

FOSTERING SUSTAINABLE GROWTH

Sustainability Report

2023





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01

ABOUT THIS REPORT

(GRI 2-1, GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5, G7, G8, G9)

BankDhofar SAOG (the Bank) is pleased to present its inaugural Sustainability Report for the year 2023. The report provides a comprehensive overview of the Bank's progress on key material environmental, social, and governance (ESG) topics, in accordance with international standards and best practices.





Reporting Boundary

This report describes BankDhofar's sustainability-related performance across its operations in the Sultanate of Oman. The report also covers BankDhofar's Islamic Banking Window, 'Dhofar Islamic Banking'.

This report covers the Bank's sustainability-related performance for the period beginning 1 January 2023 to 31 December 2023 while the report also contains forward-thinking quantitative data pertaining to the Bank's sustainability strategy.



Reporting Frameworks

The report has been prepared in accordance with internationally recognized reporting standards and frameworks. These include:

- All applicable rules and regulations issued by the Central Bank of Oman (CBO) and the Capital Market Authority (CMA).
- The Global Reporting Initiative (GRI) Standards 2021 Update, which is effective for reports or other materials published on or after 1 January 2023.
- The Muscat Stock Exchange's ESG Guidelines and its 30 ESG metrics, wherever material.
- The United Nations Sustainable Development Goals (SDGs) that are considered most material to the Bank's activities.
- The Oman Vision 2040.

Alignment with the relevant reporting standards and frameworks is clearly indicated under each segment. In addition, the reader may refer to the Appendix which includes the indexes indicating alignment with the various standards and frameworks.



Data Verification

BankDhofar is fully committed to transparency and accuracy in all its public disclosures. The data contained in this report has been verified by relevant internal departments. Any financial data presented in this report has been extracted from the Bank's Board of Directors' Report and Audited Financial Statements for the year ending 31st December 2023.



Board Responsibility

The Board of Directors acknowledges its responsibility for ensuring the integrity of this report and confirms that the information contained within fairly represents BankDhofar's status and performance.



Forward-Looking Statements

Forward-looking statements involve uncertainty given the many external factors that could impact the business environment in which the Bank operates. BankDhofar holds no obligation to publicly update or revise forward-looking statements throughout the coming fiscal year unless required to do so by applicable laws and regulations.



Feedback

BankDhofar welcomes any feedback that may support the Bank's efforts to enhance its sustainability reporting. Readers can submit comments and suggestions via the following channel:

Name	Email
Naama Al Asfoor	sustainability@bankdhofar.com

02

About BankDhofar

(GRI 2-6, GRI 2-28, GRI 201-1)

Founded in 1990, BankDhofar SAOG (the Bank) is the second-largest bank by distribution network in Oman and one of the fastest growing financial services institutions catering to individuals, families and businesses.

The Bank is incorporated in the Sultanate of Oman as a public joint stock company and is principally engaged in corporate, retail, and investment banking activities. The Bank also has an Islamic Banking Window, 'Dhofar Islamic Banking' which offers banking and other financial activities in accordance with Islamic Shariah principles and in compliance with the CBO's Islamic Banking Regulatory Framework. With a customer promise of being 'closer to customers', BankDhofar is expanding its physical and digital networks, anchoring on relationship-driven staff.

The Bank services customers through more than 129 branches and over 360 automated service points including Automated Teller Machines (ATMs), Cash Deposit Machines (CDMs), and Full Function Machines (FFMs) across Oman (as of August 31, 2024).

BankDhofar customers can conduct their banking transactions 24/7 through internet banking and an award-winning mobile banking app which offers exclusive financial services.

BankDhofar has a primary listing of its ordinary shares on the Muscat Stock Exchange (MSX). The Bank's principal place of business is its Head Office located at Central Business District (CBD), Muscat, Sultanate of Oman.

Our Services

BankDhofar offers a wide range of banking and finance solutions for retail and corporate customers as well as Sharia-compliant products through Dhofar Islamic Banking. The Bank's offering is structured as follows:

Government Banking and Investment Banking

The Government Banking and Investment Banking Division was formed to capitalize on the Bank's relationships with strategic partners, participating in various national projects and contributing to enhancing Oman's economy.

The division comprises of the following Departments:

Government Banking Department

The Government Banking Department offers a wide range of banking products and services to government and semi-government clients through dedicated resources and a high-level of technology to provide quick customer service and meet the unique requirements of Government customers with varied financial service needs. Core services include facilitating account opening besides offering Internet banking and Business-to-Business (B2B) services.

Investment Banking Department

The Investment Banking Department offers tailored financial solutions and specialized services including strategic advisory to various industry sectors such as Oil & Gas, Telecom, Financial Institutions, Steel, Power & Utilities, and small and medium-sized enterprises (SME). Products on offer include corporate and asset-level organic and inorganic growth/ exit strategies, mergers, acquisitions, management buy-outs/buy-ins, capital raising, capital restructuring, private placements, start-ups, and joint ventures.

Asset Management Department

The Asset Management Department provides asset management services to address the needs of individuals and investors. The department provides investment solutions and advises customers on the best products/practices to achieve their investment goals.

Proprietary Investments Department

The Proprietary Investment Department manages the Bank's multi-asset class investment portfolio in accordance with its investment mandate and in compliance with regulatory guidelines.

Wholesale Banking

The Wholesale Banking Division at Bank Dhofar serves as a critical component of the bank's operations, catering to the needs of corporate clients and institutional customers. It offers a broad spectrum of financial products and services, including corporate lending, trade finance, treasury services, and cash management solutions. Focused on delivering tailored financial strategies, the bank supports clients in managing complex financial needs and achieving growth objectives. With a customer-centric approach, Bank Dhofar is committed to fostering long-term relationships and contributing to the economic development of Oman and the wider region.

Large Corporate Banking

The Large Corporate Banking Department caters to the banking requirement of corporates with annual turnover of more than OMR 12 million and major corporate groups in Oman.

Mid Corporate Banking and SME

The department caters to Mid-Sector Corporate customers providing tailor-made financing solutions based on their business needs. The department plays a vital role in diversifying the Bank's Credit growth in line with the country's economic policy and with emphasis on specific diversified economic sectors.

Project Finance

The Project Finance Department originates and executes project & structured finance transactions for the Bank. The department provides support across all industrial and infrastructure sectors in the Sultanate and is aligned with Oman Vision 2040 to contribute to the country's economic growth and diversification.

Treasury

The Treasury Department provides a comprehensive suite of treasury and investment products to retail, corporate, and commercial customers as well as government institutions. Services range from plain remittances to structured products with the Bank being Oman's leading market maker in the local currency and swaps.

Corporate Liabilities

The Corporate Liabilities Department provides a one stop shop for customers from account opening to providing all corporate products such as Business Debit Card, Corporate/Business Credit Card, Corporate Internet Banking, and more. Corporate Liabilities works closely with various departments within the bank to ensure that liabilities volumes and profitability targets are achieved and exceeded through successful client engagement.

Transaction Banking & Trade Finance

The Transaction Banking Department focuses primarily on providing corporate clients with effective solutions to manage their collections and payments efficiently, using advanced digital channels. The department also offers supply chain financing, including receivables and payables financing, structured trade finance offering including rental discounting and asset backed financing.

The Trade Finance department has an excellent reputation within the Trade Finance industry and is constantly looking for ways to unlock opportunities across business and provide valued customers with customized solutions that help them plan their business.

Retail Banking

Retail Banking focuses on designing several customer-centric proposition offerings and enhancements. Based on the Bank's strategy, 'Life Cycle Banking', a segmented approach to meet customer needs from childhood to priority was implemented. The Bank also initiated an aggressive distribution expansion campaign, adding digital channels like ATM / CDM / FFM / MFks and opening new branches to be closer to customers.

Products & Segmentation

The products & Segmentation department makes sure to offer an extensive range of products designed to cater specific needs of different segments. They are responsible of proposing flexible saving and financing solutions that allow customers to access and manage their finances with ease through different platforms.

Private Banking Department

The Private Banking Department aims to be at the forefront of devising and offering unique and innovative investment products from developed and emerging markets to provide clients with a diversified pool of well-performing investment solutions.

Al Riadah Priority Banking Services

Al Riadah Priority Banking Services provides an exclusive range of tailored financing solutions to meet the needs of priority banking customers with low insurance fees and simple and fast procedures. The Bank also provides deposit accounts at competitive interest rates and low insurance fees.

Branches & Channels

Branches and channels Department aim to offer a wide-reaching network of branches and a 24/7 contact center to provide seamless banking services across the Sultanate. With strategically located branches in key areas, the bank ensures convenient access to its full range of products and services for all customers.

Digital Banking

The Digital Banking Department enables the Bank's customers to access banking products and services via new, convenient, and innovative electronic channels that are available 24/7.

Cards and Bancassurance

Cards and Bancassurance oversees product and sales business strategies for acquiring and issuance business while managing all transaction processing and back-end operations across payment products. It also derives continuous process improvements and facilitates internal synergies by building strong relationships across the business and corporate functions.

Wealth Management

Wealth Management service aims to offer financial solutions to clients with complex financial needs. The bank provides a comprehensive suite of services, including investment advisory, portfolio management and financial planning. Through a tailored approach, customers receive guidance on growing, preserving and transferring wealth, with access to a range of investment products.

Dhofar Islamic Banking Services

Dhofar Islamic is the Islamic Banking window of Bank Dhofar offering an expansive suite of innovative Shariah compliant financial solutions to retail, corporate as well as institutional customers. Our suite of products & services includes financing solutions, liquidity management solutions, transaction banking solutions as well as risk management solutions.

BankDhofar at Glance



Founded in 1990



Listed on the Muscat Stock Exchange (MSX)



Second Largest Bank in Oman in terms of branch network*



OMR 4.68 billion in Total Assets



129 Branches & Banking Centres (Up from 59 in 2022)



Over 360 automated service points including Automated Teller Machines (ATMs), Cash Deposit Machines (CDMs), and Full Function Machines (FFMs) across Oman



8 Awards for Service Excellence

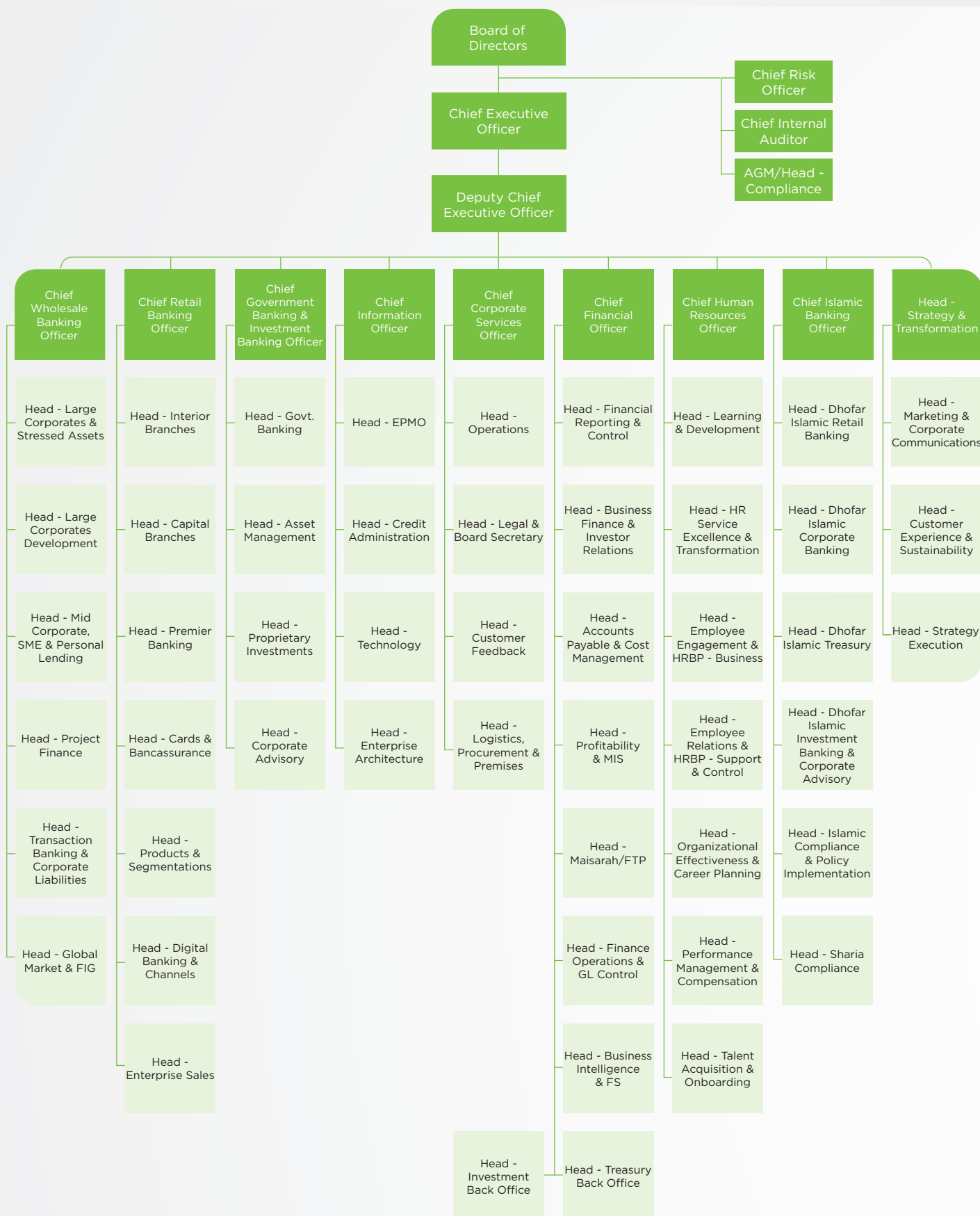
Associations & Memberships

Oman Banks
Association (OBA)

