



2012 SUSTAINABILITY REPORT





LET'S.



DO. MORE.



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Message
from our

Chief
Executive





Message from our Chief Executive

Stemming from a long-standing commitment to sustainable development, environment and corporate social responsibility, **bank muscat** is proud to present the first Sustainability Report using the Global Reporting Initiative (GRI) reporting principles and the financial sector supplement. The initiative heralds a new era of responsible banking for the flagship financial services provider in Oman.

On the back of expansionary financial, economic and monetary policies pursued by the Sultanate, the year 2012 witnessed sustained development in Oman. The bank recorded a healthy performance in tandem with the strong economic growth which had considerable social impact on job creation and in-country value addition covering all major sectors.

Our focus is clear – creating a sustainable financial platform for society and business, thereby contributing to economic growth, while also generating returns for all stakeholders. In step with the directive of His Majesty Sultan Qaboos to support economic growth and sustainable development, the bank remains committed to the progress of Oman by creating opportunities through helping individuals and businesses to prosper and grow.

We are proud to have led the way in contributing to sustainable development in Oman with various initiatives. In 2007, we became the first bank in the Middle East to sign the Equator Principles for responsible banking. Implementing the Equator Principles ensures that our projects conform to benchmark international environmental and social standards. In 2009, we joined the United Nations initiative for innovating finance for sustainability. Our membership of the United Nations Environment Program Finance Initiative (UNEP FI), which aims to develop and promote linkages between sustainability and financial performance, highlights the bank's commitment to global sustainability.

Marking the 30th anniversary in 2012, the bank launched its new 'We can do more' vision reflecting the strategy for the coming period. The bank also launched an innovative Corporate Social Responsibility (CSR) initiative under the name of "Social KPI Initiative" involving the 3000-plus employees to engage all staff in making a big difference in giving back to society. As part of the CSR strategy, all employees are encouraged to perform a minimum of five hours of voluntary social work in a year. In addition to the CSR initiatives, the bank made great strides to reduce its environmental impact. This included practices to go paperless by relying on electronic forms of communication; e-banking and mobile banking systems to decrease the environmental footprint and enhance customer service.

bank muscat remains committed to providing products and services that would help customers and clients achieve their goals. We understand that our role is especially important today when the private sector is required to drive economic growth and sustainable development. As the market leader, **bank muscat** influences peers and sets the precedence for new trends. As we develop more sustainable initiatives, others will follow suit; hence our efforts will positively impact development in Oman. In contributing to sustainable development, the prime responsibility for the bank is to serve the customer. Financing the real economy is of utmost importance, taking into consideration environmental and social issues, thereby strengthening the bank's commitment to social responsibility.

Looking forward to 2013: we aim to increase awareness and accountability amongst staff towards sustainability. We plan to integrate sustainability into our core values at the bank and drive the sustainability strategy from the top-down.



AbdulRazak Ali Issa
Chief Executive



About this Report

This is our first annual sustainability report, with the integrated theme of doing more: more for the economy; more for the community; and more for the environment. **bank muscat** has a long history of social and community involvement and this report aims to demonstrate how we are incorporating sustainable best practices into the fabric of our corporate structure, processes, and services. The scope of our reporting includes data and activities for the period 1 January 2012 to 31 December 2012, unless otherwise noted.

Our sustainability report is based on the GRI guidelines version 3.1 and the Financial Sector Supplement. GRI's framework consists of an extensive set of sustainability reporting guidelines and indicators. The information included in this report meets the GRI Application Level B. The index in Appendix B lists the GRI indicators that are included in this report.

We have prepared the report using the GRI's reporting principles of stakeholder inclusiveness, materiality, context and completeness. As a result of our stakeholder engagement and materiality assessment, we have selected the following four priority areas for our first sustainability report:

- ❖ Enhancing Economic Performance
- ❖ Developing from Within
- ❖ Empowering Communities
- ❖ Recognizing our Environmental Impact

For a detailed explanation of our stakeholder engagement and materiality assessment process, please refer to the 'Reporting Process and Parameters' section in Appendix A of this report.

Reporting Boundaries

bank muscat's core operations are located in Oman, however we also have presence across the Gulf Cooperation Council (GCC) states and the Asian Subcontinent through branches, representative offices, subsidiaries and associates in which we hold strategic stakes. In our first report, we have chosen to report on our core performance area: Oman, rather than at a group level. We plan to improve data collection across our international operations and consider the possibility of reporting on these in the future.

With over a quarter
century of providing
banking expertise
and services in the
Sultanate, **bank muscat**
is the flagship financial
institution in Oman



LEADERSHIP MEANS CHALLENGING EVERYTHING WE DO.
CONTINUOUSLY. TO LISTEN, TO IMPROVE AND TO LOOK FOR
POSITIVE CHANGE. BECAUSE, ONLY THROUGH QUESTIONING
CONVENTION CAN WE TRULY DELIVER SUSTAINABLE VALUE.

Be part of the bank's vision. Find ways everyday to do
more and together let's become an organization that does more.





About



bank muscat



About **bank muscat**

As the flagship financial institution in Oman, we have a proven track record of excellence in service and enjoy a 40 percent market share in Oman. Our head office is in Muscat, Oman and we have an extensive network of branches throughout the country. In addition, we have direct and indirect presence in all six GCC states, a representative office in Singapore which focuses on financial institutions and trade business and an associate in a securities company in India. We operate in Oman under a banking license issued by the Central Bank of Oman and we are covered by its deposit insurance scheme. As a publicly listed Omani joint stock company, our primary listing is on the Muscat Securities Market in addition to a listing on the Luxembourg Stock Exchange. Our international operations consist of a branch each in Riyadh (Kingdom of Saudi Arabia), Kuwait and a Representative Office each in Dubai (UAE) and Singapore. **bank muscat** currently owns 49% of BMI Bank in Bahrain and a 42% stake in Mangel Keshav Securities Ltd, India. The bank also has a 97% stake in Muscat Capital LLC, a brokerage and investment banking entity in Saudi Arabia.

Our Awards

- ❖ **bank muscat** has been rated as the "Best Bank in Oman" by Global Finance and Euromoney for 2011 and 2012.
- ❖ **bank muscat** was re-certified as an Investor in People and its human resources management practices conform to international standards
- ❖ Corporate Governance Excellence Award in Financial Sector from Oman Centre for Corporate Governance (Capital Market Authority) in 2011. Talent and leadership development award from The Asian Banker in 2011.
- ❖ MEED Quality Award for Projects, 2010 (granted to the new Head Office project).
- ❖ EMEA Finance award 2010 – Best power deal in the Middle East: Barka III/Sohar II IPPs.

About Us	
Number of Employees	3,118
Number of Branches	136
Number of ATMs	410
Number of CDMs	143
Number of PoS Terminals	4,500

Branch Network	
Total: 136	
North Muscat	15
Central Muscat	19
South Muscat	15
Al Batinah (North)	12
Al Batinah (South)	13
Dhakiliya	19
Dhahirah	13
Dhofar	13
Al Sharqiya	17

We offer a wide range of core business services including corporate banking, retail banking, investment banking and treasury, asset management, private banking and Islamic banking.

Corporate Banking: We offer a wide range of corporate finance products ranging from traditional working capital finance to project finance. Our clients include multinational and domestic companies engaged in activities across all sectors of the economy such as contracting, trading, power, petrochemicals, real estate and international trading. The bank also offers SME financing, aimed at financing small business and strengthening the SME foundation in Oman,

Retail Banking: We offer a complete range of retail and personal banking products and services through our network of branches across Oman. Our objective is to offer excellent value to customers by providing knowledgeable, efficient, and reliable services in a personal, helpful and responsive manner.

Islamic Banking (Meethaq): As the nation's leading financial services provider, **bank muscat** is well positioned to provide Islamic financial expertise to diverse segments, and thereby promote the good of society as a whole. The bank has taken major strides as part of its proposed Islamic banking operations and assigned RO 150 million capital for Meethaq Islamic Banking.

Investment Banking: Set up in 1995, our investment banking division has grown to be the partner of choice for corporates and investors alike. We provide a comprehensive set of financial services including corporate finance product structuring, brokerage and research services.

Treasury: **bank muscat** is the only bank in the Sultanate that offers the full suite of Treasury products and services – whether hedging foreign exchange requirements or managing interest rate risks or eliminating commodity price risks from businesses to offering fixed income investment opportunities across the region and globe.

Asset Management: With a 13 year track record and approximately USD 800 million assets under management, we enjoy a dominant position in the asset management business in Oman. We offer a wide variety of local and international investment products such as mutual funds, private equity/real estate fund, and alternate investments to suit the risk profile and target returns of our clients. Our clients include pension funds, global funds, high net-worth individuals, corporations and other entities.

Private Banking: From financial planning and trust services, to banking services, our private banking division offers a range of financial services that are highly exclusive and personalized.

Financial Institutions Group: The Financial Institutions Group (FIG) is very active in trade finance and financial institution (FI) business covering prominent countries in Asia, Africa and other emerging markets.



Our Quality

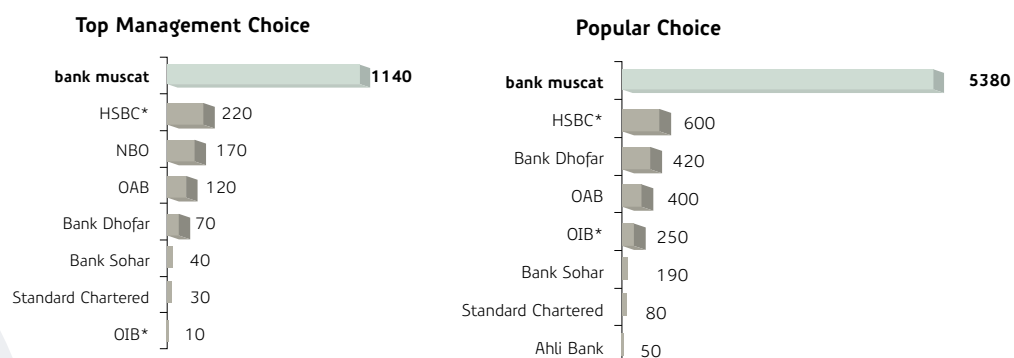
Policy



Our Quality Policy

Our Quality Policy is to achieve and sustain a reputation for quality in the national and international markets by offering products and services that exceed the requirements of our customers. We strive to remain the bank of choice in all our products and services. Towards this policy, our objectives are establishing and maintaining a quality system based on the most recent ISO quality standards. Continually reviewing our products and services, feedback from employees (internal customers) and our customers to ensure that there is continual improvement. Offering our clients excellent service, innovative products and value-added banking while developing with them a mutually beneficial association. Demonstrating vision, professionalism, transparency and integrity in the conduct of our business and service. Achieving discipline, growth and reasonable profitability while operating on a sound financial base. Creating value for our shareholders. Encouraging, motivating and developing our human resources – our most valuable asset and the cornerstone of the bank. Working towards the successful implementation of the Government objectives applicable to us. Striving towards and maintaining a pre-eminent position in the banking community in the Sultanate of Oman.

bank muscat is far ahead of its competitors in terms of brand value. The bank came first in the "Top Management Choice" and "Popular Choice" in Business Today's Best Brand Survey 2012.



*At the time this survey was conducted, HSBC and OIB operated as two separate companies. HSBC and OIB have since merged.

Sustainability at **bank muscat**

At the bank, we are committed to delivering value to the economy, the environment and society. In achieving this commitment, we are working towards incorporating sustainable best practices into our core business services. We have an established Corporate Social Responsibility (CSR) department and aim to expand its scope and strategy to include sustainability. With the leadership and support of the Board and Executive Management, we have developed a sustainability framework designed to pave our path towards economic, environmental, and social development.

As illustrated in the figure below, we believe sustainability is a critical component of our business foundation. As such, we have reinforced our commitment to this practice through the following four pillars:

- ❖ **Support.** We aim to support social and humanitarian activities, events and charitable causes to continue serving local communities.
- ❖ **Accountability.** We acknowledge that our activities should support sustainable development through continuous efforts in order to directly and indirectly benefit society, the economy and the environment. As such, we aim to develop policies to expand our positive reach and incorporate sustainability into our business practices.
- ❖ **Recognition.** At the bank, we believe in encouraging our employees to undertake voluntary activities. We have systems in place to promote participation in such initiatives, thereby benefitting society, the environment and the economy.
- ❖ **Development.** We are committed to the growth of the economy through the sustainable development of our business. We contribute towards this development by working closely with local communities and implementing programs to benefit society.





