Value driven
Sustainability focused
Sustainability Report 2023
“Our plans, intricately crafted with specific objectives, strive to address the exigencies of the present and aim for sustainable development through efficacious resource management, ultimately seeking to diminish public debt burdens.”

Excerpt from the Speech of
**His Majesty Sultan Haitham bin Tarik**

14th November 2023
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It is my pleasure to share with you Bank Muscat’s 2023 Annual Sustainability Report, highlighting the Bank’s journey in nurturing positive social, environmental and economic changes in Oman. The 2023 report underlines the Bank’s initiatives and actions, driven by its unwavering dedication to customer centricity, operational excellence, good governance and transparency. The Bank prides itself in the substantial headway made in empowering environmental, social, and governance (ESG) consciousness, a cornerstone of our sustainability mission.

Bank Muscat believes that sustainable responsibility is both a moral and business imperative set to build a better and sustainable society. As reflected in its 2023 financial performance, the Bank’s strategic approach has unlocked many growth opportunities, driven by a concerted focus on sustainable development and value for customers.

The Bank will continue to exercise and adopt prudent sustainable development policies and responsible Banking principles, aligning with the dynamic nature of regulations and the evolving business landscape.

The Bank’s commitment to financial inclusion and financial literacy continues to evolve and improve year on year. The digital solutions, developed on the pillars of innovation and technical mastery are set to revolutionize customers’ experience, ensuring that the Bank provides services not only accessible to everyone, but which also have the potential to enhance and improve customers’ lifestyles. Being the largest Bank in Oman, the Bank’s branch network further expanded to improve convenience and accessibility.

With over 180 branches equipped with a robust e-channel infrastructure and amenities designed to serve all segments of customers including individuals with disabilities, the Bank has established an excellent presence in the Sultanate’s market. Of the total branch network, it is worth noting that 20 branches are equipped with customized services and facilities catering to the diverse needs of people with disabilities. The Bank’s educational initiatives enables all citizens to make well-informed financial decisions.
Micro, Small and Medium-sized (MSME) sector is one of the vital pillars of the Omani economy. The Bank’s Al Wathbah Academy supports their growth by championing entrepreneurial excellence. Since its launch, 239 entrepreneurs have graduated from the Academy equipped with enhanced understanding and knowledge of financial growth and stability.

Bank Muscat staff have been, and will always remain, its greatest resource. As one of the leading employers in Oman, the Bank is committed to investing in the wellbeing and future of its staff through the Jadara Academy, which provides exceptional training and development opportunities to all. The Bank is dedicated to maintaining its welcoming, respectful and nurturing culture in the workplace for all employees through continuous refinement of policies and practices.

The Bank’s dedication to the Omani community is demonstrated through its proactive involvement in sustainable development initiatives. The Bank is making significant progress by focusing on strategic programs centered around Corporate Social Responsibility (CSR). These initiatives encompass critical areas including youth empowerment, sports, education, environmental conservation and support for Small and Medium-sized Enterprises (SMEs).

In closing, I would like to extend my deepest appreciation to our devoted employees whose commitment and efforts are the driving force behind the Bank’s sustainability journey and to our valued stakeholders for their continued confidence in us. Together, we will continue to serve our community and nation with pride and purpose.

Waleed K. Al Hashar
Chief Executive Officer
About This Report

This sustainability report provides an overview of Bank Muscat’s ESG performance for the 2023 calendar year. It is in accordance with the GRI Sustainability Reporting Standards, and aligned with the Sustainability Accounting Standards Board (SASB), the Oman Vision 2040, and the United Nations Sustainable Development Goals (SDGs).

The report has undergone an internal assurance process in which internal stakeholders reviewed and approved the content related to their department. The Bank has not sought any external assurance for this report. This report has been prepared with restatements.

Scope of Reporting

In this report, you will find information detailing Bank Muscat’s sustainability performance across its operations in Oman only. No reference has been made to our operations, subsidiaries, partners, sister companies, or third-party suppliers outside Oman. However, for reference purposes, we have included the financial performance and economic impact figures from our global partners.

Monetary Values

Unless otherwise stated, all monetary values in this report are expressed in Omani Rial (RO).

Report Inquiries

If you have any inquiries about the content of this report or Bank Muscat’s sustainability commitments and initiatives, please contact the Corporate Communications & Department (CSR Unit) on (+968) 24 768 595 or visit our website at www.bankmuscat.com.
2023 Performance Highlights

ENVIRONMENT

- Reported a 3.86% decrease in the total emissions (tCO2e) thanks to our ongoing efforts to reduce fuel and electricity consumption.
- Achieved a 4.6% reduction in electricity consumption due to the implementation of energy conservation initiatives.

COMMUNITY

- Delivered more than 32,500 Maliyat Certificates for Financial Literacy
- 239 entrepreneurs graduated from the Al Wathbah SME Academy.
- As part of our Fak Kurba initiative, in partnership with the Omani Lawyers Association, we contributed to the release of 211 citizens, a total of 1,297 since 2018

PEOPLE

- Gender diversity in the workforce is represented with a 47% of women
- Trained a total of 115 employees in the sign language in the last two years.
- Maintained our support of Omanisation, with 93% of our workforce of Omani nationals

GOVERNANCE

- 100% of business units analysed for risks related to money laundering and terrorism financing.
- 100% of transactions screened for money laundering
- Recorded zero actual cyber attack
- Recorded zero data security breaches
About Bank Muscat

Bank Muscat, a leading financial institution in Oman, actively contributes to the nation’s economic growth and development through a robust presence across varied Banking sectors. With a widespread network of branches and electronic channels throughout Oman, extending to branches in Saudi Arabia and Kuwait, as well as representative offices in the UAE, Iran, and Singapore, the Bank stands out for its exceptional customer service and the delivery of reliable, trustworthy financial services.

Bank Muscat is dedicated to the ongoing development, evaluation, and enhancement of its strategies to ensure they are in concert with its guiding principles and objectives. The Bank has implemented disclosure protocols and oversees their enforcement in compliance with the stipulations of the Capital Market Authority (CMA) and the Central Bank of Oman (CBO).
Our Vision
To Serve You Better Everyday.
Leading in everything we do by offering simplified and integrated Banking solutions.

Our Core Values

Leadership
Always deliver above expectations, becoming role models for those around us.

Innovation
Continuously ask ourselves what we can do better today than yesterday.

Partnership
Create win-win situations for our stakeholders in whatever we do.

Accountability
Acknowledge and stand responsible for our actions and decisions.

Integrity
Always adhere to moral and ethical principles, under any circumstances.
Meethaq Islamic Banking

Meethaq is the Islamic Banking Window of Bank Muscat in Oman. It provides a range of Shari’a-compliant financial solutions, including deposit accounts, consumer finance, credit cards, corporate Banking, and digital Banking services.

The Bank’s Shari’a Supervisory Board (SSB) rigorously certifies these offerings to align with Islamic jurisprudence and ethical Banking norms. Meethaq has broadened its reach across Oman, including dedicated Corporate Banking Centres to support corporate clients and SMEs.

Network of 27 branches and 20 Hafawa Centres

Meethaq has embraced digital innovation to augment service delivery and operational efficiency. For further information, please visit www.meethaq.om.

Meethaq maintains strict adherence to Islamic Shari’a principles, underscored by its SSB oversight. The SSB validates financial transactions for compliance, endorses agreements, evaluates new product proposals, advises leadership, scrutinizes policies, marketing endeavours, and supervises the Bank’s practices. It holds the authority to reject non-compliant transactions, designate non-permissible profits to charitable causes, and oversee the calculation and allocation of Zakat. The annual report is presented at the General Assembly at Bank Muscat.

All product development undergoes stringent Shari’a approval processes, involving the SSB early on to ensure alignment with Central Bank of Oman directives and Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) standards. The SSB’s pre-launch endorsement of new products is a testament to Meethaq’s unwavering commitment to Shari’a compliance.

Meethaq’s Shari’a-compliant profit distribution methodology combines Bank and depositor funds for investment via Islamic financial instruments. Post-calculation of net profit, allocations are made to profit equalization and investment risk reserves, followed by equitable profit sharing with depositors according to predetermined ratios.
All financing solutions are firmly rooted in Shari’a principles and utilize structures like Murabaha, Ijarah, and Musharaka. Our commitment to non-interest-based financing dictates that all credit facilities are asset-backed, reflecting our foundational values.

To certify investments as Shari’a-compliant, rigorous qualitative and quantitative screening is applied, ensuring that primary business activities, financial ratios and aggregate liquid assets meet Shari’a compliance criteria.

Zakat calculations are conducted in strict accordance with Islamic Shari’a rules and principles, adhering to the Zakat Standards SS (35) & FAS (9) set by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). This protocol ensures shareholders are duly informed of the Zakat attributed to their shares when applicable.

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Meethaq Awards in 2023

- Global Islamic Finance Awards 2023
- Global Brand Awards 2023
- Market Leadership Award (Islamic Banking Window Operations) 2023
- Leading Islamic Banking Brand, Oman 2023
- Oman’s Most Trusted Brand in Islamic Banking
- 9th Annual Global Business Outlook Awards 2023
Awards and Recognition

International Awards & Accolades


Gordon W. Platt Award for Best Foreign Exchange Banks (Oman) 2023 - Global Finance.

Best Trade Finance Bank in Oman – Global Finance.

Elite Quality Recognition Award for MT103 - JP Morgan.

Elite Quality Recognition Award for MT202 - JP Morgan.

Best Bank – EMEA Finance.

Best Local Investment Bank - EMEA Finance.

Best Asset Manager - EMEA Finance.

Best Private Bank - EMEA Finance.

Best Retail Bank in Oman – MEED.

Best Investment Bank – Arab Federation of Capital Markets.

Best ESG Integration - Arab Federation of Capital Markets.

Best Investment Bank in Oman – Global Finance.

Best Bank in Oman – Global Finance.

Platinum Award for Maximizing Customer Engagement
(Leading Mobile App in Oman)- Infosys Finacle Innovation Awards 2023.

Gold Award for Corporate Banking Innovation (Dynamic Forex Service for Corporate Clients) - Infosys Finacle Innovation Awards 2023.

The Middle East’s 50 Most Valuable Banks - Forbes Middle East.

The Middle East’s Top 100 Listed Companies - Forbes Middle East.

Operational Excellence Award – Wells Fargo.

Excellence in Straight-through Processing Award – CitiBank.

Global Finance- Best Private Bank Award 2024 -
Global Finance.

Foreign Exchange Publisher 2024
(FX Tech Award 2024 and FX Best Bank Award 2024).

Global Private Banking Awards 2023 - The Banker.
Euromoney Awards for Excellence 2023
The Bank was recognized in the categories below:
• Best Corporate Bank in Oman • Best Bank for ESG in Oman

Global Finance - Best Digital Banks 2023. Bank Muscat won the Award on the categories below:
• Best Consumer Digital Bank in Oman 2023 • Best Corporate Digital Bank in Oman 2023

"Most Innovative Islamic Window for SMEs_ Meethaq Islamic Banking.


Largest co-brand credit card in Oman by Mastercard CEMEA.

Local Awards & Accolades
• Oman’s Most Trusted Brand - Islamic Banking (for Meethaq) Apex Media.
• Oman’s Most Trusted Brand - Conventional Banking - Apex Media.
• Exceptional Priority Banking Services Award by Signature 100 luxury Awards.
• ER Corporate Excellence Awards 2023.
In 2023, Bank Muscat delivered another solid financial performance, reporting a net profit of RO 212.45 million, an increase of over 5.8% on the previous financial year.

The core lines of business of the Bank showed momentum of growth during the year. Funding, liquidity and capital adequacy levels of the Bank also remained healthy and much higher than the regulatory benchmarks. The Bank was able to bolster by maintaining a strict adherence to international financial reporting standards and rigorous internal checks and controls. To ensure utmost transparency, the Bank’s operations underwent thorough evaluations by both internal and external auditors. This commitment to excellence was recognized by S&P Global Ratings, which upgraded Bank Muscat’s long-term issuer credit rating from ‘BB’ to ‘BB+'. Additionally, Fitch Ratings affirmed a ‘BB+' rating with a stable outlook and Moody’s rating agency upgraded the rating to Ba1 from Ba2 earlier.

The Bank continues to play a pivotal role in supporting the macroeconomic environment and is actively contributing to the structural reforms of Oman’s economy.
<table>
<thead>
<tr>
<th>Financial performance and economic value generated and distributed</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>RO 000’s</td>
<td>13,072,538</td>
<td>12,775,982</td>
<td>13,673,371</td>
</tr>
<tr>
<td>Total equity</td>
<td>RO 000’s</td>
<td>2,150,844</td>
<td>2,232,124</td>
<td>2,354,855</td>
</tr>
<tr>
<td>Net income</td>
<td>RO 000’s</td>
<td>189,625</td>
<td>200,753</td>
<td>212,446</td>
</tr>
<tr>
<td>Operating income / revenues (before recovery &amp; charges)</td>
<td>RO 000’s</td>
<td>458,616</td>
<td>480,038</td>
<td>512,821</td>
</tr>
<tr>
<td>Operating costs (excluding depreciation)</td>
<td>RO 000’s</td>
<td>-174,154</td>
<td>-166,348</td>
<td>-176,435</td>
</tr>
<tr>
<td>Employee wages and benefits</td>
<td>RO 000’s</td>
<td>-98,300</td>
<td>-104,187</td>
<td>-133,754</td>
</tr>
<tr>
<td>Cash dividends to shareholders</td>
<td>RO 000’s</td>
<td>-107,234</td>
<td>-112,596</td>
<td>-166,349</td>
</tr>
<tr>
<td>Tax expense</td>
<td>RO 000’s</td>
<td>-34,346</td>
<td>-35,747</td>
<td>-39,774</td>
</tr>
<tr>
<td>Depreciation</td>
<td>RO 000’s</td>
<td>-17,305</td>
<td>-18,176</td>
<td>-19,954</td>
</tr>
</tbody>
</table>
During the 2023 Oman Sustainability Week, Bank Muscat received the prestigious Gold Award for its dedication to sustainability - a testament to its innovative strategies that support the SDGs and Oman Vision 2040.

