



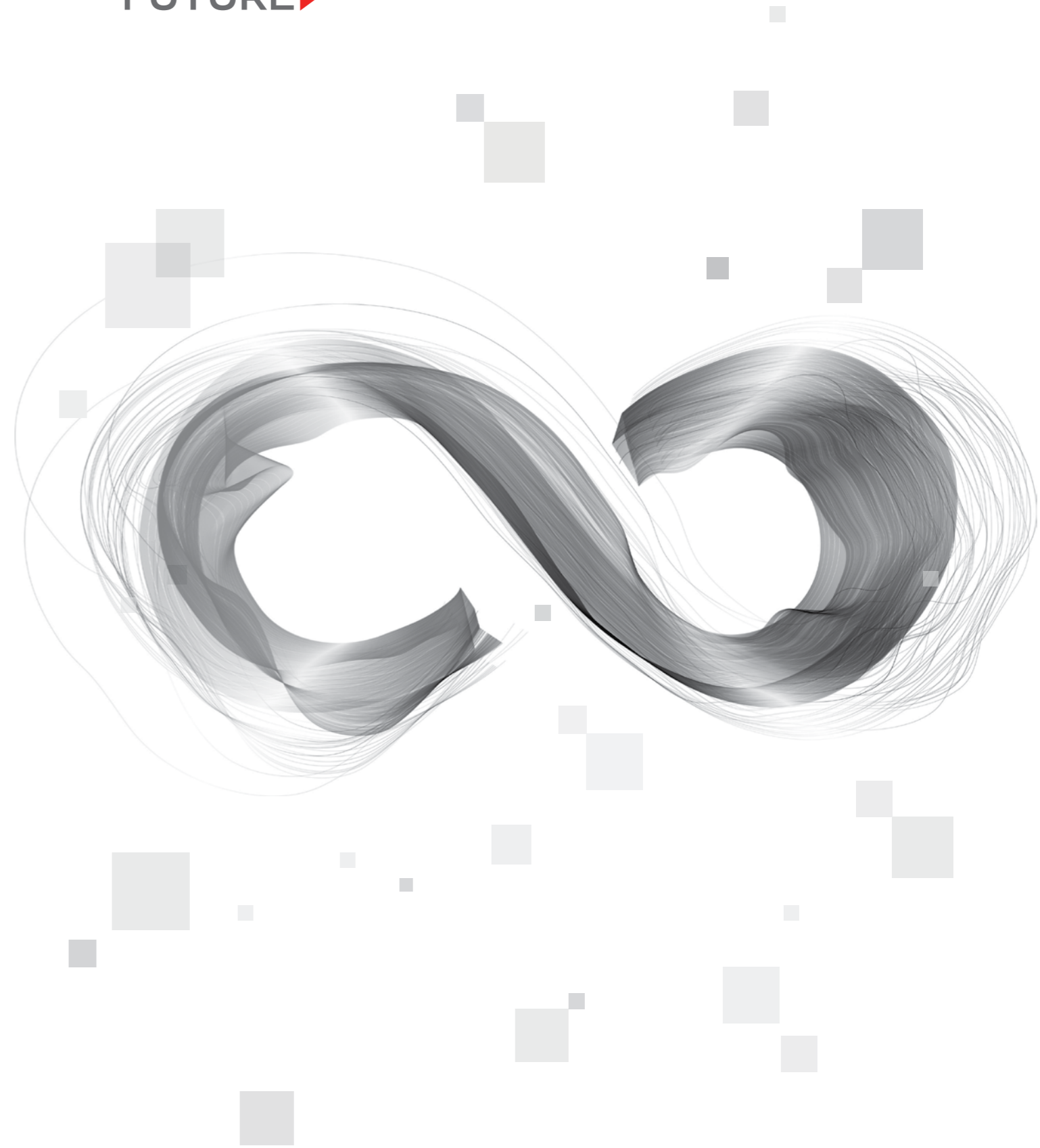
الوطنية للتمويل
National Finance

SUSTAINABILITY
REPORT 2021

CREATING A SUSTAINABLE FUTURE ▶



CREATING A
SUSTAINABLE
FUTURE ▶



“ We will direct the government, with all its sectors, to implement a more efficient system of management which places, on top of its priorities, financial balance, economic diversification, the sustainability of the national economy, besides developing all relevant laws and regulations, God willing. ”

Excerpt from the Royal Speech by
HM Sultan Haitham bin Tarik
in February 2020





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I ABOUT THIS REPORT

TODAY'S INFORMED DECISIONS, TOMORROW'S SUSTAINABLE FUTURE

National Finance is proud to present the first sustainability report and the details on its performance in the year 2021. The report represents details of the social, environmental and governance best practices that the Company has adopted. The details of the initiatives and the support that has been provided to all stakeholders, customers and employees during the pandemic has been covered in the report.

This report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) - Core Options. All reporting principles have been applied to ensure the quality and content of the report aligns with the GRI Standards, the GRI G4 Financial Services Sector Disclosures and the United Nations Global Compact (UNGC) Principles. This report primarily tracks our contribution to the global sustainability commitments.

This report offers a comprehensive overview of the Company's environmental, social and economic contribution and a detailed outlook on the performance. It resonates with our belief of displaying accurate, transparent, reliable data, and information about the organisation. All data has been reviewed by the relevant stakeholders within the company.

