



ABOUT THE REPORT

# ABOUT THE REPORT

The 2016-2017 Alfa Sustainability Report is the second bi-annual report produced by Alfa. The first report was produced in 2015 and can be accessed following this link: https://www.alfa.com.lb/en/csr

This report compiles an overview of

Alfa's recent progress and achievements on the sustainability front, providing in depth reporting in relation to the three basic pillars of sustainability: the social, economic and compoenvironmental nents, which are mapped in turn to the five pillars of sustainability which form the core of Alfa's Sustainability Strategy including Economic Spillover, Good Governance, Communi-

ty Investment, Customer Centricity/ Experience, Employee Nurturing. The report showcases the major positive externalities associated with various aspects of Alfa operations for the years 2016-2017. This biannual report on progress demonstrates Alfa's determination to share in full transparency our progress and milestones in relation to sustainability and our commitment to improve our performance, and optimize our positive impact on society year after year. Alfa is also an active

member and founding Board of Directors Member of Global Compact Network Lebanon (GCNL) since 2014. Alfa has been producing regular reports on progress through this national effort. (102-52) for more information, kindly check the GCNL website: http://globalcompact-lebanon.com



This report is primarily organized around the materiality aspects of Sustainability, which are the most relevant and important interventions in relation to the three pillars of sustainability as deemed by key Alfa internal and external stakeholders, as well as the operational context of Alfa in Lebanon. Alfa used the same methodology in this report as we had done in our previous report. (102-49) Accordingly, this report builds on the principles of materiality, inclusivity and responsiveness

used by the Global Reporting Initiative (GRI) Guidelines, the first and most widely adopted global standards for sustainability reporting (102-54). Alfa's sustainability report contents are also aligned with the 10 UN Global Compact principles on Human Rights, Anti-Corruption, Labor and Environment.

Alfa's report also integrates and maps to the 17 Sustainable Development Goals (SDGs) and their intricate indicators and benchmarks, which form the essence of the UN 2030 agenda for Sustainable Development.

The information made available through this report is intended to cover the timeframe ranging from January 1st 2016 till 31st December 2017. (102-50)

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ABOUT ALFA: OUR IDENTITY

## ABOUT ALFA: OUR IDENTITY

#### **CEO MESSAGE**



I am pleased to announce the publication of our 2016-2017 biannual Sustainability Report. We are very proud to say that we have moved from a traditional mobile network operator to a digital service provider and to, lately, what we personally label as an HP or Happiness Provider, which is a combination of the human side of telco and digital innovation at its best.

Over the years, we have reinforced our efforts to align our strategy and operations with the 10 principles of UN Global Compact focusing on: Human Rights, Labor, Environment and Anti-Corruption. Today, we have gone a step further by also mapping our progress in relation to the 17 Sustainable Development Goals (SDGs) and their intricate indicators and benchmarks. At Alfa, we are striving every day to translate our efforts on the sustainability front into real onground initiatives to create value for our stakeholders, our employees, our business partners and the surrounding community. Given the major challenges we are facing in the world, where organizations are working hard to foster and propel all kinds of innovations, we understand the importance of agility as a main catalyst in our operations and we try to embrace the latest technologies to serve our clients, community and employees. We are leading in technology innovation where the number of our data subscribers is growing rapidly, thus challenging traditional silos and embracing the permeable borders of interconnectivity. We are very proud of the fact that for the last six quarters, we have been scoring very positively in terms of internet rankings throughout especially on 4G.

As per OpenSignal's report, we have moved in 2018 from the fifth position in the region to the second position in the last two quarters. At the global level, we are proud to have ranked as 29 out of 124 countries with a throughput of around 37 Mbps. This shows that the efforts deployed in the past couple of years and the investments we have been making in terms of introducing state-of-the art technologies such as 4G and LTE Advanced are paying off by improving Lebanon's rankings and our customers' experience and positively contributing to making people happier on a daily basis.

When we started this journey in 2014, Alfa was one of the first organizations in Lebanon to take part in the UN 2030 Agenda. Today, we serve as pioneers and national champions for SDG 9: Industry, Innovation and Infrastructure. We have taken several measurements to ensure that our quality service goes hand in hand with a strengthened sense of social commitment and corporate responsibility to reduce inequalities, bolster national economic growth and protect our planet. Our initiatives in Alfa 4-life have addressed children with communication needs and "People with Iron Will", Women Empowerment, Road Safety, and the Environment among others.