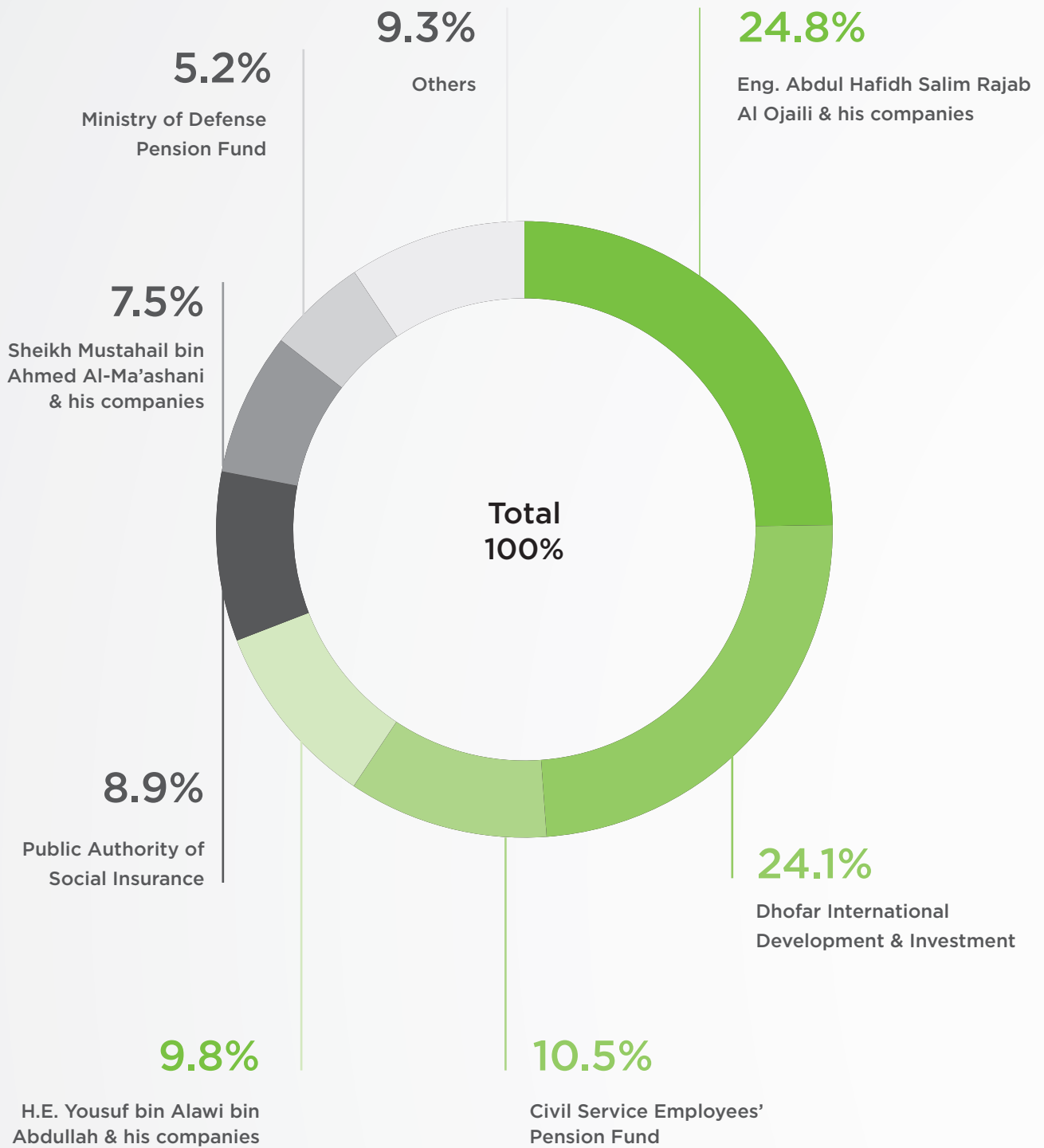
OSHRM
(Oman Society of
Human Resource
Management)

* As on 31st August 2024

Organizational Chart



Ownership Structure



Awards and Achievements



03

CEO's Message

(GRI 2-2)

We are delighted to present BankDhofar's inaugural Sustainability Report for 2023, showcasing our commitment to sustainability and our progress throughout the year. Our goal is to embed a comprehensive environmental, social, and governance (ESG) framework within our business model to effectively manage sustainability-related risks and opportunities, ultimately creating sustainable value for our stakeholders.

We conducted a thorough assessment of our material ESG topics, adhering to global standards and best practices. This assessment laid the foundation for defining a clear strategy, encompassing ESG pillars, strategic priorities, and initiatives aligned with our business objectives. One of our key objectives is to play a pivotal role in bolstering Oman's resilience to climate change and advancing the country's transition to a cleaner economy.

Our ESG strategy builds upon a robust corporate governance framework, and will enable us to support strategic national initiatives, particularly Oman Vision 2040, which integrates global sustainability priorities such as achieving the Sustainable Development Goals (SDGs).

This strategy serves as a roadmap for all departments, guiding their efforts toward enhanced performance and achieving set targets, supported by a range of initiatives with mechanisms for tracking and monitoring progress.



2023 Performance

BankDhofar continued its growth trajectory during 2023 thanks to continuous investments in its product and service offerings. This includes the enhancement of digital channels and robust expansion of the branch network to 129 branches, significantly enhancing our nationwide coverage. The combined network of ATMs, CDMs and MFKs increased to over 360 machines by end of 2024*.

In addition to expanding its physical network, the Bank extended its reach with digital on-boarding going live in 2023, enabling more customers to open accounts through digital means. The Bank also launched new segments for Child, Youth, Ladies, Rifaa and Riadah priority banking to cater to the diverse needs of these segments. We deployed a team of 50 Relationship Managers to grow the priority banking business and established a direct sales force as a new channel to provide doorstep banking services to customers.

During the year, the Bank transitioned to instant card creation and in country printing, enabling us to deliver cards to customers within 24 hours. The total number of transactions through digital channels increased by 86.5% and the value of the transactions processed increased by 55.3% in 2023 compared to 2022.

Thanks to our expanding branch network and digital onboarding solutions, BankDhofar's customer base crossed the half million mark to reach a combined 532,000 customers for the conventional and Islamic banking businesses. This has given a strong impetus to all businesses for enhanced cross-selling opportunities and seamless execution of strategic initiatives.

Our Wholesale Banking division has played a pivotal role in supporting Oman's economic development, catering to Large Corporates, SMEs, and the broader business community with a range of specialized financial products and services.

Throughout the year, we have focused on aligning our services with Oman's Vision 2040, emphasizing sustainability, digital transformation, and economic diversification. Our commitment to innovation has seen the launch of digital solutions aimed at enhancing operational efficiency and client satisfaction.

All of which means that BankDhofar can reflect on 2023 as a very positive year. With a clear strategy in place that now incorporates a comprehensive ESG Framework, we are confident that the Bank can look forward to a prosperous future and create even more value for our stakeholders.

* Figures as on 31st August 2024

04

APPROACH TO SUSTAINABILITY

(GRI 2-12, GRI 2-14, GRI 203- 2, GRI 2-22, GRI 2-29, GRI 3-1, GRI 3-2, GRI 3-3)



Stakeholder Engagement

BankDhofar prioritizes the creation of sustainable long-term value for all stakeholders and the business. As an essential part of this process, the Bank engages closely and continuously with stakeholder groups in order to ensure a clear understanding of their needs and concerns. This contributes to the Bank’s understanding of its material issues and informs how it manages and reports on these topics.

The table below outlines BankDhofar’s list of key stakeholders, and the channels and methods used to engage with them:

	Direct Engagement		Digital Communications	Compliance		Community Engagement
	Regular Meetings	Surveys	Website, Press Release, Public Reports	Contractual Relations	Policies, Code of Conduct	Company Events
Internal Stakeholders						
Employees	✓	✓	✓	✓	✓	✓
Executive Management	✓	✓	✓	✓	✓	✓
Board of Directors	✓		✓	✓	✓	✓
Shareholders	✓		✓			
External Stakeholders						
Government (including regulatory bodies)	✓		✓			
Industry Peers (other banks)	✓		✓			
Customers			✓		✓	✓
Community			✓			✓
Suppliers / Vendors			✓	✓		
Sustainability Standards and Frameworks			✓			

Materiality Assessment

In addition to input gathered through the stakeholder engagement process, BankDhofar’s comprehensive materiality assessment incorporates two further steps to define its list of material ESG topics.

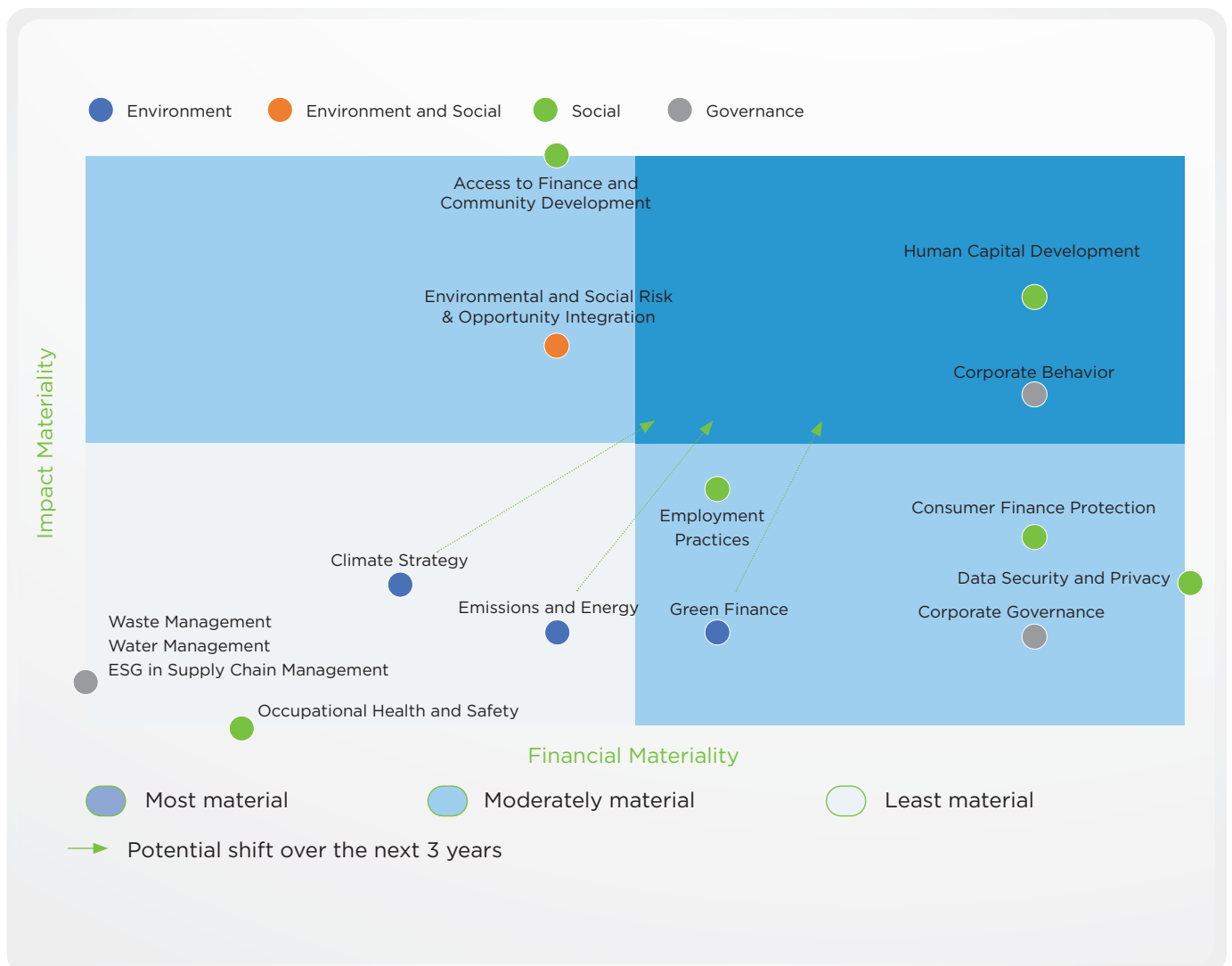
Firstly, we classified the Bank’s operations according to the industry classification guides of a globally recognized sustainability standard, the Sustainability Accounting Standards Board (SASB), and two ESG rating agencies, MSCI and S&P. We then identified material topics and indicators from relevant SASB industry standards, and MSCI and S&P frameworks, and grouped similar themed indicators under common material topics for the Bank. We prioritized material topics from two different perspectives:

1. Impact Materiality: Actual or potential impact of a particular topic on people or the environment, and
2. Financial Materiality: Material effect on cashflows, development, performance, position, cost of capital or access to finances.

To facilitate impact prioritization, we conducted a comparative analysis of the Bank’s material topics against those of industry peers. The Bank’s topics were impact prioritized relative to another based on their prevalence across industry.

On financial impact prioritization, Executive Management was directly engaged to provide input. Stakeholders involved were encouraged to raise queries, voice opinions, and vote on prioritization of topics based on expected impact on the Bank’s financial performance relative to another.

This materiality assessment resulted in the identification of the following list of material ESG topics for BankDhofar.



Material Topic	Description
Environment	
Emissions and Energy	The Bank's management of direct (Scope 1) and indirect (Scope 2 and 3) greenhouse gas (GHG) emissions generated through our operations and value chain respectively, including financed emissions.
Water Management	The Bank's management of water consumption, and efforts to meeting efficiency targets.
Waste Management	The Bank's management of total waste recycled or reused, total waste disposed from our operations, and efforts to meeting reduction targets.
Climate Strategy	The Bank's management of climate-related risks and opportunities, including targets and plans.
Green Finance	The Bank's role in facilitating sustainable financing solutions that safeguard the environment.
Environment and Social	
Environmental and Social Risk & Opportunity Integration	The Bank's role in assessing environmental and social risks of our lending and investing activities and our ability to capitalize on opportunities that generate positive impact.
Social	
Employment Practices	The Bank's role in respecting human rights of our employees, customers and stakeholders in our value chain.
Occupational Health and Safety	The Bank's management of a safe working environment that promotes employee well-being.
Human Capital Development	The Bank's management of talent requirements and our ability to attract, retain and develop a highly skilled workforce.
Consumer Finance Protection	The Bank's role in product stewardship and transparency, including efforts to mitigate potential reputational and regulatory risks arising from unethical lending practices or mis-selling financial products to consumers.
Data Security and Privacy	The Bank's management of personal data that we collect, our exposure to evolving or increasing privacy regulations, vulnerability to potential data breaches, and systems for protecting personal data.
Access to Finance and Community Development	The Bank's role in meeting market demand for financial services, particularly in underserved demographics besides supporting positive impacts in communities where we operate.
Governance	
Corporate Governance	The Bank's management of board diversity and independence, ownership and control, compensation policies, and accounting practices.
Corporate Behavior	The Bank's management of ethical practices and transparency into our taxation.
ESG in Supply Chain Management	The Bank's management of material ESG risks in our supply chain from supplier assessment to performance evaluation.

ESG Framework

Further to the materiality assessment, BankDhofar has conducted a thorough review of its management practices of material ESG factors. From this review, the Bank has developed a framework designed to navigate material ESG risks and capitalize on opportunities. Guided by this framework, the Bank believes that it can enhance the positive impacts of its operations on the environment and society while strengthening its long-term viability and success.

As part of the framework, the Bank has formulated an ESG statement. This statement reflects the Bank’s commitment to harnessing its banking expertise to foster sustainable practices that benefit both the economy and society at large.



The framework also includes four pillars that provide the basis for a targeted approach towards managing its material ESG factors. These pillars are supported by a number of initiatives that are aimed at achieving a number of objectives.

Commitment to National and Global Sustainability Goals

BankDhofar is committed to supporting the Sultanate of Oman's strategic national initiatives which integrate global sustainability initiatives including a commitment to achieve a Net Zero economy by 2050, in line with the Paris Agreement on Climate Change, as well as the Sustainable Development Goals (SDGs).

The Oman Vision 2040 sets out the Sultanate's path towards achieving the goals, and reflects a strong commitment to science, technology and innovation. As the second largest bank in Oman and an important financial institution that plays a strategic role in the national agenda and at the heart of the local community, BankDhofar has identified the following UN SDGs that the Bank is particularly well positioned to contribute to through its operations.

SDG GOALS	TARGETS THAT ALIGN WITH THE BANK'S OPERATIONS
	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
	By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.
	By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.
	<ul style="list-style-type: none">• End all forms of discrimination against all women and girls everywhere.• Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
	By 2030, increase substantially the share of renewable energy in the global energy mix. By 2030, double the global rate of improvement in energy efficiency.



- Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.
- Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
- Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

- By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- Target 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.
- Target 10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
- Promote public procurement practices that are sustainable, in accordance with national policies and priorities.



- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- Integrate climate change measures into national policies, strategies and planning.

- Promote the rule of law at the national and international levels and ensure equal access to justice for all.
- Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.
- Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime.

05

REINFORCING GOVERNANCE

(GRI 2-9, GRI 2-23, GRI 2-24, GRI 2-27, GRI 405-1, GRI 410-1, G1, G2, G3, S9, S10)



Corporate Governance

Corporate Governance is essential to retaining the confidence of the Bank's stakeholders, both internal and external. Corporate governance codifies the relationship and responsibilities between shareholders, Board of Directors and senior management of the Bank, ensuring compliance with applicable regulations, promoting a culture of transparency and accountability, and a commitment to meeting the highest ethical business standards. The Bank's Code of Corporate Governance describes in detail the standards that the Bank adheres to in all business dealings and operations.

The following section provides a high-level overview of the major structures that make up the Bank's corporate governance framework. For a more comprehensive view, please refer to the Corporate Governance Report in the Annual Report.

Board of Directors

BankDhofar's Board of Directors (the Board) is responsible for establishing appropriate Corporate Governance standards within the broad framework laid down by the CBO and the CMA.

The Board has overall responsibility for the strategic supervision of the Bank and for approving all strategic plans, internal policies, and establishing adequate controls to achieve set objectives in compliance with applicable rules and regulations.

Key responsibilities and functions of the Board include:

- Charting the overall strategic direction of the Bank and reviewing and approving the annual business and strategic plans.
- Monitoring the Bank's performance and evaluating whether the business is properly managed in accordance with the Bank's set plans.
- Approving the interim and annual financial statements and providing accurate information at the right time to the shareholders, in accordance with the guidelines of the Capital Market Authority.
- Forming various Board sub-committees, approving their charters and reviewing the functions of these committees.
- Adopting internal regulations and bylaws pertinent to steering and management of the affairs of the Bank.
- Reviewing all audit reports submitted by internal and external auditors and statutory agencies.
- Ensuring that the Bank conducts its operations in an ethical and transparent manner.
- Assessing and approving the proper delegation of authorities to executive management.
- Appointing and evaluating the functions and the performance of the Chief Executive Officer and other key employees.

Board Diversity and Independence

The Board consists of nine (9) non-executive directors who are elected by the shareholders at the Annual General Meeting (AGM) for a period of three years and each Director can be re-elected for a similar period. The term of office of the current Board expires in March 2025.

All members of the Board are non-executive Directors. A minimum of one-third of the Board members shall be independent Directors, meeting the definition of independent director, as defined in the CMA Code of Corporate Governance issued in July 2015. At present all the directors of the Board are non-executive, three are non-Independent and six are Independent. BankDhofar's Board of Directors are:

Eng. Abdul Hafidh Salim Rajab Al Ojaili - Chairman - Non-Independent Shareholder
Mr. Ahmed Said Al Mahrezi - Vice-Chairman - Independent Non-Shareholder
Mr. Mohammed Yousuf Alawi Al Ibrahim - Director - Independent Representative Non-Shareholder
Mr. Tariq Abdul Hafidh Al Aujaili - Director - Non-Independent Representative Shareholder
Dr. Hamdan Abdul Al Hafidh Al Farsi - Director - Independent Non-Shareholder
Mr. Faisal Mohamed Moosa Al Yousef - Director - Non Independent Representative Shareholder
Sheikh Khalid Said Salim Al Wahaibi - Director - Independent Representative Shareholder
Sheikh Tariq Salim Mustahil Al Mashani - Director - Independent Representative Shareholder
Sheikh Ahmed Sultan Al Yaqoubi - Director - Independent Non-Shareholder

The Board is committed to continuous learning and professional development to effectively steer the Bank in an ever-evolving business landscape. Recognizing the rapid pace of change in corporate governance, sustainability issues, and industry-specific challenges, the Board engages in ongoing education programs and workshops. These initiatives are designed to enhance understanding of emerging trends, regulatory requirements, and best practices in governance and oversight. In 2023, the Board participated in data privacy and security training.

Board Committees

The Board discharges some of its key responsibilities through four sub-committees which operate under the Board approved charters outlined in the Code of Corporate Governance. The sub-committees meet regularly and contribute significantly to the effective functioning of corporate governance matters.

Board Executive Committee (BEC)

The BEC is comprised of five members of the Board and is entrusted to guide the Bank management on three key strategic areas:

- Approval of credit proposals.
- Strategy, Merger, Information & Transformation.
- Capital, Funding & Bank Proprietary Book Investments.

Board Audit Committee (BAC)

The BAC has four members and was formed by the Board with responsibilities including, but not limited to, ensuring:

- Accurate financial reporting according to established accounting principles.
- The effectiveness of internal controls and internal audit functions.
- Compliance with laws and regulations as well as the Bank's internal governance.
- The appointment and oversight of external auditors.

Board Risk Committee (BRC)

The BRC, comprised of four members, oversees all matters related to the Bank's Risk Management, with responsibilities including, but not limited to:

- Establish the Bank's overall risk profile and risk bearing capacity.
- Identify, monitor, measure, and manage all risks undertaken by the Bank.
- Develop risk policies, limits and procedures.
- Establish and continuously review models used for pricing complex products and transfer pricing.
- Build stress scenarios and measure the impact of unusual market conditions and monitor variance between the actual volatility in portfolio values and those predicted by the risk measures.
- Monitor and enforce internal compliance with various risk parameters.
- Communicate significant Risk Management issues promptly to the Board.
- Oversee and ensure compliance with CBO's guidelines on risk management.

Board Nomination & Remuneration Committee (BNRC)

The Board Nomination and Remuneration Committee (BNRC), comprised of five members, is responsible for matters pertaining to the nomination and remuneration of the Board and Executive Management (Senior Management), as per the strategic direction of the Bank.

Specific responsibilities include:

- Nominate suitably qualified candidates to assume senior executive management roles for Board approval.
- Provide succession and development plans for the executive management and Board of Directors, especially the Chairman.
- Prepare detailed job descriptions for the Board Chairman and Directors.
- Nominate qualified candidates to act as interim Board Directors in the event a seat becomes vacant.
- Prepare and review compensation policy and package of executive management for Board approval.

Sharia Supervisory Board

Comprising of five members, the Sharia Supervisory Board (SSB) was formed in 2012 to oversee the banking operations of Dhofar Islamic. The objectives of the SSB include:

To provide the Sharia rulings in all activities of the Islamic Banking Window (IBW).
To supervise the compliance of the IBW with Sharia rules.
To enhance the IBW contribution by spreading awareness and contribute to its development.
New SSB members were appointed at the AGM in March 2022.
Sheikh Abdullah Bin Ali Al Shahri – Chairman.
Sheikh Azzan bin Nasser bin Farfoor Al Amri – Deputy Chairman.
Sheikh Dr. Abdul Rub bin Salim bin Abdul Rub Al Yafai – Member.
Sheikh Hilal bin Hassan bin Ali Al Lawati – Member.
Sheikh Dr. Amin Fateh – Member.

Executive Management

The Executive Management (Senior Management) of the Bank, comprising of Senior Members headed by the Chief Executive Officer, provides the second layer of BankDhofar’s two-tiered governance structure which creates an appropriate balance between the need for executive independence and the need for supervision of all activities and transactions. All Senior Members of the Bank are responsible for setting an example and ensuring that the Code of Corporate Governance is engrained within the Bank’s culture.

Compensation Policies

The Banks’ compensation practices are in line with the guiding principles of the CBO guidelines spanning across Risk Management and Risk Tolerance, supporting the business strategy, objectives, values and long-term interests of the Bank’s shareholders, avoiding conflicts of interest, governance, managing the control functions’ pay, compensation & capital management, and profit-based measurement & risk adjustment.

In line with the CBO guidelines on compensation disclosures, the Bank describes relevant qualitative and quantitative disclosures in our Corporate Governance Report which is provided in our Annual Report.



Corporate Behavior

Business Ethics

Business Ethics at BankDhofar are underpinned by a comprehensive suite of policies governing internal operations, ensuring that the Bank stays in compliance with all applicable rules and regulations and behaves according to the highest standards of ethical business practices.

This starts with the Bank's Code of Conduct which sets out the professional standards required of all employees. The Code has sections covering the following topics related to employee conduct:

- Ethical Standards.
- Personal Behavior.
- Professionalism.
- Personal Finances & Business.
- Respect for the Law.
- Confidentiality.
- Conflicts of interest.
- Environment.

Any breach of the Code of Conduct will be considered under the Personnel Disciplinary procedures.

As part of the ESG Framework, the Bank aims to review and expand on the topics and ethical commitments in line with best practices, ensuring that unethical practices are avoided.

Financial Crime Compliance Program

BankDhofar's Financial Crime Compliance Program (FCC Program) is comprised of the following policies and as well as procedures that provide specific guiding principles for each Policy.

- Anti-Bribery & Corruption (ABC) Policy.
- Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) Policy.
- Sanctions Policy.
- Anti-Fraud Policy.

It is further supported by a Whistleblowing Policy which encourages employees or any other party to report any breach of these policies through the appropriate channels.

FCC Program Governance

The Board has assigned executive responsibility for oversight of the FCC Program to the BRC with input from Executive Management covering the Bank's businesses as well as the Operations, Risk, Legal and Compliance functions.

The Management Risk Committee (MRC) is responsible for reviewing financial crime risks across the Bank and is tasked with overseeing management of compliance risks including implementation of the FCC Program and tactical decision making to mitigate risks.

The Head of Compliance (HoC) is ultimately responsible for the establishment and implementation of the FCC Program, inclusive of Policies, Procedures, systems and controls. The HoC also acts as the Bank's Money Laundering Reporting Officer (MLRO) with responsibility for overseeing compliance with the AML/CFT Policy, associated Procedures, and the overarching FCC Program.

BankDhofar's FCC Program includes an internal control system aligned with the Three Lines of Defence (LoD) model:

First Line of Defence: Business Units Including Front, Middle and Back-Office Teams.

First-line teams are responsible for onboarding customers, screening customers against watch lists, monitoring customer transactions and account activity, maintaining customer profiles, updating customer information and escalating unusual or suspicious activity/transactions to compliance.

Second Line of Defence: Compliance.

Second-line teams are primarily responsible for advising business teams on matters related to compliance and performing independent monitoring and testing over AML processes performed by the first line. This includes supporting development of processes and controls, defining roles and responsibilities and facilitating the implementation of controls through training, technology and the wider FCC Program.

Third Line of Defence: Internal Audit.

Third-line teams are responsible for providing the Board of Directors with independent assurance on the process and controls performed by first- and second-line teams.

Anti-Bribery and Corruption Policy and Procedures

BankDhofar adopts a zero-tolerance approach to bribery and corruption. The Bank's Code of Conduct strictly prohibits the giving, offering, promise or receipt of bribes in any form, by any person on its behalf, or for whom it is responsible, whether directly or via another party.

The Bank's commitment to cultivating an ABC culture within the organization is outlined in the ABC Policy. BankDhofar has established controls and procedures for the detection, prevention, deterrence, investigation, and reporting of cases of bribery and corruption against or using the Bank in compliance with all applicable laws, orders, and regulations.

The UK Bribery Act 2010 (UKBA), U.S. Foreign Corrupt Practices Act (FCPA), Wolfsberg anti-bribery and corruption program guidance are the baseline of this Policy.

Roles and Responsibilities

Board level oversight of Bribery and Corruption risk management is executed through the BRC, MRC, and the Board of Directors.

Other parties that support its working include:

- Head of Compliance.
- Risk Management Division (Anti-Fraud Unit "AFU").
- Internal Audit Division (IAD).
- Human Resources Division (HRD).
- Logistics, Premises & Procurement Department (LPPD).
- Learning & Development Department (L&D).
- Business Units.
- Employees.

Risk Assessment

As part of its annual Financial Crime Risk Assessment (FCRA) to identify, measure and manage the Financial Crime Compliance (FCC) risks within the Bank, BankDhofar conducts a specific ABC risk assessment to determine the effectiveness of the Bank's ABC controls. The findings of this assessment enable the Board and supporting Committees to take appropriate action and strengthen ABC prevention controls.

Prevention

The Bank has established entity-wide controls to prevent, detect, and manage bribery and corruption risks. These include:

- Disciplinary Code and Code of Conduct for employees to set accountability in conducting business.
- HR Code of Ethics for identifying and declaring conflicts of interest.
- Appropriate authoritative limits for approval of decisions and transactions supported by segregation of duties and delegation of authority.
- Whistleblowing Policy enabling individuals to confidentially report concerns.
- Pre-employment screening and third-party due diligence.
- Guidelines on travel & expenses, gifts & entertainment.

Detection

The Bank has established controls to help detect actual and suspected instances of bribery and corruption. These include:

- Processes and controls performed by respective units, specifically aimed at detecting bribery and corruption activities, as well as errors.
- Checks and controls such as the segregation of duties for approval and disbursement of payments to vendors.
- Monitoring of compliance performed by the Compliance division.
- The design and effectiveness of this policy, procedures, system, processes and internal controls with the provisions of ABC laws will be reviewed by IAD and External Auditors.

Investigations and Reporting

The Bank has established measures to investigate and report on instances of bribery and corruption.

- All employees and external parties must report any act actual, potential or perceived acts of wrongdoing (where legally permissible) to the AFU. Cases are handled anonymously and with complete confidentiality, in line with the Whistleblowing Policy.
- Investigations are conducted by the IAD which informs the AFU for reporting to relevant bodies as required by Law.
- Details of the investigations are not disclosed to any parties other than those authorized to receive the information.

Training and Awareness

ABC-related training requirements for employees are as per the AML/CFT Policy.

Compliance Monitoring

Compliance with the ABC framework is assessed by business units, Risk Management, Compliance Division and IAD by applying the Three LoD model.

First-line teams are responsible for monitoring the performance and efficacy of controls and reporting any instances of contravention. Processes such as customer and employee onboarding, establishing relationships with third parties, payment processing, and name screening assist in identifying instances of bribery and corruption, which must be escalated to the AFU for investigation.

Second-line teams are primarily responsible for advising business teams on matters related to compliance and escalating potential cases to the IAD for investigation.

Third-line teams are responsible for investigating cases of potential bribery and corruption and providing the Board with independent assurance on the process and controls performed by the first- and second-line teams.

Management & Regulatory Reporting

- AFU brings all bribery and corruption cases to the attention of the Senior Management through MRC Platform and subsequently to the BRC for the Directors attention. Senior Management should take action to prevent repeat occurrences.
- AFU produces a monthly report to enable senior management to effectively manage the Banks financial crime exposure.
- All cases involving public officials, where the Bank believes a crime has been committed, should be reported by the AFU to the Royal Oman Police (ROP).

AML/CFT Policy and Procedures

BankDhofar is fully committed to taking robust AML/CFT action, in compliance with all applicable laws and regulations as well as global best practices.

The Bank has in place a comprehensive framework comprising of an AML/CFT Policy accompanied by procedures, processes, systems, and well-trained employees to prevent the Bank or any of its services from being used for illicit purposes, including money laundering and terrorism financing. The system is designed to prevent, detect, and report all suspicious transactions to the relevant bodies.