For any further information on the report, please get in touch with the Corporate Communication Department on (+968) 24470089 or info@nationalfinance.co.om. The online version of the report is available on the Company's website www.nationalfinance.co.om.

Any feedback is valuable for us.



CEO MESSAGE



Welcome to the first edition of the Sustainability Report of National Finance.

It gives me immense pleasure to present to you the first edition of National Finance’s Sustainability Report. We reaffirm our commitment to strive and contribute to the realisation of Vision 2040 goals under the wise leadership of His Majesty Sultan Haitham bin Tarik, may Allah bless and protect him. We recognize that, in light of the current circumstances and the socioeconomic crisis, it is critical for businesses to become more resilient and implement socio-economic business practices. It is time for organisations to re-assess their business models and create more agile, customer friendly environment.

We constantly strive to imbibe innovation in all our products and services. At the same time, while improving business performance is a mandate, we focus on retaining healthy and resilient corporate governance and risk

management practices. Our focus is to work towards sustainable initiatives and create a conducive work setting, whilst keeping the environment, community, health and safety at the forefront of our operations.

Being mindful of our responsibility to address the environmental and social impact of business operations, we take necessary steps to minimise them. Therefore, workplace safety, environment consciousness, compliance, corporate governance and community development are of paramount importance to us. Over the last year, we have continuously engaged with our customers and partners to overcome COVID-19 related challenges. In this period of uncertainty, we responded dynamically to the situation to protect our people and customers.

Driven by a customer centric strategy, we continued to provide our services while ensuring that all necessary health and safety measures were in place for our employees, customers and

partners. We ramped up our communication across all touchpoints to ensure we keep our people informed both internally and externally with the latest updates on critical information. For those customers who are impacted by the COVID-19 pandemic, National Finance has supported them with options to defer repayments and reschedule their finance deals in full compliance with Central Bank of Oman guidelines. Our Company is the market leader in the leasing sector with a well-diversified geographical presence across Oman (20 locations), coupled with a broad product portfolio to meet the financing requirements of the Retail, SME and Corporate segments.

We will continue to carry out initiatives that enhance the sustainability of our operations and foster a shared sense of responsibility and commitment among all our customers, stakeholders, and employees.

We would like to thank all our stakeholders for their continued support and we are optimistic of another positive and rewarding year ahead.

Tariq Sulaiman Al Farsi
Chief Executive Officer

Our Company is the market leader in the leasing sector with a well-diversified geographical presence across Oman (20 locations), coupled with a broad product profile to meet the financing requirements of Retail, SME and Corporate segments.



I ABOUT NATIONAL FINANCE

Company Profile

National Finance was established in 1987 and since then it has built an enviable reputation across the Sultanate for offering top-class financing services to thousands of customers. Headquartered at Muscat, the Company offers an array of financial services and products for Individuals, Small and Medium Enterprises (SMEs) and Corporates.

With 20 branches and e-channel platforms, National Finance is a leading provider of personal and business financial services that are reliable, fast and convenient. A robust e-channel network, call centre, website, mobile application and WhatsApp have made

its services easily accessible to enhance customer experience. National Finance has built long-term relationships with its clients by offering excellent services and a testament to this is the various awards received at national and international forums.

National Finance is known for its social activities and is committed to its corporate social responsibility and sustainability work by delivering various initiatives and forming strategic partnership with institutions, with the sole objective of reaching all segments of society and creating greater benefits for the nation and its people.

Distribution of share holding

The following institutions hold more than 5% of the Company's shares:

Name	% of holding
Oman International Development & Investment Co. SAOG	34.603
Al Hilal Investment Company LLC	29.431

The remaining shareholding pattern as at 31 December 2021 was as follows:

Category	No. of shareholders	% of holding
0-30,000	135	0.196
30,001 - 60,000	12	0.096
60,001 - 90,000	3	0.040
90,001 - 120,000	2	0.036
120,001 - 150,000	3	0.077
Over 150,001	38	35.521
Total	193	35.966

VISION, MISSION AND VALUES



VISION

Be the preferred provider of personal and business financial services in the Sultanate of Oman by providing best-in-class products and services to customers.



