

786 INVESTMENTS LIMITED

POLICY ON DETERMINATION OF TERMS OF CREDIT AND DISCOUNT TO CUSTOMERS

1. PURPOSE

The purpose of this Policy is to establish a clear, consistent, transparent, and controlled framework for determining, approving, documenting, monitoring, and reviewing any **credit terms, payment arrangements, concessions, rebates, fee waivers, or discounts** that may be offered to customers/investors of 786 Investments Limited ("the Company").

The Policy is intended to:

- Ensure that any credit or discount arrangement is commercially justified and financially prudent;
 - Protect the Company's financial interests and assets;
 - Ensure consistency and fairness in dealing with customers;
 - Prevent unauthorized or preferential concessions;
 - Establish appropriate approval authorities and segregation of duties;
 - Ensure compliance with applicable laws, regulations, SECP requirements, fund constitutive documents, offering documents, and internal policies;
 - Maintain adequate documentation and audit trails; and
 - Minimize credit, operational, reputational, and financial risks.
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2. SCOPE

This Policy applies to all departments, employees, officers, and management personnel involved in:

- Customer/investor onboarding;
- Billing and collection;
- Fund management operations;
- Distribution and sales;
- Finance and accounting;
- Customer servicing;
- Approval of discounts, rebates, or concessions; and
- Any arrangement that results in the Company allowing a customer to defer, reduce, or otherwise modify an amount otherwise payable.

The Policy applies to all customers, distributors, institutional clients, corporate customers, and other counterparties, to the extent applicable.

3. REGULATORY AND GOVERNANCE PRINCIPLES

786 Investments Limited shall determine credit and discount terms in accordance with:

1. Applicable provisions of the **Companies Act, 2017**;
2. Applicable **SECP laws, rules, regulations, circulars, and directives** governing asset management companies and collective investment schemes;
3. Applicable constitutive documents, trust deeds, offering documents, and approved policies of the relevant fund;
4. Applicable tax laws and withholding requirements;
5. Accounting standards and the Company's approved accounting policies;
6. Agreements executed with customers, distributors, and other counterparties; and
7. The Company's internal delegation of authority and risk management framework.

Where any provision of this Policy conflicts with applicable law, regulation, SECP requirement, constitutive document, or offering document, the applicable legal/regulatory requirement shall prevail.

4. DEFINITIONS

4.1 Credit Terms

"Credit Terms" means any arrangement under which an amount due to the Company is permitted to be paid after the normal due date or under an agreed installment/payment schedule.

4.2 Discount

"Discount" means any reduction in an amount otherwise payable to the Company, including a rebate, concession, fee waiver, promotional reduction, or other financial incentive.

4.3 Customer

"Customer" includes investors, clients, institutional customers, distributors, corporate customers, and other persons or entities purchasing services or products from the Company, as applicable.

4.4 Standard Terms

"Standard Terms" means the normal payment, fee, commission, and other commercial terms approved by the Company for a particular product or service.

4.5 Exceptional Terms

"Exceptional Terms" means terms that differ from the Company's approved standard terms and require additional approval under this Policy.

5. GENERAL POLICY

The Company shall generally operate on **cash-before-service/payment-before-transaction principles**, wherever practicable, particularly in relation to regulated investment products and transactions involving subscriptions, redemptions, management fees, or other investor-related amounts.

Credit or discount arrangements shall not be granted merely to increase sales or business volumes where such arrangements could expose the Company, its funds, or investors to undue financial, regulatory, operational, or reputational risk.

No employee or officer shall have the authority to grant credit or discount outside the limits approved under this Policy.

6. DETERMINATION OF CREDIT TERMS

Where credit is commercially necessary and legally permissible, the following factors shall be considered before approving credit:

6.1 Customer Assessment

The relevant department shall assess:

- Customer's financial standing;
- Creditworthiness and payment history;
- Length and nature of the business relationship;
- Previous defaults or overdue balances;
- Expected transaction volume;
- Customer's ownership and management profile, where relevant;
- Nature and purpose of the transaction; and
- Any other relevant credit risk factors.

For institutional or corporate customers, appropriate financial and corporate information may be obtained, including audited financial statements, bank references, credit information, and other documents considered necessary.

6.2 Credit Limit

A specific credit limit shall be established for each approved customer or customer category.

The credit limit shall consider:

- Customer creditworthiness;
- Expected transaction volume;
- Historical payment performance;
- Company's exposure;
- Concentration risk;
- Availability of security, where applicable; and
- Overall risk appetite of the Company.

No customer shall be permitted to exceed an approved credit limit without prior written approval from the appropriate authority.

6.3 Credit Period

The credit period shall be clearly documented and shall specify:

- Date from which the credit period commences;
- Maximum number of credit days;
- Due date;
- Payment method;
- Consequences of delayed payment; and
- Any applicable late-payment charges, where legally permissible and contractually agreed.