Sustainability Management

In alignment with industry standards and its domestic counterparts, Bank Muscat embraces its role as a responsible corporate entity by integrating ESG practices into its Vision and Core Values. The Bank maintains robust ties with the government and state enterprises, bolstered by the Omani government’s significant stake. Through strategic Corporate Social Responsibility (CSR) and sustainability initiatives, Bank Muscat invests in diverse segments to help forge a sustainable future for Oman.
The Sustainability Committee

Since 2014, the Sustainability Committee at Bank Muscat manages the Bank’s environmental, social, and governance (ESG) endeavours. The Committee’s primary task is to embed exemplary practices within the Bank’s core business operations and corporate culture. The Committee evaluates the Bank’s sustainability measures against industry benchmarks. It communicates its insights and recommendations to the Executive Management, which hold the highest authority in ESG issues within the Bank, ensuring the seamless integration of sustainability into Bank Muscat’s overarching business strategy.

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>Role in the Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamza Al Ajmi</td>
<td>Deputy General Manager – Credit</td>
<td>Chairman</td>
</tr>
<tr>
<td>Damian O’Riordan</td>
<td>Chief Internal Auditor</td>
<td>Alternate Chairman</td>
</tr>
<tr>
<td>Sheikha Al Farsi</td>
<td>Chief Operating Officer</td>
<td>Member</td>
</tr>
<tr>
<td>Said Al Aufi</td>
<td>General Manager – Human Resources &amp; Administration</td>
<td>Member</td>
</tr>
<tr>
<td>Ali Said Ali</td>
<td>Deputy General Manager – Agency &amp; Custody Services</td>
<td>Member</td>
</tr>
<tr>
<td>Taya Bait-Sabeea</td>
<td>Deputy General Manager – Interior Regions</td>
<td>Member</td>
</tr>
<tr>
<td>Afaf Al Humaid</td>
<td>Assistant General Manager - Large Corporates</td>
<td>Member</td>
</tr>
<tr>
<td>Sami Bait Rashid</td>
<td>Assistant General Manager – Meethaq Personal Banking</td>
<td>Member</td>
</tr>
<tr>
<td>Zuwaina Al Sharji</td>
<td>Assistant General Manager- Central Operations &amp; Change Management</td>
<td>Member</td>
</tr>
<tr>
<td>Intisar Al Araiimi</td>
<td>Head of Policies &amp; Performance Management System</td>
<td>Secretary</td>
</tr>
</tbody>
</table>

Comprising cross-functional representation from divisions such as Human Resources, Internal Audit, Personal Banking, Strategy & Corporate Services, and Islamic Banking, the Committee is positioned to integrate sustainability across the Bank’s full spectrum of operations. The Committee convenes biannually to deliberate on policies and strategies that influence economic performance, internal development, community empowerment, and responsible Banking practices.
Effective communication with stakeholders is essential in order to recognize and respond to concerns. To facilitate this vital dialogue, Bank Muscat uses a variety of methods and channels to collect, analyse, and understand stakeholder feedback. Detailed below are the key stakeholder groups with whom the Bank engages.

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### Our Key Stakeholder Groups

<table>
<thead>
<tr>
<th>Employees</th>
<th>Customers</th>
<th>Government (Including Regulatory Bodies)</th>
<th>Correspondent/ Other Banks/ International Entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders/ Investors</td>
<td>Local Community/ Non-profit and Other Charitable Organisations</td>
<td>Local, Regional &amp; International Media</td>
<td></td>
</tr>
</tbody>
</table>

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### Materiality Assessment

In 2023, Bank Muscat undertook a Materiality Refresh Assessment. Through this assessment, which is aligned with GRI’s impact materiality assessment steps, the Bank has identified the ESG issues most pertinent to its operations and stakeholders, guiding Bank Muscat in effective ways to deliver its influence and also manage its impact by the material issues identified.

The process began with examining operations, stakeholders, existing ESG performance to identify if and how past ESG issues have been impacted. Following the context provided, the Bank analysed and reviewed actual and potential impacts of determined issues and benchmarked them with best practice setting, global frameworks and trends. Using the list of issues, Bank Muscat consulted with internal stakeholders to assess the significance of the impacts identified. Through online surveys, consultations were conducted with Finance, Risk, BoD Office, Procurement, Human Resources and Corporate Communications Departments. Below is our Updated list of material issues, grouped by the level of impact.

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### Level of Impact | Material Issues List

<table>
<thead>
<tr>
<th>Very High Significance</th>
<th>Financial Performance &amp; Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Risk Management</td>
</tr>
<tr>
<td></td>
<td>Local Socio-Economic Development in Line with National Objectives</td>
</tr>
<tr>
<td></td>
<td>Employee Engagement &amp; Wellbeing</td>
</tr>
<tr>
<td></td>
<td>Sustainable Lending &amp; Investment</td>
</tr>
<tr>
<td></td>
<td>Data Security &amp; Customer Privacy</td>
</tr>
</tbody>
</table>
Alignment with National and Global Standards

Bank Muscat aligns its vision and disclosures with leading ESG frameworks and international and national standards to advance ESG within the Bank, including:

Bank Muscat has published its sustainability report in line with the GRI Standards since 2012. The Bank’s commitment to transparency and accountability is reflected in its ongoing efforts to maintain an ESG focus in its business activities and reporting. The GRI Standards guide the Bank’s efforts to operate more sustainably and help to reinforce its sustainability commitment.

To contribute to the United Nations Sustainable Development Goals (UN SDGs), the Bank has identified specific goals and targets that its initiatives and programs support. These serve as a framework against which the Bank develops its sustainability and CSR vision.

Bank Muscat prioritizes alignment with the Omani Vision 2040, the long-term national strategy, built on economic, social, and environmental pillars, and aimed at transforming the Sultanate of Oman into a prosperous and sustainable nation by 2040. The vision aims to achieve economic growth, diversify the economy, encourage innovation, and promote strong and connected communities.

For more details on alignment with the national and global standards, please refer to the Appendix A.
Bank Muscat acknowledges its role in the banking sector, with a clear focus on fostering long-term benefits for all stakeholders.

With responsibility in mind, the Bank invests in establishing robust governance systems and implementing effective accountability measures. Its commitment to responsible Banking is rooted in well-established principles and practices, which undergo regular revisions to stay aligned with the evolving regulatory standards and business climates.

**Governance Structure**

**Board of Directors**

The Board of Directors at Bank Muscat holds a pivotal position in fortifying governance and advocating for the interests of shareholders and other stakeholders. The Bank champions transparency, integrity, and ethical conduct by delineating the roles of the Chairman and the Chief Executive Officer (CEO). The Chairman is tasked with guiding the Board’s activities, while the CEO is entrusted with the Executive Management responsibilities for the Bank’s operational affairs. Our Board Charter and Corporate Governance report meticulously outline the delegation of authority to Executive Management and the oversight provided by the Board.

In its commitment to transparency and stakeholder trust, the Board certifies that the Bank’s financial statements are a true representation of its fiscal status and operational results, and sanctions the financial disclosures made by the Executive Management on a quarterly basis.
The primary responsibilities of the Board of Directors of the Bank:

1. Formulating policies, supervising major initiatives, overseeing policy implementation, ensuring compliance with laws and regulations, nurturing proper and ethical behaviour, transparency and integrity in stakeholder reporting.

2. Approving commercial and financial policies and the budget to achieve the Bank's objectives and preserve and enhance the interests of its shareholders and other stakeholders.

3. Developing, reviewing, and updating plans essential for achieving its objectives and executing activities aligned with the goals for which the Bank was established.

4. Adopting disclosure procedures, including monitoring their application following the rules and conditions of the Capital Market Authority and the Central Bank of Oman.

5. Providing effective oversight of the Executive Management team to ensure that their performance aligns with the Bank's objectives and goals. This includes diligently monitoring their work to ensure that it is appropriately attended to and executed in a manner that upholds the Bank's values and mission.

6. Appointing the CEO, appraising the performance of the Executive Management, and appraising the work carried out by the committees affiliated with the Board.

7. Approving the Bank's financial statements and the results of its activities, which are submitted to the Board by the Executive Management every three months to disclose its true financial position and performance.
### Board of Directors Composition

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of Board members</td>
<td>Number</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Total number of independent members</td>
<td>Number</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Total number of non-independent members</td>
<td>Number</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total number of non-executive members</td>
<td>Number</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Total Board seats occupied by women</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Board seats occupied by men</td>
<td>Number</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Total number of Board members between 30-50 years of age</td>
<td>Number</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total number of Board members over 50 years of age</td>
<td>Number</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>

### Board Oversight on Sustainability and Delegation of Authority

While the primary responsibilities of the Board do not explicitly include the assessment of economic, environmental, and social impacts, the significance of sustainability and its effects on stakeholders is fully recognized. Consequently, sustainability concerns are periodically examined at the Board level. The Board entrusts executives with the responsibility of managing the organization’s economic, environmental, and societal impacts.

The Board’s role includes providing oversight and strategic guidance to the Chief Executive Officer and Executive Management. This encompasses setting goals and conducting performance appraisals while refraining from intervening in the routine operations of the Bank. This delegation of authority is designed to empower senior executives and employees to effectively manage the Bank’s impacts.

For more information about Bank Muscat’s Board of Directors, please refer to the Corporate Governance Statement 2023 in the Annual Report.

### Board Level Committees

The effectiveness of the Board of Directors is augmented by the support of three specialized committees, each with distinct responsibilities. The responsibilities of these committees are outlined below:
<table>
<thead>
<tr>
<th>Board Risk Committee</th>
<th>Board Audit Committee</th>
<th>Board Nomination and Compensation Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Board of Directors is responsible for overseeing the management of risks in the Bank, and they are supported in this task by the Board Risk Committee (BRC). The BRC oversees the risk management function. It is responsible for ensuring that the activities of the Bank align with its risk appetite and offering recommendations on risk-reward strategies, risk policies, capital management, and risk management framework. The committee also assists the Board to review and approve the Bank’s risk management strategy, which sets out the level of risk it is willing to take on. This is then communicated to the various business segments, allowing them to develop their plans in line with the Bank’s risk appetite.</td>
<td>The Board Audit Committee is responsible for supporting the Board of Directors to fulfil its duties in monitoring and overseeing the financial reporting process, internal control systems, the effectiveness of the audit process, and compliance with relevant laws and regulations. The Audit Committee meets regularly to review the work of the Internal Audit Department, evaluate management, and assess the overall control environment within the organization. It also guides risk management, including fraud and related controls, and reviews reports presented by Internal Audit and other relevant bodies.</td>
<td>The Board Nomination and Compensation Committee is responsible for identifying and nominating suitable candidates for appointment to the Board. Its primary objective is to ensure that the Bank has the right people in the correct positions, both on the Board and in management. The Committee leads the process of identifying and selecting candidates who possess the necessary skills, experience, and qualifications to fulfil their responsibilities effectively.</td>
</tr>
</tbody>
</table>

For more information about Bank Muscat’s Board Level Committees, please refer to the Corporate Governance Statement in the 2023 Annual Report.

**Board Appraisal and Compensation**

Bank Muscat ensures effective governance through performance appraisal of its Board of Directors. This is conducted by an independent third party, appointed at the AGM, based on the Board’s recommendation. This evaluation adheres to benchmarks and standards either established by the Board or the general meeting. Importantly, to maintain objectivity, neither the statutory auditors nor the Bank’s Internal Audit Department are involved in the evaluation process.

The evaluation encompasses a comprehensive review through confidential questionnaires and interviews. It scrutinizes several critical aspects: the composition of the Board and its committees, the efficacy of Board meetings and the decision-making process, the robustness of corporate governance practices, the Board’s contribution to strategic planning and oversight, as well as its role in risk management, internal controls, and compliance. Furthermore, the appraisal assesses the Board’s involvement in establishing the Bank’s values and ethics, its interaction with Executive Management and employees, its approach to succession planning for senior roles, and its strategies for compensation, corporate social responsibility, and shareholder relations.

Performed in line with the Board Charter, this evaluation is not a one-time activity but a periodic process, ensuring continuous improvement and alignment with the Bank’s strategic objectives and values.

In 2023, Bank Muscat arranged training to its Board members, totalling 66 hours, which equates to an average of 7.3 hours per member.
Risk Management

Bank Muscat is well aware of the role that effective risk management and business continuity play in the success of its operations. To address the risks inherent in the Banking industry, the Bank has crafted a robust and adaptable risk management framework that encompasses various risk categories.