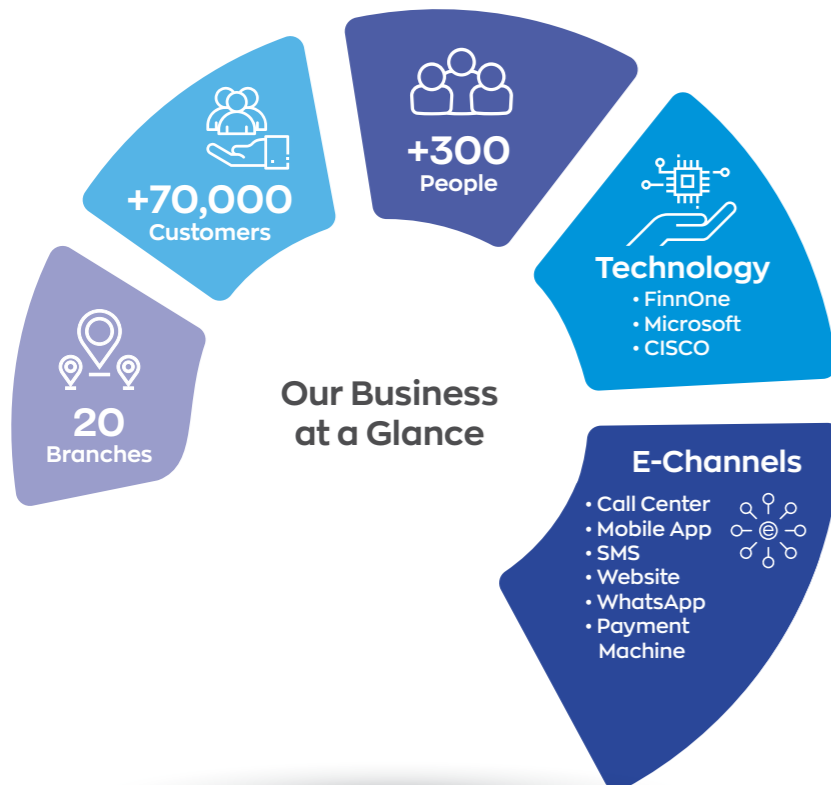
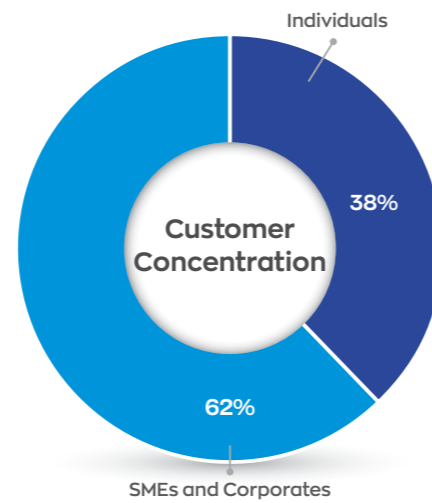
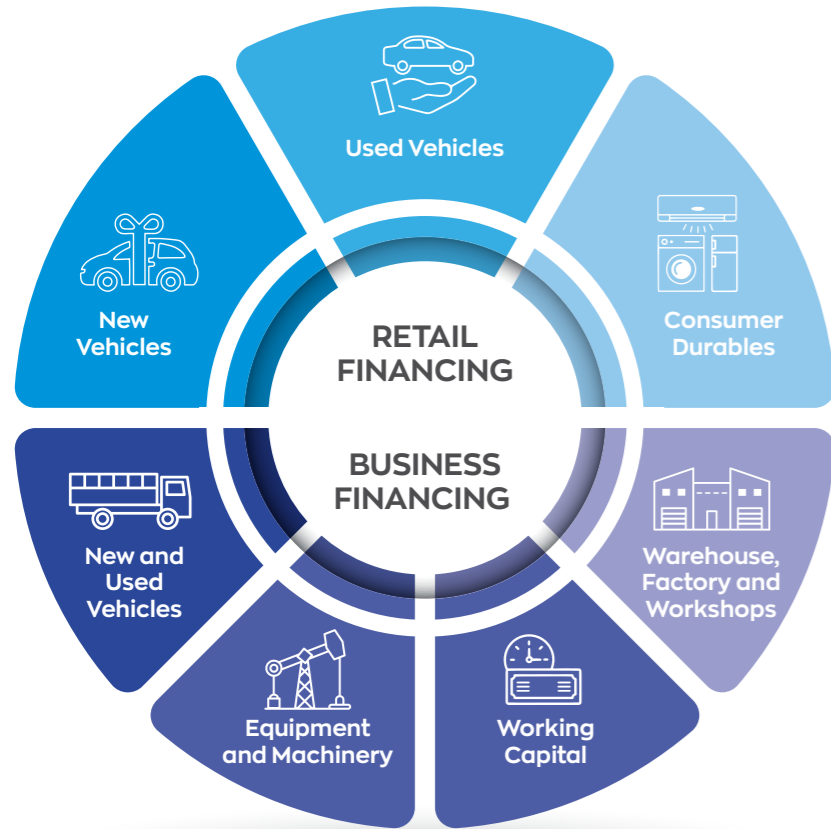
MISSION

An organisation committed to add value to our customers, shareholders, business partners, employees and the community in an environment of integrity, fairness and courtesy.

OUR VALUES

- Be a responsible corporate citizen committed to the community welfare and nation's growth
- Ensuring customer satisfaction in all our business transactions
- Maximising return on shareholder's investments
- Being fair and transparent in our transactions with business partners
- Creating a fulfilling environment for our employees to learn and grow