I am immensely proud of the strides we are making and the way we are harnessing the power of our global scale to drive meaningful change across countries and continents and to be the chosen Lebanese digital service provider par excellence. We are expanding our network by almost 50% by adding additional 500 sites to the network, which will enable us to cover 100% of the Lebanese territory and population. Our stores are customer and user friendly, particularly targeting the youth to enjoy a unique experience of end-to-end interactions and services. Our goal is to empower our community through our sustainability initiatives while ensuring fast secure and reliable connectivity. As we have finalized the deployment of our 4G LTE-A network, moving forward, we are preparing the infrastructure to launch the first few 5G sites in Lebanon.

It is with great pleasure that I introduce the second edition of Alfa's sustainability report for the year 2016-2017, showcasing the progress made in relation to our five sustainability pillars which map to the three bottom lines of people, planet and profits, to which we have added important components relating to employee nurturing and good governance. We are also committed to share all the information with our various stakeholders using multiple channels of communication.

I grasp the opportunity to express my deepest gratitude to the Alfa family whose endless and devoted efforts have made this progress and this report possible. Our Alfa team remains at your disposal and welcomes comments and feedback from our different stakeholders at any point in time (102-14).

#### **Marwan Hayek**



## ABOUT ALFA: OUR IDENTITY

#### **ABOUT ALFA**

MIC 1 S.A.L, -brand name- Alfa (102-1) is a mobile network operator that provides mobile lines and related services in Lebanon. (102-2) The headquarters are located in Parallel towers, Dekwaneh, Lebanon (102-3).

Orascom Telecom Media and Technology (OTMT) manages Alfa since 2009. It is the first Lebanese mobile network owned by the republic of Lebanon. Alfa only operates in Lebanon, (102-4) capitalizing on the vast know-how and international expertise of OTMT in order to deliver quality and professional solutions for the mobile sector in Lebanon. Alfa currently serves close to 2 million subscribers and its state of the art network covers 99% of Lebanon (102-6).

MIC1 S.A.L (Alfa) is a Joint Stock Company with the legal registration number R.C. 72514 Baabda; (102-5) serving the Lebanese market with a 48% market share. Alfa customers include individuals, business sector, governmental entities, military institutions, media bodies, as well as inbound roamers holding non-local GSM lines and using the Alfa network.

On October 25, 2011, Alfa became the first mobile operator to launch 3G+ mobile broadband services in Lebanon. In another major technological achievement, the company was the first to commercially launch 4G-LTE services in the country on May 15,

2013; and the first 4G+ live sites in Lebanon in Q3 2015 and Q2 2016. Alfa also launched in 2018, in collaboration with Ericsson, the first integrated 5G live experience in Lebanon with live demos highlighting Virtual Reality and the huge 5G speeds.

Alfa is reporting on sustainability on a bi-annual basis (102-50). The previous report "connect4life Alfa Sustainable report 2014-2015" (102-51) can be found online on the Alfa website.

#### **MOTIVE**

In the domain of sustainability, Alfa's motive is fueled by a strong sense of belonging. As proud citizens of our community, we provide competitive telecommunications services, while maintaining the highest quality of service and upholding our sustainability commitments.

#### **VISION**

Our main aspiration is to engage and lead change within the telecommunications industry by making use of advanced technologies and adaptable mobile solutions for the Lebanese market. Alfa is creating an innovative model for social responsibility and fostering the engagement of our stakeholders through an agile and innovative value creation system.



#### **BELIEFS**

Our success is based on several components mainly:

#### The Potential of our People

By nurturing our talented teams and developing knowledge and skills, we enable our people to always thrive and pave the way for sustainable growth.

We strive to build a sustainable business model by investing in our talents and engaging our stakeholders; this enables us to continuously pioneer responsible operations and initiatives, which enable our society and the environment to benefit from our actions.

#### **The Power of Agility**

We create competitive advantage and strategic differentiation, by constantly enhancing our business processes, talent management, and technologies. We also aim to deliver outstanding customer experience by striving for excellence and anticipating our customers' needs, thus turning them into brand ambassadors.

#### The Power of our Customers

We believe in delivering an Outstanding Customer Experience by striving for Excellence and anticipating our customers' needs, thus, turning them into our Brand Ambassadors.

#### The Power of Sustainability

We believe in building a Sustainable Business Model by investing our talents and engaging our stakeholders for the benefit of our Society, our People and our Environment through pioneering Responsible operations and initiatives.

