and corruption issues.
- Novum's **Risk Management Policy** is one of the core responsibilities of the Group's leadership and it is central to our decision-making processes. We seek to identify and manage the market, financial and operational risks associated with global supply and logistics. Our Risk Management Policy establishes guidelines for employees to manage the risk, and describes how the Group defines, manages, and mitigates its exposures and assigns responsibilities for managing the organization's risk management program. Effective risk management is crucial in helping the Company achieve its objectives of preserving its overall financial strength for the benefit of all stakeholders and safeguarding its ability to continue as a going concern, while generating sustainable long-term returns. With a priority of fraud prevention, the Board of Directors with risk management expertise is responsible for setting, approving, and monitoring the organization's risk management policies, credit policies, and internal controls.
- All organization members must maintain strict confidentiality regarding disclosure of confidential information to persons within the Company who do not need to know it and to anyone outside of the Company. Such confidential information includes any information, data, materials, business plan, property information, trade secrets, vendor information, business model, analysis, technologies, or geological information disclosed by a Party.
- On joining Novum, each employee signs an acknowledgement that they have received, read and understand the **Employee Handbook**. This was created to acquaint all employees with the Company and provide information about working conditions, employee benefits, compensation, and policies affecting the employment. It is specifically focused on the importance of confidentiality, business ethics, conduct and discipline.

These policies ensure that Novum's principles and values are upheld, including our commitment to people, the environment, and our performance. We believe that good corporate governance leads to ethical business practices. It is the responsibility of the Board of Directors and the Management Committee to ensure that we achieve these objectives.

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## Management Committee

The Executive Board vests the management of the company in the Management Committee. The Management Committee is responsible for the day-to-day activities of the Company and for ensuring that everything the organization does supports its vision, mission and values including:

- Setting the strategic direction to guide and direct the activities of the organization, and acting on behalf of the Executive Board.
- Ensuring the effective management of the organization and its activities; ensuring an effective Operational and Financial oversight by conducting research relative to investment, risk, and industry trends.
- Establishing the fundamental values, the ethical principles and strategic direction in which the Group operates.
- Adhering to Legal and Regulatory compliance of the Group's business, in line with its constitution and by-laws.
- Monitoring the activities of the organization to ensure they are in keeping with the founding principles, objects, and values.

As we expand our footprint globally, the Executive Board has decided to expand the Management Committee to include individuals responsible for the key functions of the organization. We envision expanding our Management Committee to include individuals who will represent commercial, compliance, operations, HR and finance functions thus ensuring that important decisions are taken by a qualified team of experts.

The Management Committee will consist of a minimum of six individuals and will include the following individuals:

1. President and CEO
2. Chief Financial Officer
3. Chief Operations Officer
4. Head of Legal and Compliance
5. Global Head of Trading
6. Global Head of Origination

The Management Committee shall meet no less than twice a month and at such location as the Executive Board shall decide from time to time. In addition, Directors constituting a quorum of the Board may call a meeting of the Board for the transaction of any business, the nature of which will be specified in reasonable detail in the notice calling the meeting.



## Onboarding Process and KYC Compliance Policy

Novum Energy is a company that cares how and with whom we do business.

We invest significant energy and resources in risk management and compliance, headed by experienced professionals and supported by sophisticated IT support systems.

In order to identify and track the origin of the products, and the veracity of the data and documentation of our trading counterparties, Novum Energy Trading implements a rigorous Know Your Customer (KYC) compliance procedure.

We collect information, perform a deep analysis to assess security, and verify the counterparty authenticity. This ensures that key procedures are followed, and steps are completed accurately within the specified timeframe.

Novum Energy uses an online platform called Komgo to ensure the security and transparency of communications with commercial and financial partners. Komgo is a joint venture of banks, independent traders, and energy majors. Through its simple, efficient, secure, and encrypted software, Komgo enables Novum Energy to undertake compliance advanced screenings to:

- prevent anti-money-laundering (AML)
- Identify politically exposed persons (PEP) and those subject to sanctions
- meet Office of Foreign Asset Control (OFAC) requirements
- Identify and verify the entity and their Ultimate Beneficial Owners

Komgo ensures that Novum Energy's finance teams can communicate securely with banks in order to track all information related to transactions and share this with all the parties involved - mitigating risks, gaining greater transparency and efficiencies, and strengthening trust with our business partners.