SERVICE OFFERINGS



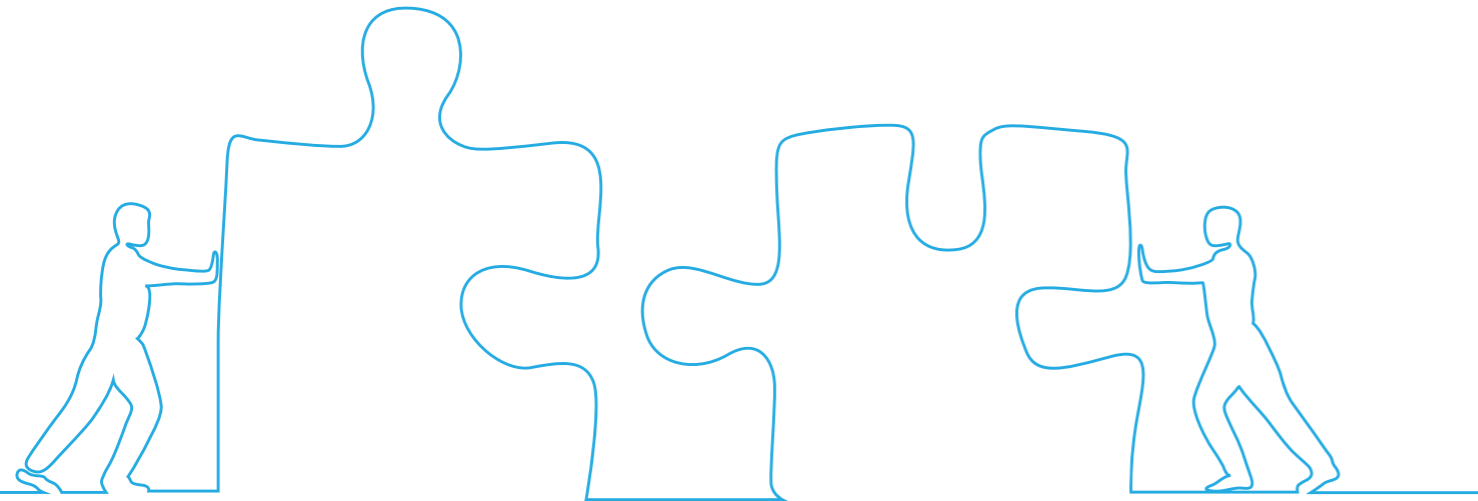
CUSTOMER ENGAGEMENT

National Finance has an extensive geographical presence across 20 branches and its e-channel platforms. We have always focused on understanding our customers. The company is committed towards sustainable financing and investment growth.

At National Finance, we understand that today technology plays a big role in influencing customer decisions and we make constant efforts to employ technologies in our services that resonates with the Sultanate's objectives to encourage digital transformation within the community, government and private entities. This is why we constantly innovate and invest in solutions that focus on ease

and convenience, supporting our vision of being 'Partners in Progress' for individuals, companies and business partners. In a unique digital solution, National Finance's sales team is able to remotely capture customer details on a mobile device for faster loan approvals at the customer's convenient time and place. Our approach is to offer a seamless customer experience irrespective of the channel our customer chooses to interact with, ie, mobile, website, call centre or physical branch. Our philosophy is to make it easy and comfortable for the customer to reach us for the purpose of taking a new loan, to inquire or to make a payment.





BUSINESS CONTINUITY PLANNING

National Finance is committed to safeguard the interests of its customers, employees and stakeholders in the event of a disaster or significant disruption that may affect its operations. The Company has developed a Business Continuity Plan (BCP) to facilitate the continuity of critical business processes in the event of any disaster.

Various steps have been taken for the Business Continuity implementation. The BCP addresses the risks inherent with unexpected business interruptions. It has been designed to make sure that its systems and procedures are capable to meet disaster recovery. Technical,

functional and other safety drills are conducted periodically to ensure that the preparedness aims at resuming critical operations within the shortest possible time and with minimal disruptions, under defined scenarios.

As part of Business Continuity Testing, Company-wide Disaster Recovery Drill is undertaken annually to ensure that customer data core processing and other sub-systems are tested. The Company has a Disaster Recovery Site, where data is mirrored and server backups are stored off-site and transaction logs are secured.



AWARDS AND RECOGNITIONS

- Excellence in Fintech by Oman Banking and Finance Awards
- Excellence in Mobile App by Oman Banking and Finance Awards
- Best SME Finance Solution Award by Capital Finance International (CFI.co)
- Most Innovative Retail Finance - Automobile - Oman by International Finance Awards
- Best Non-banking Financial Corporation Award by OER Banking and Finance Awards
- Excellence in Customer Experience in Finance and Leasing by Oman Banking and Finance Awards

COVID-19 RESPONSE

COVID-19 continues to pose unique challenges for businesses, individuals and communities across the world. At National Finance, we have constantly aimed to ensure uninterrupted services to our customers across branches and channels.

With physical interaction coming to a standstill, it was important to innovate and ensure that our customers could always access our services from any location. With digital platforms continuing to play a pivotal role in customer engagement, National Finance enhanced the customer journeys across e-channels to help customer access services faster and without hassles.

In March 2020, when the lockdown came into effect, our first two priorities were to take care of our people and to maintain lines of communication with our customers. Given the shutdown of the local economy, all our business customers had a huge impact on their cash flow. The Central Bank of Oman took a proactive decision to direct the local banks and finance companies to offer deferrals to affected clients. This

action was a welcome relief to businesses from mounting pressures of repayments, and provided time to re-evaluate their plans.

We at National Finance have been continuously investing in enhancing our digital channels through an upgraded website and a mobile app. Consequently, we were able to shift our customers to digital channels very quickly. We have an integrated service capability through the mobile application along with call centre support to help us offer remote service to our customers.

The shift toward digital channels was part of the business continuity plan which got a further impetus with the advent of the pandemic. Our approach is to offer a seamless, channel agnostic approach.

Fintech has not only enabled us to re-define the customer journey, but has also opened up ways of improving financial governance and decision making. We truly believe that we have been able to embrace technology in the best possible manner to help mitigate the effects of the pandemic.