Management
and



Governance

Management and Governance

bank muscat's Board of Directors is committed to the highest standards of Corporate Governance. We strive to exemplify the letter and spirit of the Code of Corporate Governance laid out by the Capital Market Authority (CMA) and the regulations for Corporate Governance of Banking and Financial Institutions issued by the Central Bank of Oman (CBO). The CMA Code of Corporate Governance and the CBO circular BM 932, Corporate Governance in Banks, are the principal codes and drivers of Corporate Governance practices in Oman, and we fully comply with all of their provisions.

The roles of the Chairman of the Board of Directors (the Board) and Chief Executive Officer (CE) are separated with a clear division of responsibilities at the head of the bank between the running of the Board and the executive management responsibility for running **bank muscat**'s business. The figure on the following page illustrates the organizational link between the two structures.

The bank's Board of Directors' principal responsibilities are as follows:

- ❖ Policy formulation, supervision of major initiatives, overseeing policy implementation, ensuring compliance with laws and regulations, nurturing proper and ethical behavior, transparency and integrity in stakeholders' reporting;
- ❖ Approval of commercial and financial policies and the budget, so as to achieve its objectives and preserve and enhance the interest of its shareholders and other stakeholders;
- ❖ Preparation, review and updating of the plans necessary for the accomplishment of the bank's aims and the performance of its activities, in light of the objectives for which it was incorporated;
- ❖ Adoption of the bank's disclosure procedures, and monitoring their application in accordance with the rules and conditions of the CMA;
- ❖ Supervision of the performance of the Executive Management, and ensuring that work is properly attended to, so as to achieve the bank's aims, in the light of the objectives for which it was incorporated;
- ❖ Appointment of the CE and the Chief Operating Officer, as well as appointment of the officers answering to either of them pursuant to the organizational structure of the bank. The Board was also previously in charge of appointing the Deputy CE, but this position will be dissolved in 2013 upon the current DCE's retirement;
- ❖ Appraisal of the performance of the Executive Management mentioned and appraisal of the work carried out by the committees affiliated to the Board; and,
- ❖ Approval of the financial statements pertaining to the bank's business and the results of its activities which are submitted to the Board by the Executive Management every three months, so as to disclose its true financial position and performance.

Remuneration to the Board

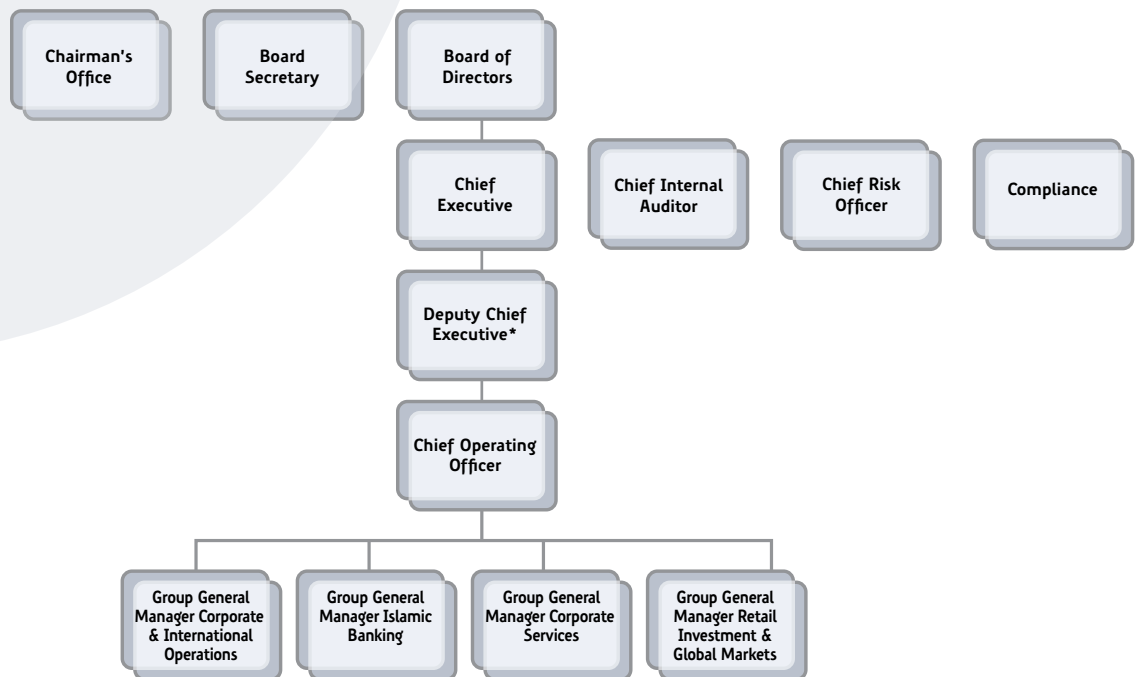
The total remuneration and sitting fees paid/accrued to members of the Board of Directors for the year 2012 met the maximum total limit of RO 200,000 as prescribed by the Commercial Companies Law No. (4/1974) as amended by the Royal Decree No. (99/2005). As all members of the Board are Non-Executive Directors; no fixed remuneration or performance linked incentives are applicable. The remuneration is approved by the Board and includes salary, allowances and performance related incentives.

Shareholders

bank muscat gives minority shareholders prime importance in terms of safeguarding their interests and ensuring that their views are reflected in shareholders meetings. The "one share one vote" principle applies to all shareholders so that minority shareholders have the authority to nominate members of the Board and can take action against the Board or the management if the actions of the Board or management are in any way prejudicial to their interests.

Self Evaluation

In 2010, the Board conducted a self evaluation process through the completion of questionnaires for the Board of Directors and the Board Audit Committee. These were completed as part of a wider CBO exercise for all banks in the Sultanate. Each member of the Board was invited to measure the performance of Board activities in the areas of strategy and planning, risk management, tone at the top, measuring and monitoring, performance, transformational transactions, management evaluation, compensation and planning, disclosures, and board dynamics. An independent evaluation of the Board's performance was conducted in 2011 to further enhance the already robust Corporate Governance practices and culture at the bank.



*Deputy CE position was dissolved in 2013.

Our three committees support the Board in carrying out its responsibilities. The three committees are as follows:

1. Board Risk Committee

The Board Risk Committee (BRC) provides recommendations to the Board of Directors on the risk-reward strategy, risk appetite and policies and framework for managing all applicable risks.

2. Board Audit Committee

The primary responsibilities and functions of the Audit Committee are to provide assistance to the Board of Directors in fulfilling its responsibilities of monitoring/overseeing the financial reporting process, the adequacy and effectiveness of the systems of internal control, the effectiveness of the audit process and the Bank's process of complying with the relevant laws and regulations.

3. Nomination and Compensation Committee

The Board, with the Nomination and Compensation Committee reviews the required skills of directors to ensure they meet the "fit and proper" criteria prescribed by the CMA and the CBO. The committee is responsible for

- Leading the process for Board and Management appointments, through the identification and nomination of relevant candidates for Board approval.
- Setting the principles, parameters and governance framework of the Bank's Compensation policy.

With our integrated organizational structure and dedicated leadership, we have driven the principles of sustainability from the top down. As such, we have inculcated sustainability throughout all levels of our organization and into the fabric of our work culture. Ultimately, each of our colleagues plays a pivotal role in solidifying our commitment to do more, and contribute to one or more of the priority areas addressed in this report.

MEMBERS OF THE BOARD

Sheikh Khalid bin
Mustahail Al Mashani

chairman

Sulaiman bin Mohamed
bin Hamed Al Yahyai

deputy chairman

Abdullatif
Al Mulla

director

Brigadier General Nasser
Mohamed Salim
Al Harthy

director





Hamoud bin Ibrahim
Soomar Al Zadjali

director

K.K. Abdul
Razak

director

Salim bin Taman
Musallam Al Mashani

director

Abdul Salam bin
Mohamed
bin Abdullah Al Murshidi

ex-director (*)

Sheikh Said bin Mohamed
bin Ahmed Al Harthy

director



* H.E. Al Murshidi has been appointed, through Royal Decree No. (58/2012) issued on 25th November, 2012, as Chief Executive Officer of the State General Reserve Fund with Special Grade. As a result of this appointment, he has resigned from his position on the Bank's Board of Directors.



Enhancing

Economic Performance





In 2012, we continued to make great strides towards enhancing our economic performance. In our commitment to do more for the economy, we contributed to the following growth areas:

- Staying committed to responsible banking by training our employees and maintaining compliance with the CMA laws for our investment banking.
- Accounting for social and environmental considerations through our compliance with the Equator principles and implementation of our social and environmental management system.
- Valuing our customers' needs. We continued to improve our quality in customer service by hosting focus group meetings with customers from each region and effectively managing customer concerns through our integrated feedback management system.

Looking forward: 2013 Sustainability Goals

We will develop a roadmap for rolling out the social and environmental risk screening policy across the bank, beyond just the SME sector.

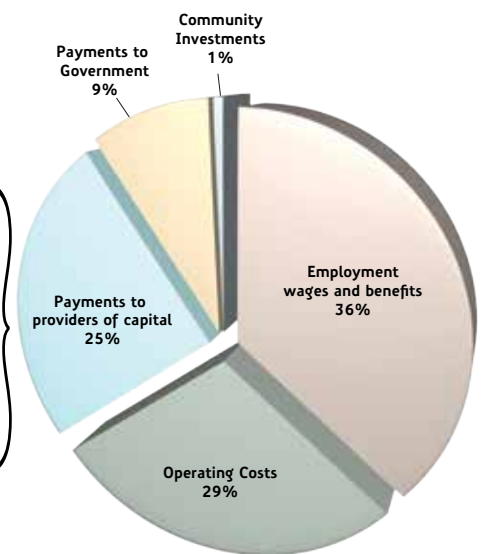
We plan to complete our customer satisfaction survey and understand our areas for improvement. Creating a Global Association of Risks forum is a target for improving risk management in 2013.

Enhancing Economic Performance

The most prominent impact the bank makes to the economy, the environment and society, is through delivering business services and generating profits that endure. This allows us to create value for our shareholders, employees, suppliers, government, and other countries and territories in which we operate. We have an obligation to maintain sustainable growth in order to support the diversification of the economy as outlined in Oman's Economy Vision 2020. As the market leader, we play an important role in doubling the financial sector's current 4% contribution to Oman's GDP by 2020.

In 2012, our economic value generated was RO 324 million. As summarized in the chart below, in 2012, the majority of our economic value was distributed to employee compensation and benefits, followed by our operating expenses and shareholder distributions.

Economic Value Generated			
RO (Millions)	2010	2011	2012
Consumer Banking revenue	114.6	137.5	163.6
Corporate Banking revenue	79.48	81.9	87.0
Wholesale Banking revenue	65.9	66.3	61.6
International Banking revenue	5.5	8.5	11.5
Total revenue	265.5	294.2	323.7
Economic Value distributed			
Employee wages and benefits	56.8	65.9	74.3
Operating costs	37.4	55.0	60.3
Payments to providers of capital	33.6	38.7	51.0
Payments to government	17.2	19.9	18.7
Community Investments	1.1	1.1	1.5



Major shareholders		
	Shareholder's Name	Shareholding %
1	Royal Court Affairs	24.89
2	Dubai Financial LLC	13.21
3	HSBC A/C Ministry of Defence Pension Fund	6.75
4	Muscat Overseas Company L.L.C	6.24
5	HSBC A/c. The Bank of New York Int'l	6.23
6	Civil Service Pension Fund	4.11
7	Public Authority for Social Insurance	2.36
8	ROP Pension Fund LLC	1.98
9	Others	34.23
	Total	100

Responsible Banking

At the bank, we set high standards of integrity, professionalism and fair dealing in running our business. We aim to comply with all relevant laws, codes, rules, regulations and standards of good market practice in each country where we do business. Responsibility for compliance with these standards rests with the relevant boards, management team and senior line managers. All our new banking products obtain clearance from the relevant body (such as the Capital Market Authority for Investment products, and in future, Sharia compliance for Islamic products) prior to going to market. In 2012, **bank muscat** did not receive any fines for non-compliance with regulations or voluntary standards. The CBO ultimately monitors all advertising and marketing communications issued by the bank and no warnings or fines were issued to **bank muscat** with respect to advertising and marketing in 2012.