#### **COMMITMENTS**

We are committed to:

#### The Wellbeing of our People:

By improving their lives, creating opportunities, and building their capacities in a fair and nurturing environment.

## Being a Socially Responsible Corporate Citizen:

By contributing to the community in which we live and grow in, and by achieving and maintaining the highest standards of ethical conduct and integrity.

#### **Acting with agility**

By reinforcing our ability to adapt to complex client requirements, while keeping abreast of changes in the market and the business environment, and by embracing the latest technologies in terms of energy savings and operational efficiency towards renewable energy sourcing. We strive to provide innovative services to our clients by maximizing satisfaction through continuous improvement of our quality management system.

#### **Customer Centricity:**

We are committed to provide state-of-the-art and innovative services to our clients by maximizing satisfaction through continuous improvement of our quality management system.

#### **ASPIRATIONS**

We are the caretakers of our people. We are leading corporate citizens and take proactive action to create positive changes in people's lives.

We strive to maintain our leading position by aligning our sustainable engagements with our business strategy and creating shared value in the process.

We lead change by conceiving and enacting innovative business opportunities, as well as modeling emerging trends for the interest of our community, resulting in optimal business performance characterized by service excellence flavored by a strong sense of community giving and enhancement.

Finally, we provide an exceptional customer experience, by placing our customers at the center of our business and strategy, and delivering greater value towards long-term customer satisfaction and loyalty.

## **SERVICES (102-7)**



Prepaid/Postpaid **Lines and Bundles** 



**Mobile Handsets** and Routers



Voice SMS & **Data Roaming** for Postpaid and Prepaid



**Mobile Internet** and Broadband Over 3G+ and 4G+ **Networks** 



**Machine to Machine Services** 



**Bundles Offers and Promotions** 



Alfa Media SMS Service



**BAYTI a Fixed** Wireless landline **Corporate Offers** 



**VAS Services** 



**Alfa Business: Private Network** for Business



**Entertainment** Services





## OUR SUSTAINABILITY ROADMAP TOWARDS 2030 AGENDA

#### **SUSTAINABILITY ROADMAP**



We announce our pledge to further support sustainability and the 17 Sustainable Development Goals (SDGs) by 2030. Alfa is fully committed to the UN 2030 agenda and the 17 SDGs, and has been playing an instrumental role through its involvement in Global Compact Network Lebanon (GCNL) for the past years, and also through the championing role of the CEO Marwan Hayek for SDG 9 relating to Industry, Innovation and Infrastructure. This progress on the SDGs in general, and on SDG 9 in specific, is showcased in our report and integrated at the core of our business. The SDGs form an important part of our strategy and throughout our programs, our people and our processes.

We hope to continue further pushing the envelope in the domain of sustainability serving as a role model in this industry not only within the Lebanese society but also globally. Our Chairman and CEO Mr. Marwan Hayek was one of the first Goal leaders to join the newly established SDG council in 2016 in Lebanon.

The GCNL SDG Council includes CEO level change leaders, who are strongly rooted in Lebanese society, and who serve as ambassadors, voices and role models for specific SDGs in Lebanon helping catalyze important progress and pushing us closer to the 2030 agenda.

Mr. Marwan Hayek has been championing SDG 9 on Industry, Innovation and Infrastructure, and serving as a key change maker in leading a telecom company that not only delivers quality and professional solutions to Lebanon's mobile sector but also balances and reconciles this with full commitment to the social good in Lebanon. Alfa has also been trying to leverage the latest innovations to best serve society.

By being a member of the SDG Council, Mr. Hayek has the advantage to provide strategic direction to GCNL in relation to making progress towards the SDGs, capitalizing on private sector leadership, engagement and involvement. He also helps forge the necessary national and international partnerships and stewardship to keep all progress and activities on track in relation to this particular SDG. In 2017, Alfa continued its journey toward becoming a Digital Service provider to better serve its customers and streamline its operations.

Moreover, Alfa continued having a positive spillovers in its community and changing destinies through its Alfa 4-Life CSR program, partnering with leading NGOs and empowering the most vulnerable segments in our society, reflecting its commitment to the 2030 Agenda for Sustainable Development.