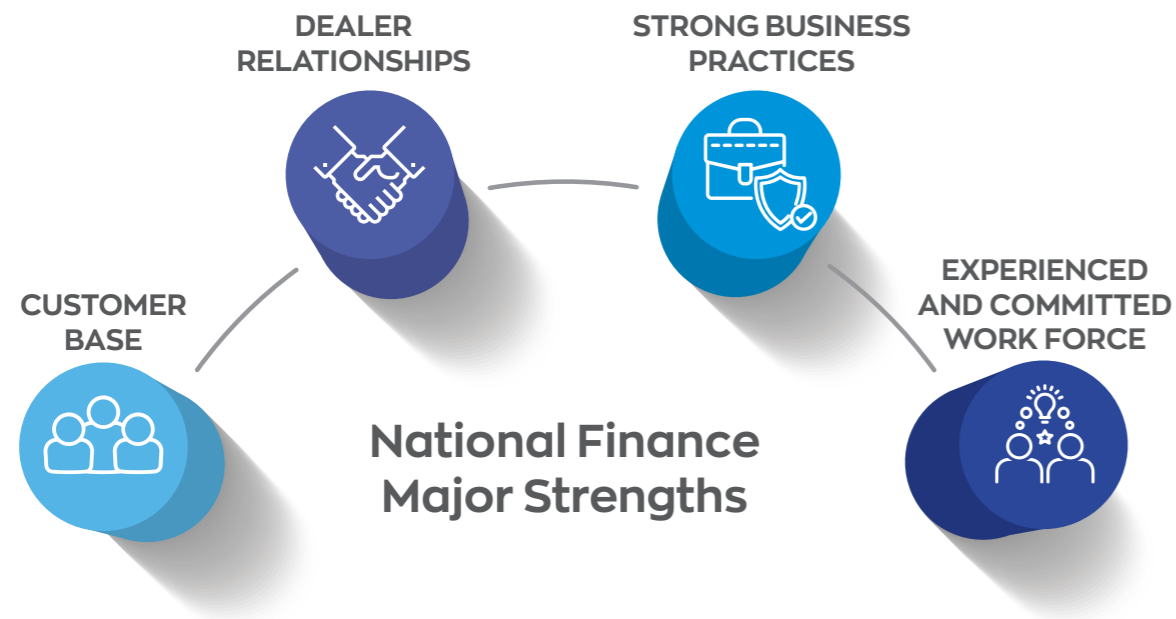
I SUSTAINABLE FINANCE & GOVERNANCE

COMPLIANCE CULTURE

Business Structure

As one of the premier diversified Finance and Leasing Companies in Oman engaged in providing finance for Retail, SMEs and Corporates, National Finance has a mature understanding of the market. The processes are constantly updated to meet the market demands and to face the challenges posed by the changing business environment. The Company enjoys a robust sourcing, underwriting, recoveries and operational model commensurate with the size and risks of the respective underlying asset class.

The Company's major strengths are its customer base, dealer relationships, strong business practices, experienced and committed workforce. The Company is required to conduct its activities with integrity and ethical practices within the overall regulatory framework of the country. It takes pride in the commitment that it has towards compliance matters and is proactively establishing and improving compliance systems within the Company. National Finance does not treat regulatory risks by only meeting the requirements but goes beyond and approaches the issue in a pro-active manner.



Internal Control Systems

The Company has put in internal controls to mitigate risks and established set policies and procedures that provide clear delegation of authorities and standard operating procedures for all parts of the business. Clear segregation of duties exists between various functions.

The in-house internal auditors evaluate the adequacy and effectiveness of controls and all audit findings are independently reported to the Audit Committee of the Board of Directors. The Risk Committee monitors the implementation

of enterprise risk management and control. The Company has a strong IT security system to ensure information security.