The Bank has constructed a risk governance structure that aligns with the three lines of defence model, bolstering its risk management capabilities. This structured approach delineates clear responsibilities and processes for identifying, assessing, and managing risks. Additionally, Bank Muscat has put in place comprehensive Business Continuity Plans (BCP) to ensure that operations can be maintained without significant interruptions in the event of a disaster or major service disruption.

The key risk domains for the Bank include strategic, operational, compliance, and reputational risks. To manage these effectively, the Bank has formed specialized teams, each dedicated to overseeing a specific type of risk. In its pursuit of effective sustainability risk management, the Bank is in the process of finalizing an ESG framework.

Moody’s Investors Service has acknowledged Bank Muscat’s efforts by assigning a neutral-to-low ESG Credit Impact Score (CIS-2), indicating a limited credit impact from environmental and social risks, and a similar score for governance risks. Despite the Omani economy’s heavy reliance on the hydrocarbon sector, Bank Muscat’s direct financing exposure to carbon-intensive sectors is relatively minimal, mitigating its carbon transition risk.
The Bank also recognizes the significance of social risks, especially given demographic and social trends in emerging markets. To address these, Bank Muscat focuses on financial intermediation with simpler product lines and counterparties. Moreover, the conservative Banking regulatory framework in Oman acts as a safeguard against mis-selling, thus preserving consumer relationships.

In terms of governance risks, Bank Muscat’s practices as a publicly listed entity, along with its consistent achievement of annual financial targets and the predominance of independent directors on its board, contribute to a neutral-to-low governance risk score. Compliance with the Code of Governance from the CMA further reduces governance-related risks within the Omani context.

The Bank’s internal audit function maintains a direct reporting line to the Board Audit Committee, executing audits that encompass all business aspects and processes. There are plans in place to conduct an ESG preparedness audit in 2024, which will critically evaluate the implementation of the Bank’s environmental and social policies, risk assessment, and mitigation processes against established standards and practices.
## Whistleblowing and Grievance Mechanisms

Bank Muscat has instituted a whistleblower policy, providing a secure and confidential framework for customers, employees, shareholders, and stakeholders to report any unethical behaviour or misconduct.

This policy not only delineates the steps to report such incidents but also emphasizes the imperative of confidentiality and the actions to be pursued upon receipt of a report.

The Bank has also crafted a grievance policy, giving employees a structured platform to voice their concerns. Initially, employees are encouraged to engage in informal discussions with their department head to seek a resolution within the Bank’s regulatory framework. If the issue persists, the employee may escalate the matter by submitting a written grievance to a senior officer, depending on the nature of the issue. Bank Muscat ensures that its employees are well-informed about the policy and procedures through regular training sessions.

## Anti-Corruption Training

To communicate the importance of maintaining ethical business practices, Bank Muscat employees undergo regular training of the Code of Conduct. The Bank launched an e-learning program in 2020 to ensure high level of participation of the workforce.

Subsequently, all new joining employees completed the course in 2021 and 2022. In 2023, revised version of the course was launched and assigned to all Bank Muscat employees to complete.

<table>
<thead>
<tr>
<th>Target group of the e-learning course</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Employees</td>
<td>3,544</td>
<td>228</td>
<td>249</td>
<td>3,955</td>
</tr>
<tr>
<td>New Joiners</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Joiners</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Fraud Awareness

The Bank has established an Anti-Fraud & Financial Crimes Committee to ensure the Fraud Risk Management Framework is effectively implemented. This is complemented by specialized anti-money laundering (AML) and counter terrorism financing training (CFT) to all employees including Executive/Senior management and the Board of Directors. Employees at all levels undergo comprehensive programs, instilling practical skills and promoting adherence to internal policies and regulatory guidelines relevant to AML and CFT.

Bank Muscat safeguards its customers’ financial assets and data with the robust infrastructure of its Fraud Risk Management department. The Bank undertakes annual reviews of its Fraud Policy while engaging in consistent internal and external fraud awareness initiatives.

Beyond its awareness-raising endeavours, Bank Muscat has allocated investments in a suite of Fraud Prevention Tools. These include the Fraud Management System (FMS), Visa Risk Manager (VRM), National Fraud Service for Mastercard (NFS), and CyberSource for E-commerce. These sophisticated tools are integral to the Bank’s fraud prevention and detection strategy, particularly at the transactional level.

In recognition of the importance of raising awareness about cyber fraud activities, Bank Muscat embarked on a communication strategy, in partnership with the Royal Oman Police. This initiative, which began in 2019 and continued throughout 2023, aims to enhance public awareness, equipping individuals with the skills to evade various cyber fraud schemes.

To ensure comprehensive outreach, this campaign adopted a 360-degree approach, effectively utilizing and integrating all available communication channels. Through a combination of digital platforms, traditional media, and direct customer engagement, the campaign leveraged multiple communication outlets, including print, radio, television, and social media platforms. This effort between Bank Muscat and the Royal Oman Police has actively resonated across the country since its inception, bolstering awareness levels and yielding positive outcomes.

In 2023, the Bank recorded zero data breaches and non-compliance incidents.
Data Security and Customer Privacy

Bank Muscat places a very high priority on data security, recognizing the importance of safeguarding customer information.

The Bank handles a vast array of data types, including but not limited to personal customer details, transaction records, marketing analytics, research, and financial figures.

To align with data privacy regulations, Bank Muscat adheres to the Financial Consumer Protection Regulation Framework (FCPRF) issued by the Central Bank of Oman, which establishes protocols for the collection, storage, utilization, retention, and destruction of personal data, mirroring the stringent privacy principles found in the General Data Protection Regulation (GDPR). The Bank is enhancing its data privacy measures in accordance with the GDPR.

The responsibility for information, cyber, and data security falls under the remit of the Protective Services Unit. To ensure that all employees are up to date on the latest security protocols, the Bank provides annual training through e-learning, supplemented by email updates, and is scheduling in-person training sessions in 2024 to cover various delivery channel security aspects.
To verify the robustness of its privacy and security measures, the Bank conducts regular internal and external audits. Collaborations with public-private partnerships allow the Bank to address complex security and risk management issues. For incident response and forensic investigations, the Bank has partnered with BAE Systems and works with external vendors to assess gaps in its payment card industry compliance (PCI) controls.

For active security breach prevention and response, Bank Muscat has established a Security Operations team. This team operates round-the-clock through a Security Operations Center (SOC). It cooperates with dedicated Incident Response and Vulnerability Management teams to monitor the Bank’s IT infrastructure and guard against cyber threats. Routine security exercises, including red team manoeuvres, penetration testing, vulnerability assessments, tabletop simulations, and cyber drills, are part of Bank Muscat’s proactive security stance.

The Bank is committed to reporting any such security incidents to the appropriate regulatory bodies and notifying affected customers promptly, especially where personal data breaches are concerned.

There were no data security breaches over the past years, including none for the data involving customers’ personally identifiable information.

Cybersecurity

To ensure the safety and security of its IT infrastructure, Bank Muscat conducts regular assessments and cyber-security stress tests. It implements continuous vulnerability scanning, annual internal penetration testing and external testing three times a year. To further strengthen the Bank’s defences, the SOC team monitors for potential threats around the clock.

There were two attempted cyberattacks recorded in 2023 but did not materialize into actual attacks and were prevented by our security systems.
Sustainable Lending and Investment

The Bank’s commitment to sustainable finance aligns with Oman’s vision to reduce reliance on fossil fuels and attract ESG investors.

As part of its sustainability efforts, Bank Muscat is actively involved in workshops and activities related to green and sustainable finance in Oman.

Bank Muscat has set its sights on developing a Sustainable Finance Framework (SFF) that aligns with the country’s vision as Ministry of Finance has recently unveiled its Sustainable Finance Framework. With the SFF, Bank Muscat is aiming to offer financial instruments such as green, social and sustainability bonds, loans, and sukuk to fund renewable energy projects as part of its efforts to promote a greener economy.

Green Products and Finance

Bank Muscat supports the transition to a low-carbon economy through its products and services. It was the first Bank in the Sultanate to launch green products in partnership with the International Finance Corporation (IFC).

Green financing benefits the environment and offers economic benefits to customers. In 2019 the Bank launched its Green Finance Loan solution to encourage its customers to install solar panels on their rooftops and rely on solar energy for a significant portion of their household energy needs, enabling them to save money while contributing to a more sustainable future. It has been well received; the Bank had a portfolio of 16,623 loans.

Innovative and Sustainable Products and Services

Bank Muscat’s strategic focus on digitalization continues to advance its operational efficiency and enrich the customer experience. The Bank aims to transform all possible services to digital formats, having identified the key reasons customers visit branches. The objective is to incrementally digitalize these services each year to make them available remotely, enhancing convenience for customers.

In 2023, the Bank unveiled several solutions that demonstrate this commitment to responding to the dynamic needs and preferences of its customers.
Innovation at the Bank is actively fostered through initiatives like “IBDAA” which invites employees to propose innovative ideas, subsequently assessed by management for potential implementation. IBDAA functions similar to an “idea Bank”. The ideas shared by the employees are reviewed by the management and those which hold promise are implemented.

The Agile framework, a dynamic and iterative approach to project management that emphasizes flexibility, collaboration, and customer feedback, has been adopted by Bank Muscat for project development and implementation. Initially implemented in one department, this strategy is progressively being extended across the entire Bank.

Digital Strategy

Bank Muscat’s digital strategy is focused on enhancing electronic payment options for both retail and corporate customers, ensuring branch services are accessible digitally. The Bank’s goal is to position its electronic channels as the preferred payment method within Oman.

The strategy encompasses:

- Expanding digital channel features that replicate in-branch services.
- Redirecting customer traffic from cost-intensive branch visits to economical e-channels.
- Encouraging the use of electronic payment methods to reduce cash reliance.
- Transforming e-channels into profitable entities.
- Offering round-the-clock digital services for customer convenience.

Technology and Sustainability

The Bank’s steadfast commitment to sustainability incorporates technology to address evolving trends and boost its societal and environmental contributions. In 2023, technological solutions were deployed to optimize workplace management and ensure service continuity during emergencies.

Annual inspections of key locations and systems are conducted, with teams monitoring downtimes to swiftly identify and respond to any arising issues. The Bank’s data centres, and customer communication platforms actively assess sustainability trends to prioritize services effectively.

The launch of Oman’s first Visa virtual corporate credit card and the DigiTrade trade portal in 2022 marked significant milestones in providing secure, efficient financial services. Additionally, the Soft Token app and the collaboration with National Finance for an innovative online Direct Debit solution showcase the Bank’s push for digital advancement.
The 2023 introduction of an integrated Transaction Banking Platform represents advancement in offering comprehensive Banking products, simplifying operations, and cutting costs.

Bank Muscat’s integration of technology into its sustainability vision will continue to evolve, aiming to drive business growth while increasing its positive impact on society at large.

Supporting Entrepreneurship and SMEs

Bank Muscat marked the United Nations-designated Micro-, Small- and Medium-sized Enterprises Day on June 27, 2023. The Bank’s support was aimed at raising awareness of the value of this vital economy and reinforcing its commitment to the economic development of MSMEs. With over 60,000 MSMEs registered with the Small and Medium Enterprises Development Authority as per the National Centre for Statistics and Information, these entities are acknowledged as a major stakeholder in Oman’s economic landscape. In alignment with Oman Vision 2040, Bank Muscat has been creating products and services designed to integrate MSMEs into its financial inclusion framework.

The Bank’s Najahi account is an example of its commitment to supporting MSME sector. Offering collateral-free financing, Najahi has aided a diverse range of businesses, from retail, trading to agriculture, playing a significant role in promoting self-employment among Omani youth.

Digital Banking services for MSMEs, provided in both Arabic and English, further exemplify Bank Muscat’s digital strategy. The Corporate Online Banking platform allows Al Wathbah and Najahi customers to manage their finances seamlessly, facilitating transactions such as fund transfers, bill payments, bulk payments to vendors, and employee salary disbursements under the Wages Protection System (WPS).

Bank Muscat has also enhanced its digital offerings through its new Corporate Banking website, which provides access to a suite of services including business loans, trade finance, and sectoral insights, as well as eApplications for various trade solutions and other Banking services.
Value for **Customers, Partners and Suppliers**

Bank Muscat aims to generate enduring value for its customers, partners, and suppliers. This commitment involves adopting innovative strategies that resonate with the evolving market trends and stakeholder needs.

**Customer Experience and Responsible Marketing**

The Bank places great importance on customer feedback, incorporating various channels for customers to voice their opinions, report issues, and seek assistance. It follows the Temkin CX Maturity model, and has reached level 5, which speaks to its customer-centricity. Through the WeCare feedback management system, Bank Muscat ensures a responsive and transparent customer experience. The Bank regularly administers surveys and has initiated a Voice of Customer program to better grasp customer needs and measure essential service metrics. Transparency is further enhanced by the introduction of Key Fact Statements across the Bank’s offerings, ensuring customers receive clear information. Bank Muscat is committed to ongoing evaluations of its customer experience maturity, listening intently to customer feedback, and adopting best practices to elevate customer satisfaction and engagement.

**Customer Management**

Bank Muscat employs a variety of systems and policies to elevate customer management in line with its vision to “to serve you better, everyday.” These include:

- **Feedback monitoring**
  Continuous internal departmental reviews ensure all-round service quality.

- **Severity analysis**
  All complaints are compiled and categorized by their impact level from the customer’s perspective.

- **Complaint handling**
  A detailed policy delineates the complaint process from registration to resolution.

- **Closing the loop**
  Transforms dissatisfied customer experiences into positive ones through direct engagement and service enhancement efforts.

