



# ESG REPORT

## 2023





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# A LETTER FROM OUR PRESIDENT

## “Powering the Future with Purpose and Innovation”



Dear Valued Partner,

Since 2011, Novum Energy has steered its course as a global supply and logistics leader steadfast in its commitment to environmental stewardship, employee well-being and community upliftment.

Amidst dynamic energy markets, Novum consistently excels in providing not just solutions but a compendium of responsible commodities sourcing, logistics, customized credit solutions and unwavering reliability. Our rapid growth is bolstered by robust financial underpinnings and enduring partnerships.

Novum is fostering a culture of excellence driven by seasoned professionals in major global hubs propelling us into new and exciting markets.

Our growth does not compromise safety. Our rigorous safety policies, extensive training and meticulous inspections have ensured zero environmental harm underpinned by our commitment to ethical partnerships.

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In 2023, in harmony with our community-focused values we proudly launched the Novum Foundation. This institution, fueled annually by a share of Novum's profits, actively disburses transformative grants. During its inaugural grant-giving season the Novum Foundation supported six emerging organizations across the United States, Mexico and Argentina.

Last year showcased our dedication to innovation and resolute expansion into new markets. As we march toward becoming a world-class global supplier, our commitment to stakeholders and communities deepens.

Exciting times lie ahead for Novum Energy.

Sincerely,

**Alfredo Vilas**

President and Chief Executive Officer

# EXECUTIVE SUMMARY

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

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

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

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



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# MISSION, VISION & VALUES

## Mission

To provide our global commodity customers with tailored commercial solutions, using proprietary logistics, risk management and financing packages.

## Vision

To be recognized as a leading innovative, reliable and profitable global commodities supply and logistics company by employing the finest talent, investing in the most advanced technologies, conducting our business to the highest ethical standards and operating with world-class safety practices that protect people and the natural environment.



## Values

Everyone at Novum Energy shares a set of core values:

- Integrity
- Honesty
- Professional Competence
- Respect for People and Planet

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, Central Asia and Asia-Pacific.

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

- We have grown organically since 2011 in core markets of oil and refined products with long-standing industrial suppliers and buyers bases.
- We have build 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 trading houses, international banks and national oil companies

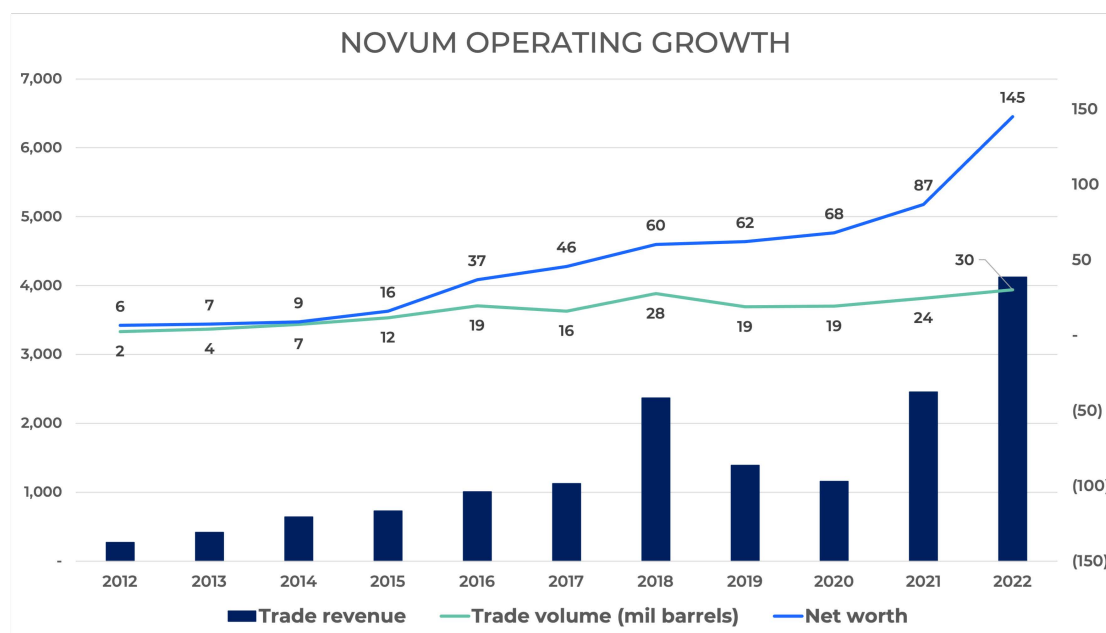
### **12 consecutive years of methodical growth in profits and financial capacity**

- Over 190 190 million barrels of oil products traded since 2012.
- Revenue, ggross profit and net worth grew by 29%, 43% and 36% CAGR between 2012 and 2022.
- 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, the UK, EU and UN.

## Growth



## Track Record of Success

Established in 2011, Novum Energy is a global energy trading and logistics group with its principal place of business in Houston, USA with additional 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 houses. Novum bridges the physical energy supply chain by connecting producers with users and 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.