The Hawkamah Bank Corporate Governance Award

In 2012, we received the Top Hawkamah Bank Corporate Award. Launched in 2007 by Hawkamah, the Institute for Corporate Governance, the award showcases regional banks that have gone the extra mile in improving their corporate governance practices, beyond the legal and regulatory requirements.

Risk Management

The bank recognizes that an effective risk management process is central to our objective of enhancing our overall business value. As such, we are committed to developing risk management as an area of core competence. We continue to build our risk management capabilities to ensure that we deliver on our growth plans while managing the underlying risks in an effective manner. Our approach to risk management is communicated throughout the organization and supported by explicit ownership of risks and a clear allocation of responsibilities. The management of risk is guided by a number of committees in the bank, including the Board and other management committees.

Our risk policy provides the framework to identify, measure, monitor, control and report various risks. In line with banking best practices, we have invested significantly in our risk management systems and developed a range of tools for this purpose. Using globally renowned risk rating software, the bank does risk rating of its corporate borrowers. We have internal credit scoring tools for risk rating Small and Medium Sized Enterprises (SMEs), High Net Worth Individuals (HNWI), Project finance and retail borrowers. We also have state of the art tools in place to measure market and liquidity risks for current and stimulated changes. Tracking mechanisms like Key Risk Indicator report, Controlled Risk Self Assessment and Operational Loss report are utilized for managing operational risks.

At the bank, we have made great strides in combating financial crime in 2012, as demonstrated by the following efforts:

- 2229 employees have completed our mandatory anti-money laundering training and we aim to ensure 100% completion by all employees
- 170 of our employees are certified Anti-Money Laundering managers.
- 318 staff have attended an externally-run training and awareness session on anti-money laundering.
- 435 staff, with previous anti-money laundering training, have attended a refresher course this year.
- We started a fraud awareness training program, developed by Thomson Reuters in November 2012.

In addition, we periodically conduct business impact analyses to assess the impact of adverse events (e.g. flooding, cyclones, and other extreme weather events) on our ability to continue business as usual. As a result of these analyses, we established appropriate business and IT disaster recovery centers to ensure the continuity of services for our customers during extreme situations.

We maintain a Whistleblower Policy to protect employees who raise concerns about actual, suspected or anticipated wrongdoing within the bank. The aim of this policy is to make employees

feel confident about raising concerns internally, by offering a reporting and investigation mechanism that is objective, confidential and independent, and protects employees from reprisal or disadvantage. In 2012, we established an Anti-Fraud Committee, responsible for appraising and managing any fraud related matters at the bank. The committee plans to introduce a conflicts of interest policy in 2013. In addition, we established the Oman Banking Compliance Forum in 2010 in order to spread best practices in anti-fraud, anti-money laundering, corporate governance and general compliance through all banks in Oman. To facilitate knowledge sharing and encourage awareness about the changes in the evolving field of risk management, we established the Chief Risk Officers Forum in 2011. The forum provides an opportunity for Chief Risk Officers of Omani Banks and representatives from local regulators to discuss important issues in the industry on a quarterly basis.

Environmental and Social Consideration

At the bank, we ensure that all eligible projects are reviewed and evaluated against applicable social and environmental parameters. The risk management team works independently in evaluating whether a sector or region presents a potentially high environmental or social impact. The Equator Principles and Social and Environmental Management System are our two policy mechanisms for mitigating the social and environmental impact of our projects. In addition, we require that our clients are in compliance with applicable environmental laws and regulations in Oman, and ensure that instances of non-compliance are resolved.

Equator Principles

Since 2007, the bank has been one of the more than 70 signatories to the Equator Principles. These Principles serve as a credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions. Signatories are required to evaluate the environmental and social impact of projects exceeding USD 10 million based on the policies and guidelines of the World Bank and the International Finance Corporation (IFC), the investment arm of the World Bank. Adherence to the Principles allows us to work with our customers in their management of environmental and social policy issues relating to their investments. As such, we are better able to assess, mitigate, document and monitor the credit risk and reputation risk associated with financing projects. To comply with the Principles, we established internal guidelines to evaluate the environmental and social risks associated with the projects financed by the bank. The table summarizes the transactions processed by the bank in 2012.

In practice, all project finance transactions are subject to review for adherence with the Principles, by evaluating the following:

- ✓ If it is a primary transaction, in which the funds will be directly applied to the project, and;
- ✓ If it does not have a financial institution that has adhered to the Principles, an international financial institution or an export credit agency as a primary participant.

Our Project & Structured Finance Department ensures compliance with the Principles. However, the responsibility for complying with the Principles is shared by all of our employees working on a proposed project finance transaction. Our standard operating procedures for compliance with the Principles include:

- ✓ Evaluating the transaction to ascertain whether it is subject to compliance with the Principles,
- ✓ Seeking all necessary information from the borrower necessary to evaluate the transaction; and,
- ✓ Stipulating covenants in the Facility agreement for adherence to the Principles.

Equator Principles: 2012 Transactions Processed by the bank				
Category ¹	Oman	GCC ²	Asia	Total
A	---	---	--	--
B	6	1	1	8
C	7	1	1	9
Total	13	2	2	17
¹ Category A: Projects with potentially significant adverse social and environmental impacts that are diverse, irreversible or unprecedented. Category B: Projects with potentially limited adverse social and environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures. Category C: Projects with minimal or no social or environmental impacts. ² Excluding Oman.				

Social and Environmental Management System

In addition to our compliance with the Equator Principles, we have also defined social and environmental management procedures for providing loans to SMEs. Our Social and Environmental Management System (SEMS) requires all potential SME loan beneficiaries to be screened for compliance with social and environmental requirements prior to approving financing. We have received a RO 50 million loan from the IFC to provide to SMEs and we ensure that all IFC loan beneficiaries meet the SEMS requirements.

To this end, we ensure effective social and environmental management practices in all our activities, products and services with a special focus on the following:

- ❖ Ensuring that all activities undertaken by the bank are consistent with the Applicable Requirements as defined in the box to the right.
- ❖ Ensuring that all projects are reviewed against the Applicable Requirements.
- ❖ Financing projects only when they are expected to be designed, built operated and maintained in a manner consistent with the Applicable Requirements.

- ❖ Making best efforts to ensure that all projects are operated in compliance with the Applicable Requirements on an ongoing basis, during the currency of the bank's financing.
- ❖ Ensuring transparency in its activities.
- ❖ Ensuring that the management and the shareholders of the client companies understand the policy commitments made by the bank in this area.

Currently, the SEMS policy is limited to our SME division, but we plan to extend it to all divisions of the bank. This will allow us to manage the environmental and social risk associated with lending at all levels. In 2012, we introduced the Sustainability Training and E-learning Program (STEP), which is a course developed by the IFC for training on sustainability related risks associated with projects. This year, 16 risk management officers took the STEP training. Nine of our SME officers also completed the training and we plan to extend the training to all of our SME officers in the future. In addition, we are planning to organize a specific training program for the Equator Principles for our staff.

Our SEMS Policy

The SEMS policy requires clients to provide an undertaking that they have all licenses covering social and environmental issues. All loans between RO 100,000 and 250,000 must comply with the policy. A site visit and checklist is completed for the client before sanctioning the IFC loan, to ensure that the client meets the SEMS policy requirements. The government and municipality conduct a site visit and interview with the borrower once a year, to ensure compliance with local requirements.

Applicable Requirements

We ensure that all the eligible projects are reviewed and evaluated against the following Applicable Requirements:

- ❖ The IFC Exclusion List for all projects.
- ❖ The applicable national laws on environment, health, safety and social issues and any standards established therein duly confirmed by the borrower.
- ❖ Tangible collateral securities providing minimum 100% security coverage to the exposure /investment made by the company based on the valuation report by bank's approved surveyor.
- ❖ Comprehensive Fire Insurance for the buildings/constructions on the properties mortgaged with the bank as collateral security and the bank should be named as a beneficiary of the policy.

Valuing our Customers' Needs

Our dedicated Customer Services and Quality department has adopted various techniques to obtain positive and negative feedback from customers. This feedback helps the bank understand our customer expectations, requirements, service quality, and identify potential product and service enhancements. We have several programs to capture customer feedback including our Customer Focus Group meetings, Mystery Shopper Program and Feedback Management System.

In addition, our Quality Team conducts annual quality audits as per the International Organization for Standardization (ISO) standards.

To further develop our customer services, we will be conducting our customer satisfaction survey in 2013. The results of this survey will be published in 2013 and used to enhance our customer service strategy.

Customer Focus Group Meetings

We host annual customer focus group meetings to better understand our customer needs and gather suggestions for improvements in our services. These meetings are hosted across all nine regions in which we operate, and are attended by regional managers and invited customers alike. The meetings provide a platform for our management teams to interact with a representative sample of around 20 customers per region. Additionally, we use these meetings as an opportunity to reward our customers for their loyalty and patronage.

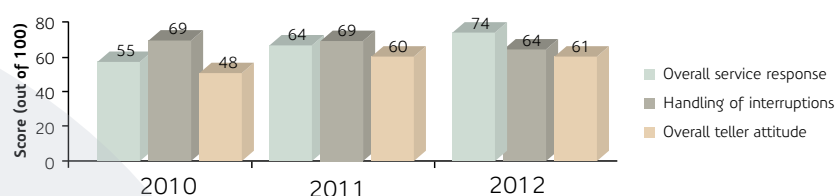
Our Customer Services and Quality department ensures that all comments from the Customer Focus Group meetings are reported back to the applicable department and/or branch. Each department develops an action plan to address the concerns which is communicated back up to management by our Customer Services department.

Mystery Shopper Program

The Mystery Shopper Program provides an unbiased quarterly report of our performance within all of our branches across the country. A third party conducts the survey, and evaluates the services provided by our tellers and personal bankers. The results of the survey over the past three years are illustrated in the charts to the right.

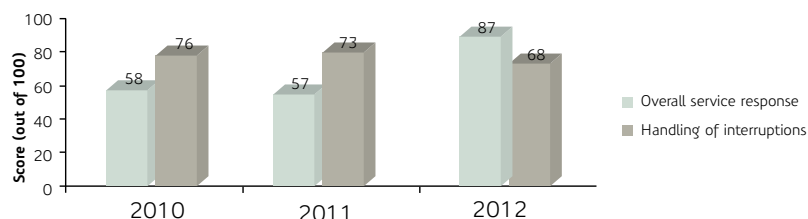
Branches that provide exceptional quality service to customers score highly and are rewarded for their performance accordingly. Branches that do not score as highly are targeted for training and development actions catered to enhance their performance and quality of service. Our Learning and Development department has a range of training programs specifically geared towards this purpose.

Teller Performance



Teller performance			
	2010	2011	2012
Queuing time (minutes)	10.8	17	14

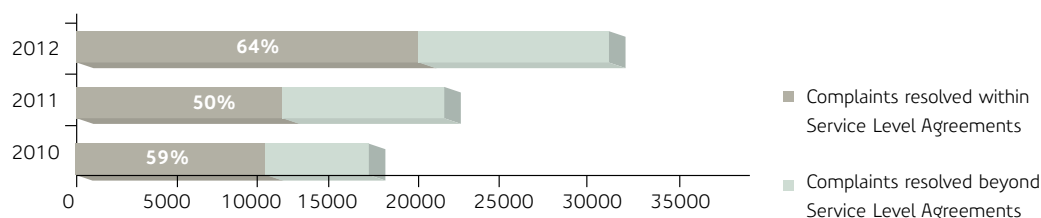
Personal Banker Performance



Feedback Management System

Customer complaints are handled through our feedback management system, which is accessible by phone, email and in person. We have a service level agreement to respond to complaints within targeted time frames according to the type of complaints. We measure our ability to resolve complaints within these timeframes. This year, we succeeded in resolving 64% of all complaints within the targeted time frame. We are committed to improving our timeframes for resolving complaints.

