

DeNovo


WE MAKE A DIFFERENCE

DENOVO INTERNAL CONTROL POLICY

TABLE OF CONTENTS

1	GENERAL INFORMATION.....	3
1.1	DENOVO.....	3
1.2	THE MEANING OF DENOVO	3
2	OVERVIEW	3
2.1	INTERNAL CONTROL OBJECTIVES.....	3
2.2	SCOPE.....	3
3	THE CONCEPT OF CONTROLLING	4
4	MANAGEMENT'S RESPONSIBILITY FOR CONTROLLING DENOVO OPERATIONS	4
4.1.1	FOSTER AN ENVIRONMENT CONDUCIVE TO CONTROLLING.	5
4.1.2	IDENTIFY THE EXPOSURES TO LOSS AND CALCULATE THE RISKS INVOLVED IN CONDUCTING OPERATIONS.	5
4.1.3	ESTABLISH CONTROL FRAMEWORKS.....	5
4.1.4	ESTABLISH PRACTICAL (COST BENEFICIAL) CONTROLLING PROCESSES.....	5
4.1.5	ESTABLISH AN ON-GOING MONITORING PROGRAM.....	5
4.2	INFORMATION AND COMMUNICATION TECHNOLOGY CONTROLS	5
5	DELEGATION OF AUTHORITY FOR APPROVING AND ESTABLISHING CONTROLS	6

I GENERAL INFORMATION

I.1 DENOVO

DeNovo is an energy company focused on meeting the energy needs of Trinidad and Tobago. DeNovo is the owner of Block I(a) located offshore in the west coast of Trinidad. DeNovo currently produces natural gas from the Iguana and Zandolie fields in Block I(a) from four (4) shallow water wells with two (2) unmanned platforms and a 45km pipeline to DeNovo's Gas Processing Unit which is located onshore.

I.2 THE MEANING OF DENOVO

We make a difference through safely, rapidly, and efficiently developing and operating greenfield and brownfield assets, utilizing modern technologies and automated processes, designed, and built to industry standards, in order to deliver a competitively priced energy molecule, all done through highly enrolled and empowered DeNovians.

2 OVERVIEW

DeNovo's system of internal control is fundamental to its successful response to risks within DeNovo's governance, operations, and information systems regarding the:

- Achievement of DeNovo's strategic objectives.
- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programs.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures, and contracts.

The Board of Directors of DeNovo, in its governance role, is ultimately responsible for directing and controlling DeNovo. The Board of Directors has therefore established this Internal Control Policy to ensure DeNovo establishes and maintains controls that are adequate, effective, and efficient in responding to DeNovo's risks.

The internal control environment is an integral part of managing operations. DeNovo management at all times must strive to maintain adequate controls and promote continuous improvement.

2.1 INTERNAL CONTROL OBJECTIVES

- To establish management's responsibility for controlling the operations of DeNovo.
- To delegate authority, responsibility and accountability for establishing and approving policies and procedures for controlling DeNovo operations.
- To assign responsibilities for oversight, management, and reporting of internal control.

2.2 SCOPE

The corporate policy statement on controlling operations covers the three dimensions of control:

- The Concept of Controlling.
- Management's Responsibility for Controlling.
- Delegation Of Authority for Approving and Establishing Controls.

3 THE CONCEPT OF CONTROLLING

Control is any action taken by DeNovo's board, management, a manager/process owner, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Hence, controlling is any action taken by board and management to enhance the probability that established goals and/or objectives will be achieved. Those actions may be either:

- preventive (to deter undesirable events from occurring).
- detective (to detect and correct undesirable events which have occurred).
- directive (to cause or encourage a desirable event to occur).

Whatever form the action may take, controlling is a positive force, exerted through people, to achieve a stated goal or objective.

The four broad, generic objectives of controlling operations are to:

- Safeguard the resources for which the individual manager is responsible, including human resources and the goodwill of DeNovo.
- Ensure the reliability of data, information, and disclosures.
- Promote safe, efficient, and effective operations.
- Ensure that the Board and Management's intentions are carried out, including those outlined in plans, policies, procedures, and are in compliance with the laws, regulations and policy directives under which DeNovo operates.

4 MANAGEMENT'S RESPONSIBILITY FOR CONTROLLING DENOVO OPERATIONS

Management is charged with the responsibility for controlling the operations of DeNovo in a manner which:

- Safeguards DeNovo's resources.
- Ensures the reliability of data, information, and disclosures.
- Promotes efficient and effective operations.
- Ensures that plans, objectives and intentions of DeNovo's Board of Directors and Management are carried out.
- Ensures that Policy Directives from Regulatory Bodies and Shareholder, as sanctioned by the Board of Directors, are carried out efficiently and effectively.