The framework incorporates applicable requirements from the following:

- AML Law 2016 of Oman.
- AML regulations issued by CBO.
- Global standards including the European Union (EU), the United Kingdom (UK) and the United States of America (USA).
- Best practices and expectations from Correspondent Banks without impeding compliance with Applicable AML Laws & Regulations.

Risk Assessment

Risk assessment provides the basis for the identification and application of AML/CFT measures, and the Bank undertakes an FCRA annually.

All customers must be assessed to identify the level of financial crime risk they potentially pose to the Bank, considering their geography, customer type, industry of operations, the products they utilize, and delivery channels.

The Customer Due Diligence (CDD) process enables the Bank to develop a risk profile for the customer. CDD comprises:

- Customer (including connected parties) Identification and Verification (ID&V).
- Know Your Customer (KYC) and Know Your Business (KYB) information.
- Enhanced Due Diligence (EDD) for higher risk customers.
- Simplified Due Diligence and normal due diligence for low and medium risk customers respectively.
- Periodic and trigger/event driven profile reviews.
- Risk-based customer acceptance requirements.

CDD must be completed on all prospective customers prior to establishing a relationship, opening an account, and providing services including transactions.

AML Screening, Investigation, Escalation and Reporting

Customer names and transactions are screened against the Bank's AML Watch lists, including the Politically Exposed Persons (PEP) list. Processes and controls are in place to ensure that AML Watch lists are accurate and kept up to date. The Bank's AML screening systems generate alerts for potential matches to the Applicable AML Lists.

Monitoring and Reporting of Suspicious Transactions

The Bank has an automated system for the ongoing monitoring of customer and employee transactions. The system generates alerts based on source transaction data against a set of scenarios and parameters aligned to the customer segment. Automated monitoring is supplemented by manual monitoring techniques.

Training and Awareness

BankDhofar employees receive customized AML/CFT related training as relevant to their role. All new employees receive AML/CFT training within, preferably three months from joining the Bank, and all relevant employees undergo refresher training on AML/CFT annually. On-going training programs are in place for directors, Board members, and executive or supervisory management to keep them informed of all aspects of AML/CFT requirements.

Compliance Monitoring

The Bank periodically reviews the effectiveness of the AML/CFT framework to ensure its consistency with applicable laws, regulations, and best practices and the process is audited by the IAD and External Auditors.

The Compliance team submits monthly FCC reports to the MRC, enabling Senior Management to effectively manage the Bank's financial crime exposure.

Business units must provide Compliance with accurate data on a monthly basis and must also share FCC management information with the BRC.

All employees are required to comply with the Bank's AML/CFT policy and procedures in addition to applicable laws, regulations and notices and are responsible for ensuring effective management of money laundering risks within the scope of their role.

Data and Systems

The Bank has invested significantly in implementing customer due diligence, AML transaction monitoring, and AML screening systems to identify, assess and manage risks on a consistent basis. The Bank's Data and Systems Architecture Procedures includes key roles, responsibilities and requirements for data management and governance of FCC related systems in line with the BankDhofar Data Strategy.

Sanctions Compliance Policy and Procedures

BankDhofar is committed to complying with all relevant and applicable sanctions issued by Oman and other jurisdictions, depending on the nature of the underlying transaction, and applies controls in line with international standards and best practices. The Bank mitigates sanctions risks through a framework of effective procedures, processes, controls, systems and well-trained employees to ensure compliance with the applicable sanctions.

Roles and Responsibilities

The Board is ultimately responsible for ensuring compliance with sanctions and has assigned executive responsibility for implementation to the BRC. A dedicated team within the Compliance Division ensures compliance with the sanctions policy in the Bank.

Other stakeholders that play an important role in its effective implementation include:

- Management Risk Committee
- Sanctions Officer
- Human Resources Division
- Financial Institutions
- Compliance Division
- Employees
- Data Systems

The Bank has aligned its controls to the Three LoD model.

First-line teams are responsible for onboarding customers, screening customers against watch and sanctions lists, maintaining customer profiles, updating customer information, and escalating potential sanctions matches to compliance.

Second-line teams are primarily responsible for a) advising business teams on matters related to compliance and b) Performing independent monitoring and testing over Sanctions processes performed by the first line. This includes supporting development of processes and controls, defining roles and responsibilities and facilitating the implementation of controls through training, technology, and the wider FCC Program.

Third-line teams are responsible for providing the Board with independent assurance on Sanctions processes and controls performed by first- and second-line teams.

Sanctions Screening System

The Bank uses appropriate sanctions screening systems and sanctions lists to identify and mitigate sanctions risks. Business units screen sanctions lists published by the following entities:

- National Counter Terrorism Committee Sultanate of Oman.
- CBO.
- United Nations Security Council (UNSC).
- Office of Foreign Assets Control (OFAC).
- the EU.
- UK Treasury.
- Canada.
- Japan.

Screening covers:

- Customer and Non-Customer Name Screening.
- Transaction Screening.
- Third party screening.

Customer Due Diligence (CDD)

The Bank's AML/CFT Policy and CDD Procedures define the parties to be identified at customer on-boarding, periodic and trigger-based reviews. The Bank performs CDD on all customers and connected parties.

Investigation, Escalation and Reporting

Screening systems generate alerts for potential matches to sanctions lists. It is the responsibility of the Business Unit owning the customer relationship to ensure that systems and controls are in place to effectively investigate, dispose of or escalate alerts and retain records of all sanctions alerts generated.

The Sanctions Officer is responsible for filing external reports to authorities on behalf of the Bank and must retain a record of all positive matches reported to authorities.

BankDhofar's Sanctions Policy further contains provisions and guidelines on the following topics:

- Correspondent Banking Relationships.
- Termination of Relationships.
- Non-Compliance with Bank's Sanctions Policy.
- Consequences of Non-compliance with Sanctions and Penalties.
- Dissemination of Sanctions Policy.
- Sanctions Training.
- Outsourcing and Third-Party Relationships.
- Assurance and Monitoring.

Anti-Fraud Policy and Procedures

The globalization and digitalization of banking services, while presenting opportunities for the banking sector, also present challenges in terms of protecting the system against attacks from fraudsters.

BankDhofar defines fraud as "any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain". Guarding against fraud – both internal and external - is essential to protect the Bank's reputation and maintain the trust of its customers.

BankDhofar is committed to taking all necessary action to prevent fraud and has developed a robust Anti-Fraud Framework comprising of policies, procedures, systems, and controls to aid in the detection, prevention, deterrence, investigation and reporting of fraud, in compliance with applicable rules and regulations and international best practices.

Roles and Responsibilities

The Board of Directors is ultimately responsible for reviewing and approving the Anti-Fraud Policy Framework and overseeing its implementation and compliance, including appropriate controls and effective Fraud Risk Management Systems (FRMS).

The BAC and BRC, among others, should assess the efficacy of the preventive actions taken and compliance with the reporting requirements. These two committees must also ensure that the AFU has sufficient employees and expertise to carry out its mandate effectively. The AFU has broad responsibilities pertaining to the detection, prevention, deterrence, investigation and reporting of fraud.

Other stakeholders that play an important role in its effective implementation include:

- MRC.
- Executive Management.
- IAD.
- IT and Information Security (IS) Departments.
- Project Managers.
- Heads of Divisions/Departments (HoDs) and Branch Managers (BMs).
- HRD.
- Fraud Monitoring Unit (FMU) - Contact Centre.
- Employees.
- Vendors / External Entities.

To effectively and sustainably implement the controls defined within the Anti-Fraud Program, the Bank has aligned its controls to the Three LoD model.

First-line teams are responsible for detection of fraud through contact with customers, monitoring customer transactions and account activity, maintaining customer profiles, updating customer information, and escalating unusual or suspicious activity/transactions to the AFU.

Second-line teams (AFU in this case) are primarily responsible for a) advising business teams on matters related to fraud compliance and b) performing independent monitoring and testing over anti-fraud control processes performed by the first-line team(s). This includes supporting the development of processes and controls, defining roles and responsibilities, and facilitating the implementation of controls through training, technology, and the wider Anti-Fraud Framework.

Third-line teams are responsible for a) investigating cases of actual or attempted fraud duly reported to them, b) developing adequate operational reference documents such as instructions manual on Fraud Investigations, and c) providing the Board of Directors with independent assurance on the processes and controls performed by first- and second-line teams.

Risk Assessment

The Bank's Fraud Risk Management System (FRMS) ensures appropriate controls/anti-fraud measures are put in place to mitigate fraud risk. The system covers all aspects of fraud risk management, including matters relating to detection, investigation, follow-up actions, preventives measures and reporting requirements. It contains measures to detect fraud including triggers such as customer/employee complaints / alerts. The FRMS also includes a robust cyber security framework comprising of policies, procedures, and systems to thwart cyber-attacks.

BankDhofar's Anti-Fraud Framework further contains provisions and guidelines on the following topics:

- Introduction of New Product/Processes.
- Anti-Fraud Training.
- Confidentiality requirements on matters relating to fraud.
- Reporting Procedures of Suspected Frauds.
- Record Keeping/Audit Trails.
- Recovery & Settlements of Frauds.
- Closure of Fraud Case.
- Disclosures.
- Management & Regulatory Reporting.



Whistleblowing Policy

BankDhofar is committed to conducting business operations with honesty, transparency, and integrity by complying with all applicable laws and regulations against corporate wrongdoing. All employees of the Bank are expected to maintain the highest possible ethical standards.

The Whistleblowing Policy, supported by its accompanying procedures, aims to encourage employees and third parties to come forward and report actual, planned, suspected, or potential cases of irregularities, fraud, bribery, corruption, money laundering, extortion, coercion, collusion, malpractices, and any other form of wrongdoing.

All employees and third parties such as customers and service providers who submit reports can do so in good faith and are afforded the utmost confidentiality and protection from any retaliation or reprisals. Reports may be submitted on any of the following official reporting channels:

Hotline	Email	Postal Address
Compliance Division: +968 22652069	whistleblow@bankdhofar.com	Compliance Division P.O.Box 1507, Ruwi 112 Sultanate of Oman

Roles and Responsibilities

Key stakeholders involved in the establishment and implementation of the whistleblowing policy and procedure include:

- Board of Directors.
- BRC.
- Disciplinary Committee (DC).
- Head of HRD.
- Compliance Division.
- IAD.
- AFU.
- Employees.
- Whistleblower.

BankDhofar’s whistleblowing framework contains clear procedures pertaining to reporting and investigation. These include:

- Filing, Recording, and Investigation of Whistleblowing reports.
- Implementing decisions made by the DC.
- Managing potential conflicts of interests.
- Feedback to the Whistleblower.
- Rewards for encouragement.
- Rights & obligations of persons implicated.

Training and Awareness

HoDs are responsible for ensuring their employees are aware of the Whistleblowing Policy and process, and that any training needs which may arise from the application of the Policy are addressed. All employees receive annual mandatory e-learning refresher training to ensure they maintain an adequate level of awareness. It is the responsibility of all employees to ensure that they have read and understood the Bank’s policy in relation to Whistleblowing.



Tax Transparency

BankDhofar is fully committed to tax transparency and complying with all related regulations in the jurisdictions in which it operates. The Bank is registered as a Participating Foreign Financial Institution (PFFI) with the Internal Revenue Service (IRS), Treasury Department, United States of America (U.S.) for implementing & complying with Foreign Account Tax Compliance Act (FATCA) and Regulations.

The Bank has also implemented regulations issued by the Organization for Economic Cooperation and Development (OECD) on Common Reporting Standard (CRS) and instructed by CBO and Oman Tax Authority (OTA).



Risk Management

The Board of Directors has primary responsibility for assessing and managing risk and has set risk policies, limits, and procedures accordingly. The BRC monitors and controls the overall risk profile (including Dhofar Islamic Banking) and reports to the Board on matters of significance.

The BRC is supported by the independent Risk Management Division (RMD) whose primary responsibility is to ensure that an effective risk management framework exists and that the various divisions of the Bank, including Dhofar Islamic Banking, function within this framework.

RMD also functions as an interface between the Executive Management and the Board of Directors in defining appropriate risk tolerance levels for various business lines and operating divisions of the Bank and in ensuring that policies and procedures are tailored to the defined tolerance levels.

BankDhofar has all necessary policies, processes, and procedures in place to manage the following types of risk:

Financial Risk Management

The important types of financial risks to which the Bank is exposed are:

Credit Risk: The possibility that a borrower or counterparty may fail to meet its obligation in accordance with agreed terms in relation to lending, trading, hedging, settlement, and other financial transactions.

Liquidity Risk: The potential inability of the Bank to meet its maturing obligations to the counterparty.

Market Risk: The risk of loss arising from unexpected changes in financial prices arising out of changes in interest rates, exchange rates, bonds, equity, and commodity prices. The Bank has major exposure in currency, equity, and interest rate risk.

Operational Risk

The risk of loss resulting from inadequate or failed internal systems, processes, people, or external events.

Country Risk

Country risk arises from changes in the value of foreign exposure due to country-specific conditions, which may result from economic, social, political or natural events and may relate to factors such as exchange controls, currency devaluations, nationalization or expropriation of assets among others.

Environmental and Social Risk

As part of the ESG Framework, the Bank will fortify the integration of ESG factors in its investment and lending practices by developing an ESG Risk Integration policy. This policy will demonstrate the Bank's commitments to managing material ESG risks and opportunities and will be supported by a Framework aligned with global standards including the Equator Principles, and the IFC's Environmental and Social Performance Standards. These strategic initiatives will enable us to systematically evaluate and address environmental, social, and governance risks across our financing and investments portfolio. By incorporating ESG considerations into our decision-making processes, we aim to enhance the sustainability and ethical impact of our financial activities, while also safeguarding long-term value for our shareholders. This commitment reflects the Bank's recognition of the importance of empowering equitable societal development and safeguarding the environment through sustainable finance solutions.

Dhofar Islamic currently applies specific Sharia criteria in addition to commercial criteria when evaluating financing opportunities. The CBO's Islamic Banking Regulation Framework (IBRF) provides guidance in refraining from financing projects that contravene Sharia principles, public interest or social norms, which are described in a Fatwa issued by the SSB. Dhofar Islamic's Sharia Compliance, Head of Sharia and SSB collectively hold accountability on compliance with the IBRF guidelines.

Additionally, the Bank aims to develop a Sustainable Finance Framework which will provide structure on how we assess and promote green financing. The Bank aims to integrate principles of internationally recognized frameworks as we aim to not only mitigate environmental risks but also to seize opportunities that drive positive environmental outcomes. This forward-looking approach underscores the Bank's dedication to sustainable finance solutions and our commitment to contributing to the global effort against climate change.



Case Study

The short-term credit and pre-paid product portfolio performance management strategy at BankDhofar focuses on maintaining a healthy balance between risk and profitability. In the short term, the Bank aims to optimize the performance of its credit and pre-paid product portfolios by closely monitoring key metrics such as delinquency rates, default rates, and repayment behavior. This involves implementing robust underwriting standards, conducting regular portfolio reviews, and employing predictive analytics to identify potential credit risks early on. Additionally, the Bank utilizes dynamic pricing strategies and targeted marketing campaigns to attract low-risk customers and mitigate credit losses.