As a general principle, credit periods should be kept as short as commercially practicable.

6.4 Security

Where considered necessary, the Company may require appropriate security, guarantees, deposits, collateral, or other risk mitigation arrangements before extending credit.

The Finance Department shall assess the adequacy and enforceability of such security.

7. CRITERIA FOR GRANTING DISCOUNTS

Discounts may only be granted where there is a documented commercial rationale and where the discount is permissible under applicable regulatory requirements and relevant product/fund documentation.

Factors that may be considered include:

- Volume of business;
- Early or advance payment;
- Long-term customer relationship;
- Institutional or strategic relationship;
- Promotional campaigns approved by management;
- Cost savings achieved through the arrangement;
- Market conditions;
- Competitive considerations; and
- Other objectively justifiable commercial considerations.

Discounts shall not be granted in a manner that:

- Unfairly discriminates between similarly situated customers;
- Contravenes applicable SECP requirements;
- Conflicts with the offering document or constitutive documents of a fund;
- Results in unauthorized use of fund assets;
- Misrepresents the fees or charges payable by investors; or
- Creates an undisclosed benefit for an employee, director, related party, or other connected person.

8. INVESTMENT PRODUCTS AND FUND-RELATED CHARGES

Special care shall be exercised where the proposed credit or discount relates to:

- Management fees;
- Front-end load;
- Back-end load;
- Trustee or other fund-related charges;
- Subscription/redemption-related charges;
- Distributor-related charges;

- Other fees payable by investors; or
- Any amount charged to or recoverable from a Collective Investment Scheme.

Any waiver, reduction, rebate, or concession involving regulated fund-related charges shall only be permitted where it is:

1. Allowed under applicable regulatory requirements;
2. Consistent with the relevant constitutive documents and offering documents;
3. Approved by the appropriate authority;
4. Properly documented; and
5. Accounted for transparently.

No arrangement shall be made that improperly transfers a cost or benefit between the Company and a fund or between different categories of investors.

9. CUSTOMER CATEGORIES AND STANDARD TERMS

The Company may establish standard terms for different customer categories, such as:

- Retail customers/investors;
- Institutional investors;
- Corporate customers;
- Distributors;
- Strategic customers; and
- Other approved customer categories.

Any differentiation in credit or discount terms shall be based on objective and documented criteria.

Standard terms shall be reviewed periodically by management to ensure that they remain commercially appropriate and compliant with applicable regulatory requirements.

10. APPROVAL AUTHORITY

The following approval framework shall apply unless a stricter limit is prescribed by the Board, applicable regulation, or another approved Company policy.

Type of Arrangement	Approval Authority
Standard terms approved under an existing product/customer arrangement	Relevant Department Head
Credit/discount within approved departmental limits	Department Head + CFO
Exceptional credit terms or discounts	CFO + CEO
Material or unusual concessions	CEO + Board/Board Committee, where applicable
Any arrangement involving regulated fund assets or investor charges requiring regulatory approval	Appropriate authorized authority and/or regulatory approval, as applicable
Related-party or connected-person arrangement	Board/appropriate Board Committee, subject to applicable law and policy

No individual shall approve an arrangement where that individual has a direct or indirect personal interest.

The Board may revise approval limits from time to time.

11. DOCUMENTATION REQUIREMENTS

Each approved credit or discount arrangement shall be supported by adequate documentation, including, as applicable:

- Customer request;
- Business/commercial justification;
- Customer assessment;
- Credit limit;
- Approved credit period;
- Discount percentage or amount;
- Applicable fees/charges;
- Approval evidence;
- Customer agreement/contract;
- Security or guarantee documentation;
- Terms and conditions;
- Relevant regulatory assessment; and
- Any other supporting information.

All approvals shall be in writing and retained in accordance with the Company's record-retention requirements.

12. SEGREGATION OF DUTIES

The Company shall maintain appropriate segregation between:

1. Customer/business acquisition;
2. Credit/discount recommendation;
3. Credit/discount approval;
4. Transaction processing;
5. Accounting and recording;
6. Collection; and
7. Reconciliation and monitoring.

No employee should independently initiate, approve, process, and reconcile the same credit or discount transaction.

13. CREDIT MONITORING

The Finance Department shall maintain a record of all outstanding customer balances subject to credit terms.

At a minimum, monitoring shall include:

- Customer-wise outstanding balance;
- Approved credit limit;
- Credit utilization;
- Ageing of receivables;
- Overdue amounts;
- Payment history;
- Exceptions to approved terms; and
- Expected recovery.

A periodic ageing report shall be submitted to management.