- **Survey standardisation**
  Regular meetings with stakeholders are held to discuss and refine customer metrics like NPS, CSAT, and CES.

- **Focus groups**
  Direct interactions with customers to pinpoint their pain points.
The Net Promoter Score (NPS) is an important metric for gauging customer perception of Bank Muscat’s services, and this has shown continuous improvement over the last three years.

<table>
<thead>
<tr>
<th>Customer Experience</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction Score (%)</td>
<td>Percentage</td>
<td>78%</td>
<td>79%</td>
<td>81%</td>
</tr>
<tr>
<td>Net Promotor Score (NPS) (0 - 100)</td>
<td>Number</td>
<td>33.1</td>
<td>37.3</td>
<td>41.7</td>
</tr>
<tr>
<td>Percentage of customers actively responding the survey</td>
<td>Percentage</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Percentage of resolved complaints that were raised through the complaint channels</td>
<td>Number</td>
<td>127,423</td>
<td>131,100</td>
<td>174,611</td>
</tr>
<tr>
<td>Service Level Agreement (SLA)</td>
<td>Percentage</td>
<td>85%</td>
<td>87%</td>
<td>78%</td>
</tr>
</tbody>
</table>

**Contact Centre**

The Contact Centre serves as a vital touchpoint for customers to express concerns, seek information, or offer feedback. Customers can connect via email or phone, with a comprehensive complaint and suggestion system accessible 24/7 on the Bank’s website. The service is offered in three languages, Arabic, English and Hindi.

The Integrated Voice Response (IVR) system answers the majority of incoming calls, allowing customer service agents to concentrate on more complex inquiries. This system has notably enhanced customer experience, reduced wait times, and provided rapid solutions to common queries.

A total of 146,646 complaints were registered through Contact Center which constitutes 84% of the overall volume of complaints registered 2023.
Customer Service Standards

In 2019, Bank Muscat introduced customer rights and responsibilities, now termed Customer Service Standards. These standards were disseminated through various internal channels and highlighted the importance of seamless, reliable Banking experiences and customer engagement. These standards are publicly communicated through the Bank’s website and displayed across its 180 branches.

Bank Muscat’s Customer Service Standards are now part of its vision to instil a customer-centric culture. A yearly employee quiz on the standards is run, which is linked to the Bank’s CEO Awards, to encourage adherence to the standards. A Business Etiquette training program for customer-facing employees underscores the importance of professionalism, integrity and responsibility. This program is set to expand with the release of an e-learning module accessible to the entire Bank network.

Customer Rights

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>We give customers the right to choose</td>
<td>We give our customers the right to choose and pick the products and services that suit their needs.</td>
</tr>
<tr>
<td>We respect our customers</td>
<td>It is part of our culture to respect everyone.</td>
</tr>
<tr>
<td>We keep customers’ information confidential</td>
<td>We respect the privacy of our customers and maintain confidentiality of their account information.</td>
</tr>
<tr>
<td>We listen to customers’ needs</td>
<td>We listen to our customers’ inquiries and feedback about our Banking services.</td>
</tr>
<tr>
<td>We are transparent with customers</td>
<td>We inform our customers about the terms and conditions related to any financial product or service in a transparent manner.</td>
</tr>
</tbody>
</table>

Voice of the Customer

Bank Muscat partners with industry leaders in Customer Experience services to deliver multichannel services and enhance its Voice of Customer (VOC) program. Since 2018, Qualtrics, a premier experience management software solution, has been integral to the VOC program, enabling the Bank to collect and analyse real-time customer feedback across numerous surveys. Clarabridge has been instrumental since 2017 in managing social media feedback, and Bank Muscat’s use of WhatsApp for daily customer service showcases its commitment to prompt responses and active engagement with customers on various social platforms.

Customer Journey Simplification

Uxpressia is employed to create Customer Journey Maps (CJM), illustrating the full spectrum of customer interactions with the Bank. These maps are developed through interviews with frontline and back-office employees, validated and designed to identify and address common pain points. This collaborative process aims to refine the customer experience, asking critical questions about customer interactions, experiences, and stakeholder involvement.
Financial Inclusion, and Financial Literacy

Financial Inclusion

Bank Muscat is aligned with regulatory objectives, striving to extend financial services to the underserved and disadvantaged populations of Oman. The Bank’s mission is centered on financial inclusion, ensuring that all community segments across the nation have access to Banking services. This commitment has led to the establishment of the largest branch network in the Sultanate, featuring 180 branches bolstered by an array of over 800 e-channel devices.

The Bank’s strategy is anchored in a customer-centric, technology-driven approach, highlighted by substantial investments in advanced digital channels to enhance customer service. Specifically, Bank Muscat has introduced the Remit app, tailored to the needs of blue-collar expatriate workers, offering them a straightforward solution for remitting money and recharging mobile phones. Shahadati Education Financing provides flexible options for students pursuing higher education, and the Woqar Banking package presents adaptable financial solutions and credit facilities for retirees, aligned with their pension income.

She’s Next

Bank Muscat, in partnership with Visa, introduced the She’s Next program in Oman, a global initiative championing women-led small businesses through financial support, education, and mentorship. Acknowledging the critical role of women entrepreneurs in economic growth, She’s Next offers resources to help them overcome challenges and achieve business success. In 2023, Omani women entrepreneurs across all sectors were invited to participate in the program, with one winner receiving a $20,000 grant, a bespoke training program, and membership to the She’s Next Club.

This initiative is in harmony with the Oman Vision 2040 promise of economic empowerment and skills development for women, fostering opportunities and idea exchanges within the Gulf region.
Financial Literacy

Bank Muscat has initiated several programs targeting various demographic groups to promote sound financial practices.

Irshad Financial Coaching Clinic

The Irshad Financial Coaching Clinic highlights Bank Muscat’s commitment to financial empowerment. The clinic provides complimentary financial coaching to SMEs, start-ups, entrepreneurs, and individuals. The aim is to impart financial acumen, covering effective debt management, budgeting, saving, the intricacies faced by SMEs, and strategies for capital acquisition. With more than 120 sessions conducted since 2019, the program has demonstrated a significant Social Return on Investment (SROI), creating positive impact on Oman’s economic fabric. The SROI for Irshad was RO 5.76 for every 1 RO invested.

Maliyat

The Maliyat Financial Literacy Program, an online initiative, has been pivotal in fostering financial knowledge and planning skills, benefiting individuals across all age brackets. With over 32,500 certificates awarded since its inception in 2019, Maliyat boasts a notable SROI (RO 3.65 for every 1 RO invested), underscoring its effectiveness. The curriculum is tailored to individual financial aspirations, bolstering the financial autonomy of participants, especially youth and students, in alignment with Oman’s developmental trajectory. In 2024, a new edition of Maliyat Academy Program will be implemented in schools across Oman, in association with The Ministry of Education, the professionals trained through Maliyat will be training students.
**Accessibility**

Bank Muscat demonstrates a firm commitment to providing accessible Banking services to all its customers, including those with disabilities. The Bank has taken significant steps to ensure its branches and services are fully equipped to meet the specific needs of customers with disabilities. It has upgraded 11 conventional Banking branches and nine Meethaq Islamic branches across Oman. These branches are designed to be accessible and are equipped to serve the needs of persons with disabilities.

The Bank is committed to continuous improvement and innovation in supporting its customers and communities, emphasizing responsible and sustainable practices.

<table>
<thead>
<tr>
<th>Accessibility</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches in low populated and economically disadvantaged areas</td>
<td>Number</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>ATMs in low populated and economically disadvantaged areas</td>
<td>Number</td>
<td>6</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

The Bank also offers special considerations for customers with disabilities, including reduced interest rates on loans, discounted processing fees, and waived prepayment charges. The Bank has made technological advances as well, updating its mobile Banking app to support screen reading features for Android and iOS, aiding customers with visual impairments.

In addition to infrastructural improvements, Bank Muscat has focused on employee development, training 115 employees in Sign Language in 2022 and 2023 to serve deaf, hard of hearing, and speech-impaired customers more effectively. The training took place in branches that have a higher number of customers with these disabilities.

The Bank has also formed partnerships with organizations dedicated to supporting the disabled community, such as the Omani Association for the Hearing Impaired, the Al Aman Rehabilitation Centre, and the Al Noor Association of the Blind. Through these partnerships, Bank Muscat has supported the provision of essential equipment and devices like wheelchairs, electric beds, laptops, Braille Sense devices, and hearing aids.

**Responsible Procurement**

Bank Muscat has embedded sustainable practices into its operations, emphasizing collaboration with suppliers who embody the same commitment to sustainability and ethical conduct. The Bank actively seeks partnerships with MSMEs and insists on adherence to responsible and transparent business practices among all its suppliers.

In alignment with Oman Vision 2040 and through the incorporation of the In-Country Value (ICV) concept, 80% of the Bank’s suppliers are local as of 2023. The Bank’s procurement policies, including a Supplier Code of Conduct, set out clear ethical and business standards that suppliers are expected to follow, reflecting the Bank’s commitment to responsible procurement.
Bank Muscat mandates all suppliers to adhere to applicable local, national, and international environmental regulations, ensuring the acquisition and maintenance of necessary environmental permits, approvals, and registrations. Suppliers are required to establish and uphold effective environmental management systems. These systems should enable the identification of environmental risks, the monitoring of environmental performance, and the promotion of continuous improvement in environmental practices. Bank Muscat also expects its suppliers to adopt and promote environmentally friendly technologies within their operations and throughout their supply chains. Additionally, suppliers must commit to initiatives aimed at protecting the environment from harm and degradation related to their activities. A crucial expectation is the commitment to reducing carbon footprints in a timely yet achievable manner.

The Bank sets a bar for ethical and sustainable conduct within its supply chain, working with suppliers to ensure these standards are met. To combat child labour, Bank Muscat undertakes stringent supplier evaluations and complies with Omani legislation and international standards, including those set by the International Labour Organization. It also addresses the risk of forced or compulsory labour through comprehensive due diligence, including thorough assessments of vendors and steadfast adherence to local and international laws.

In 2022, Bank Muscat began auditing its suppliers on environmental issues, targeting those with significant transactions and spending. During the last year, 19 suppliers were subjected to audits.

<table>
<thead>
<tr>
<th>Procurement</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of suppliers</td>
<td>Number</td>
<td>NA</td>
<td>474</td>
<td>705</td>
</tr>
<tr>
<td>Total number of local suppliers</td>
<td>Number</td>
<td>NA</td>
<td>412</td>
<td>564</td>
</tr>
<tr>
<td>Suppliers that are subject to environmental</td>
<td>Number</td>
<td>NA</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>audits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Value

For Our People
Diversity, Equity & Inclusion

Bank Muscat is committed to fostering a culture that is rich in diversity, equity, and inclusion. The Bank believes that a workforce reflective of the communities it serves is crucial for driving innovation and growth. As such, it is dedicated to ensuring a welcoming and respectful workplace for all employees, irrespective of their backgrounds, genders, races, or orientations. Through continuous refinement of its policies and practices, the Bank aims to make every employee feel valued, respected, and supported.

Promoting gender equality

Bank Muscat is fully committed to gender equality within the workplace. It ensures a secure and inclusive environment that fosters growth and attracts top talent.

In alignment with its human resources strategy, the Bank maintains a focus on gender diversity across its workforce and is proud to report that women constitute 47% of its employees, including senior management roles. The Bank acknowledges the significant contributions of its female employees to its development and recognizes their potential to effect change within the organization and the broader Sultanate.

<table>
<thead>
<tr>
<th>Workforce Diversity</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Senior management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male employees in senior management</td>
<td>Number</td>
<td>27</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Female employees in senior management</td>
<td>Number</td>
<td>3</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td><strong>Middle management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male employees in middle management</td>
<td>Number</td>
<td>1,538</td>
<td>1,639</td>
<td>1,848</td>
</tr>
<tr>
<td>Female employees in middle management</td>
<td>Number</td>
<td>1,500</td>
<td>1,605</td>
<td>1,735</td>
</tr>
<tr>
<td><strong>Other levels</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male employees</td>
<td>Number</td>
<td>415</td>
<td>379</td>
<td>325</td>
</tr>
<tr>
<td>Female employees</td>
<td>Number</td>
<td>367</td>
<td>270</td>
<td>218</td>
</tr>
</tbody>
</table>
Omanisation

Bank Muscat continues its commitment to Oman Vision 2040 by fostering an optimal environment for Omani talent. The Bank’s efforts are centred on attracting and retaining local talent through various initiatives, including collaboration with universities and the Ministry of Manpower, and participation in employment fairs. The Bank is one of the largest employer of Omani talent, with Omanis making up 93% of the workforce.

In support of its sustainability objectives, the Bank invests in the development and advancement of its Omani employees. It offers extensive training and development programs that contribute to the professional and personal growth of its employees.

The Bank also strives to create a diverse and inclusive workplace where innovation, creativity, and effective decision-making thrive. It will continue to prioritize Omanisation, ensuring it remains a place where Omani talent can excel.