For the long term, BankDhofar's strategy emphasizes sustainable growth and resilience in the face of economic fluctuations. This involves diversifying the credit and pre-paid product portfolios to spread risk across different sectors and customer segments. The Bank also focuses on building long-term relationships with customers through personalized financial solutions and proactive financial education initiatives. Furthermore, BankDhofar invests in technology and innovation to enhance risk management capabilities, such as implementing advanced credit scoring models and leveraging artificial intelligence for real-time monitoring of portfolio performance.

To minimize credit deterioration of loans in the portfolio, BankDhofar employs a proactive approach that involves continuous monitoring, early intervention, and effective risk mitigation strategies. This includes conducting regular credit reviews, analyzing macroeconomic trends, and stress-testing the portfolio to identify potential vulnerabilities. In addition, the Bank offers financial counseling and debt management services to customers experiencing financial difficulties, aiming to prevent delinquencies and defaults. Furthermore, BankDhofar actively engages in collection activities and implements loss mitigation strategies to recover overdue payments and minimize credit losses. Overall, the Bank's comprehensive credit and pre-paid product portfolio performance management strategy is designed to ensure stability, profitability, and resilience in the face of changing market conditions.



Compliance

(GRI 2-25, GRI 2-26, GRI 2-27, GRI 205-1, GRI 205-2, GRI 205-3, G5)

Compliance activities at BankDhofar are guided by the CBO, CMA and other applicable international capital market guidelines, local and international statutory guidelines and obligations, and international best practices. The Compliance Division oversees the effective management of compliance risk under the purview of the Board of Directors but reports directly to the BRC for guidance.

With a view to strengthening its compliance practices, in 2020, BankDhofar embarked on a compliance transformation program, titled 'Financial Action Task Force (FATF) Anti-Money Laundering (AML) Compliance Design & Implementation Program', which was concluded in May 2022.

The Bank strictly follows regulatory mandates and FATF recommendations on:

- KYC/CDD.
- AML/CFT and financing of proliferation of weapons of mass destruction.
- Sanctions passed by:
 - UNSC.
 - OFAC.
 - USA.
 - EU.
 - UK.
 - other relevant sanctions.

All customers are risk-rated, periodically reviewed, and screened from a database of Sanctions, Politically Exposed Persons (PEPs), and adverse media reports. Transactions are monitored from an AML perspective and Suspicious Transaction Reports (STRs) are raised as per legal and regulatory requirements in Oman.

Further, the Bank has implemented state-of-the-art IT systems to monitor transactions for AML, screen SWIFT transactions/messages from the sanctions database on a real-time basis, and screen customers from the database of Sanctions, PEPs, adverse media, law enforcement actions, etc.

The Bank has also conducted Compliance-related training for Board members, Executive Management, and employees of the Bank.

Compliance officials have Certified Anti-Money Laundering Specialist (CAMS) certifications from ACAMS, International Diploma in Governance, Risk and Compliance and Advanced Certificate in Managing Sanctions Risk examination from International Compliance Association (ICA).

The Compliance Division conducts gap analyses on the relevant CBO circulars to determine whether the Bank is complying with regulatory requirements or not, and identifying specific areas where changes may be required such as in policies, processes, resources, systems, operational matters, and other internal control measures. The Division shares a gap report with respective business owners who are responsible for addressing the requirements within the timeline specified by the regulator/or specified by compliance. The Gap report status is also placed with the MRC and BRC as part of the quarterly agenda for their oversight and guidance.

The following CBO requirements are currently under review:

- Card Tokenization Guidelines.
- Opening bank accounts for beneficiaries of Social Protection Scheme.
- Cyber Security & Resilience Framework.
- Guidelines for Implementation of IBAN in Sultanate of Oman.
- Instructions on Digital Onboarding and Electronic KYC.
- Licensing Policy for Payment Service Providers & Ancillary Payment Service Activities in the Sultanate of Oman.
- Appointment/Promotion/Renewal of contract of Senior Management Personnel in Banks.
- Risk Associated with ML and FT in Payment processors / aggregators.
- Business Risk Assessment 2023.



ESG in Supply Chain Management

(GRI 204-1, 2, G4)

BankDhofar has a Supplier Due Diligence Checklist that requires the assessment of whether suppliers follow good governance practices in accordance with a Code of Conduct and sound business ethics. This includes obtaining and analyzing the supplier's Code of Conduct, where available, and confirming if bribery and corruption is prohibited, if gifts and expenses are approved, and if unethical or illegal acts have been prohibited. As part of the ESG Framework, the Bank aims to implement a Supplier Code of Conduct policy outlining expectations of suppliers regarding ethical practices.

The Bank also aims to strengthen the integration of ESG factors in its supplier selection and performance evaluation processes. As a financial services provider, the Bank believes that ESG considerations and initiatives offer benefits, including the prioritization of local suppliers to enhance the local economy and particularly to support the development of Omani SMEs.

In 2023, the Bank engaged 1,769 suppliers, of which 80% were local and SME suppliers.

06

UPLIFTING CUSTOMERS & COMMUNITIES

(GRI 203-2, GRI 413-1, S11)



A Culture of Excellence

BankDhofar's commitment to delivering outstanding customer service sets the Bank apart from its competition and has made us the Bank of choice for many customers across the Sultanate. We place great strategic emphasis on efforts to continuously enhance and provide a differentiated customer experience (CX).

Our Customer Service Values

BankDhofar's relationship with customers is underpinned by the company's eight Customer Service Values



Fair Treatment & Respect

We will treat our customers with the utmost respect and exercise full transparency on information related to our products and services.

Privacy

We will ensure customers' personal and financial information always remains confidential and secure.

Ownership

We will own every customer transaction, feedback and complaint and bring it to closure within the committed service levels.

Relationship

We will build long-term relationships with our customers by offering products that meet their banking needs and by providing a service that exceeds their expectations.

Continuous Improvement

We will conduct self-assessment exercises to identify areas of improvement that can help us to serve our customers better.

Voice of the Customer

We will ensure that customer feedback is captured, acted upon and is reflected in our products, services and the way we deal with our customers.

Availability & Reliability

We will ensure our channels and employee are always available to assist customers.

Right to Choose & Right to Know

We will always be transparent when it comes to offering options and solutions that meet customers' needs and allow them to choose the most appropriate solutions without undue pressure.

Over the years, the Bank has focused on making CX faster, smarter, and more convenient, investing in digital transformation to streamline the customer journey. Listening to customers and gathering their feedback plays an essential role in the continuous improvement of services to them.

To systematize this process, BankDhofar developed a CX strategic roadmap. The CX charter provides a set of principles that outlines the standards of service that customers can expect from the Bank. These commitments represent the standards that all employees are expected to adhere to when interacting with customers, ensuring a consistent level of excellence.



Consumer Financial Protection

BankDhofar's Charter of Consumer Rights and Responsibilities outlines the rights and responsibilities of its customers and the Bank's obligations towards them. The Charter provides complete transparency for customers and the processes involved in banking transactions.

The Charter supports the Bank's efforts to build strong and lasting relationships with customers based on trust, respect, and accountability. All customers are encouraged to read through the Charter and familiarize themselves with their rights and responsibilities as a consumer.

The Charter is built around four principles:

1. **Respect for consumer rights:** The needs and expectations of consumers are essential, and the Bank strives to provide them with the best possible service that meets their goals.
2. **Transparency in communication and practices:** The Bank believes in open and honest communication with customers and will provide them with all the information needed to make informed decisions about banking transactions.
3. **Fair and ethical practices:** The Bank is committed to ethical and responsible practices and will conduct business with integrity and compliance with all applicable laws and regulations.
4. **Continuous improvement:** The Bank is committed to continuous improvement in its services, products, and processes to better serve customers and meet their evolving needs.



Customer Feedback

BankDhofar’s Customer Feedback Department was formed to effectively operationalize the Bank’s commitment to delivering an unmatched customer experience. Reporting directly to the Chief Corporate Services Officer (CCSO), the department brings together key units responsible for customer care, management information systems (MIS), and quality assurance and collaborates with all departments across the organization.

Its main function is to address customer complaints and resolve them promptly, to the customers’ satisfaction, and learn from these experiences to continuously improve our services with a view to exceeding customer expectations.

BankDhofar has produced a Customer Frequently Asked Questions (FAQ) to raise awareness among front-line service agents and provide them with the knowledge to handle complaints related to account operations fees and charges.

The Customer Complaint Redressal Policy covers all escalated requests by all consumers approaching the Bank to resolve any issue resulting in consumer dissatisfaction.

Customers can raise complaints via the following channels:



Visit the nearest BankDhofar or Dhofar Islamic branch.



Contact the Bank’s 24/7 Call Centre on +968 24791111 (for Bank Dhofar) or +968 24775777 (for Dhofar Islamic).



Email care@BankDhofar.com or care@dhofarislamicbank.com



Direct message using a form available on BankDhofar’s or Dhofar Islamic’s website.



Official BankDhofar or Dhofar Islamic social medial platforms.

The following details the process for dealing with complaints via the various channels:

Branch Network - Branch employees should register all received feedback in the Customer Relationship Management (CRM) system irrespective of whether they are resolved immediately or need to be escalated for resolution. Such cases will be reviewed by the Customer Feedback team and should be resolved by the department and / or forwarded to the concerned owner for necessary action within the applicable timeframe, as per the complexity and nature of each case.

Website - The Bank's website is managed by the Marketing & Corporate Communications (M&CC) team and has an option for customers to lodge entries. The website triggers an email directly to Customer Feedback Department. All complaints received during working hours should be reviewed and registered in the CRM system on the same day, processed by the Customer Feedback Department or forwarded to concerned departments for necessary action.

Relationship Managers - relationship managers are one of the direct contact points for priority banking customers and corporate customers to register their feedback. Such cases are registered in the CRM system by relationship managers to be resolved immediately or escalated to the appropriate owner. In all cases, the Customer Feedback department receives a copy for follow-up whenever required.

CBO - Complaints registered with the CBO are passed on to BankDhofar's Customer Feedback team for immediate action to resolve the issue. The team addresses and processes the complaint in collaboration with the respective departments within the Bank then responds to CBO's communication with the CCSO's sign off. Further, if needed, the in-house legal department should be contacted for necessary advice. The Customer Feedback team is expected to contact customers on their registered phone number to ensure their satisfaction before closing the case in the CRM system.

Call Centre - Complaints registered by Call Centre agents in the CRM system are reviewed by the Customer Feedback Department during working hours and should be followed up by the department with the concerned owner for necessary action, as per the agreed service level agreement (SLA) and within the applicable time period depending on the complexity and nature of each case.

Social Media - The Bank utilizes social media channels as a platform for customers to share their thoughts and suggestions, feedback on the service quality, raise complaints, inquire about products and services, and reach out for assistance. Twitter, Instagram, Facebook, YouTube and LinkedIn are the existing social media platforms through which customers can provide their feedback to improve the service quality. Social media platforms are managed by the Bank's Marketing & Corporate Communications (M&CC) team and are accessible to designated Call Centre agents who are provided access to the Bank's social media sites to address customer complaints and inquiries. All complaints, product/service inquiries, suggestions, etc. received on BankDhofar or Dhofar Islamic social media channels are handled by the Call Centre team for immediate resolution and/or escalation.

Customer Complaint Metrics	2021	2022	2023
Number of complaints received	12853	16882	36278
Number of complaints filed with CBO or other jurisdictional agencies	300	304	251
Number of complaints closed	12853	16882	36278
Response rate to customer queries (%)	100%	100%	100%
Average turnaround time (business days)	37	17	13



Customer Satisfaction

BankDhofar has launched a 'Voice of the Customer' (VOC) initiative to assess service fulfillment post transaction at branches and on alternative channels and a follow-up survey checking whether the resolution provided was satisfactory.

This is the bedrock of the Bank's long-term and short-term CX strategic roadmap, enabling it to effectively capture customer feedback and to activate the three principles of collect, analyze, and act in order to deliver the best CX possible.

This process allows the Bank to take a more strategic approach to customizing customer initiatives based on the qualitative data they provide. The tool will be able to deploy a variety of survey type:

1. Transaction surveys - satisfaction check triggered by customer transactions
2. Campaign based surveys - deployment of surveys driven by business needs
3. Relational surveys - surveys which would enable to compare year-over-year improvement

Feedback types:

- a. Direct feedback - Survey
- b. Inferred feedback - combining operational data to survey responses
- c. Indirect feedback - capturing sentiments from social channels

The VOC program is prioritized in a roadmap comprising of two phases:

Phase 1: Q1 2024

- Social Media Management
- Transaction Surveys
- Channel Surveys
- Basic Reporting
- Case management

Phase 2: Q4 2024

- Linking Operational Data
- Advanced reporting
- Relational Surveys
- Internal Surveys (VOE)
- Text Analytics
- Advanced case management

Recognizing the importance of establishing clear baselines, the Bank will continue to refine measurement methodologies for customer satisfaction metrics in 2024. This will involve leveraging both direct and indirect measurement systems, including the Net Promoter Score (NPS), Customer Satisfaction Score (CSAT), Customer Effort Score (CES), and First Time Resolution (FTR) to gain a comprehensive understanding of customers' experiences and expectations. Further, the Bank will establish ambitious targets to drive improvements in customer service.



Access to Finance and Community Development

BankDhofar occupies an important role at the heart of the community. The Bank sees it as a duty not only to provide essential financial services to all stakeholders but to undertake a series of initiatives that deliver wider benefits to society.

These initiatives take place under the umbrella of BankDhofar's Corporate Social Responsibility (CSR) strategy which is underpinned by a Policy that provides a framework of related activities and initiatives employed by the Bank.

The Bank seeks to align its CSR plan with the Oman Vision 2040 of Economic Diversification and empowerment, including:

1. Financial inclusion programs
2. SME and entrepreneurship support
3. Education
4. Healthcare

The BEC approves the yearly CSR action plan in accordance with an approved budget while the Marketing and Corporate Communications Department is responsible for developing and implementing the CSR strategy.



financial inclusion

Financial Inclusion

BankDhofar is committed to providing a wide range of products and services that meet the needs of all members of the community, including underprivileged and underbanked residents and citizens. The Bank undertakes a variety of initiatives to publicize its services so that customers and potential customers have a complete understanding of the benefits of its services.

The Bank also has an internal financial literacy and education strategic framework for developing a comprehensive financial education program that can be tailored to the unique needs of various target audiences with the goal of increasing financial literacy and empowering individuals to make informed financial decisions in their personal and professional lives. The target audiences include the general public, private sector employees, SMEs, and students in colleges and high schools.

Moreover, the Bank launched a robust digital onboarding capability that has significantly simplified the process for new customers to open accounts. This strategic development has been particularly beneficial for younger clients, as evidenced by the remarkable surge in children account openings towards the end of 2023.

The Marketing and Corporate Communications Department has responsibility for communicating to customers the various retail products and services that meet their needs. Communication is delivered through a variety of methods including awareness campaigns, events sponsorship, press releases, advertisements, and social media campaigns. Awareness campaigns are designed to appeal not only to existing customers but the wider population to expand the Bank's customer base.