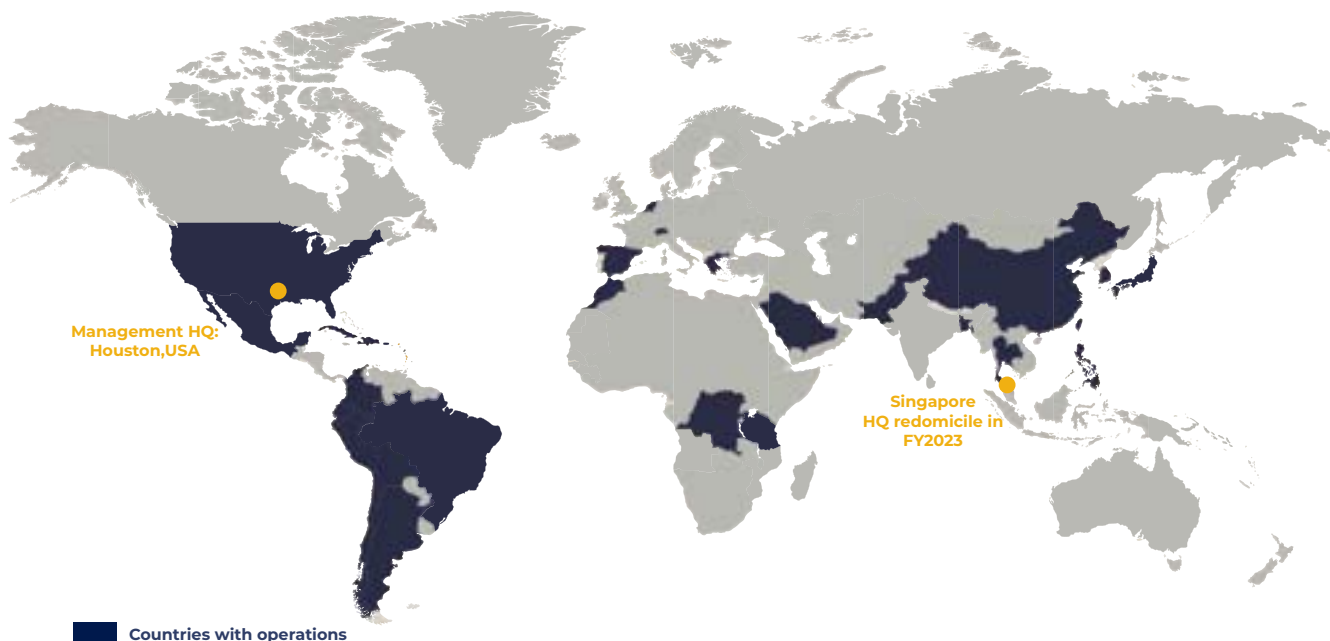
Over the last decade, Novum Energy has built a firm and profitable business centered on the relationships it has developed with all parties in its supply chain. The Group is renowned as a stable and reliable counterparty with a strong business acumen and a dedication to safety, environmental protection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

Starting with a regional focus on the Americas, the Group began its global expansion in 2019. In a short space of time, Novum Energy's strong reputation has enabled it to achieve early success in Europe, East and West Africa and Asia. Moreover, it has continued its expansion in these markets through the investment in highly skilled and experienced employees. With a commitment to continuous growth, the Group is seeking to diversify its revenue base by both product and region.

Since its incorporation in 2011, Novum has moved over 150 million barrels of oil products and delivered 12 consecutive years of positive financial results without a single loss. These results have been achieved by means of a disciplined and rigorous credit, risk management 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 surpassed that figure in 2022 with **30 million barrels** moved. The future looks bright for Novum Energy.

## Global presence



Novum comprises several corporations and holding companies set up throughout the world.

Novum Energy Trading Corp. (NETC) was established as a physical oil trading company in February of 2011 with Alfredo Vilas as its Founder and President. Novum started its operations by supplying HSD and HFO to various power generators in the Caribbean.

Facilitating the product and logistics needs for clients throughout the Caribbean, EMEA, Central Asia, Asia-Pacific and Latin America, Novum offers some of the most comprehensive and customized services in our sector. The Novum team has decades of expertise in trading energy products and works hard to understand each client's needs through every step of every transaction. No job is too small or too large.

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

Since its incorporation, Novum Energy 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.

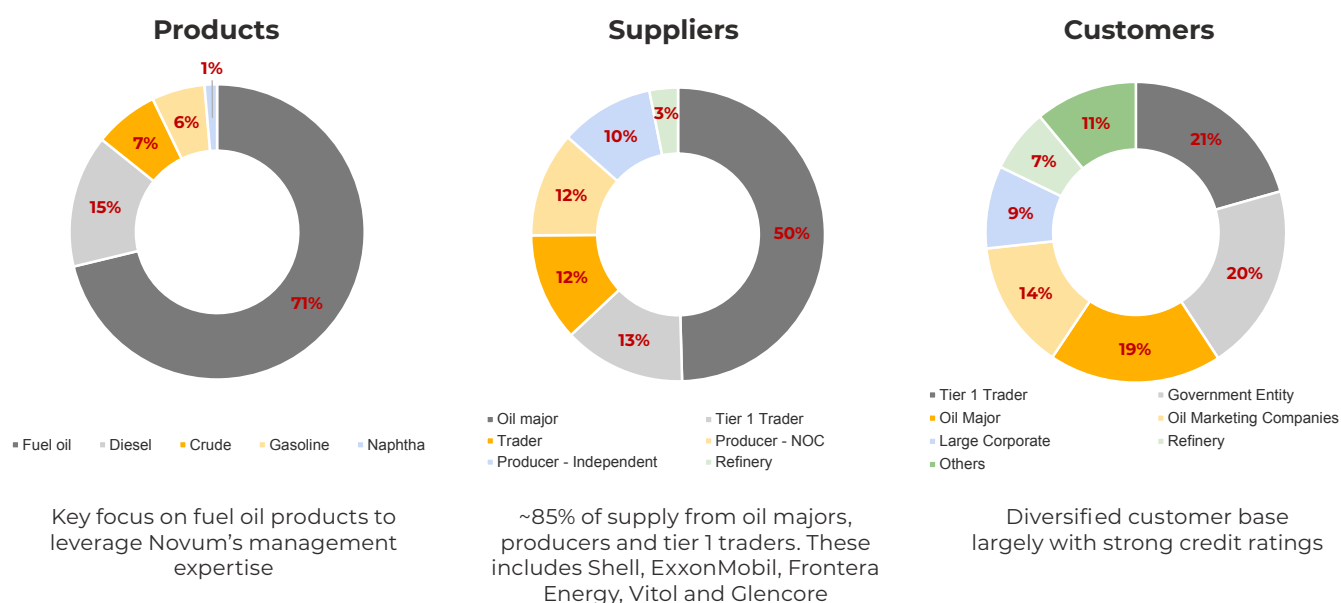
Novum Mexico Trading S de RL de CV was incorporated in 2016 to focus on the import and distribution of refined products into the Mexican market. In 2019, Novum Energy Trading Corp completed its first sales in to East Africa, as well as distillate cargo sales from Europe to the US and WAF. In August 2020, Novum Energy Trading Pte Ltd was incorporated in Singapore and began trading in the Asian markets. In 2022, Novum opened an office in London.