Number of Complaints



Learning from experience

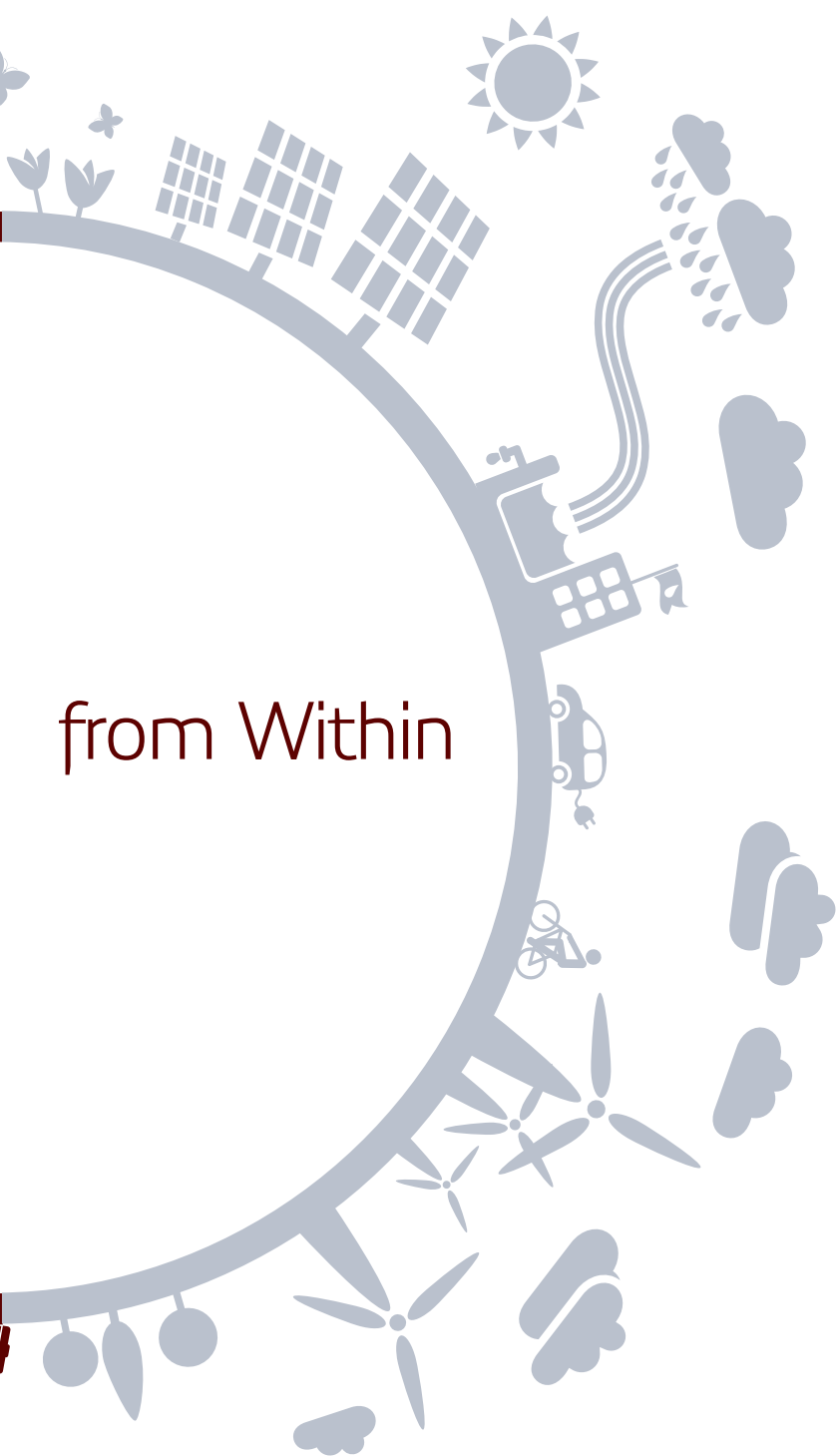
Weekly case studies summarizing how critical complaints were resolved are sent out to all employees. These case studies help our staff understand the applicable approaches to resolving a wide range of customer issues. Additionally, we highlight appreciative feedback from customers in our daily internal mails to enhance recognition and set good examples for our employees.

Improving the Corporate banking experience

The Corporate Banking department has initiated certain key strategies to enhance customer service delivery. These initiatives, currently under various stages of implementation, are expected to improve business processes, reduce turnaround time and increase ease of access to customers.



Developing



from Within



The pulse of our success at the bank comes from our people. As such, we strive to enhance our development opportunities and employee engagement programs. In 2012, 140 training days were utilized by staff throughout all levels of management. In addition to investing in our internal people resources, we strive to attract new young talent. To this end, in 2012, 356 university students participated in our summer trainee internship program

Looking forward: 2013 Sustainability Goals

Continue implementing Project Masar, a review of the appraisal system to provide more detailed information about the effort level from each employee.

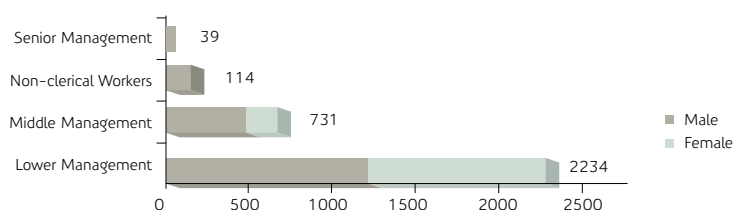
Improve mentoring and coaching.

Improve knowledge management to comply with the next phase of People III Capability Maturity Model.

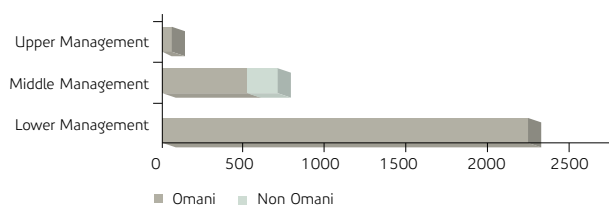
Developing from Within

Challenging convention is at the heart of our vision. In maintaining this vision, we pay special attention to building a workforce that represents the diversity of our nation, from the mountainous interior to the verdant south. In addition, the 23 nationalities represented in our staff bring international experience to the table. The number of employees at **bank muscat** is constantly growing as per the bank's requirements and approved plans in this respect. As illustrated in the charts below, we have a distribution of leadership across all levels of the organization and across all gender and age groups. At the end of FY 2012, the number of employees reached 3,099. **bank muscat** is a responsible employer and abides by Omani regulations and international labour standards, which prevent the use of child labour or forced labour.

Gender Distribution in bank muscat

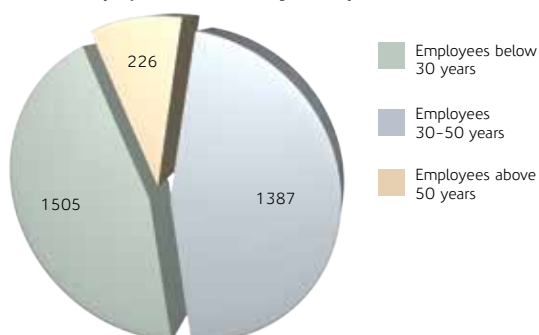


In 2012, the bank achieved 93 per cent Omanisation, giving priority to young Omanis for important positions. Our successful hiring policy has helped us to exceed the Omanisation target set for the financial sector.

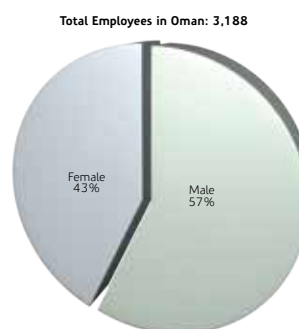


	Lower Management	Middle Management	Upper Management
Omani	2,211	549	24
Non Omani	2	184	15

Employees across all Age Groups



Our women empowerment strategy is notable as 43 per cent of staff are women at various levels of seniority. In 2011, 15 young women leaders underwent the Results Centered Leadership Development and Coaching Program run by the Achievement Centre, Canada.



We have achieved the rare distinction of having qualified for Level III of the People Capability Maturity Model (People CMM), the first bank in the world to be certified across the entire organization. The People CMM® is a model that helps organizations characterize the maturity of their workforce practices, establish a program of continuous workforce development, set priorities for improvement actions, integrate workforce development with process improvement and establish a culture of excellence. Level III of the People CMM focus on 13 process areas and nearly 300 specific practices that will have to be institutionalized through a couple of implementation cycles that are verifiable. We aim to continue progressing upwards within this model and have identified knowledge management as an area for improvement in the future.

Attracting and Nurturing

With a low turnover rate of 6.3 percent, we continuously strive to recruit and retain the best talent for employment at all levels. We have succeeded tremendously in this respect, as in 2001, there were only six Omani graduates and 150 diploma holders, compared to the 2011 figures of 196 Omanis with Master's Degree, 464 with Bachelor's Degree and 1,296 with diploma certificates, in addition to others with post-graduate certificates. To this end, we continue to attract rising leaders from colleges and universities across the Sultanate through our summer training program. As illustrated in the chart below, in 2012, we attracted 950 trainees into our program.

Our Human Resources Management (HRM) division supports the growth of the bank internationally and within the Sultanate. The HRM role primarily revolves around planning and change management driven by the policies we develop. We adopted innovative strategies to equip Omani staff to take up leadership positions in tandem with future challenges. We continuously invest in building human capacity and creating career opportunities for highly-qualified Omani nationals. On the strength of our HRM processes and extensive development programs, we have been able to draw our middle and senior management candidates from within the bank itself.

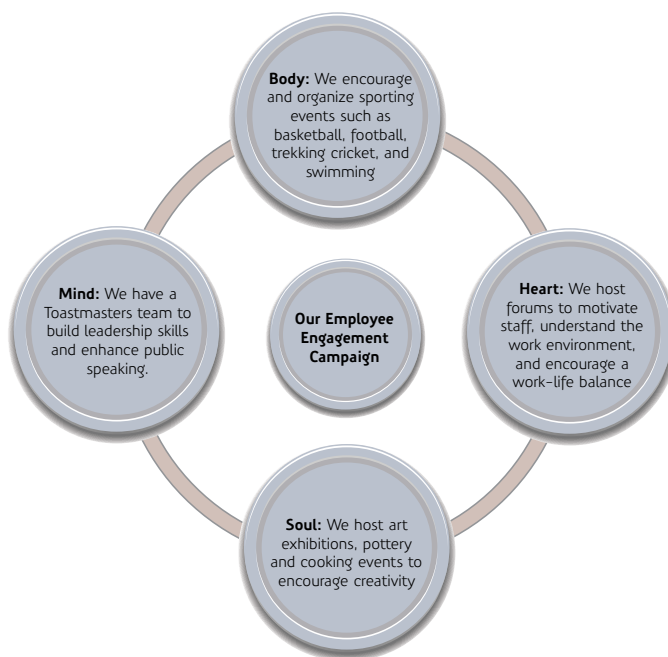


Employee Engagement

At the bank, we have an extensive employee engagement program. We actively visit employees across all our branches to discuss current HR policies and procedures, and note any issues or concerns. To follow up from our visits, we generate grievance reports which are shared with regional managers and have action plans for addressing each concern. To facilitate these types of communications, we are developing a formalized grievance tracker for employees to raise any issues or concerns in a consistent and confidential manner.

In 2012, we organized several workshops and 70 events as a part of our "Body, Soul, Mind, Heart" campaign (further illustrated in the chart to the right). Topics covered in these workshops include stress management, healthy living, and nutrition. We are also working on starting a weight-loss challenge, which will extend over a four month period. So far, 90 people have registered for the challenge and we plan to continue the program every year.

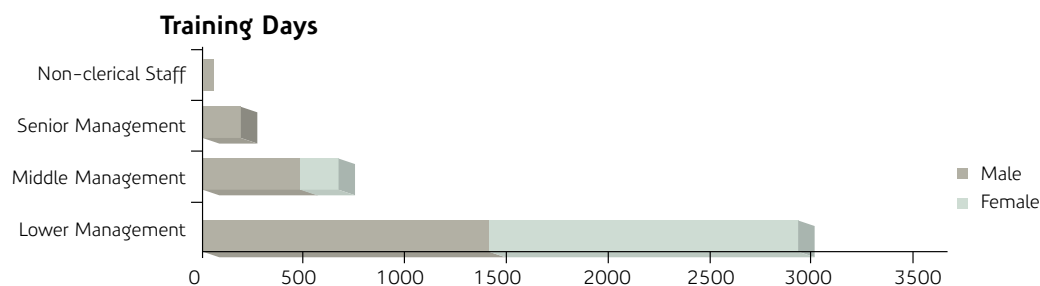
As an integrated part of our engagement program, we conduct annual employee satisfaction surveys. Results from these surveys are closely reviewed and where possible, any issues are resolved. For example, one of the concerns raised by our sales managers was related to the use of their personal cars for business travel. To address this concern, we provided company cars for managers to use for their work related travel. In addition, we have a grievance mechanism for employee grievances to be communicated and resolved, to date no grievances related to discrimination or human rights have been raised.



