

VIS

Credit Rating Company Limited

POLICY FOR CHARGING FEE

OBJECTIVE

This policy sets out the principles, structure, and operational rules governing the charging, invoicing, adjustment, and collection of engagement fees for rating assignments undertaken by the Company.

SCOPE

The policy applies to all Initial Rating engagements and subsequent Surveillance engagements entered into with clients, and is designed to ensure consistency, transparency, recoverability of fees, and alignment with contractual obligations.

REGULATORY CONTEXT & FEE FRAMEWORK

This policy is framed in line with the Credit Rating Companies Regulations 2016 ("Regulations"), and related guidelines issued by the Securities and Exchange Commission of Pakistan (SECP). Engagement fees are structured to ensure transparency, consistency, independence of the rating process, and avoidance of conflicts of interest.

NATURE OF ENGAGEMENT FEES

Initial Rating Engagement Fee

- The Company shall charge a one-time engagement fee for each Initial Rating assignment, as agreed with the client upon execution of the contract.
- The applicable Initial Rating engagement fee shall be determined in accordance with the Company's approved fee schedule for initial ratings, as published on its official website and updated from time to time.
- The engagement fee shall cover the conduct of one Initial Rating within a period of twelve (12) months from the effective date of the contract.
- The engagement fee shall be exclusive of all applicable government taxes, duties, levies, cess, or similar statutory charges, which shall be charged to the client in addition to the quoted fee.
- Any out-of-pocket expenses incurred in connection with the assignment, including but not limited to travel, transportation, accommodation, legal counsel, or other expert services, shall not be included in the engagement fee and shall be recoverable from the client on an actualcost basis.
- All engagement fees, once paid, shall be non-refundable, irrespective of whether the rating is ultimately disseminated, suspended, or withdrawn, except where otherwise required by law.

Surveillance Engagement Fee

- For ongoing monitoring of assigned ratings, the Company shall charge an annual surveillance engagement fee.
- Against the annual surveillance engagement fee, the Company shall be obliged to conduct at least one rating review during each twelve (12) month period or as required by the Regulations, subject to the client's cooperation and timely provision of information.

- The annual surveillance engagement fee shall be subject to upward revision at a minimum rate equivalent to prevailing inflation.
- The Company reserves the right to revise the surveillance engagement fee upward where there is a material increase in the size, complexity, risk profile, or operational scope of the rated entity. Any such revision shall be communicated to the client in writing.
- Surveillance engagement fees, once paid, shall be non-refundable.

FEE PAYMENT & ADJUSTMENT MECHANISM

Payment Timing – Initial Engagement

- The full Initial Rating engagement fee shall be payable upfront upon execution of the engagement contract by both parties.
- No substantive rating work leading to finalization and dissemination shall be undertaken unless the applicable engagement fee has been received, unless expressly approved by the authorized personnel under exceptional circumstances.

Adjustment upon Completion of Initial Rating

- Upon completion of the Initial Rating, the engagement fee received shall be adjusted on a monthly pro-rata basis to reflect the period consumed for the Initial Rating assignment.
- Any unutilized balance of the paid engagement fee shall be credited toward the surveillance engagement for the immediately succeeding twelve (12) month period.
- At the same stage, the client shall be required to pay any remaining balance of the surveillance engagement fee for the next twelve (12) months, after giving effect to the credited amount.

Surveillance Fee Billing Cycle

- Surveillance engagement fees shall be billed in advance for each upcoming twelve (12) month period.
- Invoices for the next surveillance period shall ordinarily be raised before the commencement of the relevant surveillance year, or in line with the contractual billing cycle.
- Clients shall be required to settle invoiced amounts within the validity period specified on the invoice.

Late Payment Charges

- Any engagement fee remaining unpaid beyond thirty (30) days from the invoice date shall attract a late payment charge at the rate of one percent (1%) per month, calculated from the invoice date until the date of full settlement.
- The imposition of late payment charges shall be without prejudice to the Company's other contractual and legal rights.

LINKAGE OF FEES WITH RATING ACTIONS

- The Company shall not announce, disseminate, or maintain any rating if any portion of the applicable initial or surveillance engagement fee remains unpaid at the time of finalization of initial rating or subsequent review of the rating.
- Suspension or non-dissemination of ratings on account of non-payment shall be strictly enforced to safeguard the Company’s independence and financial discipline.

GOVERNANCE, SEGREGATION OF DUTIES AND INDEPENDENCE

- In accordance with the CRC Regulations 2016 and international best practices, the Company shall maintain a clear functional segregation between rating activities and commercial activities, including fee discussions and negotiations.
- Rating analysts and other rating staff shall not participate in, lead, or influence discussions or negotiations relating to engagement fees with prospective or existing clients.
- All discussions, negotiations, and agreements relating to engagement fees shall be conducted exclusively by designated non-rating staff.
- Interaction between non-rating staff and rating staff for fee-related purposes shall be strictly limited to obtaining high-level estimates of assignment complexity, scope, and indicative work hours required for completion of the rating assignment.
- Such interaction shall not extend to negotiation, fee concessions, pricing decisions, or any communication that may reasonably be perceived as impairing the analytical independence or objectivity of the rating process.
- Any approved deviations, concessions, or special fee arrangements shall be subject to internal controls and approvals as defined under the Company’s governance framework.

APPROVALS

This policy is to be approved by the Board of Directors of VIS Credit Rating Company Limited and has to be reviewed at least on annual basis by the competent authority and duly approved by the Board.

Policy	Date of Review	Authorized By
Policy for charging fee	April 2026	Board of Directors