<table>
<thead>
<tr>
<th>Omanisation</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time national employees</td>
<td>Number</td>
<td>3,654</td>
<td>3,679</td>
<td>3,872</td>
</tr>
<tr>
<td>Female national employee</td>
<td>Number</td>
<td>1,864</td>
<td>1,873</td>
<td>1,950</td>
</tr>
<tr>
<td>Male national employees</td>
<td>Number</td>
<td>1,790</td>
<td>1,806</td>
<td>1,922</td>
</tr>
<tr>
<td>National full-time employees in senior management</td>
<td>Number</td>
<td>23</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Percentage of nationalization among total workforce</td>
<td>Percentage</td>
<td>95%</td>
<td>94%</td>
<td>93%</td>
</tr>
<tr>
<td>Percentage of nationalization in senior management</td>
<td>Percentage</td>
<td>77%</td>
<td>83%</td>
<td>83%</td>
</tr>
<tr>
<td>Number of employees of other nationalities</td>
<td>Number</td>
<td>196</td>
<td>250</td>
<td>290</td>
</tr>
</tbody>
</table>

Supporting youth inclusion

Bank Muscat’s dedication to youth inclusion is evident in its growing internship program. In 2023, the program welcomed over 580 students from various educational institutions across the Sultanate, offering them valuable work experience. The internships are structured to complement the students’ academic pursuits, equipping them with relevant skills for their future careers.

During their internships, students engage in a variety of Banking operations, from finance and audit to IT and branch operations, gaining a well-rounded understanding of the Bank’s functions and the financial sector at large.

Talent Attraction, Development and Retention

Bank Muscat prioritizes the skill development of its employees. With a focus on keeping skills and knowledge up to date, the Bank offers a wide array of development programs and eLearning courses, tailored to various job functions. The Bank emphasizes leadership development through programs in partnership with business schools, ensuring managers possess leadership and management skills. Designed to encourage the pursuit of personal and professional goals, these programs also align with the objectives of Oman Vision 2040.
Training and Development

Following the 70-20-10 learning model, Bank Muscat’s talent development strategy focuses on experiential learning or on-the-job training (70%), mentorship or learning from others (20%), and formal or classroom training (10%).

To ensure effective talent development, the Bank divides its talent pool into multiple levels based on experience, role, and grade. Customized training programs, along with online and self-learning modules, are designed to cater to the specific needs of each level.

The Bank implements a continuous talent development measurement process to monitor and report progress around on-the-job exposure and training program outcomes. The goal is to cultivate and promote internal talent to fill vacant positions from within and establish a robust succession pipeline throughout the organization.

Jadara Academy

The Jadara Academy, endorsed by leading global accreditation bodies, showcases Bank Muscat’s commitment to ongoing professional development through a diverse array of programs for its employees. It merges international best practices with the bank’s unique business insights within its Functional Academies to ensure employees’ skills are up-to-date and globally competitive.

A notable achievement is the Jadara IT Academy, where 206 employees from the Technology and Enterprise Project Management Group engaged in 18 technical and professional courses. Additionally, the academy introduced a Cloud Academy Platform, offering over 2,000 technology training programs with comprehensive resources, labs, and assessments. This platform supports easy enrollment, accessible learning paths, and detailed reporting, enhancing modular learning through a user-friendly interface.

The Trade Finance Academy started its second Certificate in International Trade Finance (CITF) batch for 16 employees in September 2023, expecting graduations in early 2024. The academy also successfully completed the first phase of the Jadara Sales Force Development program for 211 employees and the Service Excellence Centre development program for 22 high performers, focusing on key skills like banking finance, strategy, and customer experience. The Contact Centre Academy’s New Agent Training program, aimed at bolstering customer service, saw over 70 employees certified in 2023. Additionally, 22 employees finished the Internal Audit Development Program, and 30 from the Najahi sector completed the Jadara Retail Enterprises Liability Program’s first phase, demonstrating the academy’s extensive influence across Bank Muscat.

Scholarship programs

Bank Muscat invests in the future by providing scholarships to its brightest talents, supporting the development of a knowledge-based economy. The Bank offered 74 educational scholarships within Oman and 11 scholarships at overseas universities. The Bank also enabled over 219 employees to enrol in professional certification programs in 2023, demonstrating its commitment to professional growth and development.

Development programs

The Bank’s leadership development initiatives are designed to build a robust management pipeline, preparing employees for progressive roles and supporting succession planning. Leadership programmes are designed in collaboration with top business schools worldwide and aim to cultivate excellent leadership skills among employees. In 2023, a total of 25 top-performing employees completed the online program ‘Leading through Financial Excellence’ through the Massachusetts Institute of Technology (MIT) School and Yale School of Management.

Bank Muscat launched its Management Development Programs for First-Time Managers, part of the revised Tatweer Talent Pool initiative. The aim of this program is to enhance the skills and capabilities of first-time managers working in both the head office and branches. The inaugural batch of the program
concluded in 2023, with 47 employees participating. Subsequently, a second batch commenced in September 2023, enrolling 32 employees.

Executive coaching workshop

In 2023, Bank Muscat started an executive coaching workshop to train the skills of members of the Management Team and the talent pool, furthering their leadership potential through personalized sessions.

High Potential Graduate development program

The Bank’s graduate development program nurtures high-potential graduates, equipping them with the skills necessary to contribute effectively to the Bank’s objectives and align with Oman Vision 2040. A total of 53 high-potential graduates have completed the two-year signature Graduate Development Programme in October 2023, A new batch of 56 graduates joined the program in October 2023.

<table>
<thead>
<tr>
<th>Training</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average hours of training per year per female employee</td>
<td>Hours</td>
<td>68.25</td>
<td>66.43</td>
<td>78.19</td>
</tr>
<tr>
<td>Average hours of training per year per male employee</td>
<td>Hours</td>
<td>66.08</td>
<td>63.14</td>
<td>94.99</td>
</tr>
<tr>
<td>Average hours of training per year per employee</td>
<td>Hours</td>
<td>67.13</td>
<td>64.75</td>
<td>86.10</td>
</tr>
<tr>
<td>Average hours of training per year for management levels</td>
<td>Hours</td>
<td>NA</td>
<td>20.58</td>
<td>15.75</td>
</tr>
<tr>
<td>Average hours of training per year for middle management levels</td>
<td>Hours</td>
<td>NA</td>
<td>68.46</td>
<td>89.81</td>
</tr>
<tr>
<td>Average hours of training per year for non-management levels</td>
<td>Hours</td>
<td>NA</td>
<td>48.44</td>
<td>66.08</td>
</tr>
</tbody>
</table>

Performance Management

The Bank’s performance management system supports employee career progression. Clear Key Result Areas (KRAs) are set, and performance is diligently reviewed through interim and annual appraisals, with outcomes influencing increments and bonuses.

Objective setting

KRAs are set for all employees

Mid-year Review

Interim review and performance tracking

Annual appraisal

Year-end appraisal cycle with ratings

Reward

Increment and bonus pay-out

Annual Appraisal

The annual appraisal is a thorough three-step process that evaluates employees’ performance based on their assigned objectives and competencies. During the performance evaluation process, employees must update their accomplishments related to KRAs. Then, their supervisor assesses their performance against the KRAs, assigns a performance rating, and recommends promotion if the employee is eligible. After that, the supervisor’s manager reviews the overall KRAs and the rating provided by the supervisor and approves it. Finally, the Bank rewards its employees with an increment and bonus pay-out based on performance.
Employee Engagement and Wellbeing

Bank Muscat values its employees and is committed to fostering a positive work environment conducive to job satisfaction and professional development. In 2023, the Bank launched several internal communication campaigns and initiatives, including Educational Camp, Fraud Awareness Campaign, Well Done Campaign, Customer Service Standard and Business Etiquette, aimed at enhancing employee engagement and productivity.

The Bank regularly conducts surveys to assess employee satisfaction levels, ranging from transactional surveys to broader HR effectiveness evaluations. These tools help the Bank pinpoint areas for improvement, ensuring a positive work experience for all employees.

### Employee Engagement and Satisfaction

<table>
<thead>
<tr>
<th>Employee engagement and satisfaction</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee engagement</td>
<td>Percentage</td>
<td>42%</td>
<td>37%</td>
<td>The survey was not conducted in 2023.</td>
</tr>
<tr>
<td>Employee satisfaction score</td>
<td>Percentage</td>
<td>83%</td>
<td>83%</td>
<td></td>
</tr>
</tbody>
</table>

### Health and Wellbeing

The Bank takes the health and safety of its employees and customers seriously. Its Health and Safety (HS) policy aligns with regulatory standards and has been ratified by the Ministry of Manpower. Regular inspections and training ensure compliance and preparedness for emergencies, reflecting the Bank’s commitment to a safe and supportive workplace.

The Bank has defined the following six pillars to augment the health and wellbeing of its employees, influencing the design and execution of various programs.

In 2023, multiple initiatives were undertaken to foster employee engagement and encourage wellness:

1. **Office Yoga** - to promote physical and mental wellness.
2. **Health checks** - free medical screenings in partnership with local hospitals.
3. **Psychological support** - through workshops, sessions, and special offers from specialist centres.
4. **Pulse surveys** - to better understand and address employee pain points.


6. **Physical and social wellness activities** – including outdoor hikes, treks, and other activities in collaboration with external vendors.
Bank Muscat steadfastly contributes to the development and prosperity of Oman through its Corporate Social Responsibility (CSR) initiatives. The Bank’s CSR vision is to create long-term community and national benefits, with a focus on education, SMEs, youth, sports, alternative energy, and health sectors.

The Bank dedicates a portion of its profits to CSR endeavours and has garnered several accolades for its CSR and sustainability programs, including recognition from the Ministry of Social Development and the Oman Chamber of Commerce and Industry for its efforts to support persons with disabilities.

Green Sports
The Green Sports program is a cornerstone of Bank Muscat’s CSR initiatives. The program’s mission is to fortify local sports teams, fostering community engagement, and nurturing young talent through improved sports infrastructure. A total of 183 teams, involving over 50,000 members, have benefited from Green Sports, with plans to incorporate 20 more teams in 2024. The program’s success in reinforcing community cohesion and national pride is evident, with a SROI reflecting substantial community returns.

Value for Our Communities

Local Socio-Economic Development
Aligned to National Objectives
Supporting people with disabilities

Bank Muscat’s dedication to inclusivity is manifest in its continuous support for individuals with disabilities. The Bank’s contributions in 2023, ranging from technology donations to infrastructural developments, demonstrate its commitment to enhancing the lives of disabled persons. Participation in the first Forum for Persons with Disabilities showcased the Bank’s tailored services and employment initiatives for disabled persons. The Bank continued to partner with a number of government institutions and civil society organizations, including the Omani Association of the Hearing Impaired, Oman Down Syndrome Association, Oman Association for the Disabled and the Omar bin Al Khattab Institute for the Blind.

Tadhamun

The Tadhamun program, a collaborative effort with the Ministry of Social Development, exemplifies Bank Muscat’s solidarity with social welfare and low-income families. By providing essential household appliances, the program has touched the lives of over 2000 families, reinforcing the Bank’s role as a pillar of community support.
Fak Kurba

In partnership with the Omani Lawyers Association, Bank Muscat’s Fak Kurba initiative has been instrumental in offering financial relief and facilitating the release of citizens from civil, commercial, and labour-related legal constraints. The initiative has, to date, resolved a total of 1,297 cases with the Bank’s support, all of which are unrelated to Banks or financial institutions. The Bank takes pride in this humanitarian effort as it aligns with its values and commitment to uplifting all members of the Omani community, regardless of their circumstances. In 2023, this programme’s Social Return on Investment (SROI) was RO 2.06 for every 1 RO invested.

Employee volunteering activities

Corporate social responsibility related initiatives are a core component of Bank Muscat’s ethos, offering employees opportunities to engage in voluntary activities aimed at charitable purposes. Throughout 2023, the Bank supported numerous charity teams throughout the Sultanate, distributing Ramadan and Eid Baskets. Additionally, the Bank organized a visit to the Elderly Centre in Al Rustaq, meeting some of the centre’s needs. Moreover, the Bank hosted a charity food festival, with all proceeds donated to the Sultan Qaboos Comprehensive Cancer Care and Research Centre.

Al Wathbah Academy

Bank Muscat’s commitment to sustainable business practices is evident through its Al Wathbah Academy for SMEs. Launched in 2014, the Academy empowers Omani entrepreneurs by equipping them with the knowledge and resources they need to expand their businesses. Certified by the Project Management Institute (PMI), the program is internationally recognized, and participants qualify for professional development units (PDUs).

Recognizing the vital role of the SME sector in Oman’s growth and development, the Bank has expanded the Academy’s programs to more locations across the Sultanate, partnering with Radiant Sail to expand the initiative and promote entrepreneurship across the country.
To date, the Al Wathbah SME Academy has successfully graduated 239 entrepreneurs with a SROI of 1:7.86. In 2023, Bank Muscat celebrated the graduation of 23 entrepreneurs from the Advanced Programme and 46 from the Al Wathbah academy in Duqum. The trainees received an internationally recognized certificate from (Knowledge Works) Institution after completing the extensive training course.

Green space

As part of the Bank’s commitment to social responsibility and community service, it partnered with Muscat Municipality to construct a public park to provide Omani residents with an appealing leisure location. The park is set to be a community hub fostering a sense of belonging for all.

Olive tree plantation project

Bank Muscat recently signed a partnership agreement to plant 300 olive trees in the village of Al Manakhir, Jabal Al Akhdhar. The plantation project will be implemented across different phases over a period of eight months and will contribute to the sustainable development of the ecological system by widening the plantation areas in the village. Olive trees are of economic value and can realize good returns. Additionally, the olive crops will be utilized to impart various skills such as farming and crop pressing.
Managing our Environmental Impact

Climate Change and Environmental Impact

Bank Muscat is committed to creating a sustainable future for Oman and recognizes the vital role it has to play in reducing carbon emissions and mitigating environmental impact. As part of its ongoing efforts to promote environmental responsibility, the Bank has implemented several initiatives to reduce energy consumption, decrease waste production, and improve overall environmental performance.