Novum continues to meaningfully add to its trading teams in order to open opportunities across the globe. We will continue to grow the company by thoughtfully implementing a strict risk management philosophy whilst maintaining a close relationship with our growing base of business partners worldwide.

## What We Trade

As a key player in the global energy market, we trade a variety of commodities that fuel the world's economies and transportation systems. Our portfolio includes a range of crude oils, fuels and feedstocks that are critical to meeting the energy demands of industries and individuals alike, including:

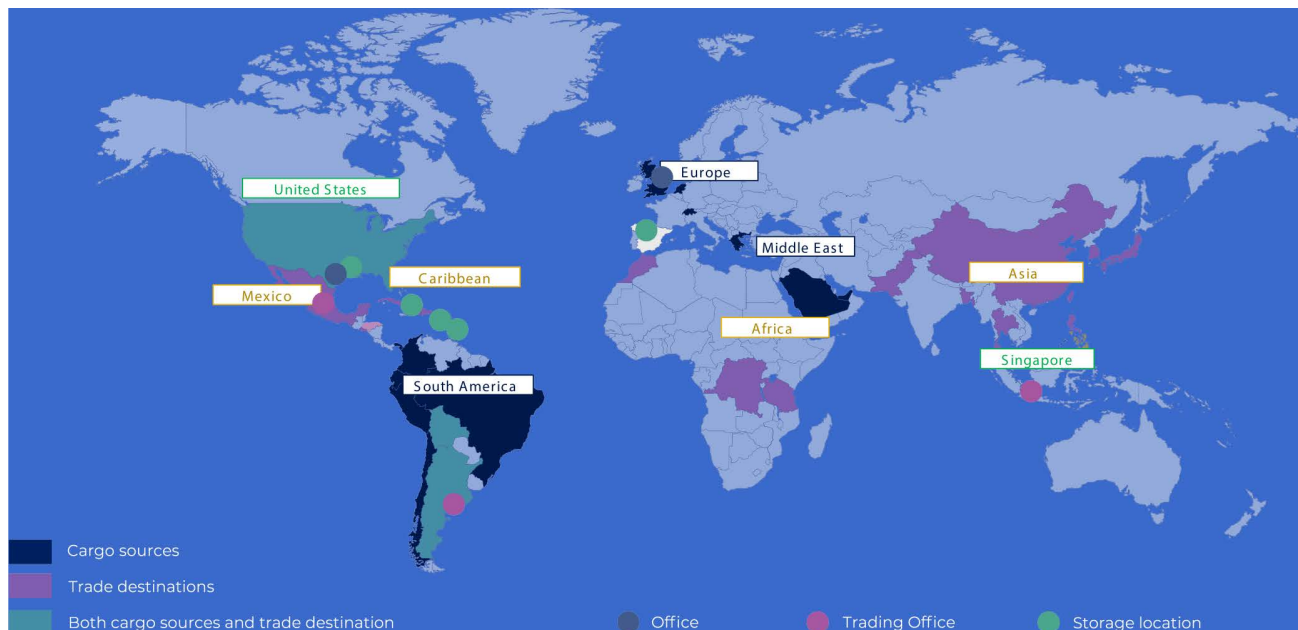
- Low Sulphur Fuel Oil (LSFO)
- High Sulphur Fuel Oil (HSFO)
- Vacuum Gasoil (VGO)
- Light Cycle Oil (LCO)
- Crude Oil



In addition to crude oils, we trade a range of refined products that are essential to a variety of industries. Our clean products portfolio includes ultra low sulfur diesel, high sulfur diesel, marine gas oil, jet fuel, avgas, gasoline and naphtha. These products are carefully refined and blended to meet the demanding specifications of our customers, while also complying with local and international regulations for environmental safety and sustainability. Our clean products include:

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

## Where We Trade



### North America

In North America, Novum Energy Trading Inc. specializes in tailored market analysis and resource optimization. Over the past 5 years, the company has achieved an impressive 24-fold increase in sales volume, reaching over 8 million barrels in sales in the United States in 2022. In the United States Novum offers Ultra-Low Sulfur Diesel (ULSD) and gasoline in strategic locations like Houston and Brownsville, Texas.

### Mexico

Novum entered the Mexican market in 2016, capitalizing on the energy reforms of the time that opened doors for private sector involvement. The company's tailored services and strategic initiatives swiftly positioned it as a prominent provider in the private oil supply sector throughout Mexico, efficiently serving all regions. Notably, Novum achieved a historic milestone by becoming the first non-Mexican entity to become licensed to import refined oil products into the country.

### Caribbean

Novum offers private fuel storage and delivery throughout the Caribbean. Through efficient delivery, Novum serves a wide number of major companies in the region.



## South America

In South America, Novum Energy S.A. (NESA) strategically operates in Argentina, serving both private and state-owned oil companies and extends its services across a spectrum of countries including Peru, Colombia, Chile, Bolivia, Uruguay, Paraguay, Brazil and Ecuador. Novum's approach is deeply rooted in understanding and adapting to the diverse needs of these nations, guaranteeing smooth access to fuels facilitated by an extensive logistics network and strong collaborative efforts with traders to ensure economical and timely execution. Our active engagement in the Amazon region showcases our commitment to innovation and sustainable solutions, solidifying our dedication to meeting the unique energy demands of South America.