Education and Training

The Human Resources Management and Learning and Development divisions draw up plans and initiatives to provide our people with the necessary training to achieve the goals we have defined in our business plan. In accordance with the Royal directives of His Majesty Sultan Qaboos, which emphasize the need to pay attention to training and development needs of human resources, we achieved a series of successes in the human resources sector, all of which reflect positively on the performance and development of the bank's operations, not only in the Sultanate, but also at

the regional level. This has been the result of the prudent strategy and philosophy adopted by the bank's Board of Directors and Executive Management focusing on the development of employees as a fundamental requirement for achieving success. During 2011, **bank muscat** organized 495 training courses in different banking specializations. As illustrated in the chart above, a total of 7251 training days were utilized by employees across all levels of management in 2012. Besides in-house training programs, we also collaborate with international training institutes to provide specialized training requirements as needed.



In 2012 we completed a safety audit within our Head Office as part of our commitment to ensure our employees' safety. In addition, 76 **bank muscat** employees were certified in First Aid. We plan to have 1 trained First Aider for every 10 employees in the future.

In April, 2012, **bank muscat** hosted the Institution of Occupational Safety and Health (IOSH) Middle East conference. The annual conference was attended by 130 delegates at **bank muscat** head office, with the shared vision of developing safer, healthier workplaces across the region, to reduce deaths, injuries and ill-health and protect livelihoods of workers. These key representatives of the world's largest body for occupational safety and health praised the efforts of Oman in raising standards of workplace safety and health of workers.

Our annual performance assessments are conducted through an online performance review process. Our employees are evaluated against core competency areas and assessed for appraisal accordingly. This year, we conducted several training sessions to educate our staff on the performance review process. We have developed a program for fast-tracking high-achievers towards leadership roles, to recognize and encourage their exceptional efforts. Our virtual centre for assessment and development allows us to identify potential leaders (such as Branch Managers) through a series of assessments which have been developed with external expertise. The assessments include knowledge of branch operations and group dynamics assessments amongst other elements. At the end of the assessments, the best candidates will graduate to a specially tailored development program based on the assessment results.



Empowering





At the bank, we believe in giving back to society by developing in-house community programs.

Our efforts to empower communities are accomplished through various means, such as our small and medium sized banking services, our commitment to source from local suppliers, and extending our reach through our employee-led social work programs such as bank muscat Hearts.

Looking forward: 2013 Sustainability Goals

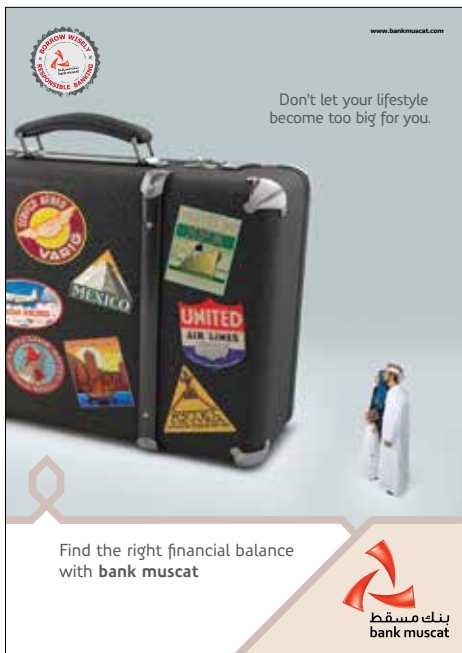
- Develop systems to offer entrepreneurs value-added services.
- Engage the International Finance Corporation (IFC), World Bank group to play an advisory role to boost SMEs in the market through:
 - 1) Non-Financial services to be extended to customers.
 - 2) Targeting businesses owned by women entrepreneurs in line with the department's strategy.
 - 3) Product development for small SMEs based on the specific criteria and requirements.
- Evaluate team submissions for Green Sports and select suppliers for the technical construction of the projects

Empowering Communities

We believe that our most valuable contribution to the community is through providing opportunities for local businesses to prosper and grow. In support of this belief, our SME division provides solutions to support local entrepreneurs and we prioritize local suppliers whenever possible to support operations throughout our supply chain. In addition, we have developed several programs that promote community building. Our corporate social responsibility programs look to invest in youth through training and sports, investing in homes, and supporting people with disabilities.

"Borrow Wisely" Campaign


bank muscat launched the "borrow wisely" campaign, reminding customers to keep track of their debt burden by curbing unnecessary expenditure and shopping carefully for their loans. This service comes as part of the bank's efforts to provide responsible banking, and always putting the interests of our customers first.



Don't let your lifestyle become too big for you.

Find the right financial balance with bank muscat

بنك مسقط
bank muscat



Don't let your spending become too big for you.

Find the right financial balance with bank muscat

بنك مسقط
bank muscat



Don't let your aspirations become too big for you.

Find the right financial balance with bank muscat

بنك مسقط
bank muscat

Encouraging local entrepreneurship

At the bank, we recognize the critical role SMEs play in building a diversified economy. As such, our team of account relationship managers is trained to support SMEs by providing financing for equipment loans, letters of guarantee and credit, as well as other solutions such as training and business advice for developing companies. Our SME services are available throughout Oman, especially in areas such as Salalah, Nizwa, Sur and Sohar, where there is a high concentration of industry growth and availability of free zone facilities.

Our SME division provides loans up to **RO 400,000 to small enterprises and up to RO 1 million to medium sized enterprises.**

Educating our customers and communities on financial planning and management

We are committed to transferring knowledge to our customers and societies. As part of this commitment, we have conducted four workshops for SME customers on different topics related to Entrepreneurs. The box on the next page highlights the workshops conducted in 2011 and 2012.

The main goal of the workshops is to provide the knowledge and tools necessary to successfully run a business and effectively overcome any challenges. Our targeted audiences are SME customers and upcoming entrepreneurs. We developed an extensive program for these workshops which includes team building activities, problem solving toolkits, and educational references.

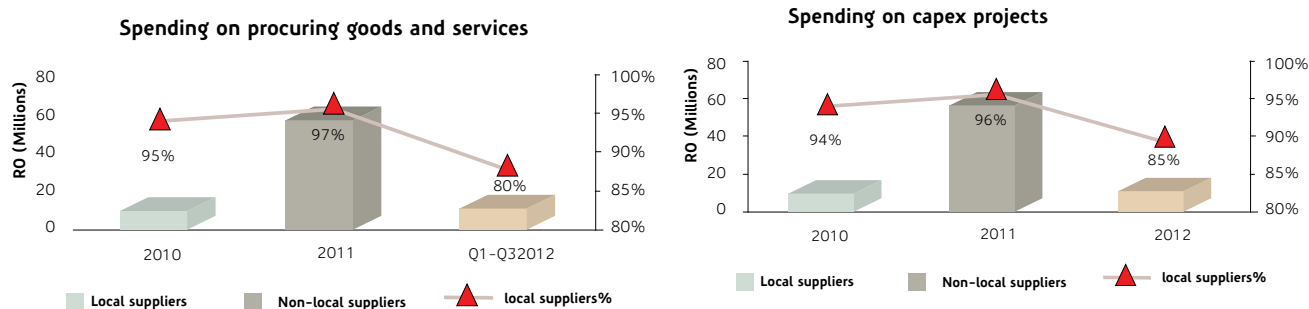
In line with the government's strategic focus on SMEs, we have established the "Al Wathba Business Zone" at our head office. The dedicated facility was launched to support entrepreneurs who lack office facilities. Al Wathba Business Zone can be used free of cost by SME customers to host business meetings. As part of our SME service, we provide our customers with financial advice to better manage their businesses.

2011 and 2012 SME Workshops

- ✓ Workshop on 28th April 2011 in Muscat on "Successful entrepreneurship – a global perspective".
- ✓ Workshop on 31st October 2011 in Salalah on "Financing SMEs: challenges & solutions".
- ✓ Workshop on 29th December 2011 in Muscat on "The latest in operational management strategies & enterprise expansion".
- ✓ On 30th & 31st of January 2012, The Oman Society of Contractors has organized a workshop in Salalah in which BM SME Department has participated by giving a presentation on bank's products & services available for SMEs and participated in the panel of speakers.
- ✓ Workshop on 29th March 2012 in Muscat on "Secret of maximizing business potential".
- ✓ Workshop on 9th and 10th of December in coordination with the IFC, covering the role of accounting in the decision making process, financial statements and improving selling skills. 90 people attended, including customers and non-customers.

Investing in Local suppliers

First class products and services can only be provided if we can fully rely on our supply chain. For this reason, we are working to build a sustainable supply chain by engaging with local suppliers. Our procurement policy clearly states that whenever possible, local suppliers should be considered as a first choice. Options outside the local market are explored only when a local supplier cannot provide the product or service needed. In 2012, 86% of all our goods and supplies were sourced from local suppliers, which we selected based on the following criteria: competitive price, product quality, timely supply, and post delivery maintenance. Local suppliers also executed 79%, by value, of our capital expenditure (capex) projects in 2012. We invested over RO 50 million in local suppliers for our capex projects in 2011 as a result of finalizing our new head office building. We are continuing to develop our supplier assessment program in the future to transmit our values further down the supply chain. The charts below illustrate the contribution of local suppliers to our spending on procurements as well as capex projects since 2010. As illustrated, local suppliers have contributed between 80 and 97 percent of the total spending over the last three years.



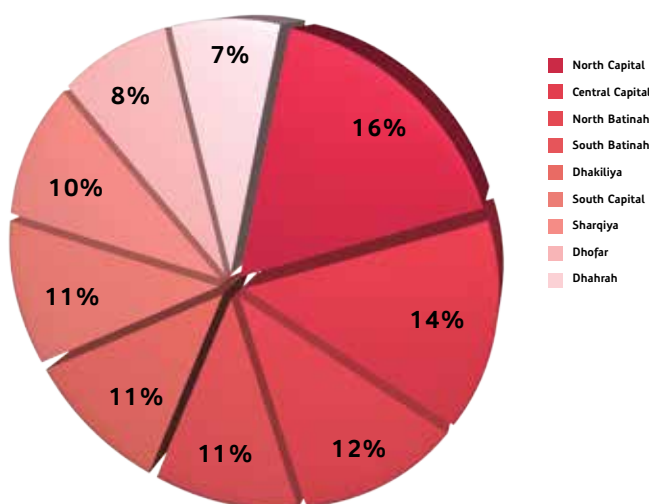
Simplifying access

We make it a priority to provide all our customers with convenient access to our services. We have developed an extensive network of 136 branches through all regions of Oman, supplemented by 410 ATMs and 143 CDMs. We regard towns with a population of 10,000 or above that have no access to an ATM or CDM to be at a disadvantage and consider this factor among others when expanding our network. In our commitment to ensure that our customers in remote areas have access to banking services, we recently opened a new ATM and CDM in the mountainous region of Jebel Akhdar. In order to further facilitate electronic transactions in areas with limited access to banking services, we have a mobile banking unit with ATMs that goes to various camps and towns throughout the year. We plan to procure more of these mobile ATM units to increase the frequency and reach of this service.

To ensure that all our customers can easily use our services, we are modifying 20 existing ATMs to make them wheelchair accessible. The ATMs will be fitted with ramps, railings and enough room to maneuver a wheelchair in front. New sites coming up this year will also have these features and will be designed at a more convenient height for wheelchairs. We are also including appropriate labeling to the new machines for easier identification by the public. Our new head office is designed with improved access for wheelchair users and we are aware that our existing branches need modifications to improve the banking experience to accommodate the needs of all our customers.

In addition to our physical network of branches and ATMs, we have developed two channels for secure and convenient remote banking: **bank muscat** online and mBanking. **bank muscat** online is our internet banking service that allows customers to conveniently view their accounts, pay bills and transfer money online. Our mBanking service is a mobile banking application that lets customers make secure transactions and payments using their smartphone from anywhere in the world.