#### **ESSENCE OF OUR CORPORATE SUSTAINABILITY STRATEGY (CSS)**



The 5 pillars illustrated in the figure below are the core elements of Alfa's Corporate Sustainability Strategy (CSS). These 5 pillars were defined based on the mapping of our stakeholders and their needs, coupled with an assessment of the needs of our community and are closely aligned with our core values. These 5 pillars include: Customer Centricity and Experience, Employee Nurturing, Economic Spillover, Good Governance and Community Investment. These 5 pillars form the core of our Corporate Sustainability Strategy (CSS) which

defines our identity in a unique way as both an organization and what we aim to be known for in our community and in the eyes of our stakeholders.

By reinforcing its status as the 1st responsible mobile operator in Lebanon, Alfa is solidifying its position every day on the business side and on the sustainability side, thus nicely illustrating and putting the notion of shared value creation in action.





ENTRICITY & EXPERIENCE

SDG 9



3 ECONOMIC SPILLOVER

SDG 4 SDG 8 SDG 10

## **AGILITY INNOVATION**





**SDG 15** 







## OUR 2016-2017 COMMITMENT TO THE GLOBAL GOALS

#### **HIGHLIGHTS OF 2016-2017**



Being a leader of change in the Lebanese society, Alfa is constantly investing in the domain of sustainability. Achieving our business objectives is the most important priority for us, given that the communications platform and sophisticated telecom solutions are at the core of people's lives. Yet, we take pride in the fact that Alfa's business focus has been invariably counterbalanced by a strong sense of social commitment and centered around creating positive social value at the level of the community and its people, rather than guided by a pure profit maximization framework.

2014, Alfa joined the UN Global Compact Network platform, the world's largest sustainability initiative on the planet and has been since March 2014 a founding member of the Global Compact Network Lebanon (GCNL) and a key member of its Board of Directors. Alfa renews yearly its commitment to the principles of social responsibility, green stewardship and good corporate governance. (102-13).

Alfa's initiatives are based on a corporate sustainability vision, a well-integrated CSR strategy, ensuring its commitment to meet

all its stakeholder needs, customer needs, and of course, all of our Alfa family needs.

Since 2016, Alfa is gradually working on realigning its sustainability projects with the SDGs, by mapping and tracking all projects around core SDGs and SDG indicators and benchmarks, which form the essence of the UN 2030 agenda for Sustainable Development. We are committed to making progress on the SDGs, and we have committed to a number of core SDGs as showcased in this report (SDG 3, 4, 5, 8, 10, 11, 13, 17) where we have made significant strides and progress. We believe the efforts of the private sector in this regard are a good complement to the efforts of the public sector, the Council of Ministers and UNDP in advancing the SDG agenda in Lebanon

The below summarizes some of the key main milestones in relation to the SDGs for the period 2016-2017:

FIGURE 3

**HIGHLIGHTS OF 2016-2017** 

#### **HIGHLIGHT SDG 9**

- Alfa provides the fastest internet innovations in the world to the Lebanese market
- In 2017, Alfa completed its nationwide 4G+ rollout, covering 100% of its subscribers with LTE Advanced sites
- Alfa launched customized products for youth students as well as initiatives and programs fostering innovation: Alfa A+, Alfa & Erricsson IoT Award for engineering university students, Girls in ICT day and supported Lebanese talents
- Alfa opened a new State-of-the Art Alfa flagship store, the first of its kind in Lebanon and is planning to open 20 other similar stores soon across Lebanon
- Alfa launched more than 13 new products and services

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE





## OUR 2016-2017 COMMITMENT TO THE GLOBAL GOALS



#### HIGHLIGHTS OF PROGRESS TOWARDS SDG3

- Alfa encouraged local sports and shed light on local talent by being the main sponsor of many marathons, tournaments, national sports teams and leagues as well as Alfa team members including those with "Iron Will"
- Alfa launched "Let's bring their Sight Back this Season" initiative as part of "Alfa 4-Life"
- Alfa launched an awareness initiative on mental illnesses and ways of prevention and treatment through movies and refurbished the psychiatric ward of Hotel Dieu de France in partnership with AFMM
- As part of its role as a responsible corporate citizen, Alfa launched the "No network underground" Road Safety campaign with Kunhadi and other Road Safety Campaigns with the ISF, LIRSA and the National Road Safety Council
- In 2017, due to its commitment to Road Safety, Alfa was awarded the ISO 39001: 2012 for Road Traffic Safety Management as the 1st Telecom Operator in the MENA
- Alfa continuously supports the well-being of people with "Iron Will" through Art and Sports therapy as part of Alfa 4-Life CSR initiatives