Komgo is part of a multi-step onboarding procedure:

- Onboard request - the counterparty is required to complete an initial KYC questionnaire and forward a range of documents, including Certificate of Incorporation, Certificate of Good Standing, Memorandum and Articles of Association, a list of shareholders holding more than 10% of the Company stock, a register of Directors, copies of passports of all shareholders and directors, signed W-9 or W-8 forms, and the last 3 years' audited financial statements.
- Komgo portal - the counterparty is added to the Komgo portal in order to secure all communications.
- Paperwork check - the information and documents are reviewed by the onboarding team. If the file is incomplete, the onboarding team contacts the counterparty by email and requests to upload the missing data. If the file is complete, the process continues with the verification of the directors' passports through "Refinitiv, World Check One", a platform that allows us to verify the identity of the Ultimate Beneficial Owner(s) (UBO) by inserting the personal information such as name, last name, date and place of birth, country of passport issuance and expiration date.
- Renewal date - when all documents are in good order, the onboarding process is marked as "Complete" in the Komgo portal. A yearly renewal date is set to keep all corporate documents up to date and reduce risk factors.
- Notification - the counterparty is notified via email that the entity is in good standing. The trading process is ready to start. If our corporate documents are required by the counterparty, they will be able to download them from the same portal.
- Internal step - to keep a record of each counterparty's corporate information, a file is created. The documents uploaded by each entity in the portal are downloaded and saved.

## Reviewing and Refreshing our Governance Policies

As the Group grows its global footprint, it is aware of the need to review and refresh its governance policies and procedures to ensure they remain of the highest standards and continue to be relevant to the organization. Whilst the Group employs experts in their respective fields who contribute to our various policies, we also value the views of external, independent experts who are able to review and comment on our policies from an unbiased standpoint. To that extent, we are currently reviewing proposals from various consultants who will perform an independent and objective review of our policies and assist us with updating these to ensure that they continue to be of the highest standards and meet the growing footprint of the Company .



- All physical inventory exposures are fully hedged, primarily via exchange-traded futures or over-the-counter contracts with brokers or banks
- The Group does not enter into speculative positions
- The Group executes Tripartite Agreements between lenders and futures broking parties as far as possible to grant Security over the hedge contracts



- Policies established for execution of risk management strategies
- Direct oversight by senior management team with escalation channels
- Clear communication channels between experienced contracts/operations staff ensure effective trade execution
- Robust Marine Cover insurance in place



- The Group's credit risk is centrally managed and initiated at the KYC stage
- Counterparty and country risk credit assessments updated periodically
- Specific credit limits and conditions set for each counterparty and approved by the CFO
- Typical customer credit exposure is supported by Export Letters of Credit from Tier 1 international banks
- Open account exposure only granted to oil majors, large corporates or government entities
- Ad-hoc changes to a counterparty's terms or credit limits are internally communicated within 24hr
- The Group limits counterparty risk by covering through the insurance market or by discounting through the financial market

## CONCLUSION

As one of the fastest-growing global supply and logistics companies, we know that we have a responsibility to drive positive change wherever we operate. Our approach to ESG is dynamic in nature and keeps pace with changes in the industry as well as those within the organization.

This ESG report is designed to demonstrate how Novum integrates environmental, social, and governance practices into its operations and our business model. We aim to update and communicate it through the year as we take positive steps in our energy transition journey.

We are confident that Novum has the employees, the technical infrastructure, the environmental protection policies, and the company culture to ensure that we continue to do business the right way. The creation of the Novum Foundation will further formalize our involvement, commitment and contributions to the communities we touch along the way.

Of course, there is always more we can do and learn to improve as a business, and we would love to hear from you.

## CONTACT DETAILS

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