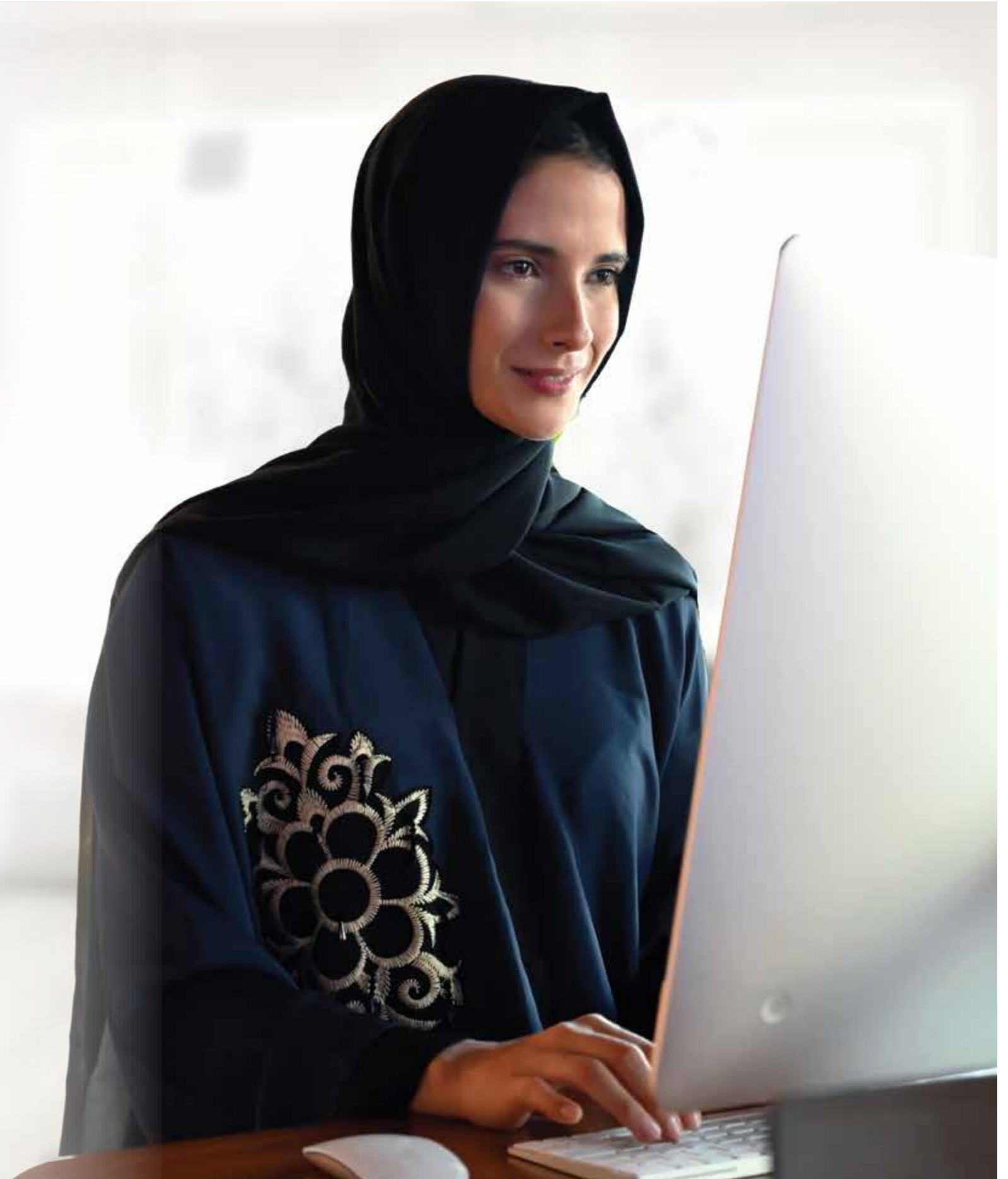
The Board of Directors and Company's management is primarily responsible for ensuring that all Company's activities comply with all relevant laws and regulations. Compliance is responsible for monitoring that National Finance meets the regulatory requirements and for identifying any change in regulatory requirements.

SME FINANCING

National Finance's fast, easy and flexible solutions dedicated for Small Medium Enterprises (SMEs) reflects the Company's belief in the significance of the SME sector and their role in the socio-economic development of the Sultanate. Over the past three decades, National Finance has directed its resources to meet clients' requirements and fulfil their aspirations. The Company's efforts come in line with the national priorities that aim to stimulate the economy, ultimately achieving the objectives of Oman Vision 2040, seeking to create a diverse and sustainable roadmap for overall progress of the nation.

National Finance is the largest Finance and Leasing Company in Oman, claiming 42% of the market share and recognises SMEs as the backbone of the economy.

The Company's sterling efforts in supporting the development of the local SME ecosystem and its tailor-made financial solutions awarded them the 'Best SME Finance Solution 2021' award by Capital Finance International (CFI.co). It continuously endeavours towards uplifting this vital sector by supporting them, encouraging Omanis to become entrepreneurs, and constantly striving to add value to local talents and supporting them in achieving their business goals through different initiatives.



CSR INITIATIVES & ENVIRONMENTAL FOOTPRINTS

AN EXTENSION OF IMPACTING LIVES BEYOND BUSINESS

IMTIDAD

National Finance’s Corporate Social Responsibility (CSR) objectives and sustainability programs, integrated in the business strategy and goals, are consolidated and implemented under ‘Imtidad’, which was launched in early 2021. An expression of the Company’s commitment to community engagement, economic support and environmental protection, Imtidad is an Arabic term, which means ‘an extension of impacting lives beyond businesses’. We are proud to strategically partner with leading

organizations in the Sultanate that have been creating significant social and environmental impact. Our endeavour is to make a positive impact on the society with our initiatives; and realise our responsibilities, not only towards our customers, employees, and shareholders, but also the communities we serve.

During the year, the Company contributed OMR 150,000 to support different initiatives under the CSR pillars.

PILLARS OF IMTIDAD



Education:
Our various projects undertaken under the education framework



Community:
Our engagement in societal development to improve communities



Health:
Our involvement in crucial areas of health to aid the society



Environment:
Our activities to provide sustainable environmental solutions

EDUCATION

“Education was my great concern, and I saw that it was necessary to direct efforts to spread education there should be education, even under the shadow of trees”.

- His late Majesty Sultan Qaboos bin Said

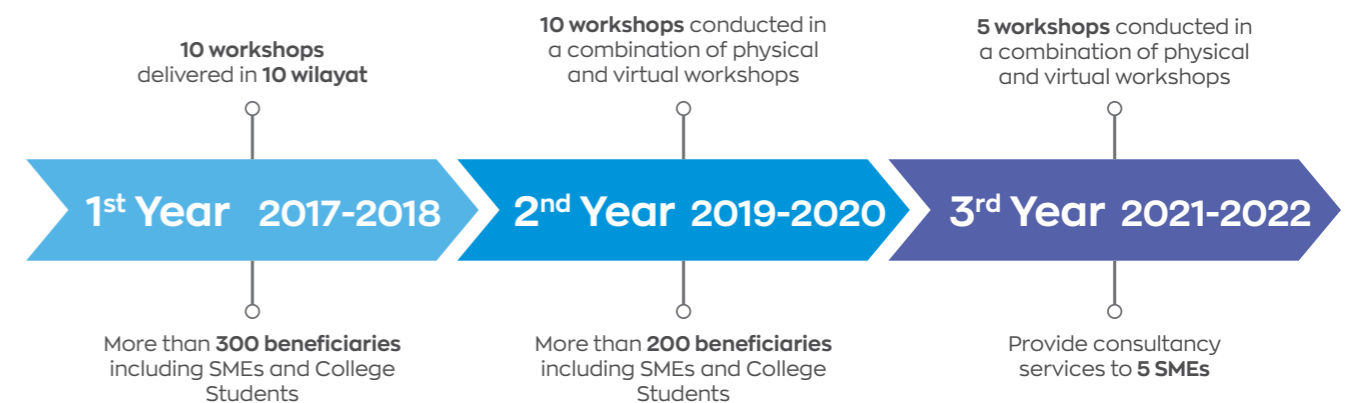
We support in-country value through focused efforts towards developing local content and stimulating local business ventures by enabling Small and Medium Enterprises (SMEs), a major cornerstone of Oman’s economy, to flourish