#### HIGHLIGHTS OF PROGRESS TOWARDS SDG4

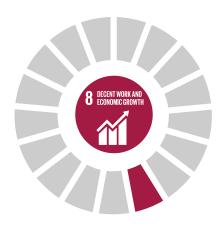
- Alfa launched the "Alfa and Ericsson" IoT Award Competition for university engineering students to encourage entrepreneurship and innovation (SDG9)
- Alfa launched the A+ University Offer which is tailor-made to target university students exclusively
- Alfa provides a benefit supportive plan to its employees who are seeking university studies



## HIGHLIGHTS OF PROGRESS TOWARDS SDG5

- Alfa was the first Lebanese company to organize "Girls in ICT" event every year since 2013 as per ITU directive to teach young ladies about the telecom sector and the opportunities available to them and encourage them to pursue careers in the field
- In 2017 our total number increased to reach 1033, comprising of 39%women and 61% men







#### HIGHLIGHTS OF PROGRESS TOWARDS SDG8

- With a stronger need for an agile and innovative telecom sector in the country, Alfa is continuously creating opportunities for decent employment in the company and through the ecosystem while introducing new technologies
- Alfa fosters a synergistic work environment that values every employee, promotes respect and teamwork and strengthens its position as a Model Employer

#### HIGHLIGHTS OF PROGRESS TOWARDS SDG10

- Alfa champions the cause of people with "Iron Will" by partnering with NGOs to support their inclusion and improve their productivity and financial independence
- Youth Diversity is also important and 40.58% of Alfa employees are below the age of 30 years
- Employees with "Iron Will" constitute more than 3% of Alfa's Total Employee Population exceeding the 3% quota stipulated by the Law 220/2000 and ratified by Parliament in December 1999 to promote the rights of the disabled

## OUR 2016-2017 COMMITMENT TO THE GLOBAL GOALS



#### HIGHLIGHTS OF PROGRESS TOWARDS SDG11

- As part of its role as a responsible corporate citizen, Alfa launched the "there is no connection underground" road safety campaign throughout the UN Decade of Action for Road Safety (2011-2020) as well as several awareness campaigns on road safety with Kunhadi, the ISF and the National Road Safety Council
- Alfa family was trained on sound driving rules and was awarded the Road Traffic Safety management certification ISO 39001:2012 after the successful audit completion of Road Safety Policy for all its employees and Car fleet
- Alfa sponsored many local festivals to encourage Art and Culture and support local communities



#### HIGHLIGHTS OF PROGRESS TOWARDS SDG13

- Alfa has a well-established Waste Recycling program in all Alfa premises (papers, cardboard, plastic and metal)
- Alfa celebrates Earth Hour on a yearly basis
- Alfa provides Green Tips to colleagues on a monthly basis
- Alfa's Green Bill initiative encourages customers to resort to e-bill instead of paper

#### **HIGHLIGHTS OF PROGRESS TOWARDS SDG17**



- Alfa supported many local NGOs through its Alfa 4-Life program
- Alfa is a member of the UNGC and the GCNL Board of Directors which is continuously seeking to develop partnerships that create impact in the community
- As part of its Alfa 4-LifeCSR program, Alfa organized a Chain of Love panel, which brought together Alfa CEO and Chairman Marwan Hayek and representatives of the seven associations supported by Alfa to celebrate 11 years of cooperation, friendship and success stories. The dialogue also addressed the challenges faced by these associations and the means to strengthen cooperation with Alfa in order to support. The dialogue also addressed the challenges faced by these associations and the means to strengthen cooperation with Alfa in order to support integration and achieve equality



#### **AWARDS**

2016 • Best Corporate Social Responsibility Initiative – Telecom Review Summit

This award was granted to Alfa as a token of recognition of its work in promoting sustainability practices and in leading the way through initiatives toward the Lebanese community namely through "Alfa 4-Life" program in support of children with "Iron Will".

2016 • Operator Telecom Leader of the Year – Telecom Review Summit

Alfa's Chairman and CEO Marwan Hayek, was recognized as "Telecom Leader of the Year-Operator" in 2016 in recognition of his leadership and contributions to the telecom sector's advancement development in Lebanon and the MENA region.



Citizen Billposter Award

During the Pikasso D'or awards, Alfa's road safety campaign with Kunhadi won the Citizen Billposter award on February 16, 2017.