Total Number of ATMs: 410





Specialized Products

We recognize that all our customers have different requirements and have developed a range of differentiated services to suit their needs. Our Zeinah range is tailored towards women's banking needs and includes personal credit and debit cards, loans, Critical Care insurance and designated counters at our branches for added convenience.

We recently launched an exclusive product package for youth aimed at supporting their lifestyle and encouraging the good practice of saving. The customized Shababi package for youth includes special savings account with a lower minimum balance requirement of RO 10. Shababi customers will be charged only 250 baisa for lower minimum balance. Exclusive prize draws will be held for Shababi customers and ten winners will each receive RO 300 in the monthly Shababi draws. Special competitions and activities will also be organized for youth.

Other services have been developed to support the expatriate community. For example, we designed systems to expedite the transactions and payments sent to India.

Zeinah Critical Care health insurance provides cover for critical illnesses affecting women as well as access to secondary medical opinion following a diagnosis.

Step into the Zeinah Life

Enjoy a range of women's
banking products and services

زينه
Zeinah

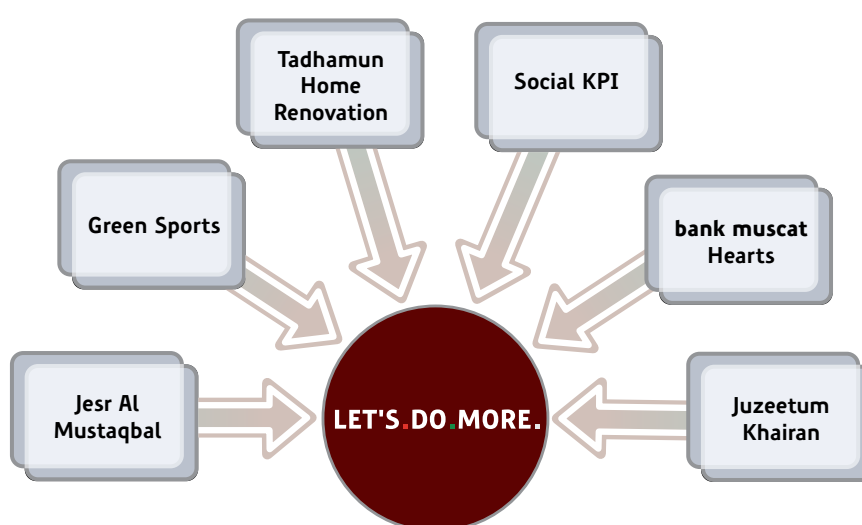


Our new approach to Corporate Social Responsibility

Over the past year, we have developed a new CSR strategy to engage more directly with communities by developing in-house community programs. This allows us to set better defined development goals for each program. While we continue to contribute to social causes through NGOs and charities, we also believe that creating our own programs will mean that we are more accountable for making them a success. The charts below further illustrate our CSR strategy.

CSR Strategy 2012: "Doing More"

- Our new CSR strategy comprises the following elements:
- A link to the bank's new vision "Let's Do More"
- Creating lasting programs with a sustainable nature
- Identifying strategic social work areas where we can provide support or our expertise
- Developing our own uniquely owned programs in collaboration with the Government
- Cultivating and encouraging a culture of social responsibility within **bank muscat** staff



Our CSR program is designed to foster a personal commitment to integrate sustainability into our daily lives. We aim to nurture a sense of responsibility and commitment to the community.



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Said Mohammed
SR SUPERVISOR

ISSUING DATE: AUG 22 2022



Investment in youth development

We contribute towards sustainable development by working closely with local communities with the aim of improving living standards in a manner that serves the national economy and development process at the same time. We place particular emphasis on implementing programs that benefit the young people of Oman. Our two initiatives, Jesr Al Mustaqbal (Bridge to the Future) and Green Sports particularly focus on engaging youth and are described in further detail below.

Jesr Al Mustaqbal

To support the development of the future leaders of Oman, we launched the Jesr Al Mustaqbal (Bridge to the Future), a scholarship program aimed at nurturing underprivileged youth. This program provides educational opportunities across banking, accounting, IT, finance and vocational disciplines. Academic scholarships are provided to Omani youth who have enrolled for various courses at different colleges across Oman. The vocational program offers study and vocational training sponsorships for young Omanis (both male and female) from limited income families who have not been able to complete their education for various reasons. For eligibility, the family of students should be recipients of social welfare and/or from the low income category as defined by the Ministry of Social Development. The chart below summarizes the various initiatives promulgated by the Jesr Al Mustaqbal program in 2012.

Academic Scholarships

Diploma students who achieve a grade point average (GPA) equal to or higher than 3.50 in Banking, Accounting, Finance or Information Technology, are eligible for sponsorship to pursue a Bachelors programme at the College of Banking and Finance. The sponsorship covers course registration, tuition fees, cost of books and monthly allowance.

FOREX training

Fifteen Omani youth from low-income families are undergoing a training program to help them find jobs in the Global Exchange Company. The 7-month training includes courses in basic English and business English and aspects covering foreign exchange trade and role of cashiers and two months of on-the-job training.

Ceramics and Pottery

bank muscat trained vision impaired Omani youth in the fields of pottery and ceramic craft. The bank signed an agreement with Omar bin Khattab Institute for the Blind to train 40 vision impaired Omani youth in the fields of pottery and ceramic craft, aimed at enhancing the skills of physically challenged artisans and raising their level of economic and social status by integrating them with mainstream society.

Training for physically challenged youngsters

bank muscat organized a training program in association with leading retailer to equip young Omanis suffering from hearing and speech impediments with the necessary skills to develop their careers and contribute to national development. Fifteen physically challenged Omani men and women benefited from the vocational training program leading to their absorption for various jobs.



Green Sports

This year we launched an initiative to benefit communities across Oman, especially youth, to develop a sporting nation. The initiative aims at laying 50 green fields for communities across the country over a period of five years. In addition to the development of green fields, Green Sports also aims to help local football teams develop as entities in their own right. The program covers a number of facets, including increasing financial awareness, encouraging participation and teamwork and maintaining assets. A strong set of criteria has been developed to select teams which:

- Have a minimum 300 member subscription from the community;
- Can demonstrate the positive effect of the team on the local community through regular events or community work; and,
- Can provide income statements for the team and activities since 2011.

We target these teams because we recognize the immense influence they wield on local neighborhood communities and youth. Hence investing in modernizing their infrastructure creates a venue for the youth to socialize and help raise sporting heroes for the country.

In addition, we have various programs designed to support the community. These programs are described below.

The Green Sports initiative allows **bank muscat** to closely align itself with the global United Nations Environment Program. The bank will primarily develop green playing fields across Oman and launch many community projects targeting the youth who represent 70 per cent of the Sultanate's population. Many CSR projects by **bank muscat** will be clustered around sports, an essential activity for everyone's well-being, especially youth. These sports activities will take place in green fields developed by the bank.

Tadhamun Home Renovation Program

bank muscat launched "Tadhamun National Program", in collaboration with the Ministry of Social Development in March this year. The Program will extend support to needy homes across the Sultanate, providing infrastructural assistance and home renovations to those who don't have the basic necessities.

Juzeetum Khairan

The bank has launched "Juzeetum Khairan" which is a platform for monthly News Alerts which publicise opportunities for staff to contribute their time or cash to particular good causes. These alerts vary every month and have resulted in several initiatives, including:

- **bank muscat** distributed 30 wheelchairs to a group of individuals suffering from physical disabilities. The move comes within the initiatives of social responsibility aimed directly at supporting the community. The receivers of these donations were referred by the bank's employees.
- **bank muscat** Hearts raised RO 3,000 and purchased 2 electric wheelchairs and donated 2 laptops to Laila and Zuwaina, two girls who were born with a disability in movement and deficiency in growth.

bank muscat Hearts

bank muscat Hearts (the Hearts) is an informal employee-led society that organizes voluntary social work benefiting disadvantaged sections of society. Reflecting the corporate ethos, our employees seize every available opportunity to make a positive impact

on the community. The Hearts accomplished this by investing in the welfare of communities to equip them for a better future. The Hearts have been conducting social activities since 2006, and this year the team was able to raise RO 69,971 for various campaigns, helping over 300 families and individuals. Also in 2013, we plan to create a **bank muscat** Hearts foundation, registered with the Ministry of Social Development, to formalize this effort. With this government recognition, fund-raising and its distribution will be better streamlined and facilitated.



Social Key Performance Indicator (KPI)

To reinforce the critical role employees have in fulfilling the CSR component of our sustainability strategy, we have created a social KPI. This KPI encourages all staff to commit to a minimum of five hours of voluntary social work in a year as well as monetary contributions. To support this move, a staff member will be able to earn an additional 5% of positive assessment value upon successful completion of a social work quota. The aim of the employee lead programs is to spread the value of community throughout the bank, to encourage employees to design social projects which capitalize on their strengths and skills, and to take responsibility for making their projects successful. The chart below highlights the events initiated by our employees in 2012.

Events organized by employees in 2012

<p>Risk Management Workshop</p> <p>The Risk Department leveraged their expertise to develop a four-day integrated risk management workshop designed for risk officers, credit analysts, bankers, finance professionals and auditors in Oman. The program provided industry-wide best practices and information on emerging trends in Risk Management. The proceeds from the training amounting to USD 75,000 were donated to the Al Wafa Social Centre Service. The centre provides care and social rehabilitation programs for specially-abled children and to support their families.</p>	<p>Kahf Al Jinn</p> <p>50-member team from bank muscat Credit Division visited Kahf Al Jinn on Friday, 6th July 2012 and distributed food and essential items aggregating 5000 kilograms to 110 families. The items per family included 20 kg rice, 10 kg wheat flour, 5 kg sugar, 1 kg salt, 4 ltrs cooking oil, 1 kg dates, full blanket set, 7 pairs of footwear, etc. These items were distributed to people located in 9 different villages in Kahf Al Jinn.</p>	<p>Meethaq Islamic Banking</p> <p>The division focused on educational initiatives to benefit society. One initiative included collaborating with the Royal Oman Police and Ministry of Religious Affairs to publish a booklet about the dangers of reckless driving. The booklet was distributed to students, with the aim of sharing the information with their parents.</p>
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Coins for Hearts

Members of **bank muscat** Hearts recently distributed essential electronic appliances including air conditioners and refrigerators to 20 families. The team managed to distribute electronic devices after collecting funds from employees under the charity initiative "Coins for Hearts" which was organized at the head office of the bank. In line with the Bank's effort to instill social responsibility as work culture in the Bank 'Coins for Hearts' charity event was organized with the objective to have fun and donate to charities. The fun activities included special games in which staff participated and contributed to charity.

Crafts exhibition for the blind

The Human Resources department conducted an exhibition for the blind under their initiative "kindness is a language which the deaf can hear and the blind can see" where they showcased pottery goods made by the blind and sold them on their behalf.

Corporate Banking Department

Volunteers from the department held a Bake sale through which they collected over RO 5,000 for local charity. The department also provided free breakfast to the students of Wadi Adai public school for the whole year 2012.



Recognizing our



Environmental
Impact



In our effort to do more for the environment, we are innovating ways to reduce our footprint. For example, our new head office incorporates design features to reduce energy consumption; these features include enhanced insulation and occupancy sensors.

Looking forward: 2013 Sustainability Goals

We plan to research energy management solutions

We are also considering recycling solutions

Implementing points raised in the safety audit will be a project for our HSE team

Recognizing our Environmental Impact

As a lender, the main environmental impact of our business comes from financing large-scale development projects. In this respect, we manage our environmental impact by adhering to the Equator Principles for responsible financing. Information on our performance in applying the Principles is detailed in the "Enhancing Economic Performance" chapter. As an organization, we also have an impact on the environment by our daily resource consumption and corresponding emissions. Individually, we are each responsible for working in a way that uses our resources efficiently to minimize our environmental footprint.

Health, Safety and Environment: New leadership team

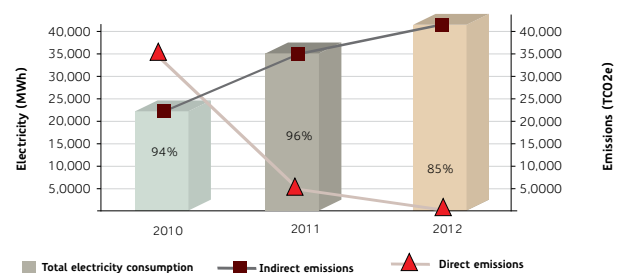
We have established a Health, Safety and Environment (HSE) department within our Human Resources team, to drive responsible working practices across our operations. The HSE team is currently developing our internal environmental policy to further lead our organization towards sustainable working practices. We plan to study our energy consumption, starting with our head office, to identify areas for improvement and implement more efficient energy saving devices and practices. In addition, we are looking to monitor our waste production more stringently, and investigate recycling options within the Sultanate.