14. OVERDUE ACCOUNTS

Where a customer exceeds the approved credit period:

1. The overdue amount shall be identified and reported;
2. Further credit may be suspended;

3. The customer shall be contacted for settlement;
4. Escalation shall be made to the relevant Department Head and CFO;
5. Additional credit shall not be granted without appropriate approval; and
6. Where necessary, legal/recovery action may be initiated.

Repeated delays or defaults shall result in reassessment of the customer's credit limit and terms.

15. REVIEW OF CREDIT LIMITS

Customer credit limits shall be reviewed:

- At least annually;
- When material changes occur in the customer's financial position;
- Following significant payment defaults;
- When transaction volumes materially increase;
- When the customer's risk profile changes; or
- Whenever management considers a review necessary.

The Company may reduce, suspend, or cancel credit facilities at any time based on risk considerations.

16. DISCOUNT CONTROL AND MONITORING

The Finance Department shall maintain a **Discount Register** containing, at minimum:

- Customer name;
- Product/service;
- Standard price/fee;
- Approved discount;
- Net amount;
- Reason for discount;
- Approving authority;
- Effective period;
- Date granted; and
- Actual financial impact.

Management shall periodically review discounts to identify:

- Excessive concessions;
 - Unusual patterns;
 - Unauthorized discounts;
 - Customer concentration;
 - Margin erosion; and
 - Potential conflicts of interest.
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17. RELATED-PARTY TRANSACTIONS

Any credit, discount, fee waiver, concession, or other preferential arrangement involving:

- Directors;
- Key management personnel;
- Employees;
- Their close relatives, where applicable;
- Associated companies;
- Group entities; or
- Other related/connected persons

shall be subject to applicable related-party requirements and shall receive the level of approval required under law and Company policy.

Such arrangements shall be conducted on an appropriately controlled and documented basis.

18. EXCEPTIONS

Any deviation from this Policy must:

- Be properly justified;
- Be documented in writing;
- Identify the nature and duration of the exception;
- Assess the associated risks;
- Receive approval from the appropriate authority; and
- Be reported to the CFO and/or CEO as appropriate.

Material or recurring exceptions shall be reported to the Board or relevant Board Committee.

19. ACCOUNTING AND FINANCIAL REPORTING

All credit balances, discounts, rebates, and concessions shall be properly recorded in the Company's accounting records.

The Finance Department shall ensure that:

- Revenue and receivables are recorded accurately;
- Discounts are appropriately accounted for;
- Outstanding receivables are reconciled;
- Expected credit losses/provisions are assessed where applicable;
- Tax implications are appropriately considered; and
- Financial reporting reflects the economic substance of the transactions.

No off-book credit or discount arrangement shall be permitted.

20. INTERNAL AUDIT

Internal Audit shall periodically review compliance with this Policy and may examine:

- Approved credit limits;
- Customer credit files;
- Discount registers;
- Approval documentation;
- Overdue balances;
- Exceptions;
- Related-party arrangements;
- Accounting treatment; and
- Compliance with applicable regulatory requirements.

Any material control weakness or unauthorized arrangement shall be reported to appropriate management and, where necessary, the Board/Audit Committee.

21. FRAUD AND MISCONDUCT

Employees shall not:

- Grant unauthorized discounts;
- Manipulate customer balances;
- Backdate approvals;
- Conceal overdue amounts;
- Extend credit for personal benefit;
- Offer preferential treatment without authorization;
- Create fictitious customers or transactions; or
- Circumvent approval limits by splitting transactions.

Any suspected fraud, conflict of interest, or material policy breach shall be reported through the Company's approved reporting/escalation mechanism.

22. RECORD RETENTION

All documents relating to credit and discount arrangements shall be retained for the period prescribed by applicable law, regulation, regulatory requirements, and the Company's record-retention policy.

Records shall be readily accessible for internal audit, external audit, regulatory inspection, and management review.

23. MANAGEMENT REPORTING

The CFO shall periodically report to senior management, and where appropriate to the Board/Audit Committee, on:

- Total customer receivables;
 - Credit exposure;
 - Ageing of receivables;
 - Overdue balances;
 - Major customer exposures;
 - Discounts granted;
 - Material exceptions;
 - Bad debts/write-offs;
 - Recovery performance; and
 - Significant credit or discount risks.
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24. POLICY REVIEW

This Policy shall be reviewed at least annually or earlier if there are significant changes in:

- Applicable laws or SECP regulations;
- Business activities;
- Product structure;
- Risk profile;
- Accounting requirements; or
- Internal control framework.

Any amendments shall be approved by the competent authority.

25. EFFECTIVE DATE

This Policy shall become effective from the date approved by the Board of Directors of 786 Investments Limited and shall remain in force until amended or replaced.

Approval Date: April 09, 2026