ISO 39001:2012 specifies requirements for a road traffic safety (RTS) management system to enable an organization that interacts with the road traffic system to reduce death and serious injuries related to road traffic crashes which it can influence. The requirements in ISO 39001:2012 include development and implementation of an appropriate RTS policy, development of RTS objectives and action plans, which take into account legal and other requirements to which the organization subscribes, and information about elements and criteria related to RTS that the organization identifies as those which it can control and those which it can influence.

This certification comes to cement our longstanding efforts on raising awareness on best traffic safety practices and shedding light on the hazardous impacts of using mobile phone while driving. We are happy to be playing a key role in reducing death and serious injuries related to road traffic crashes as a responsible corporation which acts in line with its vision.



"In line with our sustainability journey, one of the major milestones in 2017 was the ISO 39001:2012 in Road Safety Traffic Management which we are the first operator from Lebanon and Mena to acquire as part of our commitment to the 2030 UN Agenda for Sustainable Development and SDG #3: Good Health and Well Being".

Marwan Hayek



# ZOOMING ON MATERIALITY: WHAT MATTERS MOST

#### STAKEHOLDER ENGAGEMENT

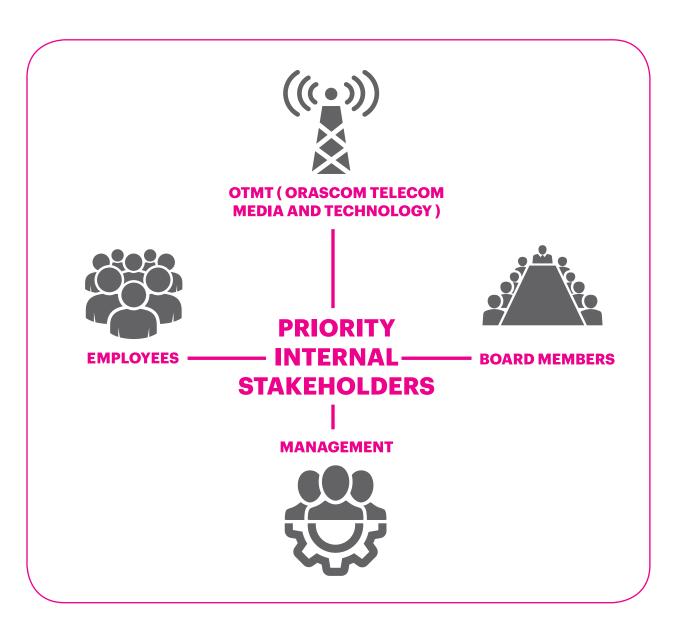
Stakeholder engagement is a key part in Alfa's business operations. By reaching out to the right stakeholders, we build a rich environment, fruitful collaborations and trust among our partners. (102-43)Our stakeholders are defined as persons, groups or organizations who firmly believe in our objective, operation and policies. This year and based on the previous report, Alfa updated its stakeholder assessment process to identify the main stakeholders based on their economic, social and environmental impact from a scale of 1-5. (102-42) We engage our stakeholders in dialogue to reach a high level of transparency, partnership and effective communication enabling us to reach common grounds in relation to the social, economic and environmental issues (102-21). This way Alfa is able to proactively follow its sustainability agenda and ensure its responsiveness to the needs of each stakeholder. (102-9) For both years 2016-2017, there was no significant change in the supply chain nor in the organizational structure, size or ownership. (102-10)

#### **DEFINING OUR STAKEHOLDERS**

# IDENTIFY INVOLVE ENGAGE

#### **ALFA'S PRIORITY STAKEHOLDER (102-40)**

- 1 Ministry of Telecom
  - 2 Customers
- 3 Telecom Regulatory Authority
  - 4 Competitors
  - 5 Council of Ministers
    - 6 Suppliers
- 7 Electrical Power Providers (EDL)
  - 8 Unions
- 9 Banks
- 10 Internet Service Providers (ISPs)
- 11 Municipalities
- 12 NGOs
  - Sports Community
- 14 Arts & Cultures
- 15 Start Ups