## Middle East, Europe, & Africa

Novum strategically engages in trade activities across Europe, the Middle East and Africa, with a particular focus on expanding operations in Africa. Our African initiatives commenced two years ago, aimed at addressing the unique challenges faced by countries in Central Africa with limited oil infrastructure such as pipelines and refineries.

In Africa, Novum adopts a specialized approach, maximizing storage facilities in Tanzania to cater to nations in Central Africa that lack typical oil logistics infrastructure. Our primary mission is to serve landlocked regions, including the Democratic Republic of Congo (DRC), Rwanda, Burundi, Uganda, Zambia, Malawi and Zimbabwe.

Our clientele in these regions is a vibrant mix of locally registered wholesalers and businesses, predominantly small to midsize enterprises, passionately dedicated to supplying diverse products across their respective markets.

To ensure seamless transactions and maintain competitive pricing for our discerning customers, Novum has successfully established agreements with reputable local entities. At Novum, we are committed to not merely conducting transactions but orchestrating transformation within the regional realms of trade.

## Asia

Novum Energy Trading Pte Ltd (NPTE), incorporated in Singapore, is the Group's newest operating hub with a focus on the Asia-Pacific (APAC) as well as the Central Asia regions. Since its incorporation in 2020, the company has carved a niche for itself by focusing on both inter-regional and intra-regional trading. The company recently executed its first trade on the Platts market-on-close window opening up a new delivery stream for the Group. With a strong emphasis on trade finance, networks and relationships across the APAC region, Novum aims to firmly entrench itself in the Asian market.

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## How We Trade

### **Commitment to Supply Needs**

At Novum Energy, our primary objective is to meet the supply needs of our valued customers. We offer a diverse range of products and services tailored to meet the specific requirements of our clients. Throughout our operations, we place a strong emphasis on adhering to all relevant international laws, regulations and standards to ensure the consistent delivery of high-quality products and services.

### **Quality Control and Consistency**

Novum Energy's commitment to consistency and quality control is the cornerstone of our operations. We make substantial investments in robust processes and advanced technologies to guarantee that each product and service we provide complies with the rigorous standards our customers expect.

### **The Novum Energy Difference**

In every transaction, we aim to showcase the Novum Energy difference. We take pride in being a trusted partner for energy solutions, offering reliability and professionalism at every juncture.

# ENVIRONMENTAL PROTECTION & SUSTAINABILITY

Protecting the natural environment through sustainable environmental policies, innovative methods and investments in a clean future.



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## Environmental Protection & Sustainability

### 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 due 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 incidents 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 event that could be attributed to our own ships or barges.** Nor have we had any incidents at sea. Every ship and barge Novum uses undergoes our screening process.

The vast majority of ships chartered by Novum are under 15 years old; few older ships are chartered on an exceptional basis and these ships are in possession of the highest Condition Assessment Program ratings. Every ship we use is in compliance with applicable domestic and international governing body regulations and must maintain those approvals in order to be used for the transportation of our products. 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. As of 2024 new carbon emission regulations will be enforced globally. Novum is monitoring the situation while looking at software able to capture and report such emissions.

Special attention is given to river barges trading in sensitive geographical areas. Additional personnel have been hired for this specific purpose. In these areas Novum has started implementing a vetting ranking system that will help in identifying less optimal and efficient barges while strengthening Novum's ability to reduce their use. Together with new operations manuals implementation and consistent crew training, the risks associated with every operation are prudently managed.

**Additional external vetting process**

In accordance with OFAC and other global trade regulations and sanctions requirements and policies related to countries, political systems and individuals, additional vetting is carried out via the use of a dedicated software program created by Windward. This software is extensively used throughout our industry.

All third party nominated vessels must undergo the same vetting processes.

**Terminal Vetting**

Vetting is not limited to ships alone. Whenever new tanks are leased, 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 recognized inspection companies using one or more of their certified inspectors.

**Employee Training**

While senior Novum employees have gained their significant experience at other international trading organizations, junior team members are trained in-house by a few selected senior members of our team on a wide range of matters such as Tanker Operation, Voyage Orders and Inspectors Nominations. These – together with instructions on compliance with specific port and terminal requirements for different sized vessels and types of cargo – ensure that any potential 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 issued and distributed among the operators.

**Fuel Oil Operations in the Americas**

Novum has historically been very active delivering fuel oil throughout Latin America and the Caribbean, from Mexico to Argentina, Aruba to Barbados, the Dominican Republic, among others. Such deliveries are performed by our time-chartered fleet of appropriately sized vessels as well as spot-chartered vessels loading out of our leased storages in Puerto Rico and St Eustatius. In 2022, Novum performed approximately 200 moves in the Americas with zero environmental impact.



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## European Fuel Oil Operations

Novum's fulfilled a term contract for the delivery of fuel oil into Morocco during 2022 which required us to time-charter seven different vessels and 10 additional spot ships in just one year. We undertook over 100 shipments, including many ship-to-ship operations. Novum has recorded no spills and experienced no marine operations impacts.

## Distillates

Novum has completed 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 75 voyages on the DS 601, all without incident. In light of our successful operations on the island, Novum's contract was extended and we have chartered a second American-flagged barge, the Double Skin-508, to transport the increased volume.

Novum sources gasoline and diesel for supply to Mexico. Our domestic inland barges regularly deliver to our Brownsville storage facility. We have performed countless voyages of time-chartered double-hulled barges since we began supplying the Mexican market in 2017.



## Brownsville Operations

Our long-term Brownsville storage has been the hub for the distribution of gasoline and diesel via tank trucks or rail cars into Mexico. This is one of Novum's most intensive land-based operation, from where we move approximately thirty (30) trucks per day.