Control Processes are the policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within the level that an organisation is willing to accept. Controlling is an integral part of managing operations. As such, it is the responsibility of management, at all levels of DeNovo, to:

- Identify and evaluate the exposures related to the conduct of its operations.
- Specify and establish the policies, operating standards, procedures, systems, and other disciplines to be used to limit the risks associated with the exposures identified.
- Establish practical controlling processes that require and encourage employees to perform their tasks in a manner that achieves a positive control result.
- Provide consistent and ongoing monitoring to maintain the adequacy and effectiveness of the controlling processes that have been established.

To have an adequate and effective process for controlling operations, managers at all levels of DeNovo have the following responsibilities:

4.1.1 FOSTER AN ENVIRONMENT CONDUCIVE TO CONTROLLING.

The Internal Control Environment is the attitude and actions of the board and management regarding the importance of control within DeNovo.

The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organisational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.
- Continuous follow-up / monitoring.

Each of DeNovo's managers' behavior and attitude toward control will influence the attitudes of other employees. The manager who demonstrates high ethical and personal standards, integrity, diligence, loyalty, and honor will create an environment that encourages adequate and effective controlling processes within his or her sphere of influence.

4.1.2 IDENTIFY THE EXPOSURES TO LOSS AND CALCULATE THE RISKS INVOLVED IN CONDUCTING OPERATIONS.

- Risk exposure to loss must be identified for each of DeNovo's assets, entity, function, activity, department, objective, plans, project, and/or system in DeNovo.
- Risk exposure must be evaluated for its impact on DeNovo, the likelihood of occurrence, and its controllability on a cost-effective basis.
- When a risk is identified, it must be assessed to determine its significance.
- Controls may not be designed for risks that are assessed as being insignificant (low impact, low likelihood), but re-assessment must occur whenever the risk materialises to ensure it is appropriately assessed.
- Risks must be maintained and recorded in a risk register with a process for updating, and clear line of site to key decisions makers in DeNovo including its board and management.

4.1.3 ESTABLISH CONTROL FRAMEWORKS

Control frameworks must be established to encompass policies, operating and performance standards, budgets, plans, systems, procedures, activities, and risk registers (both manual and automated) that address the exposures identified and reduce them to an acceptable level of risk, consistent with the risk tolerance level established by DeNovo's board of directors.

4.1.4 ESTABLISH PRACTICAL (COST BENEFICIAL) CONTROLLING PROCESSES

Establish practical (cost beneficial) controlling processes that motivate, channel and/or otherwise direct employees to perform their work in a manner that achieves a positive control result.

4.1.5 ESTABLISH AN ON-GOING MONITORING PROGRAM

Establish an on-going monitoring program to determine and report on the effectiveness with which the controlling processes accomplish their intended purpose.

4.2 INFORMATION AND COMMUNICATION TECHNOLOGY CONTROLS

IT controls are controls that support business management and governance as well as provide general and technical controls over information technology infrastructures such as applications, information, infrastructure, communication, and people.

DeNovo management is charged with the responsibility of:

- Identifying the exposures to loss and calculating the risks involved in DeNovo’s Information and Communication Technology systems.
- Establishing practical (cost beneficial) controlling processes and ongoing monitoring programs.
- Ensuring systems downtime has minimal disruption to DeNovo’s operations and procedures are in place to address such.

5 DELEGATION OF AUTHORITY FOR APPROVING AND ESTABLISHING CONTROLS

DeNovo’s Board of Directors is:

- Ultimately responsible for ensuring strong controls are established for DeNovo, sufficient to ensure DeNovo goals and objectives are achieved as intended.
- Charged with direct oversight of the Internal Control Environment established for DeNovo.
- Authorised to approve all governance policies for controlling and directing DeNovo operations, corporate performance, regulatory standards and for optimising and directing any DeNovo resource.
- Permitted to delegate its authority for standard operating policies and procedures for the execution of DeNovo operations to DeNovo Management, in accordance with below.

In establishing the control processes and framework, DeNovo’s standards, policies and procedures etc. shall be approved as follows:

CONTROLS		AUTHORISED APPROVER
1	Governance Policies & Directives for controlling and directing DeNovo Operations.	Board of Directors
2	Corporate Performance & Regulatory Standards for optimising and regulating DeNovo resources (e.g., Delegation of Authority, DeNovo Strategic Plans, Corporate Scorecard Objectives & Targets; Budgets; Financial Reporting standards; Standards for performance, safety, quality, etc.).	Board of Directors
3	Governance Procedures for operationalising Board Approved Policies & Directives.	Managing Director
4	Corporate Operating Policies & Directives for controlling the operations of DeNovo.	Managing Director / Management
5	Corporate Operating Standards (e.g., management reporting & information system).	Managing Director / Management
6	Corporate Operating Procedures for operationalising Policies, Standards & Directives established by President.	Management with functional responsibility
7	Standard Operating Policies for its Business Units.	Management
8	Standard Operating Procedures & Guidelines for Business Units.	Management
9	Work Instructions.	Manager / Process Owner