# ZOOMING ON MATERIALITY: WHAT MATTERS MOST

#### **OUR STAKEHOLDERS (102-42)**

TABLE 1

#### **ALFA STAKEHOLDERS**

		Economic Influence (Scale 1-5)			Social Influence (Scale 1-5)			Environmental Influence (Scale 1-5)			
Priority Stakeholders	Relationship to ALFA	Future Interest IN ALFA	Influence Of ALFA	Influence On ALFA	Future Interest IN ALFA		Influence On ALFA	Future Interest IN ALFA	Influence Of ALFA	Influence On ALFA	Total Score
Ministry of Telecom (MOT)	Investor- GVT/Regulators	5	4	5	5	5	5	5	5	5	44
Orascom Telecom Media & Technology (OTMT)	Investor	4	4	5	3	2	4	3	2	4	31
Board Members	Internal	5	5	5	4	4	5	4	4	5	41
Management	Internal	5	5	4	4	4	4	4	4	3	37
Employees	Internal	5	5	3	4	5	3	2	4	2	34
Customers(Business, Postpaid and Prepaid Private)	Users	5	4	4	4	4	4	4	5	4	37
Competiter	Competitors	5	5	5	3	4	4	3	4	4	36
Union	Pressure Group	4	4	4	4	2	5	2	2	2	30
Municipalities	Society	5	2	3	3	2	4	4	3	4	28
<b>Local communities</b>	Society	3	2	1	4	4	2	4	4	2	25
Major Suppliers	Commercial Partners	5	5	5	1	1	3	1	2	3	26
Collection Companies	Commercial Partner	5	5	3	1	3	2	2	2	2	25

#### **STAKEHOLDER ENGAGEMENT (102-43-44)**

#### TABLE 2

#### STAKEHOLDER ENGAGEMENT

Stakeholders	Frequency of Engagement	Nature Engagement	Stakeholder Priority	How we respond
Society Future Generations Local communities Municipalities Schools Universities NGOs and Social Activists Sports Community Arts & Cultures Startups	Daily	One 2 One Meetings Surveys/Questionnaire Conference Seminars Sponsorships Social Media Channels Letters/Faxes/Memos Focus Groups Mobile App	Customer Experience Privacy & Data protection Digital Acess & inclusion Commitment to Energy Efficiency & Reducing Waste & Emissions Health & Safety Standards	Business & Employment opportunities Respect for enviroment Community Involvement Tailored Services Special Promotion and reductions
Collaborators Auditors Lawyers	Daily	One 2 One Meetings		Long-term business relationship Add a credential to portfolio
Commercial Partners  Banks Collections Companies Insurers Distrubtions/Point of sale Major Suppliers Other Suppliers (not major) Landlords Roaming Partners Electrical Power Providers	Depending on needs	One 2 One Meetings Contracts Online Training Site Visits	Ethics, Values & Governance Sustainable procurement Digital Acess & Inclusion Energy Efficiency & Carbon Emissions Culture & Engagement	Financial Value Long-term business relationship Continuous developement & training

## ZOOMING ON MATERIALITY: WHAT MATTERS MOST

#### **MEANS OF ENGAGEMENT**

Our stakeholder engagement includes regular and ongoing commitment in several areas such as employee engagement activities, joint projects & initiatives, customer meetings, investor meetings, surveys, social media

channels, conferences, newsletters, sports & competitions, invitation to cultural events, performance appraisal, industry peers and others (102-43).

#### FIGURE 5

#### **INTERNAL AND EXTERNAL STAKEHOLDERS**

External stakeholders	Internal Stakeholders		
One-on-one meetings Surveys Conferences Seminars Social media channels Letters Faxes Memos Mobile applications	One-on-one meetings Surveys Gatherings Newsletters Annual celebrations Games Sports Competitions Contests Entertaining activities Invitation to cultural events		
Memos	Entertaining activities		

FIGURE 15

Our social media channels is an asset to our organization because it allows us to extend the conversation and grow our engagement with our people through the following channels: Facebook, Twitter, Instagram, LinkedIn, YouTube and snapchat. At Alfa, we adapted the means of communication to the needs of our 2 million subscribers, allowing them to communicate with company representatives 24/24 through instant chat service via the Alfa website and application, in addition to the 111 Services center.

Alfa also engages with several stakeholders, such as NGOs in roundtable discussions to better address the humanitarian needs and work on more targeted joint ventures.

"Our work in the field of technology is emotionless because we deal with inanimate objects. However, our work with NGOs is a source of warmth, inner peace, and a permanent source of joy thanks to its great impact on people with special needs, or as we decided to call them people with "Iron Will" as it gives them hope for a brighter future"

Marwan Hayek

#### **PURPOSE OF ENGAGEMENT**

The reason we engage our stakeholders is to recognize and process the main components that will lead to the success of our business, and also to identify the main topics needed to ensure the development of our sustainability strategy.