Energy has the capacity to load railcars at Brownsville, although these operations are currently paused due to market and regulatory conditions in Mexico. Since the business commenced in 2017, we have performed over 80,000 operations and experienced only two minor truck incidents, which were beyond our control. Novum and its transport company ensured that the small amount of spilled product was fully cleaned up and that there was zero impact on the local environment.

Given that all our trucks load at third party terminals, each terminal has its own procedures for the registration and approval of such loads. Typically, this process requires the submission of commercial and liability insurance policies, vapor certificates and driver information. In addition to any terminal procedures, Novum imposes additional requirements on trucks, including the possession of GPS tracking, spill kits and further permits, as well as driver protection provisions such as the obligation to wear steel toed boots and safety vests. Novum Energy's carriers comply with the highest safety standards in the Oil and Gas industry, which has allowed us to provide services to oil majors such as Exxon, BP and others.

## Africa Operations

In addition to our business in Morocco, Novum has expanded into other parts of Africa, where we supply our customers ex-tank from storage terminals including in Dar es Salaam, Tanzania. Since January 2022, a total of approximately 300 trucks per month have lifted product from our leased terminal, all without incident. From January 2023 we expanded our reach in East Africa to include further storage capacity in Beira, Mozambique for delivery onto our customers' nominated trucks. In 2023 Novum further expanded its customer base into West Africa.



## 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 gasses in the atmosphere. The benefits of the ATS system are vast – a clean carbon footprint, better tank turnaround, manpower savings, immediate tank quality results, consistency of sampling and analysis, 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 150 MW 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.



## Our Carbon Footprint - Assessment and Reduction

Novum recognizes 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 working with Carbon Chain 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 currently expect to execute a finalized carbon footprint action plan in 2024.

# SOCIAL RESPONSIBILITY

Novum Energy's commitment to corporate social responsibility centers around operating with the highest ethical standards, fostering a positive and equitable work environment and serving the communities in which we work.



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## Novum's Values

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

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 government's framework. The framework provides practical guidance on the correct approaches to a variety of situations that may be encountered whilst working for Novum.

## 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 staff. We base our reputation on integrity and excellence. Novum's continued success is dependent upon our customers' trust. 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.

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## 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.

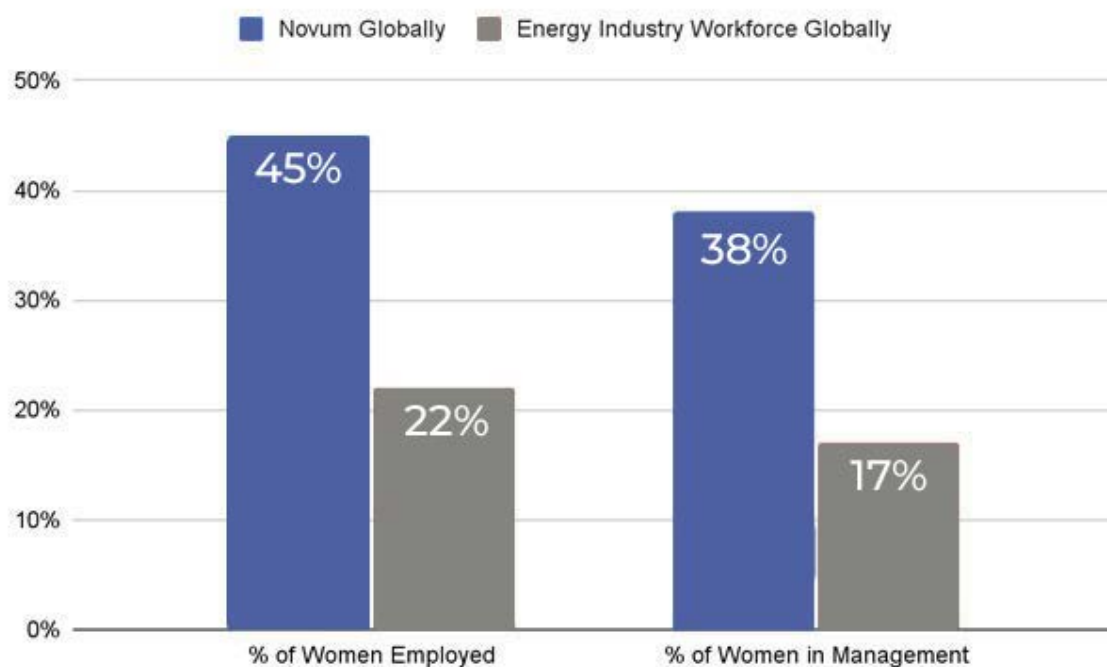


## Diversity, Equity, & Inclusion

Diversity, Equity, & Inclusion (DEI) are fundamental principles at Novum Energy, deeply ingrained in our culture and business operations. We firmly believe that fostering a diverse and inclusive workforce is not only a testament to our core values but also a driving force behind our capacity for innovation, creativity and our ability to navigate complex challenges within the energy sector.

In shaping our DEI policy, we conducted thorough research to gain a deep understanding of the current composition of our Novum community. We are immensely proud of the rich diversity present within our staff, representing 17 different nationalities and featuring a majority (55%) identifying as Latinx or originating from Latin America. Moreover, we celebrate the high educational attainment of our workforce, with an impressive 79% holding university degrees and over 16% having achieved graduate degrees. Our appreciation extends to employees of varying age groups, recognizing the value of their diverse perspectives and experiences.

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.



<sup>1</sup> S&P Global Market Intelligence. (n.d.). Oil & Gas Sector Struggling to Attract, Elevate Women Amid Gender Diversity Gap. Retrieved from <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/oil-gas-sector-struggling-to-attract-elevate-women-amid-gender-diversity-gap>.