and provide equal opportunities to compete for all service contracts. The aim is to empower people at all segments of society.

One of our key mission statements is ‘Partners in Progress’. We therefore continue to address issues that are vital for the Omani youth looking to secure their future by ensuring access to quality education, engagement in entrepreneurship opportunities and making use of innovative country value mechanisms.

Calculate It Right

National Finance’s ‘Calculate it Right’ workshops initiated in 2017 in partnership with Fund for Development of Youth Projects “Sharakah” that aims to enhance the skills of future entrepreneurs and benefit the community at large. It helps young aspirants and students to start their business and train them on opportunities and challenges in business. With a successful ongoing partnership, the Company has until date conducted a series of successful workshops across the country.



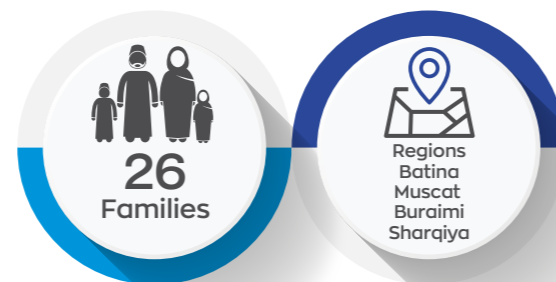
COMMUNITY

Our main objective is to empower all members of society.

National Finance in partnership with Dar Al Atta'a undertook the Green House Project 'Tamkeen' to create sustainable income opportunities, where seasonal products with commercial demand are sold at large outlets with an aim to help low income families become entrepreneurs. A total of OMR 30,000 was contributed for this project under the supervision of the Ministry of Social Development (MOSD).



The Faak Kurba initiative has helped support the low-income families. A total amount of OMR 35,000 was contributed to Dar Al Atta'a in order to provide financial help to debtors and people in need.



As part of National Finance's commitment towards customer excellence and being socially responsible for the wellbeing of the community, both existing and new customers with impaired hearing were now able to communicate easily with our employees in all branches through the SignBook Application. The APP provides live sign language translation from 8.30am - 3pm during working hours.



National Finance in partnership with Association of Welfare of the Handicapped Children contributed OMR 12,650 to carry out maintenance work for the centres that were affected by the cyclone Shaheen in Azaiba, Mussanah, Saham.

National Finance has collaborated with Injaz Oman and contributed OMR 40,000 to support local talent. As part of the innovation drive, the programme will train 1000 participants that aims to equip students with skills in entrepreneurship during the year 2021 - 2022.



HEALTH

The health of each individual makes up for the sum total of a healthy, joyful society, which in return ensures a robust, prosperous nation. Not only our employees, but National Finance continuously endeavours to provide a helping hand for events that concern health and well-being.

During the year 2020 National Finance donated OMR 175,000 to Ministry of Health (MOH) to support the Ministry's efforts against COVID-19 in 2020.



ENVIRONMENT

We have one world and it is up to each individual and corporate entity to strive to protect it.



National Finance under the 'No Plastic Country Initiative' campaigned against the use of single-use plastic bags by purchasing 1000 cloth bags and provided them to all employees and walk-in customers in the main branch with an aim to support the Ministry of Environment and Climate Affairs (MECA) with their cause.

National Finance has introduced Green Finance to encourage individuals to purchase eco-friendly cars and home solar panels as part of our efforts to preserve the environment and encourage the use of renewable energy.



National Finance partnered up with ESO for a beach cleanup on 'World Clean Up Day' this activity created awareness about environment and protection of beaches. With 83 rubbish bags, the total estimated weight of litter cleared from the beach was 929.6 kgs.



National Finance has tied up with SME Nafath Renewable Energy LLC to offer Green Finance solutions for home solar panels. This comes in line with the Company's vision to encourage use of alternate energy sources.

National Finance encourages 'paperless environment' and use of digital in all its branches with an aim to reduce paper waste, conserve the natural resources and minimise cost of operations across its facilities.