Our Environmental Footprint

As the largest bank in Oman in terms of employee numbers, we are conscious that our resource requirements impact the environment. As a people-centric organization, our main impact comes from the energy we use for cooling our offices and powering our equipment, movement of our employees and suppliers, and the waste we dispose.

Emissions

We are aware of the threat that climate change poses and understand that we must act to reduce our emissions. Currently, we are focused on measuring how our electricity consumption contributes to climate change. Our direct emissions come from diesel generator use during the initial handover of the new head office building in 2010. We no longer require generators, so our emissions generated come entirely from electricity consumption. We eventually plan to extend the scope of our emissions reporting in the future by calculating our emissions generated from commuting and business travel.



Waste

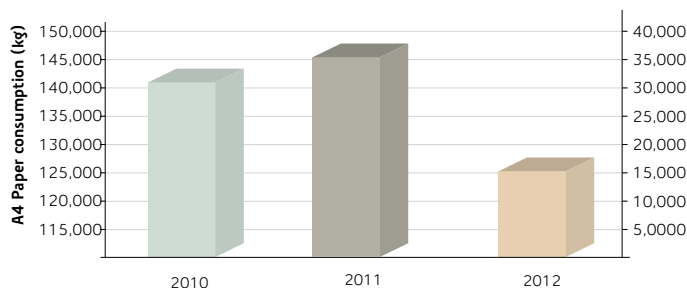
We are currently working on measuring the volume of waste we produce as a first step towards establishing organization-wide waste reduction targets. We are also evaluating options for suppliers who can recycle our waste. Special bins have already been provided at the head office to encourage employees to segregate their waste.

Paper is a large component of our waste at the bank. In an effort to reduce the amount of paper used, we have implemented the following initiatives:

Our internal newsletters are sent by email to all employees.

Soft copies of all our policies are available for employee reference on our "i-share" server system.

The head office is equipped with digital banners and kiosks used to promote the bank's products, initiatives and in-house events. This initiative saves printing of around 440 pull-up banners every year.



In extending our waste reduction values to our customers, our online banking system and mobile banking application allow customers to easily access their information without the need for printed material. We are also considering developing an option to provide monthly electronic statements in place of the monthly physical statements currently sent to customers.

Paperless proposals

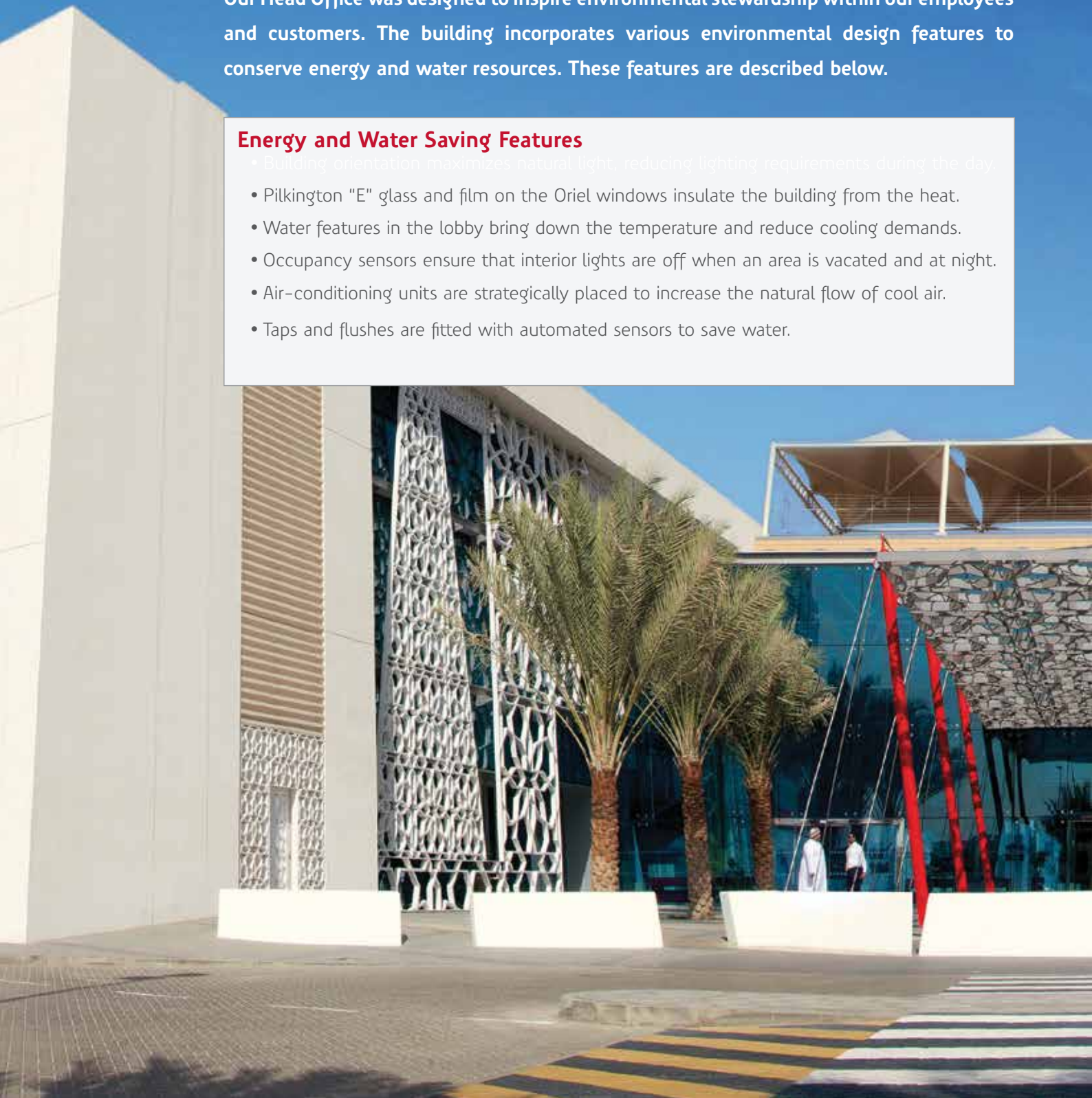
The senior levels of our risk management team use an "e-briefcase", evaluating soft copies of proposals on iPads. The initiative saves printing around 60 pages per proposal evaluation.

Working from Eco-friendly foundations

Our Head Office was designed to inspire environmental stewardship within our employees and customers. The building incorporates various environmental design features to conserve energy and water resources. These features are described below.

Energy and Water Saving Features

- Building orientation maximizes natural light, reducing lighting requirements during the day.
- Pilkington "E" glass and film on the Oriel windows insulate the building from the heat.
- Water features in the lobby bring down the temperature and reduce cooling demands.
- Occupancy sensors ensure that interior lights are off when an area is vacated and at night.
- Air-conditioning units are strategically placed to increase the natural flow of cool air.
- Taps and flushes are fitted with automated sensors to save water.

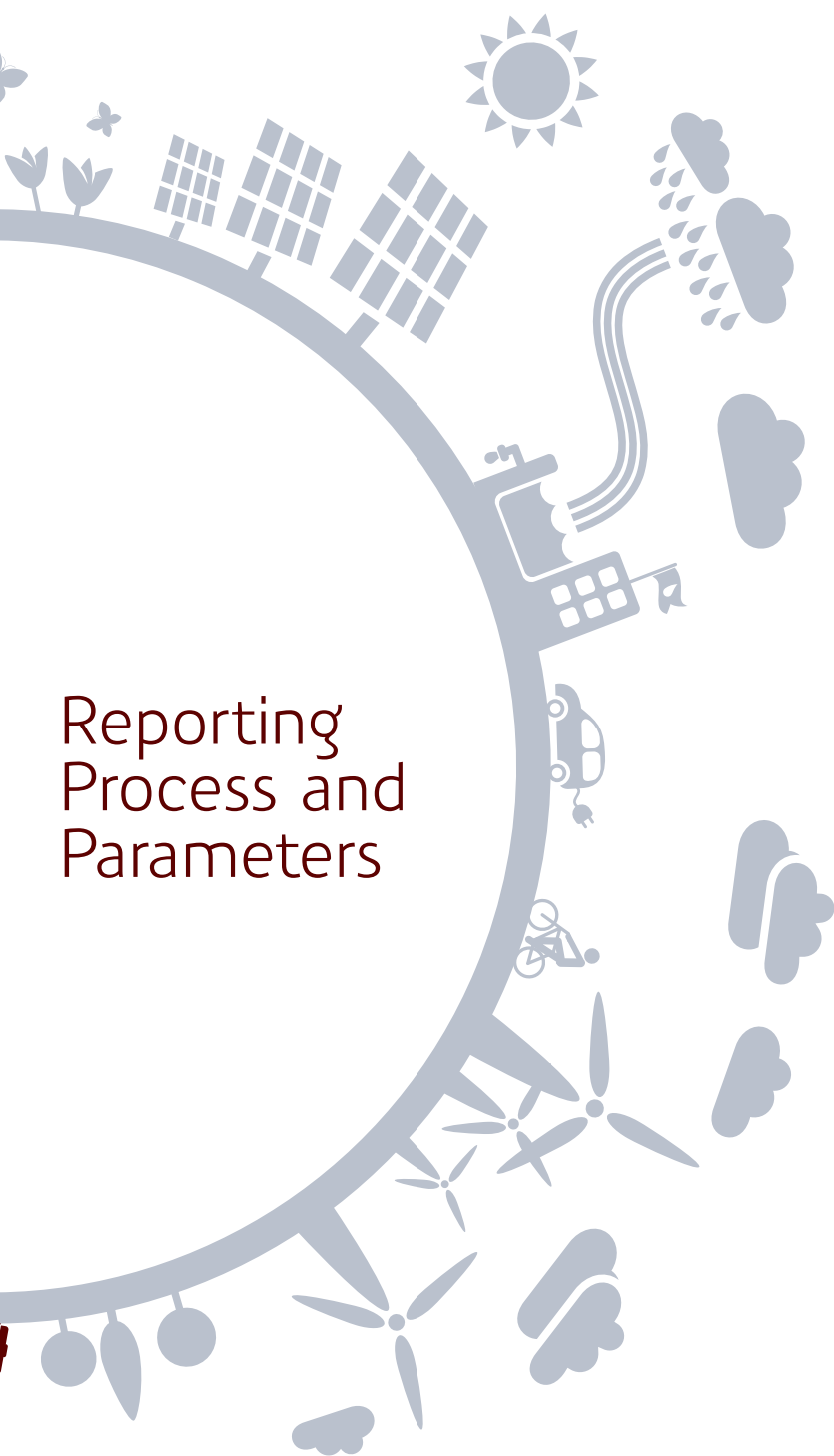






Appendix A:

Reporting Process and Parameters



How we prepared this report

As sustainability reporting covers a very broad range of topics, we focused on only the most relevant issues. Following the GRI reporting principles, we consulted our stakeholders through a variety of channels to understand their key concerns. We crystallized our important topics by applying the materiality principle.

Stakeholder Engagement

Understanding our stakeholders' needs is essential for ensuring our success as a sustainable business. We have many communication channels open with all our key stakeholders to discuss issues that affect them. Our stakeholders' inputs highlight opportunities for us to improve, especially in terms of creating more value for our stakeholders. The stakeholder engagement matrix below summarizes our efforts to incorporate internal and external stakeholder feedback into our corporate sustainability strategy. The stakeholder groups were identified based on their ability to impact our operations and activities, and our ability to affect them as stakeholders.