In the United States, as well as globally, racially diverse and women employees constitute a significant portion of our workforce, making up 66% and nearly 45% respectively. Notably, women at Novum hold management-level positions at a rate of 38% worldwide, which is more than double the global average. Equipped with this knowledge, we proudly published our inaugural DEI policy in the fall of 2023.

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## Commitment to Diversity, Equity and Inclusion

Novum Energy believes it is important to promote:

- Recruiting, hiring, developing, retaining and promoting a diverse group of highly-qualified traders, originators, operators, professionals and other employees across our global team to provide the best quality products and services to our international customer base
- Advancing diversity, equity and inclusion (DEI) within the trading and logistics business both locally and around the world
- Supporting a diverse range of charitable endeavors worldwide directly or through our support of the Novum Foundation.

We are dedicated to cultivating an inclusive culture that provides equal opportunities for everyone to thrive, grow and contribute to the success of our company. To achieve this, we provide a supportive environment that encourages the professional development of all employees, including those from underrepresented groups, through comprehensive training, mentorship programs and other avenues for growth.

## 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.

## Global Training, Policies, & Procedures

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 best practices into their everyday work, helping to build confidence and trust among customers and our other stakeholders.

In addition to ABC, Novum also conducts mandatory annual training for every employee covering other areas such as CFTC regulations, market manipulation and market conduct, trade compliance and sanctions, vessel vetting and other topics. These sessions are typically interactive and the latest developments in regulations and/or internal policies and approaches are discussed. The Novum compliance team will also provide frequent updates to relevant staff on emerging compliance-related matters, such as regulator-imposed fines for violations and the latest compliance developments around the world.

## Our Community

### **Empowering Communities Through the Novum Foundation: Igniting Positive Change Worldwide**

At Novum Energy, our commitment goes beyond powering the world; it encompasses enriching the lives of those who call it home. We have always understood that success is not just measured in numbers, but in the positive impact we leave behind in the communities where we operate. This ethos is the driving force behind the Novum Foundation – a beacon of hope, positive change and unwavering dedication to social responsibility.

## Nurturing the Heart of Humanity

From the very beginning, Novum Energy has been fueled by a vision to uplift and support the most vulnerable members of society. We firmly believe that our success is intertwined with the well-being of the communities we serve. This belief has given birth to a range of transformative initiatives spanning culture, recreation and philanthropy. By creating pathways to positive change, we not only enrich lives but also inspire a culture of giving that transcends our daily operations.

As our global footprint expands, we recognize the pivotal role we play in fostering positive change on a larger scale. It is with this understanding that we proudly introduced the Novum Foundation. In January of 2023, this foundation emerged as a beacon of possibility, inviting us to shape a world defined by education, art, healthcare and holistic well-being.

## Guiding Lights at the Helm

To guide this noble endeavor, we've enlisted an industry leader in the nonprofit space. This expert will spearhead our social and charitable initiatives, captaining the Novum Foundation with expertise and dedication. This independent foundation receives a fixed proportion of our profits, a testament to our steadfast commitment to supporting the communities that have welcomed us.



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## A Global Tapestry of Impact

From the vast landscapes of the United States to the vibrant communities of Mexico and Argentina, the Novum Foundation has already cast its net wide, partnering with organizations that share our passion for holistic growth. It's about nurturing true partnerships, fostering deep connections and leaving every place we touch a little better than we found it.

## Cultivating Sustainable Legacies

At the heart of the Novum Foundation lies a profound goal: to nurture enduring relationships with every community we inhabit. We seek to build not just structures, but also connections that fortify, empower and inspire. Education, health and holistic well-being take center stage as we work together to create a future that's brighter, more resilient and deeply interconnected.

In a world often defined by its challenges, Novum Energy and the Novum Foundation stand as testaments to the power of unity, compassion and unwavering dedication. As we continue our journey, one thing remains certain: our resolve to leave a legacy of positive transformation is as unyielding as the potential for change itself.

## Elevating Lives, Enriching Communities: Meet the Changemakers

### United States

#### Elijah's Retreat

In the heart of 2023, a profound partnership unfolded as the Novum Foundation extended its support to Elijah's Retreat in Jacksonville, TX. Elijah's Retreat stands as a sanctuary designed for families with children navigating the challenges of autism, offering them an idyllic haven to rejuvenate, bond and cultivate connections with other families treading similar paths. This haven, shielded from the unforgiving gaze of society, not only fosters a nurturing environment but also facilitates holistic growth within these families. Against the backdrop of this oasis, understanding flourishes, freeing families to embrace their journey with autism wholeheartedly. The retreat's diverse array of enriching activities, from equine therapy and petting zoos to sensory gardens and hiking trails, seamlessly integrates families into the natural world, providing respite from the clutches of technology.

The grant bestowed by the Novum Foundation bore a remarkable purpose – to erect the sixth and final cabin of Elijah's Retreat, a pivotal endeavor to accommodate the burgeoning demand. With waitlists stretching long and yearly spots filling in a matter of moments, this opportunity burgeoned into a transformative force, poised to impact the lives of countless families. By adding space for an additional 80 families annually, the final cabin will usher Elijah's Retreat into the next phase of their outreach and development.

As the pages of collaboration turned, the vision transcended mere accommodation; the Novum Net-Zero Cabin materialized. This cabin not only prioritizes energy efficiency, but also takes a stride towards environmental responsibility. Solar panels adorning the cabin stand as emblems of sustainability, injecting the farm with surplus energy while curbing carbon emissions. In an era of high energy demand, this undertaking lays the cornerstone for a renewable-powered future, where families find solace in Elijah's Retreat while simultaneously advancing a greener, more conscious world.

