TERMS OF REFERENCE OF THE BOARD COMMITTEES OF AVA CAPITAL PLC

AVA Capital PLC (RC 1167339)

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Chairman: Adeyinka Adedeji Managing Director: Kayode Fadahunsi

Directors: Samson Adekunle, Adebayo Odeyale, Dr. Hauwa Babakobi, Bolanle Ekanim, Lotanna Uzoka

1. Introduction

These Terms of Reference are issued pursuant to the Board Charter of AVA Capital Plc ("the Company") and the Subsidiaries (together, the "Group") and in accordance with the Companies and Allied Matters Act 2020 (CAMA), applicable SEC regulations, and relevant Codes of Corporate Governance.

2. Establishment

2.1 The establishment of Board Committees is mandated by the Nigerian Code of Corporate Governance (NCCG) 2018. Principle 11 of the NCCG 2018 provides that, to ensure efficiency and effectiveness, the Board delegates some of its functions, duties, and responsibilities to well-structured committees, without abdicating its responsibilities.

2.2 Principles 11.1.6 and 11.1.7 of the NCCG 2018 further provide that, to facilitate adequate oversight, the Board should establish committees responsible for nomination and governance, remuneration, audit, and risk management. The Board may, however, combine any of the responsibilities mentioned above, taking into consideration the size, needs, and other requirements of the Company.

2.3 The Board has therefore established three committees, taking into consideration the provisions of the applicable rules, to cater to these responsibilities. The established Committees are:

a. Statutory Audit Committee;
b. Finance, Investment, and Risk Management Committee; and
c. Human Resources and General-Purpose Committee.

2.4 Each Committee derives its authority from the Board and shall operate within the scope of authority delegated to it. The delegation of responsibilities to Committees does not diminish the collective responsibility of the Board.

3 Standing Rules Applicable to All Committees

3.1 As a general rule, the role of the Board Committees is to advise the Board on matters belonging to their respective jurisdiction. Unless specifically otherwise provided in the Board Charter, the Board Committees do not have the power of decision, which is the privilege of the Board of Directors. The Board Committees are accountable to the Board for their own activities and performance - Principle 11.1.16, NCCG, 2018.

3.2 At board meetings, the chairman of each Board committee shall present a written report of the key recommendations made at all the meetings held by the committee since the last Board meeting - Principle 11.1.13, NCCG, 2018.

3.3 The members of each Board Committee are proposed by the Chairman of the Board of Directors and appointed by a simple majority vote of the Board Members for a term corresponding to their term of office as a Director. Only Directors may be members, while members of the senior management may be required to attend committee meetings - Principle 11.1.2, NCCG, 2018.

3.4 To effectively perform its oversight functions and monitor management's performance, each of the Board committees shall meet at least once every quarter. Minutes are taken at every Committee meeting and approved at the next Committee meeting. Each of the Committees, through its Chairman, shall have the right to invite other Directors to its meetings at its own discretion.

3.5 Each of the Committees shall have the right to request the assistance and/or presence of independent external experts at the expense of the Company – Principle 11.1.15.

3.6 The Company Secretary shall coordinate such requests for external assistance.

3.7 The Chairman of the Committees shall be appointed from the Board by members of the Board - Principle 11.1.8, NCCG, 2018.

3.8 Should the Chairman of a Committee have a conflict of interest in respect of any Committee business, or not be available at a meeting, the longest-serving independent member of the Committee will assume the Chair.

4 Statutory Audit Committee

4.1 Establishment and Composition – The Statutory Audit Committee ("the Committee") is established pursuant to Section 404 of the Companies and Allied Matters Act 2020. The Committee shall comprise Directors and shareholder representatives, subject to statutory requirements.

4.2 Purpose – The Committee shall assist the Board in overseeing the integrity of the Company's financial reporting process; the effectiveness of internal control systems; the independence and performance of internal and external auditors; and the mechanisms for receiving complaints relating to accounting, internal controls, audit, or unethical conduct.

4.3 Responsibilities

4.3.1 Internal Audit Oversight – The Committee shall:

a. Monitor the Internal Audit function of AVA Capital, including its independence.

b. Oversee the development of a procedure for the receipt, retention and treatment of complaints received by AVA Capital, regarding risk management, accounting, internal accounting controls, unethical activity/breach of the Code of Corporate Governance or audit matters, including a means for AVA Capital's stakeholders (employees, customers, suppliers, applicants, etc.) to submit such complaints confidentially.

c. Investigate any matter brought to its attention within the scope of its duties with the authority to retain counsel or other advisors, if in its judgment it is appropriate, at the expense of AVA Capital.

d. Review the proposed Audit Plan(s) and the results of Internal Audits completed since the previous Committee meeting, as well as the focus of upcoming Internal Audit projects.