Stakeholder group	How bank muscat engages with this stakeholder group	Priority Sustainability Concerns	bank muscat's Actions
Employees	<ul style="list-style-type: none"> • Periodic appraisal sessions • Weekly team meetings, periodic one-to-one meetings • Employee satisfaction survey • Continuous communications and interaction through bank muscat news alert (e-mail system) and iShare (intranet) • Staff recreation events • Grievance mechanism 	<ul style="list-style-type: none"> • Job satisfaction • Fair compensation • Fair and transparent appraisal system • Staff engagement • Providing a stimulating work environment 	<ul style="list-style-type: none"> • Conduct periodic employee satisfaction surveys • Implemented HR online appraisal and goal setting systems, that require employee feedback • The bank implemented a comprehensive learning & development strategy • A state-of-the-art head office to provide best work environment • New organizational structure with young Omanis in leading positions • The bank has a staff engagement function within HR Department
Customers	<ul style="list-style-type: none"> • Call Centre – calls are logged into the bank's Feedback Management System (FMS). • Bank's website – Customers can log on to www.bankmuscat.com and register their remarks under the section "feedback". • Focus groups – CSD conducts focus group programs all through the year involving customers and branch staff in all regions wherein suggestions from customers are taken for improving the bank's services. 	<ul style="list-style-type: none"> • Efficient customer service • Innovative and convenient suite of products and services catering to requirements of different segments • Deploy technology to provide best electronic banking channels 	<ul style="list-style-type: none"> • Established a dedicated customer care unit within CSD • Feedback/complaints logged into FMS are tracked and reported monthly. Reports are shared with the bank's management committee. • The bank organizes mystery shopper exercises to test the efficacy of customer care processes.

Stakeholder group	How bank muscat engages with this stakeholder group	Priority Sustainability Concerns	bank muscat's Actions
Customers	<ul style="list-style-type: none"> • Customer networking events for specific customer segments • Largest branch network & ATM/CDM network • Press releases, interviews, magazine articles, etc.. • Website & Social Media (Facebook, Twitter, LinkedIn, etc..), SMS, e-mail messages, outdoor media, TV & Radio Spots, • Annual Reports, brochures and leaflets 	<ul style="list-style-type: none"> • Enhance the bank's widest range of banking channels in Oman 	
Government (including Regulatory bodies)	<ul style="list-style-type: none"> • Designated "Government Business" Division that caters to the banking needs and requirements of the government entities through meetings, visits, correspondences, etc.. • Investment in the national economy • Supporting initiatives of national importance 	<ul style="list-style-type: none"> • Contribution to the national economy • Alignment to Oman's 2020 vision • Abidance by government rules and regulations, and those related to transparency and disclosure 	<ul style="list-style-type: none"> • Maintain continuous communication with government bodies through the government business unit • Continuous dialogue with ministries and other government bodies on sustainability, economic and social development issues
Correspondent / other banks / international entities	<ul style="list-style-type: none"> • Dialogue through Financial Institutions Group (FIG) • Annual Reports • Roadshows & presentations 	<ul style="list-style-type: none"> • Normal business transactions • Enhance lines of credit & grow business 	<ul style="list-style-type: none"> • Established a dedicated department to engage with this stakeholder • Follow a relationship-based approach • Obtained quality awards from other bank (JP Morgan Chase, Deutsche Bank & Citibank awards)
Shareholders/ Investors	<ul style="list-style-type: none"> • Annual General Meeting of the shareholders • Extraordinary Meeting of the Shareholders (when required) • Board of Directors' meetings • Annual Report • Periodic Investor Meetings and presentations • Website: latest news is available on www.bankmuscat.com and there is a dedicated "Investor relations" page • Investor Roadshows/presentations 	<ul style="list-style-type: none"> • Creating added value for all our stakeholders including shareholders and investors 	<ul style="list-style-type: none"> • Steady net income and asset growth • Reward shareholders, yet look at future growth in terms of capital adequacy
Local community, NGOs & Others	<ul style="list-style-type: none"> • Continuous correspondence with NGOs and other bodies • Supporting local talents and charitable organizations through sponsorship unit and CSR Department • Daily coverage of the bank's activities via press releases, interviews, magazine articles, radio spots etc. Website & Social Media (Facebook, Twitter, LinkedIn, etc.) 	<ul style="list-style-type: none"> • Responsibility toward all-around development of the society • Work closely with social and voluntary associations and non-government establishments 	<ul style="list-style-type: none"> • Dedicated sponsorship function within the bank • Dedicated CSR Department within the bank

Stakeholder group	How bank muscat engages with this stakeholder group	Priority Sustainability Concerns	bank muscat's Actions
Local, regional & international media	<ul style="list-style-type: none"> • Daily Press releases, interviews, magazine articles, • Daily Social Media updates (Facebook, Twitter, LinkedIn, etc.) • Press Conference • Annual Reports, brochures and leaflets • Media networking events 	<ul style="list-style-type: none"> • Media relations & PR • Media awards 	<ul style="list-style-type: none"> • Practice of monthly press conference where all media are invited to the head office • Awards from local, regional and international media.

Materiality

We created a prioritization process to identify the issues to include in our report that would be considered most important by our stakeholders. Our report content was defined using the following approach:

- ❖ We consulted our stakeholders to identify their key concern, as summarized in our stakeholder matrix. We then prioritized each stakeholder group's concerns and emphasized any issues which were raised by more than one group.
- ❖ We looked at our own internal policies, challenges and goals to further streamline our report content. We compared our internal issues with those of our stakeholders to distill the concerns which are important to us as an organization and externally.
- ❖ Finally, we considered the big themes being discussed in the global banking industry today. We recognize that many issues of corporate culture and governance have been raised on the back of the crisis within the sector and this report covers the measures we have taken to continue acting as a responsible corporate citizen.

We grouped our material issues to draw out our four priority sustainability themes: Enhancing economic performance; Empowering communities; Developing from within; and Recognizing our impact. Our sustainability priorities and related material issues are illustrated in the chart to the right.





Appendix B:

GRI Index





Statement GRI Application Level Check

GRI hereby states that **Bank Muscat** has presented its report "Bank Muscat 2012 Sustainability Report Let's Do More" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 14 March 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, light blue grid background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 6 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Appendix B: GRI Index

STANDARD DISCLOSURES PART I: Profile Disclosures		
1. Strategy and Analysis		
Profile Disclosure	Description	Reference
1.1	Statement from the most senior decision-maker of the organization.	Page 8
1.2	Description of key impacts, risks, and opportunities.	Page 70 (Key impact), Page 35-36 (Risks), Page 19 (Opportunities)
2. Organizational Profile		
Profile Disclosure	Description	Reference
2.1	Name of the organization.	Front cover
2.2	Primary brands, products, and/or services.	Page 15
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Page 24 (Operational structure), Page 14-15 (main divisions, operating companies, subsidiaries, joint ventures)
2.4	Location of organization's head office.	Page 14
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Page 14
2.6	Nature of ownership and legal form.	Page 14
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Page 14
2.8	Scale of the reporting organization.	Page 14 (employees, operations), Page 32 (revenue)
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	No changes during the reporting period
2.10	Awards received in the reporting period.	Page 14
3. Report Parameters		
Profile Disclosure	Description	Reference
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Page 10
3.2	Date of most recent previous report (if any).	None. This is our first report
3.3	Reporting cycle (annual, biennial, etc.)	Page 10
3.4	Contact point for questions regarding the report or its contents.	Essam Al Sharji, Corporate Social Responsibility Manager Corporate Communications & CSR Division P.O. Box 134, Ruwi P.C. 112, Sultanate of Oman T. +968 24768696 F. +968 24787768 Email: EssamA@bankmuscat.com
3.5	Process for defining report content.	Page 76-77 (stakeholder engagement), Page 78 (materiality),
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Page 10
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Page 10
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Page 10
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Page 10

Profile Disclosure	Description	Reference
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	None. This is our first report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	None. This is our first report
3.12	Table identifying the location of the Standard Disclosures in the report.	Page 80–86
3.13	Policy and current practice with regard to seeking external assurance for the report.	No assurance was sought as this is our first report
4. Governance, Commitments, and Engagement		
GRI requirement	Description	Reference
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Page 22–23
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Page 22
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Page 22 (non-executive members), Page 26–27 (gender)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Page 23 (shareholders), Page 46 (employees)
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Page 23
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Page 22
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Page 25
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Page 11 (vision), Page 18 (code of conduct), Page 19 (environmental, social performance principles)
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Page 22–23
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Page 22–23
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Page 33–34
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Page 8
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Page 8
4.14	List of stakeholder groups engaged by the organization.	Page 76–77
4.15	Basis for identification and selection of stakeholders with whom to engage.	Page 76

GRI requirement	Description	Reference
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Page 76-77
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Page 76-77

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

GRI requirement	Description	Reference
DMA EC	Economic Performance Indicators Management Approach	Page 31-33, Page 44 (local hiring), Page 54 (local suppliers) Page 58 (Community Investment)
DMA EN	Environmental Performance Indicators Management Approach	Page 34-36
DMA LA	Labour Practices and Decent Work Indicators Management Approach	Page 43-46
DMA HR	Human Rights Indicators Management Approach	Page 36-37 (Social Risk Screening), Page 44, Page 46 (Labour management)
DMA SO	Society Indicators Management Approach	Page 33 (Compliance), Page 55-56 (Improving Access)
DMA PR	Product Responsibility Indicators Management approach	Page 24-25 (Governance), Page 33 (Compliance), Page 37-39 (Customer Satisfaction)

STANDARD DISCLOSURES PART III: Performance Indicators

Economic

GRI requirement	Description	Reference	Reported
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Page 32	Fully
EC4	Significant financial assistance received from government.	Page 32	Fully
Market presence			
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Page 33	Fully
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Page 44	Fully
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Page 60-65	Fully

Environmental

GRI requirement	Description	Reference	Reported
Energy			
EN4	Indirect energy consumption by primary source.	Page 70 In 2012, bank muscat consumed 152,129 GJ of electricity	Fully
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Page 72	Partially

GRI requirement	Description	Reference	Reported
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Page 70	Fully
EN22	Total weight of waste by type and disposal method.	Page 70	Partially
Social: Labor Practices and Decent Work			
GRI requirement	Description	Reference	Reported
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Page 44–45	Fully
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Page 45	Partially
Occupational health and safety			
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Page 46–47 (Employee engagement)	Fully
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	Page 47	Fully
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Page 47	Fully
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Page 44–45	Fully
Social: Human Rights			
GRI requirement	Description	Reference	Reported
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Page 36	Fully
Non-discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken.	Zero. There have been no incidents of discrimination at bank muscat.	Fully
Child labor			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	bank muscat does not allow child labour within its operations, or for its suppliers to use child labour	Fully
Prevention of forced and compulsory labor			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	bank muscat does not allow forced labour in its operations, or for its suppliers to use forced labour	Fully
Remediation			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	None. No grievances related to human rights have been raised at bank muscat	Fully

Social: Society			
GRI requirement	Description	Reference	Reported
Corruption			
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Page 34	Fully
Public policy			
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Zero. The bank does not provide financial or in-kind contributions to political parties, politicians and related institutions in Oman	Fully
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	None. No legal actions have been raised for anti-competitive behaviour, anti-trust or monopoly practices	Fully
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Zero. No fines were received for 2012	Fully
Social: Product Responsibility			
GRI requirement	Description	Reference	Reported
Product and service labelling			
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Page 33	Fully
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Page 38-39	Fully
Marketing communications			
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Zero. There have been no incidents of non-compliance with regulations and voluntary codes regarding marketing communications	Fully
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Zero. No fines were paid.	Fully
Financial Sector Supplement Indicators			
GRI requirement	Description	Reference	Reported
FS1	Policies with specific environmental and social components applied to business lines.	Page 35-37	Fully
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Page 35-37	Fully
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Page 37	Fully
FS13	Access points in low-populated or economically disadvantaged areas by type.	Page 55	Fully
FS14	Initiatives to improve access to financial services for disadvantaged people.	Page 55	Fully
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Page 54 (Workshops for SMEs), Page 60 (Scholarship program)	Fully

For the GRI Application level check statement, please refer to our website www.bankmuscat.com

Glossary

Acronym	Definition
ATM	Automated Teller Machine
CBO	Central Bank of Oman
CDM	Cash Deposit Machine
CEO	Chief Executive Officer
CMA	Capital Market Authority
CSR	Corporate Social Responsibility
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
HNWI	High Net Worth Individual
IOSH	Institution of Occupational Safety and Health
ISO	International Organization for Standardization
KPI	Key Performance Indicator
RO	Rial Omani
SEMS	Social and Environmental Management System
SME	Small and Medium Sized Enterprise
STEP	Sustainability Training and E-learning Program
TCO2e	Tonnes CO2 equivalent
UNEP FI	United Nations Environment Program Finance Initiative
USD	United States Dollars