Energy Consumption and Efficiency

In 2023, Bank Muscat continued progressing with initiatives aimed at reducing energy use and increasing efficiency. A comprehensive study was carried out in the head office building to identify areas that did not require lighting. As a result, unnecessary lights, including those in the parking lot and streetlights, are now switched off when not in use. Additionally, the computer monitors, and Central Processing Units (CPUs) are set to sleep mode automatically during non-working hours. These initiatives have resulted in a 5% reduction in electricity energy consumption compared to 2022. Other energy reduction measures include turning off Air Handling Units in office areas at night.

<table>
<thead>
<tr>
<th>Energy consumption</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrol consumption from operations and vehicles</td>
<td>Litres</td>
<td>1,125,681</td>
<td>1,170,730</td>
<td>1,150,388</td>
</tr>
<tr>
<td>Diesel consumption from operations and vehicles</td>
<td>Litres</td>
<td>6,741</td>
<td>2,273</td>
<td>1,836</td>
</tr>
<tr>
<td>Electricity consumption</td>
<td>kWh</td>
<td>12,356,000</td>
<td>11,636,000</td>
<td>11,099,000</td>
</tr>
</tbody>
</table>

The Meethaq Islamic Banking branch in Al Khoudh was the first commercial building in Oman to utilize solar power for electricity consumption. This pilot project is leading the way for more energy-efficient initiatives to come from Bank Muscat.
Greenhouse Gas (GHG) Emissions

Bank Muscat understands that greenhouse gas (GHG) emissions contribute significantly to global warming, and it has implemented various measures to reduce GHG emissions, including increasing energy efficiency and exploring renewable energy options.

Bank Muscat defines its emissions metrics based on absolute numbers and intensity metrics, which are captured and reported annually.

The Bank was able to achieve a reduction in absolute emissions three years in a row, achieving 4% reduction compared to 2022.

<table>
<thead>
<tr>
<th>Emissions(^1)</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total scope 1 emissions</td>
<td>tCO2e</td>
<td>2,652</td>
<td>2,745</td>
<td>2,703</td>
</tr>
<tr>
<td>Total scope 2 emissions</td>
<td>tCO2e</td>
<td>8,895</td>
<td>8,377</td>
<td>7,990</td>
</tr>
<tr>
<td>Total scope 1 + scope 2 emissions</td>
<td>tCO2e</td>
<td>11,547</td>
<td>11,122</td>
<td>10,693</td>
</tr>
<tr>
<td>GHG intensity</td>
<td>tCO2e/per employee</td>
<td>3.00</td>
<td>2.86</td>
<td>2.56</td>
</tr>
</tbody>
</table>

Water Management

Bank Muscat understands the importance of responsible water management and takes proactive steps to minimize its environmental impact through good water stewardship. The Bank’s headquarters are equipped with wash basin sensors that control water usage and regulating flushers have been installed in toilets to reduce flusher consumption.

Although the Bank does not have specific water policies in place, it has implemented water conservation and recycling programs to help reduce water usage and minimize environmental impact.

<table>
<thead>
<tr>
<th>Water Management</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water withdrawal</td>
<td>Cubic meter</td>
<td>22,256</td>
<td>23,395</td>
<td>25,648</td>
</tr>
<tr>
<td>Water withdrawal intensity</td>
<td>Cubic meter / per employee</td>
<td>5.78</td>
<td>6.02</td>
<td>6.15</td>
</tr>
</tbody>
</table>

\(^1\) For calculating Scope 1 emissions, Bank Muscat used UK BEIS emission conversion factors, for all three years. To calculate the Scope 2 emissions, the Bank has used International Energy Agency’s (IAE) emission factors in 2023.
Waste Management

Bank Muscat’s commitment to sustainable development is reflected in its efforts to manage waste and reduce waste sent to landfills. The Bank has partnered with various organizations to ensure responsible handling and disposal of its waste. For example, Oman’s Holding Company for Environmental Services SAOC manages electronic and battery waste, while general waste is disposed of in an environmentally friendly manner through its partnership with Averda.

The Bank has also implemented measures to reduce waste, including careful monitoring of waste production and selecting high-quality materials that are built to last, reducing the need for replacements. In addition, the Bank focuses on repairing and reusing assets whenever feasible, rather than disposing of them, to further cut down on waste.

For electronic waste, the Bank saw an increase due to replacement of batteries and old equipment in 2023. For general waste, the Bank uses the four available waste skips supplied by its service provider. It also encourages branches to use recycling cages instead of Molok bins to dispose of cardboard, which is then recycled at no cost by a third party.

<table>
<thead>
<tr>
<th>Waste Management</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total non-hazardous waste generated</td>
<td>Skips (5000 LTR)</td>
<td>818</td>
<td>875</td>
<td>794</td>
</tr>
<tr>
<td>(general)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste recycled (Shredding)</td>
<td>Kilograms</td>
<td>62,361</td>
<td>14,528</td>
<td>15,954</td>
</tr>
<tr>
<td>Total amount of hazardous waste</td>
<td>Kilograms</td>
<td>21,950</td>
<td>11,780</td>
<td>51,088</td>
</tr>
<tr>
<td>generated (WEEE)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix A. National and Global Alignment

<table>
<thead>
<tr>
<th>SDG</th>
<th>Target</th>
<th>How Bank Muscat Aligns</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality, and affordable essential medicines and vaccines for all.</td>
<td>Bank Muscat provides health insurance to all its employees and offers several initiatives focused on their mental health and wellbeing. Additionally, the Bank has implemented a “green” sports programme for the youth and community members, through which it provides financial support to enhance the field infrastructure available to local sports teams.</td>
</tr>
<tr>
<td>4</td>
<td>4.1 By 2030, ensure that all girls and boys have access to free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes. 4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.</td>
<td>Bank Muscat’s Jesr Al Mustaqbal programme provides educational scholarships to youth from low-income families, while the Maliyat programme helps to develop financial literacy. The Little Investors programme gives children financial literacy and entrepreneurship skills, and the Jadara Academy programmes cater to upskilling employees. These initiatives aim to ensure that all girls and boys have access to free, equitable, and quality primary and secondary education, ensuring relevant and effective learning outcomes. Additionally, the programmes work towards substantially increasing the number of youth and adults with appropriate skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.</td>
</tr>
<tr>
<td>5.5. Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</td>
<td>Bank Muscat has implemented policies that promote full and effective participation in the economy for women and deliver equal opportunities for leadership at all levels of decision-making in political, economic, and public life. A total of 47% of the Bank’s employees are women, and 45% female employees are in middle and senior management positions. A generous maternity leave allowance of 50 days at full pay is provided.</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>7.b. Expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries.</td>
<td>The Bank Muscat head office is a certified green building. The Bank provides a Green Finance Loan solution to fund the installation of solar panels on residences. The Meethaq Solar Branch also supports the expansion of infrastructure and upgrading of technology to supply modern and sustainable energy services.</td>
<td></td>
</tr>
<tr>
<td>8.3. Promote development-oriented policies that support productive activities, and decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small and medium-sized enterprises, including through access to financial services.</td>
<td>Bank Muscat supports SMEs in numerous ways, including its Najahi Account and Najahi Talks, upskilling programs through Irshad, a financial literacy programme, and business learning opportunities through the Al Wathbah Academy. These initiatives support productive business activities, decent job creation, entrepreneurship, creativity and innovation and encourage the formalisation and growth of micro-, small-, and medium-sized enterprises through access to financial services.</td>
<td></td>
</tr>
<tr>
<td>10.2 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.</td>
<td>Bank Muscat has taken significant steps to promote social, economic, and political inclusion in line with SDG 10. The Bank has an ATM for blind and visually impaired people, and 11 employees with disabilities were part of Bank Muscat’s workforce in 2023. Additionally, the Bank offers products and services tailored to the needs and budgets of lower-income individuals and the Zeinah suite of products aimed specifically at women.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>16.3</td>
<td>Promote the rule of law at national and international levels and ensure equal access to justice for all.</td>
<td></td>
</tr>
<tr>
<td>16.4</td>
<td>By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime.</td>
<td></td>
</tr>
<tr>
<td>Bank Muscat has implemented anti-money laundering policies that protect it from terror financing scams and risks. The Bank has also made financial contributions towards relieving 211 cases as part of the Fak Kurbah initiative. These initiatives promote the rule of law at national and international levels and ensure equal access to justice for all. Additionally, Bank Muscat works to reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets, and combat all forms of organized crime.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.17</td>
<td>Encourage and promote effective public, public-private and civil society partnerships, building on the experience, resources and strategies of partnerships.</td>
<td></td>
</tr>
<tr>
<td>Bank Muscat has partnered with several organizations to contribute meaningfully to the achievement of economic, social, and environmental goals as outlined in the SDGs. The Bank encourages and promotes effective public, public-private, and civil society partnerships, to fully leverage valuable experience, resources, and strategies.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Oman Vision 2040

### Economic Pillar

**A. Diversification of the economy:**
1. Increase the contribution of non-oil sectors to GDP by 80%.
2. Develop new economic sectors such as tourism, logistics, and manufacturing.
3. Enhance the competitiveness of the private sector through innovation and entrepreneurship.

**B. Human capital development:**
1. Increase the participation of Omanis in the labour force and reduce the unemployment rate.
2. Improve the quality of education and training to meet the needs of the labour market.
3. Attract and retain skilled expatriates to fill critical skill gaps.

**C. Infrastructure development:**
1. Develop world-class infrastructure to support economic growth.
2. Expand and upgrade transport networks, energy, and water resources.
3. Promote public-private partnerships to finance infrastructure projects.

### How Bank Muscat Aligns

- Bank Muscat has fostered Oman’s economic diversification and wealth creation through robust financial performance and the circulation of monetary value.
- The Bank offers a variety of loans and promotes financial inclusion for youth and those with special needs.
- It provides financial products and services tailored to support the growth of SMEs.
- Bank Muscat contributes to human capital development via learning programs that enhance technical and entrepreneurial skills in the Omani community.
- Programs like Jesr Al Mustaqbal, Maliyat, Little Investor, Irshad, and Al Wathbah Academy are designed to equip individuals with job market competencies.
- The Bank supports infrastructure projects through public-private partnerships, helping develop world-class infrastructure for economic growth.
- Bank Muscat is active in advancing financial literacy, educating children and teenagers on money management, budgeting, and saving.
- The Ishrad Financial Coaching Clinic offers financial coaching to SMEs, start-ups, entrepreneurs, and individuals.
### Oman Vision 2040

#### How Bank Muscat Aligns

<table>
<thead>
<tr>
<th>Economic Pillar</th>
<th>How Bank Muscat Aligns</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Diversification of the economy:</strong></td>
<td>• Bank Muscat facilitates social welfare through access to essential health, education, and housing services.</td>
</tr>
<tr>
<td>1. Ensure access to basic services such as health, education, and housing.</td>
<td>• It also backs initiatives to enhance healthcare quality and mitigate non-communicable diseases.</td>
</tr>
<tr>
<td>2. Improve the quality of healthcare services and reduce the burden of non-communicable diseases.</td>
<td>• The Bank promotes quality education and lifelong learning through various programs and encourages an inclusive society, empowering women and youth for full economic participation and upholding the rights of the disabled and elderly.</td>
</tr>
<tr>
<td>3. Enhance the quality of education and promote lifelong learning.</td>
<td>• The Bank supports legal integrity and safety in Oman by reinforcing the rule of law, justice, equality, anti-corruption measures, and accountability.</td>
</tr>
<tr>
<td><strong>B. Inclusive society:</strong></td>
<td>• It advances local sports and community engagement through its Green Sports Program.</td>
</tr>
<tr>
<td>1. Foster a culture of tolerance, diversity, and social cohesion.</td>
<td>• Bank Muscat bolsters small business and youth entrepreneurship through the Al Wathbah Academy and its SME Toolkit.</td>
</tr>
<tr>
<td>2. Empower women and youth to participate fully in society and the economy.</td>
<td>• The Bank collaborates with the Ministry of Health on initiatives such as the National Diabetes and Hypertension Control Program.</td>
</tr>
<tr>
<td>3. Protect and promote the rights of vulnerable groups such as persons with disabilities and the elderly.</td>
<td></td>
</tr>
<tr>
<td><strong>C. Security and justice:</strong></td>
<td></td>
</tr>
<tr>
<td>1. Ensure the safety and security of citizens and residents.</td>
<td></td>
</tr>
<tr>
<td>2. Strengthen the rule of law and promote justice and equality.</td>
<td></td>
</tr>
<tr>
<td>3. Combat corruption and promote transparency and accountability.</td>
<td></td>
</tr>
</tbody>
</table>
**Environmental Pillar**

**A. Sustainable development:**
1. Promote sustainable development and reduce the carbon footprint.
2. Protect and preserve natural resources such as land, water, and biodiversity.
3. Promote sustainable consumption and production patterns.

**B. Climate change:**
1. Mitigate the impact of climate change through adaptation and mitigation measures.
2. Promote renewable energy and energy efficiency.
3. Raise awareness on climate change and its impact on Oman.