## **pARTnerschools**

The innovative collaboration between the Novum Foundation and pARTnerschools, a Houston-based nonprofit, is a concerted effort to combat the unfortunate reduction of art programs in Houston's public schools. By uniting with seasoned artists and instructors, this project invites students aged 6-12 to unleash their creative potential through the creation of unique artistic buckets, followed by immersive drumming lessons. This initiative promises to benefit 500 children over the course of a year, rekindling the flame of artistic expression in their education.

## **Instituto Nueva Escuela**

The grant awarded to Instituto Nueva Escuela (INE) in Puerto Rico is dedicated to launching the "INE en el Oeste" Center (INE in the West), a visionary project aimed at tackling the educational challenges in the Western region of the island. The core of this initiative is to empower 15 public school teachers through Montessori certification courses and transform the educational landscape by outfitting classrooms with essential Montessori materials. The ultimate goal is to expand the Montessori model in an underperforming region. The grant funding will be strategically allocated for procuring Montessori classroom materials and facilitating certification courses, resulting in the establishment of 15 new Montessori classrooms in public schools. Anticipated outcomes encompass a substantial surge in Montessori school enrollments and the enhanced satisfaction of families with the quality of education provided. Rigorous evaluation methodologies, including surveys, interviews, observations, and statistical analysis, will be employed to gauge the success and impact of this transformative endeavor.

## **Mumas Renaciendo**

Powered by a grant from the Novum Foundation, the Mumas Emprenden Program is a transformative initiative empowering economically disadvantaged women in northwestern Puerto Rico. Comprising three essential phases—emotional intelligence workshops, sewing and design training, and business plan development—the program's goal is to train 10 women as proficient seamstresses, equipping them with the means to secure employment or launch their entrepreneurial ventures. The program envisions participants achieving an annual income of \$15,000 to \$20,000 by July 2024, fostering financial independence. By imparting vital skills and entrepreneurial spirit, Mumas Emprenden aims to break the cycle of dependency, uplifting women and fostering positive change in their lives and communities.

## **Dominican Republic**

### **The Bienvenido Project**

The Novum Foundation's partnership with Bienvenido promises full educational scholarships to 85 disadvantaged children and teenagers aged 3 to 21 in Bienvenido. The project aims to break the cycle of poverty and limited opportunities, addressing challenges such as undernutrition and a lack of quality education. In addition to financial support, the project focuses on enhancing educational facilities and resources to create an environment conducive to growth and learning. The ultimate goal is to ensure that each child and teenager reaches their educational potential and is well-prepared for the competitive world beyond their community. The grant plays a pivotal role in realizing this vision by funding scholarships, essential materials, and educational space improvements, ultimately paving the way for a brighter future for these resilient young individuals.



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## Argentina

### **Fundación Multipolar**

In collaboration with Fundación Multipolar, Novum is dedicated to advancing the "Centro de Formación para el Empleo" program in Buenos Aires City. This initiative is geared towards assisting 100 homeless individuals by not only providing immediate support but also developing a replicable model that can be extended to other locations. By combining resources for program funding, research, data analysis and the training of a proficient team, this partnership seeks to directly enhance the lives of program participants. The ultimate goal is to pave the way for potential global implementation, thereby playing a crucial role in addressing homelessness on a larger scale.

### **Mensajeros de la Paz**

Through the backing of the Novum Foundation, the Colibríes group home, spearheaded by Mensajeros de la Paz, is creating a powerful impact. Focused on 25 foster youth in Buenos Aires City and Province who have experienced family separation due to human rights violations, this project is deeply committed to their well-being. Through a comprehensive strategy, it enhances infrastructure, introduces therapeutic interventions, supplies vital educational tools and secures essential healthcare services.

### **Sumando Manos**

In partnership with Sumando Manos, the Novum Foundation is driving transformative change across four communities with an ingenious apiculture initiative. This project not only provides essential beehives and equipment but also imparts comprehensive training in honey production. This freshly harvested honey serves as a valuable commodity that can be sold, thereby fostering self-reliance and simultaneously replenishing vital bee populations. This approach paves the way for economic progress and empowers these communities to flourish independently while nurturing the growth of their local ecosystems.

## Mexico

### **Fundacion John Langdon Down**

The Novum Foundation's partnership provides comprehensive educational, medical and psychological care to 65 children and youth with Down syndrome who come from economically disadvantaged families. This initiative revolves around creating an all-encompassing educational environment that focuses on nurturing the students' physical, intellectual and social development. Through engaging classes and activities, supplemented by psychological support and medical attention, the project aims to enhance the overall well-being of these individuals. This grant is not only transforming the lives of the recipients but also supporting their families with critical education on proper Down syndrome care, contributing to a brighter and more promising future.

### **Ojos Que Sienten**

Novum Foundation's support for Ojos Que Sienten's "Training for the Social Inclusion of Individuals with Visual Disabilities 2023" project is making a meaningful impact. By empowering 44 individuals with visual impairments through sensory photography instruction, job training and personal growth sessions, the project is fostering their artistic expression, inclusion and equal opportunities. The grant covers specialized materials, dedicated instructors and public engagement activities, all of which contribute to a society that embraces inclusivity and values the unique skills and contributions of individuals with visual disabilities. Through assessment and public showcases, the project strives to create a more integrated and accepting community.

## **The Future of the Novum Foundation**

Our commitment to corporate social responsibility and supporting sustainable, responsible initiatives is unwavering. We look forward to making a positive impact in the communities where we operate for many years to come.

For a complete list of Novum Energy and the Novum Foundation's partnerships, please visit [www.novumenergy.com/philanthropy](http://www.novumenergy.com/philanthropy).

# Corporate Governance

At Novum Energy, we take great pride in how we conduct business, ensuring that all employees follow detailed policies on a range of ethics and compliance issues backed by robust internal controls.



# Corporate Governance

## Introduction

Novum Energy's corporate governance structure is built on a foundation of policies, procedures and processes that address corporate responsibility and conduct, prudent fiscal management, conflicts of interest, risk management and best practices in hiring and doing business. This enables the company to expand transparently and with confidence and position Novum for long-term success.