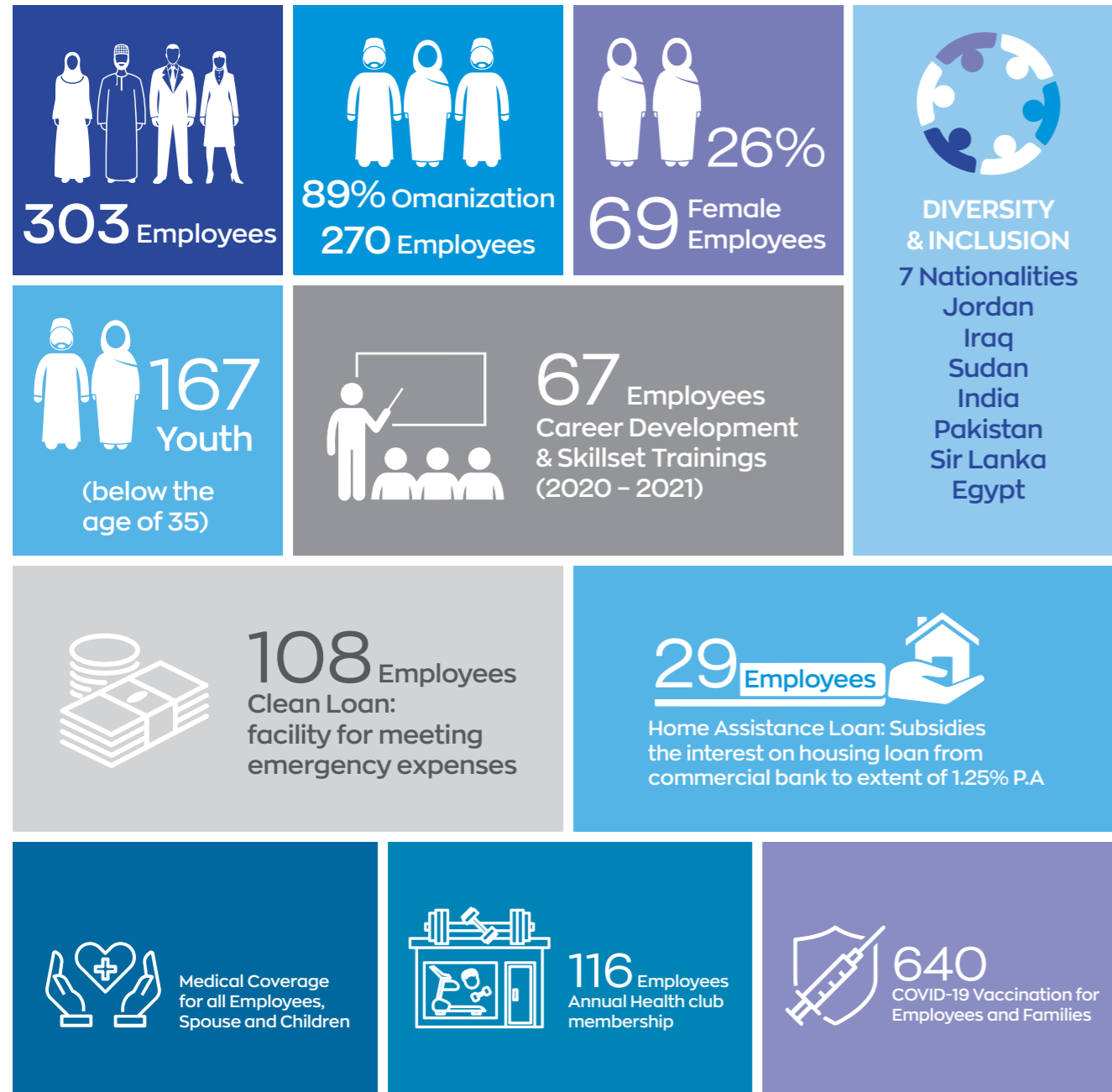
EMPLOYEE WELL-BEING & DIVERSITY

OUR PEOPLE

We believe in building a competent and an empowered workforce.

We have always aimed to build a culture of inclusion, one where our employees feel supported and motivated. For us diversity is very important and we value every individual's opinion. We foster an environment that encourages individuals to be productive, innovative and respect every single perspective. Our diverse workforce includes individuals from different nationalities. We have contributed to the greater vision, have hired and invested in career developments maintained a high Omanisation percentage at 89%, which is higher than the statutory target of 80%.

HUMAN CAPITAL



EMPLOYEE ENGAGEMENT, TRAINING & DEVELOPMENT

The well-being of our employees is of paramount importance to us. We provide facilities for the betterment of our employees and ensure that their priorities are taken care of. The Company recognises the benefits of skill development and providing many opportunities to our staff to grow. Through our continuous engagement and support for our employees, the Company endeavours to focus on delivering a fair and measurable performance process across the organisation.



Health & Safety

National Finance follows health and safety procedures across all its facilities. An annual employee training is organised in association with the Fire and Safety College to educate the staff on the importance of workplace safety.

We have followed all protocols from the onset of COVID-19 to ensure the health and safety of our workplace and workforce. Employees seating in our buildings are currently based on social

distancing, and facemasks has always been mandatory. Signage are placed throughout our buildings to remind everyone to wear masks, observe social distancing, practice diligent hygiene and handwashing, use hand sanitizers, and follow guidance on how to screen for COVID-19 symptoms. We clean and sanitize our facilities and ensure that our customers are adhering to the COVID-19 safety measures.

المضي قدما

تسعى الشركة الوطنية للتمويل نحو تطبيق استراتيجية مستدامة تهدف إلى تحفيز النمو وتطوير الأعمال بالتعاون مع موظفيها وأصحاب العلاقة والعملاء.

MOVING FORWARD

National Finance continues to implement a sustainable strategy aimed at stimulating growth and business development in partnership with its employees, stakeholders and customers.