**C. Disaster risk reduction:**
1. Enhance the resilience of communities to natural disasters.
2. Strengthen early warning systems and emergency response mechanisms.
3. Promote risk reduction measures through community participation and awareness-raising.

**How Bank Muscat Aligns**

- The Bank raises awareness about climate change and its effects in Oman.
- The Bank launched its Green Banking offering to encourage eco-friendly Banking and minimize operational environmental impact.
- It has implemented energy-saving measures in branches to cut energy use and carbon emissions.
- It supports initiatives conserving natural resources. Bank Muscat has partnered with the Environment Authority for the "Plant a Tree" campaign, targeting one million trees in Oman by 2025.

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**Committed to good governance**

Bank Muscat recognizes the importance of good governance in achieving sustainable development. As such, the Bank has implemented various measures to promote transparency, accountability, and ethical behaviour. These include:

- A robust corporate governance framework, which includes a Code of Conduct, Whistleblower Policy, and Anti-Corruption Policy.
- An Ethics Committee to oversee the Bank’s ethical practices and ensure compliance with regulatory requirements.
- Various initiatives to promote financial literacy and consumer protection, such as the Jesr Al Mustaqbal program, which provides financial education to women.
## Appendix B.
### ESG Dashboard

#### Social Performance Data

<table>
<thead>
<tr>
<th>Workforce Composition</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of full-time employees</td>
<td>Number</td>
<td>3,850</td>
<td>3,929</td>
<td>4162</td>
</tr>
<tr>
<td>Female employee</td>
<td>Number</td>
<td>49%</td>
<td>48%</td>
<td>47%</td>
</tr>
<tr>
<td>Male employee</td>
<td>Number</td>
<td>51%</td>
<td>52%</td>
<td>53%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Workforce Breakdown by Age</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-30</td>
<td>Number</td>
<td>1,131</td>
<td>1,027</td>
<td>1,058</td>
</tr>
<tr>
<td>31-40</td>
<td>Number</td>
<td>1,792</td>
<td>1,918</td>
<td>2,022</td>
</tr>
<tr>
<td>41-50</td>
<td>Number</td>
<td>688</td>
<td>743</td>
<td>808</td>
</tr>
<tr>
<td>51+</td>
<td>Number</td>
<td>293</td>
<td>241</td>
<td>274</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Newly Hires by Gender</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of new hires</td>
<td>Number</td>
<td>265</td>
<td>315</td>
<td>443</td>
</tr>
<tr>
<td>Female new hires</td>
<td>Percentage</td>
<td>38%</td>
<td>31%</td>
<td>33%</td>
</tr>
<tr>
<td>Male new hires</td>
<td>Percentage</td>
<td>62%</td>
<td>69%</td>
<td>67%</td>
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### Employee retention and attraction Unit 2021 2022 2023

<table>
<thead>
<tr>
<th>Employees who joined the organization</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of new employees</td>
<td>Number</td>
<td>265</td>
<td>315</td>
<td>443</td>
</tr>
<tr>
<td>Total number of new employees (female)</td>
<td>Number</td>
<td>100</td>
<td>98</td>
<td>144</td>
</tr>
<tr>
<td>Total number of new employees (male)</td>
<td>Number</td>
<td>165</td>
<td>217</td>
<td>299</td>
</tr>
<tr>
<td>Total number of new employees (18-30)</td>
<td>Number</td>
<td>222</td>
<td>211</td>
<td>301</td>
</tr>
<tr>
<td>Total number of new employees (31-40)</td>
<td>Number</td>
<td>37</td>
<td>76</td>
<td>118</td>
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<tr>
<td>Total number of new employees (41-50)</td>
<td>Number</td>
<td>4</td>
<td>27</td>
<td>21</td>
</tr>
<tr>
<td>Total number of new employees (51+)</td>
<td>Number</td>
<td>2</td>
<td>1</td>
<td>3</td>
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</table>

<table>
<thead>
<tr>
<th>Employees who left the organization</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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</thead>
<tbody>
<tr>
<td>Total number of employees</td>
<td>Number</td>
<td>194</td>
<td>236</td>
<td>211</td>
</tr>
<tr>
<td>Total number of employees (female)</td>
<td>Number</td>
<td>68</td>
<td>87</td>
<td>68</td>
</tr>
<tr>
<td>Total number of employees (male)</td>
<td>Number</td>
<td>126</td>
<td>149</td>
<td>143</td>
</tr>
<tr>
<td>Total number of employees (18-30)</td>
<td>Number</td>
<td>60</td>
<td>73</td>
<td>58</td>
</tr>
<tr>
<td>Total number of employees (31-40)</td>
<td>Number</td>
<td>55</td>
<td>86</td>
<td>81</td>
</tr>
<tr>
<td>Total number of employees (41-50)</td>
<td>Number</td>
<td>27</td>
<td>38</td>
<td>36</td>
</tr>
<tr>
<td>Total number of employees (51+)</td>
<td>Number</td>
<td>52</td>
<td>39</td>
<td>36</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Parental Leave</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees that took parental leave (female)</td>
<td>Number</td>
<td>187</td>
<td>184</td>
<td>174</td>
</tr>
<tr>
<td>Total number of employees that took parental leave (male)</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Total number of employees that took parental leave</td>
<td>Number</td>
<td>187</td>
<td>184</td>
<td>192</td>
</tr>
<tr>
<td>Total number of employees who returned to work after parental leave ended (return to work) (female)</td>
<td>Number</td>
<td>187</td>
<td>184</td>
<td>174</td>
</tr>
<tr>
<td>Total number of employees who returned to work after parental leave ended (return to work) (male)</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Total number of employees who returned to work after parental leave ended (return to work)</td>
<td>Number</td>
<td>187</td>
<td>184</td>
<td>192</td>
</tr>
<tr>
<td>Training</td>
<td>Unit</td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
</tr>
<tr>
<td>----------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Total number of training opportunities for female employees</td>
<td>Number</td>
<td>16,202</td>
<td>14,766</td>
<td>21,100</td>
</tr>
<tr>
<td>Total number of training opportunities for male employees</td>
<td>Number</td>
<td>16,394</td>
<td>14,967</td>
<td>22,504</td>
</tr>
<tr>
<td>Total number of training opportunities for total workforce</td>
<td>Number</td>
<td>32,596</td>
<td>29,733</td>
<td>43,604</td>
</tr>
<tr>
<td>Total number of training opportunities for management</td>
<td>Number</td>
<td>NA</td>
<td>78</td>
<td>81</td>
</tr>
<tr>
<td>Total number of training opportunities for middle management</td>
<td>Number</td>
<td>NA</td>
<td>25,577</td>
<td>46,020</td>
</tr>
<tr>
<td>Total number of training opportunities for non-management levels</td>
<td>Number</td>
<td>NA</td>
<td>4078</td>
<td>5125</td>
</tr>
</tbody>
</table>
## Business Performance Data

<table>
<thead>
<tr>
<th>Training</th>
<th>Unit</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer and Finance Portfolio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of retail Banking customers</td>
<td>Number (million)</td>
<td>241,869</td>
<td>238,848</td>
<td>252,237</td>
</tr>
<tr>
<td>Total value of retail Banking portfolio</td>
<td>RO</td>
<td>3,376,079</td>
<td>3,492,424</td>
<td>3,684,733</td>
</tr>
<tr>
<td>Value of retail financing portfolio by segment</td>
<td>Number</td>
<td>NA</td>
<td>78</td>
<td>81</td>
</tr>
<tr>
<td>Mass</td>
<td>RO</td>
<td>1,957,230</td>
<td>1,962,811</td>
<td>2,018,674</td>
</tr>
<tr>
<td>Private</td>
<td>RO</td>
<td>1,753</td>
<td>1,550</td>
<td>1,495</td>
</tr>
<tr>
<td>Affluent</td>
<td>RO</td>
<td>69,530</td>
<td>64,664</td>
<td>69,941</td>
</tr>
<tr>
<td>Total value of retail financing portfolio by segment</td>
<td>RO</td>
<td>2,028,513</td>
<td>2,029,025</td>
<td>2,090,110</td>
</tr>
<tr>
<td><strong>Segmented customers and financing portfolio (secured loans)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total value of personal</td>
<td>RO</td>
<td>1,928,822</td>
<td>1,985,050</td>
<td>2,102,114</td>
</tr>
<tr>
<td>Total value of home financing</td>
<td>RO</td>
<td>1,275,478</td>
<td>1,332,344</td>
<td>1,400,643</td>
</tr>
<tr>
<td>Total value of auto financing</td>
<td>RO</td>
<td>137,336</td>
<td>139,024</td>
<td>144,660</td>
</tr>
<tr>
<td><strong>Retail customer growth by segment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass</td>
<td>Number (million)</td>
<td>2.60%</td>
<td>3.00%</td>
<td>4%</td>
</tr>
<tr>
<td>Private</td>
<td>Number</td>
<td>1.30%</td>
<td>0.60%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Affluent</td>
<td>Number</td>
<td>0.10%</td>
<td>1.20%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>
Appendix C.
Material Issues List and Definitions

Changes to the 2022 Material Issues List

<table>
<thead>
<tr>
<th>Previously Identified Topics</th>
<th>Reason for Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance and Growth</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>In Country Value</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Community Investment and Socioeconomic Development</td>
<td>All issues are merged due to similarity in nature and renamed as Local Socio-Economic Development in Line with National Objectives</td>
</tr>
<tr>
<td>Alignment with National Objectives</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Risk Management</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Supporting Entrepreneurships and SMEs</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Governance, Compliance and Ethics</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Talent Attraction, Engagement and Retention</td>
<td>Revised to provide more emphasis on development and renamed as Talent Attraction, Development and Retention</td>
</tr>
<tr>
<td>Diversity and Inclusion</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Employee Engagement and Wellbeing</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Digital Leadership, Technology and Innovation</td>
<td>Renamed as the previous issues are similar in nature and merged to Innovative and Sustainable Products and Services</td>
</tr>
<tr>
<td>Product &amp; Service Responsibility</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Data Security and Customer Privacy</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Sustainable Lending and Investment</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Responsible Communications and Marketing</td>
<td>Renamed as the previous issues are similar in nature and merged to Customer Experience and Responsible Marketing</td>
</tr>
<tr>
<td>Customer Experience and Satisfaction</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Financial Inclusion and Financial Literacy</td>
<td>No changes proposed</td>
</tr>
<tr>
<td>Climate Change and Environmental Impact</td>
<td>New issue introduced</td>
</tr>
<tr>
<td>Responsible Procurement</td>
<td>New issue introduced</td>
</tr>
<tr>
<td>Issues</td>
<td>Definitions</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Financial Performance &amp; Growth</td>
<td>Bank Muscat’s financial performance and growth reflect its internal operational efficiency and market competitiveness, impacting shareholder value and investment attractiveness. This growth also contributes to economic stability and investor confidence in the financial sector.</td>
</tr>
<tr>
<td>Local Socio-Economic Development in Line with National Objectives</td>
<td>Internally, Bank Muscat’s alignment with national socio-economic objectives influences its strategic decisions and operations. Externally, the bank plays a crucial role in supporting community development, job creation, and economic diversification in line with national goals.</td>
</tr>
<tr>
<td>Risk Management</td>
<td>Effective risk management safeguards Bank Muscat’s financial stability and operational integrity. It also assures external stakeholders, including customers and regulators, of the bank’s commitment to sound financial practices and systemic stability.</td>
</tr>
<tr>
<td>Supporting Entrepreneurships &amp; SMEs</td>
<td>Supporting entrepreneurs and SMEs drives product innovation and market expansion for Bank Muscat. Externally, it fosters economic growth, job creation, and supports the development of a robust business ecosystem.</td>
</tr>
<tr>
<td>Governance, Compliance and Ethics</td>
<td>Strong governance, compliance, and ethical practices are fundamental to Bank Muscat’s operational integrity and reputation. They also set industry standards and influence public trust in the banking sector.</td>
</tr>
<tr>
<td>Talent Attraction, Development and Retention</td>
<td>Internally, attracting and retaining talent contributes to Bank Muscat’s operational excellence and innovation. Externally, it influences labor market standards and helps in developing a skilled workforce in the community.</td>
</tr>
<tr>
<td>Diversity &amp; Inclusion</td>
<td>Fostering diversity and inclusion enhances Bank Muscat’s internal culture and innovation. It also sets a precedent for social equality and inclusion in the wider business community.</td>
</tr>
<tr>
<td>Employee Engagement &amp; Wellbeing</td>
<td>Prioritizing employee engagement and wellbeing boosts internal productivity and morale at Bank Muscat. It also exemplifies the bank’s commitment to employee health and satisfaction, influencing industry standards.</td>
</tr>
<tr>
<td>Climate Change and Environmental Impact</td>
<td>Internally, managing the bank’s environmental footprint is crucial for sustainable operations. Externally, Bank Muscat’s stance on climate change impacts the environment and society and influences industry practices.</td>
</tr>
<tr>
<td>Issues</td>
<td>Definitions</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Innovative and Sustainable</strong></td>
<td>Developing innovative and sustainable products enhances Bank Muscat’s market position and aligns with evolving customer needs. This approach also contributes to broader societal goals by promoting sustainable consumption and investment.</td>
</tr>
<tr>
<td><strong>Products and Services</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Data Security &amp; Customer</strong></td>
<td>Maintaining data security and customer privacy is essential for Bank Muscat’s operational reliability and customer trust. It also upholds the bank’s responsibility towards protecting individual rights and data integrity in the digital age.</td>
</tr>
<tr>
<td><strong>Privacy</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Sustainable Lending &amp;</strong></td>
<td>Bank Muscat’s sustainable lending and investment practices reflect its commitment to responsible finance internally. Externally, these practices contribute to environmental and social well-being and set benchmarks for sustainable investing.</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Customer Experience and</strong></td>
<td>Enhancing customer experience and adopting responsible marketing strengthens Bank Muscat’s brand loyalty and market positioning. It also demonstrates the bank’s commitment to ethical marketing practices and helping customers to make informed choices.</td>
</tr>
<tr>
<td><strong>Responsible Marketing</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Inclusion and</strong></td>
<td>Internally, initiatives for financial inclusion and literacy can open new markets for Bank Muscat. Externally, they play a significant role in empowering underserved communities and promoting economic equality.</td>
</tr>
<tr>
<td><strong>Financial Literacy</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Responsible Procurement</strong></td>
<td>Responsible procurement practices reflect Bank Muscat’s commitment to ethical and sustainable operations. These practices also influence the broader supply chain, promoting environmental sustainability and social responsibility.</td>
</tr>
<tr>
<td><strong>Issues</strong></td>
<td><strong>Definitions</strong></td>
</tr>
<tr>
<td><strong>Issues</strong></td>
<td><strong>Definitions</strong></td>
</tr>
</tbody>
</table>
For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the English version of the report.