In addition, the Bank established a Knowledge Center Development resource on our website. This resource will be continually improved with articles aimed at providing transparency and guidance to our customers to allow them to make informed financial decisions.

BankDhofar's branch network - designed to accommodate disabled customers - provides complete and inclusive coverage nationwide, ensuring that all citizens and residents are covered.

BankDhofar's best-in-class mobile banking application is an essential component in ensuring widespread and convenient coverage and 24/7 access to the Bank's services.

Financial inclusion is an important pillar for Dhofar Islamic which runs public awareness campaigns to spread knowledge on the benefits of Islamic banking. Dhofar Islamic also participates in and sponsors events to spread awareness of Islamic banking. Like BankDhofar, Dhofar Islamic has also enhanced its digital banking channels and introduced 24/7 self-services.

All employees at BankDhofar and Dhofar Islamic are provided with training designed to give them a comprehensive knowledge of the company's products and services so that they may effectively communicate their benefits to the public. The Bank has also introduced an employee recognition scheme to incentivize the highest standards of service quality.



Case Studies

Manfaa Social Protection Program

In 2023, the Digital Banking Department contributed to social initiatives, particularly through its support for the Manfaa social protection program. The Bank provided crucial account validation services, enabling customers to easily retrieve their account details. This functionality was instrumental in seamlessly connecting beneficiaries' profiles, especially those of children and seniors, with their respective financial benefits. The Bank's involvement in this project underscores its commitment to leveraging digital banking solutions for social welfare and enhancing the financial inclusion of vulnerable groups within our community.

Number of facilities expanding access to finance	2021	2022	2023
Number of branches in low populated and economically disadvantaged areas	Muscat: 16 Interior: 36	Muscat: 19 Interior: 40	Muscat: 31 Interior: 54
Number of ATMs in low populated and economically disadvantaged areas	77	54	121

Retail customers and deposit portfolio	2021	2022	2023
Total number of retail banking customers	268,862	296,177	456,285
Total number of customer accounts	338,918	350,787	556,571
Total value of retail banking deposit portfolio (OMR million)	592.023	507.902	661.341

Number of borrowing customers and exposure by type of customer	2021	2022	2023
SME			
Number of borrowing customers	451	407	438
Exposure (in OMR million)	0.137	0.117	0.163
Corporate			
Number of borrowing customers	293	260	204
Exposure (in OMR million)	1.210	0.907	1.030
Project Finance			
Number of borrowing customers	39	41	34
Exposure (in OMR million)	0.755	0.676	0.823
Others			
Number of borrowing customers	0	0	58
Exposure (in OMR million)	0	0	0.215
Total number of borrowing customers	783	708	734
Total exposure (in OMR million)	2.104	1.702	2.233

Number of facilities expanding access to finance	2021	2022	2023
Number of branches in low populated and economically disadvantaged areas	3	3	8
Number of ATMs in low populated and economically disadvantaged areas	3	3	8

Retail customers and deposit portfolio	2021	2022	2023
Total number of retail banking customers	26,394	31,015	67,237
Total number of customer accounts	30,067	35,177	72,802

Borrowing exposure by type of customer	2021	2022	2023
SME			
Exposure (in OMR million)	0.010	0.010	0.003
Corporate			
Exposure (in OMR million)	0.117	0.078	0.046
Total exposure (in OMR million)	0.127	0.089	0.050

Number of past due and nonaccrual loans	2021	2022	2023
SME			
Exposure (in OMR million)	0.001	0.009	0.006
Corporate			
Exposure (in OMR million)	0.023	0.064	0.085
Total exposure (in OMR million)	0.024	0.073	0.092

Tabulation based on number of customer information file (CIF).



SME and Entrepreneurship Support

In alignment with Oman Vision 2040 we sponsored Bindera Village and Oman's biggest food festival "Muscat Eat" Event which was organized at the Omani Automobile Association. These events formed a platform for young entrepreneurs to share ideas and benefit from the experiences. The events saw a total of 11000 visitors exploring collaborative associations.



Data Security and Privacy

(GRI 410-1, GRI 418-1, G6)

As the Bank advances its digital transformation program, protecting customer data and privacy becomes ever more critical to preserving the integrity and reputation of the Bank. BankDhofar has a robust combination of policies, procedures and IT systems, including cybersecurity systems, in place that govern the usage of data and ensure that it is protected at all times.

BankDhofar's Data Security and Privacy protection system is underpinned by its ISO/IEC 27001:2013 (Information Security Management System) certification which applies to all information, systems, processes, and people within the IT Division (ITD) and Information Security Department (ISD).

In addition, BankDhofar has the following policies in place, which together provide comprehensive governance over data security and protection.

- Data Privacy & Protection Policy.
- Cyber Security Policy.
- Information Security Policy.

Furthermore, the Bank continuously invests in strengthening its cybersecurity systems to provide customers with the highest level of security and to ensure the Bank complies with all applicable regulations.

As per the Website Privacy Policy and Electronic Channels Privacy Policy, information is collected based on prior consent. The Bank may share and exchange such information for credit and risk management with authorities for credit rating, CBO, the Clearing House and any other similar competent bodies. The Bank strives to protect data against unauthorized access or accidental access, unauthorized modification or accidental modification and erasure. The policy applies to electronic channels of the bank only.

There were no reported incidents of data breaches, identity thefts, or losses of our customer data in the current reporting period or the previous four years.

Cybersecurity Marketing Campaigns: The bank has initiated external campaigns across social media platforms to enhance customer awareness regarding financial crimes and to provide guidance on safeguarding against cyber fraud.

Cybersecurity Fortification

BankDhofar has launched an initiative to invest in advanced cybersecurity measures to protect against evolving threats, ensure the safety of customer data, and enhance trust in its digital channels. The plan is geared towards ensuring that the Bank stays ahead of the curve in the financial sector's digital transformation, by continuously evolving to meet and exceed the needs and expectations of customers.

This is a short-term plan (6-12 months) and implementation will cover the following:

UI/UX Revamp Roll-out:

Complete the planned overhaul of the user interface and user experience for the Mobile and Internet Banking platforms, ensuring they are intuitive, engaging, and accessible.

Customer Experience Enhancement:

Implement feedback mechanisms to gather real-time customer insights on digital channel usage, and rapidly iterate improvements to the customer journey.

Digital Literacy Initiatives:

Launch customer education programs focused on digital services to increase adoption and proficiency across all user demographics.

Technology Infrastructure Upgrade:

Begin incremental upgrades to the bank's technology infrastructure to support the upcoming innovations, ensuring robustness, scalability, and agility.

B2B Digital Services Optimization:

Introduce digital contract management and real-time transaction tracking for B2B clients to streamline their financial operations.



Digital Transformation

BankDhofar has invested significantly in developing its digital infrastructure, both at the client-facing front-end to improve its customer service as well as at the back-end to improve operational efficiency.

BankDhofar's IT division supports the implementation of the Bank's 'run-grow-transform' model of operations and oversees the technology strategy, application systems, digital channel systems, and infrastructure.

The Bank's innovation strategy is built on the following three pillars:

Innovation Leadership: Position the Bank as an innovation leader by investing in research and development (R&D), predictive analytics, artificial intelligence (AI) for personalized services, and exploring blockchain for enhanced transaction security.

Strategic Fintech Partnerships: Forge strategic alliances with fintech firms to integrate novel financial solutions and explore synergies across industries like retail and telecom.

Global Best Practices Adoption: Regularly benchmark digital offerings against international standards to ensure the highest quality of service.

BankDhofar is now embarking on a transformative strategic project that will revolutionize the digital banking experience across all channels. This initiative involves a comprehensive revamp of the user interface (UI) and user experience (UX) for both our Mobile and Internet Banking platforms, catering to the unique requirements of both Islamic and conventional banking channels.

From a CX perspective, the following initiatives and improvements are directly associated with the Bank's efforts to digitally transform its customer experience.

1. Improvements to both BankDhofar and BankDhofar's Islamic Window's website

Through the introduction of **integrated** contact forms, engagement has been improved as a result of better communication.

- The 'I want to' portion of the website enhances the user experience and focuses on their needs.
- Scalability of the website has been enhanced by simplifying the content management system (CMS).
- Designs that are mobile first will allow the website to be more responsive to mobile devices.

2. Omni-channel platform

The Bank has implemented an Omni-channel platform that integrates its core banking applications with digital channels. By moving to a single platform for both core banking and digital channels, the Bank can improve performance, reliability, scalability, and response times, bringing the digital experience in line with industry standards.

3. Social Engagement Hub

Due to the emergence of social media as a primary engagement channel that the Bank uses to engage with the wider public, the team that is responsible for managing the social media channels was managing the channels natively as the channel evolved into a primary engagement channel.

This resulted in challenges, including longer response times, a lack of reporting, and the loss of conversations due to a lack of channel consolidation. Recently, the Bank implemented a social media engagement platform designed to address these challenges, resulting in a significant improvement in response times, the number of conversations handled, and the handling time of agents across all key metrics.

4. Improved Google location

A discrepancy was found as a result of the fact that all locations for the Bank's addresses on Google had not been claimed. With the increase of the Bank's branch network, this presented a problem for customers searching for the location of their nearest branch, and in engaging with the bank through Google location pages. All Google pages have since been claimed resulting in improved accuracy of the branch locations.

5. Integration with Online IPO System

The Bank enabled seamless connectivity with the Online Initial Public Offering (IPO) system, which included a feature for IPO financing. This initiative has greatly eased the process for users to apply for IPOs, making the entire experience more user-friendly and efficient in 2023.

6. Direct Integration for Quick Remittance to India

In a significant expansion of its international banking services, BankDhofar implemented direct integration with a leading local bank in India. This initiative gave rise to the "Quick Remittance to India" service, a game-changer in cross-border transactions. Customers can now benefit from the ability to transfer funds internationally with instant processing times and minimal fees, further facilitating the customers' ability to manage global financial engagements effortlessly.

7. Interactive Voice Notification (IVN)

BankDhofar launched an IVN service for customers covering needs like ATM PIN re-issuance, Mobile banking password reset, increase ATM withdrawal limit etc., and for capturing the customer feedback after the interaction at branches.

8. Data Centre/Infrastructure

From an infrastructure perspective, the Bank upgraded its data center infrastructure by partnering with the largest data center colocation provider in Oman, an initiative that will support future expansion of digital transformation.

Impact of digitalization	2021	2022	2023
Digitally registered customers	Internet Banking: 661	Internet Banking: 646	Mobile Banking: 47,565 Internet Banking: 309
New-to-Bank customers onboarded digitally	N/A	4	4925 ²
Number of retail transactions made through mobile app	N/A	2,271,656	3,622,181
Dhofar Islamic Banking			
Digitally registered customers	2,859	3,185	7,257
New-to-Bank customers onboarded digitally	-	-	1,250
Number of retail transactions made through mobile app	148,494	206,328	355,992

² Onboarded through Intilaqa.

Case Studies



The following are case studies on how digitalization is immersed in the various banking departments.

Government Banking and Investment Banking

In the Government Banking department, upgrading of the IT infrastructure was conducted to support the implementation of the Treasury Single Account (TSA) and supporting foreign exchange (FX) deals in its Business-to-Business (B2B) solutions.

Additionally, the department also introduced payment technology to its offering such as POS and Software POS.

Retail Banking Digital Channels

The Digital Banking unit of the Retail Banking Department is at the forefront of technological innovation, committed to providing secure, convenient, and versatile banking solutions. The ultimate goal is to ensure that the customer experience is as seamless and efficient as possible.

The department is structured around several key functions, as follows:

Online and Mobile Channels: A robust online banking platform alongside a user-friendly mobile banking app, ensure that customers can access their accounts, make transactions, and avail of banking services from the comfort of their home or while on the move.

Terminal Banking: An extensive network of Automated Teller Machines (ATMs), Cash Deposit Machines (CDMs), Full Function Machines (FFMs) and Multi-Function Kiosks (MFKs) offer a range of banking services, enabling customers to perform transactions such as cash withdrawals, deposits, and more, with ease and efficiency.

Digital Onboarding Platforms and Services: Digital onboarding solutions streamline the process of opening new accounts or availing of services, making it faster, easier, and completely paperless. This enhances customer convenience and satisfaction.

Corporate Internet Banking: Tailored for corporate clients, this platform provides a suite of banking services designed to meet the unique needs of businesses, enabling efficient management of finances, transactions, and cash flow.

Remote Cheque Capturing: With this innovative service, customers can deposit cheques electronically without the need to visit a bank branch, saving time and providing added convenience.

B2B Solutions: Comprehensive B2B banking solutions, facilitating seamless transactions between businesses, enhancing efficiency, and promoting growth.

SMS Banking: SMS Banking allows customers to perform a range of banking transactions and receive account notifications through simple text messages. This service is especially valuable for those without smartphone access or in areas with limited internet connectivity. Functions that include balance inquiries, transaction histories, and alerts on account activities.

Social Media Banking: Social Media Banking involves the use of social media platforms like WhatsApp to conduct banking transactions and interact with customer service.

Dhofar Islamic Banking

Dhofar Islamic Banking department's digitalization initiatives are focused on improving customer experience in the following areas:

Personalization: Utilizing data analytics and AI technologies to personalize customer interactions across various touchpoints. This could include personalized product recommendations, tailored marketing messages, and customized user experiences on digital platforms.

Mobile Optimization: Optimizing digital assets, including websites and applications, for mobile devices to cater to the growing number of users accessing content and services on smartphones and tablets. Mobile optimization improves accessibility and usability, contributing to a positive customer experience.

Streamlined Checkout Processes: Simplifying and optimizing the online checkout process to minimize friction and reduce cart abandonment rates. This could involve implementing one-click checkout options, guest checkout features, and secure payment gateways to enhance convenience and security for customers.

Social Media Engagement: Leveraging social media platforms to engage with customers, address inquiries, and build relationships. Social media listening tools can be used to monitor conversations, identify trends, and respond promptly to customer feedback, fostering a sense of community and loyalty among customers.



Selected Digital Banking Services Launched in 2023

- Mobile Banking - SWIFT Enhancement: Faster and more reliable international transactions.
- Digital Onboarding for High Yield Customers: Streamlined onboarding process for premium accounts.
- Digital Onboarding for Child Account Opening: Easy and secure setup of accounts for minors.
- POS - Integration Altamam Hypermarket: Seamless payment solutions for Altamam Hypermarket customers.
- POS - Integration (MOH): Modernized payment systems for the Ministry of Health.
- POS - Threshold Payment Limits on Microbusiness: Customizable payment limits to support microbusiness transactions.
- POS - Softpos Project (Arabic App): A SoftPOS solution with an Arabic interface for wider accessibility.
- POS - Certification & RKL for Low-cost Terminals (EEASY7 & MOSAMMBE): Compliance and security for affordable payment terminals.
- Internet Banking - Tree Structure View: provides a centralized, hierarchical visualization of an organization's accounting structure, enabling entities like a Ministry of Finance to oversee and manage all related financial accounts from a single interface, ensuring real-time data accuracy and improved financial oversight.
- Mobile Banking- Bill Payment upgrade: BankDhofar's mobile banking app now features an integration with a service aggregator, expanding bill payment options across various sectors like education, travel, and telecommunications. This enhancement provides customers a convenient, one-stop solution for managing and paying bills directly through the app, improving efficiency and user experience.

