AVA
CAPITAL PLC

AVA Capital Plc is registered and regulated by
the Securities and Exchange Commission, Nigeria.

RISK MANAGEMENT POLICY

Policy Authors	Internal Control Department
Approval Authority	Board of Directors of Ava Capital Plc
Review Frequency	Annually or as needed

1. Purpose

The purpose of this policy is to establish a structured framework for identifying, assessing, monitoring, and mitigating risks in the investment operations of AVA Capital Plc and its subsidiaries (AVA Global Asset Managers, AVA Securities and AVA Trustees) hereinafter referred to as 'the Group'. This includes managing financial, operational, compliance, reputational, and fraud-related risks, ensuring alignment with the firm's strategic objectives and defined risk appetite.

2. Scope

This policy applies to all investment portfolios, strategies, and asset classes managed by the Group. It covers all employees, senior management, and board members involved in decision-making, risk monitoring, and operational processes. The policy addresses risks including market, credit, liquidity, operational, regulatory, reputational, financial, strategic and fraud risks.

3. Risk Management Objectives

- Ensure risks are systematically identified and evaluated.
- Establish clear roles and responsibilities for risk management.
- Promote a risk-aware culture across the organization.
- Protect organizational assets, resources, and reputation.
- Ensure compliance with legal, regulatory, and ethical standards.

4. Risk Appetite

Definition: Risk appetite is the level and type of risk that the organization is willing to accept in pursuit of its objectives.

Key Principles:

1. **Alignment with Strategy:** Risk-taking must be consistent with the organization's strategic goals and values.
2. **Acceptable Risk Thresholds:** Specific thresholds for financial, operational, and reputational risks must be defined.
3. **Monitoring and Review:** Risk appetite statements will be reviewed annually or when significant changes occur in the business environment.
4. **Communication:** The organization will communicate risk appetite throughout all levels to ensure alignment and understanding.

5. **Quantitative Limits:**

- **Market risk:** Maximum portfolio volatility, value-at-risk (VaR) thresholds.
- **Credit risk:** Maximum exposure per counterparty or sector.
- **Liquidity risk:** Minimum liquidity requirements for each fund.

5. Fraud Risk Management

Definition: Fraud risk is the potential for intentional acts of deception or misrepresentation to result in financial, operational, or reputational harm.

Fraud Risk Principles:

1. **Prevention:**
   - Implement strong internal controls, segregation of duties, and approval processes.
   - Provide regular staff training on fraud awareness and ethical conduct.
2. **Detection:**
   - Conduct routine audits and reconciliations.
   - Implement whistleblower mechanisms and anonymous reporting channels.
3. **Response:**
   - Investigate suspected fraud immediately.
   - Take disciplinary and legal actions when necessary.
   - Document findings and strengthen controls to prevent recurrence.
4. **Monitoring:**
   - Regularly assess fraud risks in business processes.
   - Update fraud risk assessments to reflect emerging threats and industry best practices.

6. Risk Identification and Assessment

- Conduct regular risk assessments to identify potential threats and opportunities.
- Classify risks by type (strategic, operational, financial, compliance, fraud, reputational).
- Evaluate risks in terms of likelihood and impact.
- Document risk registers and maintain a risk heat map to prioritize risk responses.

7. Risk Mitigation and Controls

- Define risk mitigation strategies (avoid, reduce, transfer, accept).
- Assign responsibility for implementing risk controls.
- Monitor effectiveness of controls regularly and adjust as necessary.
- Ensure key risks, especially fraud risks, are continuously reviewed by senior management.

8. Roles and Responsibilities

- **Board of Directors:** Approves risk appetite and oversees enterprise risk management.
- **Risk Management Committee:** Reviews major risks, including fraud risks, and ensures mitigation strategies are implemented.
- **Management:** Implements risk controls, monitors departmental risks, and reports incidents.
- **Employees:** Adhere to policies, report potential risks or fraud, and contribute to a risk-aware culture.

9. Reporting and Monitoring

- Maintain a centralized risk register accessible to management.
- Produce quarterly risk reports highlighting key risk exposures and mitigation actions.
- Conduct annual reviews of the risk management framework to ensure effectiveness and compliance.

10. Policy Review

This policy shall be reviewed at least annually, or sooner if significant organizational, regulatory, or operational changes occur. Updates will be approved by the Board of Directors.

DR. ADEYINKA ADEDEJI
CHAIRMAN

DR. HAUWA BABAKOBI
DIRECTOR