<table>
<thead>
<tr>
<th>Statement of use</th>
<th>GRI 1 used</th>
<th>Applicable GRI Sector Standard(s)</th>
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<td>Bank Muscat has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023.</td>
<td>GRI 1: Foundation 2021</td>
<td>None</td>
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<td>GRI STANDARD/OTHER SOURCE</td>
<td>DISCLOSURE</td>
<td>LOCATION AND/OR DIRECT ANSWER</td>
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<tr>
<td>---------------------------</td>
<td>------------</td>
<td>-------------------------------</td>
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<tr>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General Disclosures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 2: General Disclosures 2021</td>
<td>2-1 Organizational details</td>
<td>10, 11</td>
</tr>
<tr>
<td></td>
<td>2-2 Entities included in the organization’s sustainability reporting</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>2-3 Reporting period, frequency and contact point</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>2-4 Restatements of information</td>
<td>The scope 1 and 2 emission calculations over the past years are corrected and updated per the new emission factors and revised accordingly within the page 53.</td>
</tr>
<tr>
<td></td>
<td>2-5 External assurance</td>
<td>This report has not been subject to external assurance</td>
</tr>
<tr>
<td></td>
<td>2-6 Activities, value chain and other business relationships</td>
<td>• Corporate banking • Personal banking • Investment banking • Islamic banking • Treasury • Private banking • Asset management For more information, please refer to the link here.</td>
</tr>
<tr>
<td></td>
<td>2-7 Employees</td>
<td>43, 61</td>
</tr>
<tr>
<td></td>
<td>2-8 Workers who are not employees</td>
<td>All the workers performing work for Bank Muscat are employees and we do not have any workers who are not employees.</td>
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<tr>
<td></td>
<td>2-9 Governance structure and composition</td>
<td>22-25</td>
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<tr>
<td></td>
<td>2-10 Nomination and selection of the highest governance body</td>
<td>25</td>
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<td></td>
<td>2-11 Chair of the highest governance body</td>
<td>22</td>
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<td></td>
<td>2-12 Role of the highest governance body in overseeing the management of impacts</td>
<td>22-25</td>
</tr>
<tr>
<td></td>
<td>2-13 Delegation of responsibility for managing impacts</td>
<td>22, 24</td>
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<tr>
<td>GRI STANDARD/OTHER SOURCE</td>
<td>DISCLOSURE</td>
<td>LOCATION AND/OR DIRECT ANSWER</td>
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<td></td>
<td>2-14 Role of the highest governance body in sustainability reporting</td>
<td>19, 24</td>
</tr>
<tr>
<td></td>
<td>2-15 Conflicts of interest</td>
<td>22-25</td>
</tr>
<tr>
<td></td>
<td>2-16 Communication of critical concerns</td>
<td>Please refer to Annual Report 2023 page 34</td>
</tr>
<tr>
<td></td>
<td>2-17 Collective knowledge of the highest governance body</td>
<td>Please refer to Annual Report 2023 page 20 - 23</td>
</tr>
<tr>
<td></td>
<td>2-18 Evaluation of the performance of the highest governance body</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>2-19 Remuneration policies</td>
<td>Please refer to Annual Report 2023 page 16, 37, 38, 170</td>
</tr>
<tr>
<td></td>
<td>2-20 Process to determine remuneration</td>
<td>Please refer to Annual Report 2023 page 16, 37, 38, 170, 191, 193, 263</td>
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<tr>
<td></td>
<td>2-21 Annual total compensation ratio</td>
<td>Please refer to Annual Report 2023 page 38, 193, 194</td>
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<tr>
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<td>2-22 Statement on sustainable development strategy</td>
<td>6, 7</td>
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<tr>
<td></td>
<td>2-23 Policy commitments</td>
<td>Please refer to Annual Report 2023 page 23, 28, 29, 35, 47, 60</td>
</tr>
<tr>
<td></td>
<td>2-24 Embedding policy commitments</td>
<td>Please refer to Annual Report 2023 page 23, 28, 29, 35, 47, 60</td>
</tr>
<tr>
<td></td>
<td>2-25 Processes to remediate negative impacts</td>
<td>20, 21</td>
</tr>
<tr>
<td></td>
<td>2-26 Mechanisms for seeking advice and raising concerns</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>2-27 Compliance with laws and regulations</td>
<td>The Bank has not identified any areas of non-compliance for the year ended 31 December 2023</td>
</tr>
<tr>
<td></td>
<td>2-28 Membership associations</td>
<td>Oman Banks Association Union of Arab Banks</td>
</tr>
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<td>2-29 Approach to stakeholder engagement</td>
<td>20</td>
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<tr>
<td>GRI STANDARD/OTHER SOURCE</td>
<td>DISCLOSURE</td>
<td>LOCATION AND/OR DIRECT ANSWER</td>
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<td></td>
<td>2-30 Collective bargaining agreements</td>
<td>The Sultanate of Oman has not ratified the ILO core labour conventions regarding freedom of association and the right to bargain collectively.</td>
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<td></td>
<td><strong>Material topics</strong></td>
<td></td>
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<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-1 Process to determine material topics</td>
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<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-2 List of material topics</td>
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<tr>
<td></td>
<td><strong>Financial Performance and Growth</strong></td>
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<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3 Management of material topics</td>
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<tr>
<td>GRI 201: Economic Performance 2016</td>
<td>201-1 Direct economic value generated and distributed</td>
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<td>GRI 203: Indirect Economic Impacts 2016</td>
<td>203-1 Infrastructure investments and services supported</td>
<td>48 - 51</td>
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<tr>
<td>GRI 203: Indirect Economic Impacts 2016</td>
<td>203-2 Significant indirect economic impacts</td>
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<tr>
<td></td>
<td><strong>Local Socio-Economic Development in Line with National Objectives</strong></td>
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<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>48 - 51</td>
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<tr>
<td>GRI 413: Local Communities 2016</td>
<td>413-1 Operations with local community engagement, impact assessments, and development programs</td>
<td>48 - 51</td>
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<tr>
<td></td>
<td><strong>Employee Engagement &amp; Wellbeing</strong></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>47</td>
</tr>
<tr>
<td>GRI 403: Occupational Health and Safety 2018</td>
<td>403-1 Occupational health and safety management system</td>
<td>47</td>
</tr>
<tr>
<td>GRI 403: Occupational Health and Safety 2018</td>
<td>403-3 Occupational health services</td>
<td>47</td>
</tr>
<tr>
<td>GRI 403: Occupational Health and Safety 2018</td>
<td>403-4 Worker participation, consultation, and communication on occupational health and safety</td>
<td>47</td>
</tr>
<tr>
<td>GRI 403: Occupational Health and Safety 2018</td>
<td>403-5 Worker training on occupational health and safety</td>
<td>47</td>
</tr>
<tr>
<td>GRI 403: Occupational Health and Safety 2018</td>
<td>403-6 Promotion of worker health</td>
<td>47</td>
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<tr>
<td>GRI STANDARD/OTHER SOURCE</td>
<td>DISCLOSURE</td>
<td>LOCATION AND/OR DIRECT ANSWER</td>
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<tr>
<td></td>
<td>403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</td>
<td></td>
</tr>
<tr>
<td>Data Security &amp; Customer Privacy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>30, 31</td>
</tr>
<tr>
<td>GRI 418: Customer Privacy 2016</td>
<td>418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data</td>
<td></td>
</tr>
<tr>
<td>Governance, Compliance and Ethics</td>
<td></td>
<td></td>
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<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>22 - 29</td>
</tr>
<tr>
<td>GRI 205: Anti-corruption 2016</td>
<td>205-2 Communication and training about anti-corruption policies and procedures</td>
<td></td>
</tr>
<tr>
<td>GRI 408: Child Labor 2016</td>
<td>408-1 Operations and suppliers at significant risk for incidents of child labor</td>
<td></td>
</tr>
<tr>
<td>GRI 409: Forced or Compulsory Labor 2016</td>
<td>409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor</td>
<td></td>
</tr>
<tr>
<td>Diversity &amp; Inclusion</td>
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</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>43, 44</td>
</tr>
<tr>
<td>GRI 202: Market Presence 2016</td>
<td>202-2 Proportion of senior management hired from the local community</td>
<td></td>
</tr>
<tr>
<td>GRI 405: Diversity and Equal Opportunity 2016</td>
<td>405-1 Diversity of governance bodies and employees</td>
<td></td>
</tr>
<tr>
<td>Customer Experience and Responsible Marketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>35 - 37</td>
</tr>
<tr>
<td>GRI 417: Marketing and Labeling 2016</td>
<td>417-1 Requirements for product and service information and labeling</td>
<td></td>
</tr>
<tr>
<td>Responsible Procurement</td>
<td></td>
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</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>40, 41</td>
</tr>
<tr>
<td>GRI STANDARD / OTHER SOURCE</td>
<td>DISCLOSURE</td>
<td>LOCATION AND/OR DIRECT ANSWER</td>
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<tr>
<td><strong>Talent Attraction, Development and Retention</strong></td>
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<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>44 - 46</td>
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<tr>
<td>GRI 401: Employment 2016</td>
<td>401-1 New employee hires and employee turnover</td>
<td>61, 62</td>
</tr>
<tr>
<td></td>
<td>401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
<td>• Furnishing allowance  • Health insurance and medical facilities  • Loans and advances  • 50 days of maternity leave with full pay</td>
</tr>
<tr>
<td></td>
<td>401-3 Parental leave</td>
<td>62</td>
</tr>
<tr>
<td>GRI 402: Labor/Management Relations 2016</td>
<td>402-1 Minimum notice periods regarding operational changes</td>
<td>Bank Muscat follows a two months notice period for any operational changes</td>
</tr>
<tr>
<td>GRI 404: Training and Education 2016</td>
<td>404-1 Average hours of training per year per employee</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>404-2 Programs for upgrading employee skills and transition assistance programs</td>
<td>44 - 46</td>
</tr>
<tr>
<td><strong>Climate Change and Environmental Impact</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>52 - 54</td>
</tr>
<tr>
<td>GRI 302: Energy 2016</td>
<td>302-1 Energy consumption within the organization</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>302-3 Energy intensity</td>
<td>52</td>
</tr>
<tr>
<td>GRI 303: Water and Effluents 2018</td>
<td>303-3 Water withdrawal</td>
<td>53</td>
</tr>
<tr>
<td>GRI 305: Emissions 2016</td>
<td>305-1 Direct (Scope 1) GHG emissions</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>305-2 Energy indirect (Scope 2) GHG emissions</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>305-4 GHG emissions intensity</td>
<td>53</td>
</tr>
<tr>
<td>GRI 306: Waste 2020</td>
<td>306-1 Waste generation and significant waste-related impacts</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>306-2 Management of significant waste-related impacts</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>306-3 Waste generated</td>
<td>54</td>
</tr>
<tr>
<td>GRI STANDARD / OTHER SOURCE</td>
<td>DISCLOSURE</td>
<td>LOCATION AND/OR DIRECT ANSWER</td>
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<tr>
<td></td>
<td>306-4 Waste diverted from disposal</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>306-5 Waste directed to disposal</td>
<td>54</td>
</tr>
</tbody>
</table>

We also report on topics that are not covered by the GRI Topic Standards

**Innovative and Sustainable Products and Services**

- **GRI 3: Material Topics 2021**
  - 3-3 Management of material topics
  - Location: 32 - 34

**Risk Management**

- **GRI 3: Material Topics 2021**
  - 3-3 Management of material topics
  - Location: 26, 27

**Sustainable Lending & Investing**

- **GRI 3: Material Topics 2021**
  - 3-3 Management of material topics
  - Location: 32

**Financial Inclusion and Financial Literacy**

- **GRI 3: Material Topics 2021**
  - 3-3 Management of material topics
  - Location: 38 - 40

**Supporting Entrepreneurships & SME's**

- **GRI 3: Material Topics 2021**
  - 3-3 Management of material topics
  - Location: 34