## Objectives

The application of constitutive policies, procedures and best practices enable Novum to determine its direction and performance through effective management of the relationships among our shareholders, management, employees, business partners, all other stakeholders and the communities we serve and live in.

Our governance framework has been developed to:

- Set executive limitations by protecting and empowering the way the Company is directed and managed.
- Connect Novum's leadership team 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.
- Prevent conflicts of interest amongst stakeholders.
- Focus on the strategic goals we seek to accomplish as a team by increasing and sustaining shareholder value while remaining competitive, sustainable, relevant, and legitimate..

## Our Principles and Values

The cornerstone of Novum's governance is the unwavering commitment to fostering an environment of mutual respect for all stakeholders, business partners and employees.

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

Our principles and values of good corporate stewardship are: Accountability; Responsibility; Openness and Transparency; Integrity and Ethical Conduct; Independence; Fairness; Innovation and Openness to Change; Human Rights, Cultural Diversity, Equity and Social Cohesion; Sustainability; and Philanthropy.

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## Responsible Corporate Citizenship

At Novum, we take immense pride in our role as responsible corporate citizens on a global scale. Our commitment extends across all facets of our operations, reflecting our dedication to ethical conduct, environmental responsibility and sustainability.

Since mid-2022, commensurate with our growth as a global trading house, Novum has enhanced its global, corporate governance structure, our so-called “chassis”.

We have implemented our code of ethics and related policies as written standards that are reasonably designed to deter wrongdoing and promote honest and ethical conduct, including how to handle conflicts of interest between personal and professional relationships, compliance with applicable laws, rules and regulations, prompt internal reporting of any violations of the code to the appropriate personnel specified in the code and accountability for complying with the code.

## Innovation and Compliance Culture

We embrace innovation and have cultivated a culture that prioritizes compliance, teamwork and integration. Novum's leadership team is entrusted with the responsibility of not only nurturing but also continually reinforcing this culture throughout the organization.

## Code of Conduct and Risk Management

**Novum's Code of Conduct** serves as a guiding document for every internal policy and framework, outlining the fundamental principles and core values that are obligatory for every member of our organization. This code sets the standard for ethical behavior, reinforcing our commitment to responsible corporate citizenship. Our approach is further grounded in stringent compliance with applicable global anti-bribery/anti-corruption laws, sanctions and KYC/AML laws, standards and regulations. Our ABC policy is a cornerstone of our governance framework. It applies uniformly to every entity within the Novum family, extending its reach to encompass our directors, employees, agents and, where applicable, third parties.

**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 these risks and describes how the Group defines, manages and mitigates its exposures and assigns responsibilities for managing our risk management program. Novum has undertaken an initiative to enhance our ETRM system to be a robust and comprehensive tool whereby Novum can effectively identify and prevent various risks related to commodity price volatility and market risk. Having this tool provides robust controls and enhanced reporting for Novum's Leadership Team to effectively consider and manage risk.

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 Leadership Team with its significant risk management expertise, is responsible for setting, approving and monitoring the organization's risk management policies, credit policies and internal controls.

But just as importantly, our risk policy, risk and position as well as VaR limits, are the other cornerstone of the prudent management of our business.

All of this is supported by compliance vetting platforms such a KOMGO© and other digital data repositories and management tools.



## 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 are expected to act in accordance with them at all times.

## Policies and Guidance

Novum Energy's Code of Conduct was established to outline our principles, standards and values. This includes our expectations for ethical behavior, integrity, professional competence and confidentiality. Policies of note under the Code include:

- 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 into 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. We routinely provide information, training 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 these risks and describes how the Group defines, manages and mitigates its exposures and assigns responsibilities for managing our 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 Leadership Team with its significant risk management expertise, is responsible for setting, approving, monitoring and updating the organization's risk management policies, credit policies and internal controls.

These and other 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 Leadership Team to ensure that we achieve these objectives.



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## Onboarding Process and KYC Compliance

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 veracity of the data and documentation of our trading counterparties, Novum Energy implements a rigorous Know Your Customer (KYC) compliance procedure.

We collect information, perform a deep analysis to assess security and verify the counterparty's authenticity.

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

## Reviewing and Refreshing our Governance Policies

As the Group grows its global footprint, it is aware of the need to continuously risk-assess, review and refresh its governance policies and procedures to ensure they remain of the highest standards and continue to be relevant to the organization.

## Transparent Framework

Our corporate framework is characterized by clarity and transparency. We have established a clear framework that governs the conduct of our business, emphasizing ethical practices, compliance with regulations and a commitment to sustainability. Whether it is conflicts of interest, corporate opportunities, confidentiality, fair dealing, proper use and protection of company assets and reporting of any illegal or unethical behaviors, our policies and our approach aspire to emulate public company mandates while remaining a nimble privately-owned company.

## Corporate Organization

The Novum Management Team (the M7) plays a pivotal role in steering our organization in the right direction. We acknowledge the critical importance of setting the right tone and defining appropriate objectives for our organization.

The M7 replicates the Continental European model of a dual board structure consisting of a management board and a supervisory board.



Our M7 management team works collectively and continuously as the advisory body, ensuring that our values and principles are upheld throughout every level of the company. The ultimate parent board therefore has the benefit of being a de facto management board, with input from the expert C-Level expertise. These checks and balances are an additional risk management tool in an industry that has traversed periodic volatility on account of a myriad of geopolitical, economic and weather events.

## Novum's Dedication to Principles

At Novum, governance is more than just a set of rules and regulations; it's a reflection of our commitment to the planet and ethical conduct. Our dedication to transparency, compliance and ethical behavior aligns seamlessly with our vision for a sustainable and responsible future.

# 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 if you any ideas to help.

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