4.3.2 Statutory Audit and Financial Reporting – The Committee shall:

a. Review the results of the annual audit and discuss the audited Financial Statements with Management.

b. Review the Statutory Auditors' Management Letter when presented and ensure adequacy of management's response.

c. Review with the Chief Financial Officer annually the significant financial reporting issues and practices of AVA Capital, and ensure that appropriate accounting principles are applied, including financial controls relating to the "closing of the books" process.

d. Meet separately, and at least quarterly, with the Internal Auditor to discuss the adequacy and effectiveness of accounting and financial controls of AVA Capital.

e. Require Management to present and discuss, as soon as practicable, all reports received from regulators which may have a material effect on the financial statements or compliance policies of the company.

f. Assess and confirm the independence and competence of the Statutory Auditor annually, in line with AVA Capital's Statutory Audit Independence Policy. The report of this assessment should be submitted to the Board.

4.4 Membership

The members of the Committee should be NEDs, and a majority of them should be INEDs where possible. The Chairman of the Committee should be selected from its members and have financial literacy - Principle 11.4.4 NCCG, 2018.

5 Finance, Investment, and Risk Management Committee

5.1 Establishment and Purpose – The Finance, Investment, and Risk Management Committee ("the Committee") is established to assist the Board in its oversight of financial stewardship, capital allocation, investment governance, enterprise risk management, and regulatory compliance. The Committee shall ensure sound financial management and reporting integrity; prudent capital allocation and investment discipline; effective risk governance aligned with Board-approved risk appetite; and compliance with applicable laws and regulatory requirements.

5.2 Responsibilities

5.2.1 Financial Oversight – The Committee shall:

a. Review and recommend to the Board the annual budget, financial projections, and capital allocation plans.

b. Monitor the Company's financial performance against approved budgets and strategic objectives.

c. Review significant financial policies, treasury policies, and funding strategies before Board approval.

d. Oversee liquidity management, capital adequacy, and funding structure.

5.2.2 Investment Oversight – The Committee shall:

a. Review and recommend to the Board the Company's overall investment policy, including asset allocation, diversification parameters, concentration limits, and return objectives.

b. Oversee the implementation of the approved investment strategy and ensure alignment with the Company's risk appetite and strategic objectives.

c. Review and recommend major investment proposals, divestments, or capital commitments above thresholds determined by the Board.

d. Monitor investment performance, including portfolio returns relative to benchmarks and approved risk parameters.

e. Ensure that appropriate due diligence processes are in place for new investments and strategic transactions.

f. Oversee compliance with regulatory requirements relating to investment activities.

5.2.3 Enterprise Risk Management – The Committee shall:

a. Oversee the establishment and maintenance of a formal written Enterprise Risk Management (ERM) Policy defining risk categories, risk appetite, and acceptable risk limits.

b. Ensure that adequate policies and internal controls are in place to identify, assess, manage, and mitigate business, operational, financial, investment, and compliance risks.

c. Review and recommend for approval of the Board, at least annually, the Company's Information Technology (IT) data governance framework to ensure that IT data risks are adequately mitigated and relevant assets are managed effectively.

d. Periodically review risk reports from Management, Internal Audit, External (Statutory) Auditors, and supervisory authorities to ensure compliance with approved risk policies.

e. Oversee the effectiveness and independence of the Risk Management function.

f. Re-evaluate the Risk Management Policy periodically to reflect material changes in the internal or external environment.

g. Review, and recommend amended or new risk policies to the Board for approval.

5.2.4 Compliance with Laws and Regulations – The Committee shall:

a. Review the Company's adherence to its Code of Conduct and Ethics.

b. Review the adequacy and effectiveness of the Company's compliance programme.

c. Review the scope and depth of the Conduct and Compliance Unit's activities and assess the impact of compliance findings on the Company's overall risk profile.

d. Evaluate the adequacy and effectiveness of action plans implemented to address identified compliance weaknesses.

e. Review the risk management framework, policies, and processes annually to ensure their continued effectiveness.

f. Review with the Head, Legal, any significant legal matters, contingent liabilities, regulatory exposures, or other sensitive issues that may have a material impact on the Company's financial statements, internal control systems, investment portfolio, or regulatory compliance position.

5.3 Membership

Members of the Finance, Investment, and Risk Management Committee should include Executive Directors (EDs) and Non-Executive Directors (NEDs), a majority of whom should be NEDs - Principle 11.5.2, NCCG, 2018. The Chairman of the Committee should be a Non-Executive Director - 11.5.4, NCCG, 2018.