07

Focusing on our People

(GRI 2-7, GRI 2-8, GRI 202-2, GRI 401-1, GRI 401-2, GRI 401-3, GRI 403-8, GRI 403-9, GRI 403-10, GRI 404 1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 406-1, S2, S3, S4, S5, S6, S7, S8)





Workplace Culture

BankDhofar recognizes that its people are the key to driving performance and sustaining a competitive edge in the market. The Bank strives to attract and retain the best talent, developing and investing in employees at all levels of the organization, and imbuing them with a common purpose to achieve business objectives.

The Human Resources Department has engrained a strong performance culture through a variety of Programs and Projects under the HR Transformation Journey, designing and building the right culture, people, processes, and systems. The HR Strategy aims to enhance employee experience, engagement, open communication, and regular feedback, as well as empower employees to grow by creating an environment that rewards outstanding performance.

BankDhofar believes that effective organizational change leads to a more engaged workforce, improves working practices, and helps achieve higher productivity. All Bank employees are afforded opportunities to enhance skills and exchange ideas on areas related to service excellence, technical expertise, and international/regional best practices.



Human Capital Development

Talent Attraction, Retention, and Engagement

BankDhofar attracts, nurtures, and retains talent by offering competitive rewards and recognition schemes that incentivize performance. Further, the Bank places a strong emphasis on offering opportunities for career growth through implementing focused development programs.

Initiatives to attract and retain talent can be broadly broken down into the following categories:

- Attractive & competitive compensation packages.
- Encouraging learning & Development opportunities.
- Performance linked Bonus payouts including special bonuses for high performing employees.
- Promotions & Increments.
- Salary benchmarking studies.
- Continuous recognition through a recognition program in the Bank.
- Employee engagement initiatives to increase collaboration & teamwork.
- Communication platform to increase transparency and knowledge.
- Solid onboarding process and an exit interview to try to hold back employees.

Standard benefits provided to full-time employees include:

- Life Insurance
- Health Insurance
- Parental Leave (98 days maternity and 7 days paternity)
- Staff credit facilities
- Other leave as per Labor Law

In 2023, the Bank enhanced its employee engagement with the following initiatives:

- Launched an Employee Engagement survey.
- Developed Engagement Strategy.
- Formed Engagement Department.
- HR contact Center Enhancement to better interact with employees and answer people-related queries quicker.
- New employee credit facilities introduced.
- Various HR digitalization initiatives implemented.

In 2023, a total of 1,250 out of 1,555 employees completed the engagement survey, resulting in a participation rate of 80% and an engagement score of 70%.

The Bank strives to ensure that all high-performance individuals and teams are afforded the opportunities to grow and achieve their potential and career aspirations.

Programs are tailored for different talent segments in the Bank to create specialized functional and technical capabilities to cater for emerging businesses, future succession planning needs of the Bank, and for fostering a customer-centric culture across BankDhofar.



Learning and Development

BankDhofar's Learning & Development Academy is a key component of the Bank's human capital development strategy. Its purpose is to satisfy all learning needs in line with the strategic direction of the Bank and equip employees in each division with the skills required to execute their duties to the highest standard. It aims to improve employee performance, productivity, and support career development.

Training Programs can be broadly categorized as follows:

- Employee Annual Training Plans: This covers functional, technical, behavioral and leadership needs.
- IDPS Professional Certification: Available based on the needs of employees.
- Academic Qualifications: CBFS academic qualifications given to employees based on criteria on an annual basis.
- Graduate Development Program: Ruwad Graduate Development Program for young graduates.

The Academy covers a wide variety of training needs, including leadership programs as well as training related to specific topics such as treasury, risk management, finance, Islamic finance, corporate, retail, regulatory requirements, and much more.

State-of-the-art facilities include a mock branch and a flexible digital e-learning tool for employees to complete courses assigned at their convenience from their workstation or remotely if needed. The Academy has delivered many courses at locations across the Sultanate through classroom learning as well as the E-Learning platform. The Academy brings together experts from various specialist units to address employee training needs with programs covered by in-house customized and externally sourced offerings.

The Academy conducts Training Needs Analysis (TNA) on an annual basis to assess requirements from each department and build employee skills and competencies. The Analysis is consolidated into an annual training plan that includes local, international, and in-house training conducted by Bank employees.

Relevant employees are provided with regular training in Business Continuity Management (BCM), with programs customized to cater to the different target groups. In 2023, customized specialized BCM e-Training Programs were organized to benefit all end-users to undergo mandatory BCM programs at their convenience either at the office or at home.

The Bank has also introduced a 'Knowledge Day' training initiative that introduces a product each week and covers its key features, eligibility, process and common errors to enhance sales prospects and building capability.

The RMD conducts regular training programs for employees at various levels to embed 'risk awareness' and to spread the general 'risk management culture' in the Bank. Professional training in various forms is also conducted to improve the employees' risk management skills.

The Sharia Compliance and Audit department is actively involved in Islamic banking and product related training of employee, management, and other stakeholders. Dhofar Islamic Banking has conducted 50 training programs including both in-house and external training programs.

Some departments have initiated an intradepartmental employee learning & development section where employee members can conduct their own presentations and training programs to share knowledge of their respective areas as well as their skills.

BankDhofar has also conducted Compliance related training for the Board of Directors, Executive Management, and employees of the Bank.

Face to face/classroom role-based training related to CDD, AML, Sanctions, fraud, ABC, etc., were conducted for relevant employees from Compliance, IAD, Trade, Branches, Relationship Managers, and Centralized Operations. eLearning courses on Fraud, Information Security, AML and Sanctions related areas were available for all Bank employees, who are required to pass these courses on an annual basis.

Regular training is also conducted for corporate banking employees' skills to enhance their credit skills.

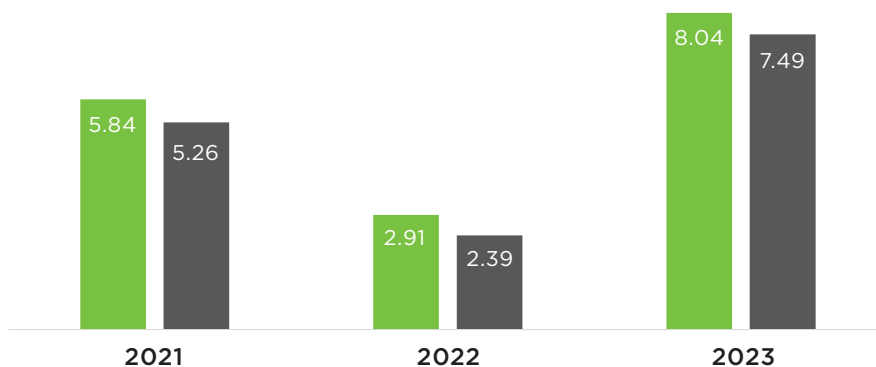
Average hours of training per employee, by gender



Female



Male



Average hours of training per employee, by management level	2021	2022	2023
Non-Management	23.33	32.96	61.83
Middle Management	5.33	4.68	6.16
Senior Management	3.56	4.20	2.68

Total number of employees receiving training on ABC	2021	2022	2023
Non-Management	943	320	1574
Middle Management	337	61	575
Senior Management	9	0	13

Total number of employees receiving training on information security	2021	2022	2023
Number of employees that completed the training	1176	85	1248
Number of total equivalent training hours	1168	131	1316

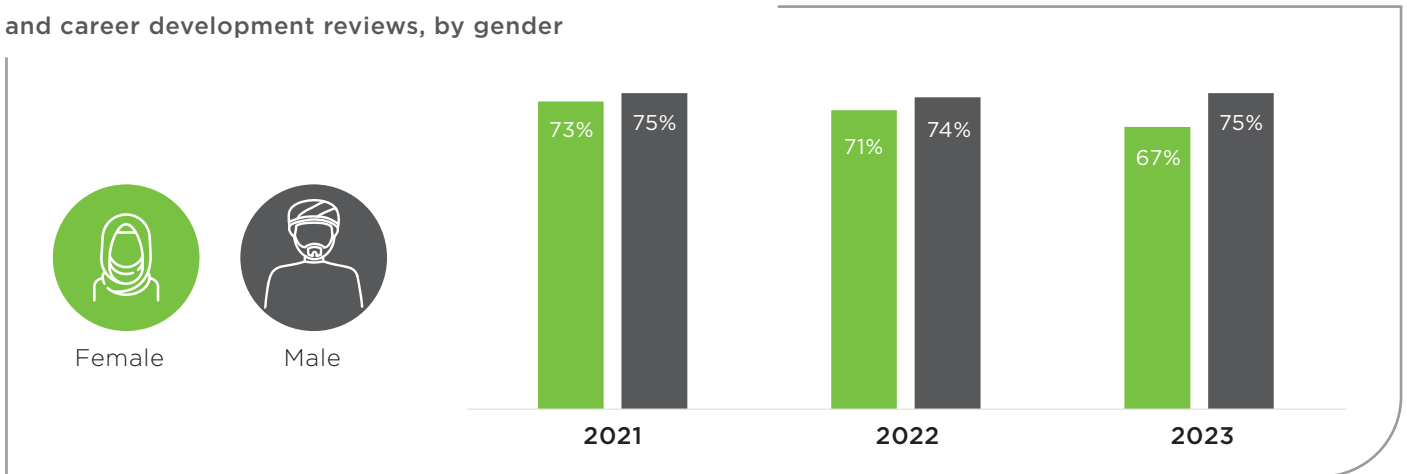
Total number of employees receiving training on data privacy	2021	2022	2023
Number of employees that completed the training	28	4	11
Number of total equivalent training hours	28	4	11

Performance Management

All employees are given a regular performance review. Performance measurement is based on individual targets that are set based on overall Key Performance Indicators (KPIs). Targets are cascaded down to the Divisional Head, Heads of Department (HODs), Line Managers & individual employees, ensuring a consistent approach throughout the organization and that everyone is working to achieve overall corporate objectives.

Based on the set KPIs, performance is assessed by the Line Manager and Divisional Heads, periodically i.e. half yearly and annually. The Bank disburses performance linked bonuses to employees based on the outcome of performance reviews with the overall bonus pool determined by the Bank’s financial performance (net profit).

Percentage of employees receiving regular performance and career development reviews, by gender



Percentage of employees receiving regular performance and career development reviews, by management level	2021	2022	2023
Non-Management	64%	61%	64%
Middle Management	81%	78%	74%
Senior Management	12%	77%	73%



Employment Practices

The Bank's Code of Conduct sets the behavioral standards that all employees are expected to meet. The Code of Conduct covers ethical standards, professionalism, respect for the law, confidentiality, and much more.

As per the Code of Conduct, all employees are treated equally and fairly. The Bank has zero tolerance for harassment or discrimination of any kind and has clear policies and grievance procedures in place to deal appropriately with any complaints that may arise in relation to these areas.

The Employee Relations Department initially reviews grievances and attempts to rectify them within a specific timeframe. If necessary, a Harassment Prevention Panel adjudicates on such matters and recommends to the Chairman of the Panel any disciplinary action to be taken as specified under the Bank's disciplinary guidelines. The Bank periodically reviews these internal procedures and amends them accordingly.

There were no formal grievances filed regarding incidents of discrimination or harassment at the Bank in 2023.

Omanization

A key focus of BankDhofar's human capital strategy is to invest in local talent with a view to developing national competencies. The Bank has appointed talented Omanis in leadership positions, in line with national objectives. As a result, BankDhofar proudly boasts an Omanization rate of 93% across the organization and an attrition rate of less than 5%, which is among the lowest in the Omani Banking Sector.

Diversity, Equity, and Inclusion

As a national champion, BankDhofar is proud of its efforts to support the country's initiatives to employ Omani nationals in the private sector, as mentioned in the section on Omanization above. However, the company acknowledges the benefits of diversity in the workforce and does not discriminate based on nationality, gender, ethnicity, religion, or any other characteristic. BankDhofar employed 13 different nationalities across its workforce in 2023.

The Bank has focused on female recruitment in recent years and has achieved considerable success in female representation with the percentage of women increasing in both the Senior and Middle Management employee categories. Equal opportunities are available to both female and males in the Bank's Training Programs. We have tied up with the College of Banking and Financial Studies (CBFS) for higher education programs and encourage female employees to avail of these opportunities.

The Bank conducts gender pay analysis to identify and address disparities in compensation between male and female employees. This analysis will be an ongoing criterion of significance in the ESG Framework, reflecting the Bank's dedication to fostering an inclusive and equitable workplace.

The Bank has also liaised with The National Initiative for the Integration and Empowerment of Persons with Disabilities, and has participated in many events to encourage the recruitment of people with disabilities. The Bank currently employs only a few disabled employees but expects this to increase in the near future.



Occupational Health and Safety

BankDhofar considers the physical and mental health, safety and wellbeing of its employees as one of its highest priorities. In addition to the many initiatives in place to support career development and employee satisfaction, the Bank's Code of Conduct contains a commitment to providing and maintaining a safe, healthy, and efficient environment for the Bank's customers, employee, and visitors. The Bank offers mentoring and coaching options to support wellbeing in addition to medical insurance cards for all employees. All health and safety practices are compliant with relevant laws regulations and laws such as the Oman Labour Law.

As part of the ESG Framework, the Bank is dedicated to enhancing the measurement and management of health and safety metrics to ensure the well-being of our employees is a top priority. Our forward-looking strategy involves not only the diligent tracking of these metrics but also the integration of health and safety considerations into our daily operations and corporate culture. To this end, we will also establish a Health and Safety policy reflecting our strengthened commitment to ensuring the well-being of our employees is safeguarded.

Currently, the Bank's Security Policy and plan covers responsibilities and measures for mitigating security risks, procedures for dealing with security threats and violations, procedures for drill runs, evacuation procedures, procedures for reporting security incidents, and procedures for inspection of security measures and ensuring its continuous operations.

Firefighting

The Bank maintains a detailed framework on prevention & protection from fire and a fire drill is conducted every six months for the head office building & departments located at various premises that have 70 plus people/employee as per Civil Defense guidelines. A joint drill is conducted annually in co-ordination with Civil Defense.

Evacuation

Detailed instructions are in place and communicated to all relevant parties in respect to evacuation procedures during an emergency.

Training

Training is provided on specific work-related hazards such as handling of AC units, use of fire extinguishers, power generators, electrical supply units, etc.

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ENABLING CLIMATE ACTION

(GRI 302-1, GRI 302-2, GRI 302-4, GRI 303-5, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 306-4, E1, E2, E3, E4, E5, E6, E7, E8, E9, E10)



BankDhofar is committed to supporting Oman's sustainable development journey and aligning its business practices with national initiatives to address environmental challenges, including climate change. Oman has committed to reaching Net Zero Emissions by 2050, in line with the Paris Agreement's objective of limiting global warming to 1.5°C compared to pre-industrial levels.

The Bank is evaluating ways to effectively harness its core activities to support such initiatives in accordance with global best practices. These include project finance for environmental projects and initiatives that fall into the category of 'green' or 'sustainable finance'.

As far back as 2017, the Bank launched its environmental initiative "Go Green" with BankDhofar to contribute to preserving the environment through a number of initiatives including recycling, clean ups, and others.

Emissions and Energy

As an office-based business BankDhofar's operations are not particularly energy intensive and therefore do not have a large emissions footprint. Nevertheless, the Bank ensures it manages its energy usage efficiently, thus keeping emissions to a minimum. The company monitors and measures its direct emissions from its fleet of owned vehicles as well as its indirect energy usage from purchasing electricity for its buildings and facilities as well as the purchase of chilled water.

The Bank has undertaken some initiatives to improve the energy efficiency of its buildings, including the replacement of tube lights with LED lamps across all branches. In Phase I, all 34 new branches and 30 existing branches were fitted with LED lights. In Phase II, all the remaining branches and department floors will follow suit. The initiative has led to cost and energy savings as well as a 50% reduction in the number of complaints related to tube lighting.

In addition, the Bank's Digital Banking Department has undertaken initiatives that have a positive environmental impact and reduce the carbon footprint of banking operations. These include:

Digital Onboarding Platform:

Implementation of a digital onboarding platform that allows customers to open accounts from their mobile devices. This initiative significantly reduces the need for physical travel to branches, cutting down on carbon emissions associated with transportation.

Enhanced Multifunction Machines:

The Bank is in the process of upgrading multifunction machines to provide paperless onboarding services. These machines will facilitate various banking services without the need for printing documents, thereby decreasing paper waste and promoting environmental conservation.

The Bank conducted a preliminary assessment of its Scope 1 and 2 Greenhouse Gas (GHG) emissions for entities in this reporting boundary. Scope 1 GHG emissions include the total fuel consumption of all Bank-owned vehicles whereas Scope 2 GHG emissions include the Bank's total purchased electricity. These calculations are in accordance with the Greenhouse Gas Protocol Standard.

As part of the ESG Framework, the Bank aims to develop a comprehensive GHG emissions inventory that includes financed emissions. The Bank will align the development of the GHG emissions inventory with the Partnership for Carbon Accounting Financials (PCAF)'s The Global GHG Accounting and Reporting Standard for the Financial Industry in addition to the Greenhouse Gas Protocol Standard. Having a comprehensive GHG emissions inventory will then allow the Bank to undertake further initiatives towards reducing its GHG emissions in alignment with the Sultanate of Oman's Net-Zero pathway.

GHG Emissions (MT CO2e)	2021	2022
Scope 1	232.80	181.65
Scope 2	180.27	148.04
Total Scope 1 and 2	413.07	329.69

Total Emissions Intensity (MT CO2e / employee)	2021	2022
Scope 1	0.15	0.11
Scope 2	0.12	0.09
Total Scope 1 and 2	0.27	0.20

Energy Consumption			2021	2022
Scope 1	Fuel Consumption	Petrol	3,301.44	2,570.18
		Diesel	0.00	0.00
	Electricity Consumption		1,702.60	1,490.07
Total Direct Energy Consumption			3,301.44	2,570.18
Total Indirect Energy Consumption			1,702.60	1,490.07
Total Energy Consumption			5,004.04	4,060.26

Energy Intensity (GJ/employee)	2021	2022
Direct Energy Intensity	2.19	1.52
Indirect Energy Intensity	1.13	0.88
Total Energy Intensity	3.32	2.40

Water Management

BankDhofar strives to manage water consumption responsibly, only using as much as the company needs at its offices.

As part of the ESG Framework, the Bank will measure baseline water consumption at the workplace. The Bank recognizes that the Sultanate of Oman is identified as a country that is currently exposed to extremely high water stress³ annually. Accordingly, the Bank aims to develop a water consumption efficiency action plan which includes defining ambitious efficiency targets.

Water Consumption	2021	2022	2023
Total Water Consumption (m ³)	N/A	32,434	34,136
Water Consumption Intensity (m ³ /employee)	N/A	21.49	20.21

Waste Management

The Bank undertakes to consume tangible materials responsibly in its operations, thereby reducing the waste generated.

As part of the ESG Framework, the Bank will measure baseline waste generated at the workplace and this will include hazardous waste. The Bank recognizes the importance of circularity in the workplace and potential benefits that it provides. Accordingly, the Bank aims to develop a circularity in the workplace action plan which will include the development of waste reduction and recycling targets.

Climate Strategy

As part of the ESG Framework, the Bank aims to assess how climate-related risks and opportunities could reasonably be expected to affect the Bank's prospects, our business model and value chain, strategy and decision-making, financial position, financial performance and cash flows, and the resilience of its strategy to climate-related changes. This assessment will be undertaken in alignment with the relevant standards and principles, and CBO guidelines where available. Disclosures on the assessment and its outcome will be in alignment with the IFRS S2 (climate) standard.

Green Finance

Financing key infrastructure projects is a core segment of BankDhofar's business, and the Bank has already engaged in financing projects that have a significant positive environmental footprint, including renewables and other clean energy projects.

To date, BankDhofar has participated in the following projects:

1. Renewable Energy Generation

- BankDhofar has given a term sheet to lend \$230 million of the \$380 million total cost of the below projects:
 - Two onshore wind power plants with a capacity of 100MW each.
 - Either a Solar photovoltaic (PV) power plant of 100MW or Solar PV of 100MW and 10MW Battery Energy Storage System.
- BankDhofar has participated as a working-capital lender (for the purpose of VAT) in the form of a \$20.8 million revolving STL for a Solar PV project by a leading renewable energy solutions provider to produce 500MW power.
- BankDhofar has facilitated a project by one of Oman's independent power companies to build & install 2.2 MW rooftop Solar PV for an educational services provider. The total project cost is \$1.77 million of which debt required is \$1.24 million (70%). This is a first of its kind rooftop solar project in Oman and given the importance and scalability of the rooftop program, the Bank had provided an in-principle approval of up to OMR 10 million (\$26 million) for the rooftop program.

2. Green Ammonia Production

- BankDhofar has facilitated a project to build a 300 million tons per day Green Ammonia production plant in Duqm, Oman at a total cost of \$688 million, of which debt required will be \$498 million. BankDhofar has provided an indicative term sheet to participate for an amount of \$78.00 million. Ammonia will be produced using solar power generated electricity and hydrogen for seawater desalination.

With a planned initiative to develop a Sustainable Finance Framework, the Bank is poised to solidify its commitment to environmental stewardship. Having a framework that is aligned with globally recognized sustainability standards will enable the Bank to reinforce the integrity of our green portfolio and demonstrate our dedication to facilitating a sustainable future.

³ 25 Countries, Housing One-quarter of the Population, Face Extremely High Water Stress by the World Resources Institute.

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Appendix

Appendix



GRI & MUSCAT STOCK EXCHANGE INDEX

GRI 1: FOUNDATION 2021

Statement of Use BankDhofar Oman has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023

GRI 2: GENERAL DISCLOSURES

GRI DISCLOSURE	CONTENT	Muscat Stock Exchange Disclosures	REFERENCE SECTION	NOTES
The Organization and its Reporting Practice				
2-1	Organizational details		About BankDhofar	
2-2	Entities included in the organization's	G7: Sustainability reporting G8: Disclosure Practices G9: External Assurance	About this Report	
2-3	Reporting period, frequency and contact point	G7: Sustainability reporting G8: Disclosure Practices	About this Report	
2-4	Restatements of information		About this Report	
2-5	External assurance	G9: External Assurance	About this Report	
Activities and Workers				
2-6	Activities, value chain and other business relationships		About BankDhofar	
2-7	Employees	S3: Employee Turnover S4: Gender Diversity	About this Report	
2-8	Workers who are not employees	S5: Temporary Worker ratio S9: Child & Forced Labour	About this Report	

Governance

2-9	Governance structure and composition	G1: Board Diversity	Corporate Governance
2-10	Nomination and selection of the highest governance body	G2: Board Independence	Corporate Governance
2-11	Chair of the highest governance body		Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts		Corporate Governance
2-13	Delegation of responsibility for managing impacts		Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	G3: Incentivized Pay	Corporate Governance
2-15	Conflicts of interest	G5: Ethics & Anti-Corruption	Business Ethics
2-16	Communication of critical concerns		Business Ethics
2-17	Collective knowledge of the highest governance body		Board of Directors
2-18	Evaluation of the performance of the highest governance body		Compensation Policies
2-19	Remuneration policies	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio	Not disclosed
2-20	Process to determine remuneration	S2: Gender Pay Ratio	Not disclosed
2-21	Annual total compensation ratio	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio	Not disclosed

Strategy, Policies, and Practices

2-22	Statement on sustainable development strategy	G7: Sustainability reporting G8: Disclosure Practices E8 & E9: Environmental Oversight	Approach to Sustainability
2-23	Policy commitments		Business Policies and Company Laws
2-24	Embedding policy commitments		Corporate Behavior
2-25	Processes to remediate negative impacts		Governance
2-26	Mechanisms for seeking advice and raising concerns		Governance
2-27	Compliance with laws and regulations	G5: Ethics & Anti-Corruption	Corporate Behavior
2-28	Membership associations		Associations & Memberships

GRI 3: MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	Muscat Stock Exchange Disclosures	REFERENCE SECTION	NOTES
3-1	Process to determine material topics		Stakeholder Engagement and Materiality assessment	
3-2	List of material topics		Materiality Assessment	
3-3	Management of material topics		Materiality Assessment	

GRI 200: Economic Standard Series

GRI 201: Economic Performance 2016

GRI 201 Topic Specific

3-3	Management Approach		Uplifting Customers & Communities
201-1	Direct economic value generated and distributed		Uplifting Customers & Communities

201-3	Defined benefit plan obligations and other retirement plans		Uplifting Customers & Communities
201-4	Financial assistance received from government		Not applicable
GRI 202: Market Presence 2016			
GRI 202 Topic Specific			
3-3	Management Approach		Focusing on Our People
202-2	Proportion of senior management hired from the local community	S11: Community Investment	Information is not available
GRI 203: Indirect Economic Impacts 2016			
GRI 203 Topic Specific			
3-3	Management Approach	E10: Climate Risk Mitigation	Enabling Climate Action
203-2	Significant indirect economic impacts		Risk Management
GRI 204: Procurement Practices 2016			
GRI 204 Topic Specific			
3-3	Management Approach		ESG in Supply Chain Management
204-1	Proportion of spending on local suppliers	G4: Supplier Code of Conduct	ESG in Supply Chain Management
GRI 205: Anti-Corruption 2016			
GRI 205 Topic Specific			
3-3	Management Approach		Anti-Bribery and Corruption Policy and Procedures
205-1	Operations assessed for risks related to corruption	G5: Ethics & Anti-Corruption	Anti-Bribery and Corruption Policy and Procedures

205-2	Communication and training about anti-corruption policies and procedures	G5: Ethics & Anti-Corruption	Anti-Bribery and Corruption Policy and Procedures
205-3	Confirmed incidents of corruption and actions taken	G5: Ethics & Anti-Corruption	Anti-Bribery and Corruption Policy and Procedures
GRI 300: Environmental Standard Series			
GRI 302: Energy 2016			
GRI 302 Topic Specific			
3-3	Management Approach	E10: Climate Risk Mitigation	Enabling Climate Action
302-1	Energy consumption within the organization	E3: Energy Usage	Emissions and Energy
302-2	Energy consumption outside of the organization	E4: Energy Intensity E5: Energy Mix	Emissions and Energy
302-4	Reduction of energy consumption	E4: Energy Intensity E5: Energy Mix	Emissions and Energy
GRI 303: Water and Effluents 2018			
GRI 303 Topic Specific			
3-3	Management Approach		Water Management
303-5	Water Consumption	E6: Water Usage	Water Management
GRI 305: Emissions 2016			
GRI 305 Topic Specific			
3-3	Management Approach	E8 & E9: Environmental Oversight	Emissions and Energy
305-1	Direct (Scope 1) GHG emissions	E1: GHG Emissions	Emissions and Energy
305-2	Energy indirect (Scope 2) GHG emissions	E1: GHG Emissions	Emissions and Energy
305-3	Other indirect (Scope 3) GHG emissions	E1: GHG Emissions	Emissions and Energy
305-4	GHG emissions intensity	E1: GHG Emissions E2: Emissions Intensity	Emissions and Energy

305-5	Reduction of GHG emissions	E1: GHG Emissions	Emissions and Energy
GRI 306: Waste 2020			
GRI 306 Topic Specific			
3-3	Management Approach		Waste Management
306-1	Waste generation and significant waste-related impacts	E7: Environmental Operations	Waste Management
306-2	Management of significant waste-related impacts	E7: Environmental Operations	Waste Management
306-3	Waste generated diverted from disposal	E7: Environmental Operations	Information is not available
GRI 400: Social Standard Series			
GRI 401: Employment 2016			
GRI 401 Topic Specific			
3-3	Management Approach		Employment Practices
401-1	New employee hires and employee turnover	S3: Employee Turnover	Not disclosed
401-2	Benefits provided to full-time employees that are not provided to part-time employees		Human Capital Development
401-3	Parental Leave		Human Capital Development
GRI 403: Occupational Health & Safety 2018			
GRI 403 Topic Management Disclosures			
3-3	Management Approach		Occupational Health and Safety
403-1	Occupational health and safety management system	S8: Global Health and Safety	Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	S7: Injury Rate S8: Global Health and Safety	Occupational Health and Safety

403-4	Worker participation, consultation, and communication on Occupational health and safety	S8: Global Health and Safety	Occupational Health and Safety
403-5	Worker training on occupational health and safety	S8: Global Health and Safety	Occupational Health and Safety
403-6	Promotion of worker health	S8: Global Health and Safety	Occupational Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	S8: Global Health and Safety	Occupational Health and Safety
GRI 403 Topic Specific			
403-8	Workers covered by an occupational health and safety management system	S7: Injury Rate	Occupational Health and Safety
403-9	Work-related injuries	S7: Injury Rate	Occupational Health and Safety
403-10	Work-related ill health	S7: Injury Rate	Occupational Health and Safety
GRI 404: Training and Education 2016			
GRI 404 Topic Specific			
3-3	Management Approach		Human Capital Development
404-1	Average hours of training per year per employee		Human Capital Development
404-2	Programs for upgrading employee skills and transition assistance programmes		Human Capital Development
404-3	Percentage of employees receiving regular performance and career development reviews		Human Capital Development

GRI 405: Diversity and Equal Opportunity 2016			
GRI 405 Topic Specific			
3-3	Management Approach		Corporate Governance
405-1	Diversity of governance bodies and employees	G1: Board Diversity S4: Gender Diversity	Corporate Governance
GRI 406: Non-Discrimination 2016			
GRI 406 Topic Specific			
3-3	Management Approach		Employment Practices
406-1	Incidents of discrimination and corrective actions taken	S6: Non-discrimination	Employment Practices
GRI 410: Security Practices			
GRI 406 Topic Specific			
3-3	Management Approach		Employment Practices
410-1	Security personnel trained in human rights policies or procedures	S10: Human rights	Employment Practices
GRI 413: Local Community 2016			
GRI 413 Topic Specific			
3-3	Management Approach		Access to Finance and Community Development
413-1	Operations with local community engagement, impact assessments, and development programs	S11: Community Investment	Access to Finance and Community Development
GRI 418: Customer Privacy			
GRI 418 Topic Specific			
3-3	Management Approach		Data Security and Privacy
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G6: Data Privacy	Data Security and Privacy