6 Human Resources and General-Purpose Committee

6.1 Establishment and Purpose – The Human Resources and General-Purpose Committee ("the Committee") is established to assist the Board in matters relating to Board composition, governance framework, succession planning, remuneration oversight, and organisational structure.

6.2 Responsibilities

6.2.1 Governance, Nomination, and Board Effectiveness Responsibilities – The Committee shall:

a. Review at least annually the size, structure, and composition of the Board, including succession planning for Directors and the Chairman, and recommend to the Board the appropriate balance of skills, experience, independence, diversity, and personal attributes required for effective discharge of its duties.

b. Develop and recommend to the Board criteria for Board membership and leadership positions, including competency frameworks and independence standards, subject to Board approval.

c. Make recommendations to the Board on experience and qualifications required for Board Committee membership; appointment and removal of Committee members; Committee structure and reporting lines; and operational governance matters affecting Board Committees.

d. Identify, screen, and recommend candidates for appointment to the Board, ensuring that nominees satisfy fit and proper person requirements; appropriate due diligence is conducted; nominees possess the competence and integrity required; and appointments will not adversely affect the reputation or regulatory standing of the Company.

e. Ensure that all newly appointed Directors receive a formal letter of appointment clearly outlining their duties, responsibilities, fiduciary obligations, expected time commitment, and applicable governance standards.

f. Oversee the development and continuous improvement of the Board induction programme. New Directors shall receive a comprehensive induction pack including the Board Charter, Committee Terms of Reference, minutes of at least the previous four Board meetings, constitutional documents, and key strategic and risk documents.

g. Establish and periodically review the effectiveness of orientation and continuing education programmes to ensure Directors remain adequately informed of the Company's operations and strategy; regulatory developments; industry trends; and evolving governance standards.

h. Oversee the annual evaluation process for the Board as a whole, individual Directors, the Chairman, and the Board Committees.

i. Monitor and assess Director independence in accordance with applicable law, regulatory requirements, and the Company's governance policies.

j. Review and recommend for Board approval the organisational structure of the Company, significant structural changes, and governance framework documents, including the Board Charter, Committee Terms of Reference, Code of Ethics, Conflict of Interest Policy, Whistleblowing Policy, and related governance policies.

6.2.2 Remuneration and Compensation Responsibilities

a. Review and recommend to the Board the overall remuneration philosophy and policy of the Company, ensuring alignment with strategic objectives, risk appetite, regulatory requirements, and long-term shareholder interests.

b. Review and recommend to the Board employee compensation frameworks, including salary structures, performance-based incentives, pension and retirement plans, share ownership or long-term incentive schemes, and other employee benefit programmes, benchmarking against comparable organisations.

c. Review and recommend to the Board remuneration of Non-Executive Directors, subject to applicable legal and regulatory requirements and shareholder approval where required.

d. Review and recommend for Board approval the total remuneration package of the Chief Executive Officer and other Executive Directors, ensuring that compensation attracts, retains, and motivates high-calibre executives, maintains an appropriate balance between fixed and variable components, links variable compensation to clearly defined, measurable performance indicators, incorporates risk-adjustment mechanisms where appropriate, and promotes long-term sustainable performance.

e. Review the outcomes of performance evaluations of the Chief Executive Officer and senior management and make recommendations to the Board on compensation adjustments where appropriate.

f. Form and delegate authority to sub-committees where necessary, provided that such delegation does not derogate from the Committee's responsibility to report and make recommendations to the Board.

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6.3 Membership

Members of the Human Resources and General-Purpose Committee should be Non-Executive Directors (NEDs), a majority of whom should be INEDs - Principle 11.3.2, NCCG, 2018. The Chairman of the Committee should be an Independent Non-Executive Director - 11.3.3, NCCG, 2018.

7 Meeting and Quorum

5.1 The Committees should meet at least once a quarter to discuss businesses that deal directly with their responsibilities.

5.2 The quorum necessary for the transaction of the business of the Board Committee shall be two (2) where there are not more than six board committee members, but where there are more than six board committee, the quorum is one-third of the number of members of the committee, and where the number of members of the committee is not a multiple of three, then the quorum is one third to the nearest number.

5.3 Proceedings of each Committee shall be properly minuted and reported to the Board.

8 Authority

Each Committee is authorised to:

6.1 Access all relevant Company information.

6.2 Request the attendance of the Management or officers.

6.3 Obtain independent professional advice at the Company's expense, where necessary.

9 Review

These Terms of Reference shall be reviewed periodically by the relevant Committees, and any amendments shall be recommended to the Board for approval.

10 Approval and Effective Date

These Terms of Reference become effective from the 4th day of February, 2026.

DR. ADEYINKA ADEDEJI
CHAIRMAN

DR. HAUWA BABAKOBI
DIRECTOR