Following the monitoring and evaluation of the feedback received from our various stakeholders, Alfa identifies the sections of sustainability that need to be tackled more in order to improve our responsible engagement and sustain our title of trustworthy operator.

Transparency, accountability and communications are the main values to build a strong and continuous relationship

with our main stakeholders. Thus, we promise to keep studying, assessing and adjusting both our performances and our strategy in order to comply with our evolution.

By conducting a periodic study of our stakeholder engagement we were able to diagnose and broaden our scope in terms of solving issues, concerns, expectations and results. We thus forge our stakeholder engagement with the principle of inclusiveness. Our report is thus infused with values such as relevance, accuracy, timeliness, comparability, reliability, clarity and completeness. (102-46)

#### STAKEHOLDER INTEREST

#### **External stakeholders:**

Respect of the environment Involvement of the community

Business and employment opportunities

Staying in line with technology

Protection of data

Customization of the offers

Innovation and quality products

Quality of the network

Satisfaction of customers

Creation of long-term partnerships with contractors, suppliers and distributors

#### Internal stakeholders:

Ethics and behavior

Respect of international norms

Fair operating practices

Non-discrimination

Training and development opportunities

Career development

Work-life balance

Fostering a learning environment

Creation of a recognition and retention program

Benefits and compensation

Satisfaction of employees

Environmental protection and waste disposal

Increased market share



# ZOOMING ON MATERIALITY: WHAT MATTERS MOST

#### **COLLECTIVE BARGAINING AGREEMENT**

Our collective bargaining agreement expired in December 2017. (102-41) Yet at Alfa, we still abide by its clauses; we conduct our operations and business relationships in line with the applicable laws and regulations in Lebanon and our internal code of conduct and endorse the Universal Declaration of Human Rights.

#### MATERIALITY ASSESSMENT

Our materiality assessment is based on 4 steps:

Identification Prioritization Validation Review

## MATERIALITY ASPECTS PER PILLAR

Good governance is at the center of our 5 pillars including Good Governance, Employee Nurturing, Economic Spillover, Community investment and Customer, Centricity and Experience.

At Alfa, our materiality process assesses, identifies, prioritizes and validates the sustainability issues and concerns raised by our stakeholders to come up with practical solutions. The list summarizing the material issues defined by our stakeholders was validated by Alfa's sustainability committee (102-47). The committee focused its study on the topics noted with medium and high importance. The Material aspect per pillar is shown in the figure below. The results were extracted from the materiality assessment done to define the content of our report and our CSR strategy.

**ALFA'S MATERIAL ASPECT PER PILLAR** 

#### Employee Nurturing: -Employee practices Diversity and equal opportunities cupationnal health and safety -Equal remuneration uman rights assessment -Non discrimination **Commumity investment:** Good governance: Economic spillover: Local community development -Health -Anti-Corruption nomic performance Market presence Supplier assessment on impact -Risk management -Procurement Practices Supplier Assessment for on society -Philanthropy Environmental responsibility -Indirect Customer Centricity and Experience -Technological innovation Customer satisfaction -Customer privacy

FIGURE 6

#### **SUSTAINABILITY TOPICS (103-3)**

The topics raised by our internal and external stakeholders include the below:

Ethics and compliance	Anti-corruption & risk management policies and procedures	Good procurement practices and supplier assessment for labor practices
Human rights and non-discrimination	Occupational health and safety	Progressive employment practices pertaining to diversity and equal opportunities
Training and education	Occupational health and safety	Equal remunerations

#### **EXTERNAL PRIORITY MATERIAL**

Continued technological innovation

Positive economic performance and increased indirect economic impacts and spillovers

Supplier assessment on impact on society

Increased market presence

Customer satisfaction and customer privacy

Mobilizing great efforts at local community development

Continued efforts in supporting NGOs and increased environmental proactivity and responsibility

Increasing community health

The issues noted above, are the main material components that were included in our CSS. These components are related to our 5 pillars: Good Governance, Employee Nurturing, Customer-Centricity, positive Economic Spillovers and Community Investment.

#### **ALFA'S MATERIALITY MATRIX**

Following our engagement with various stakeholders, the matrix below was developed to showcase the areas of interest of Alfa as well as the boundaries under each pillar. The aim of our materiality is to consolidate the most important material issues tackled by our organization and stakeholders. These material issues, are combined under our 5 pillars and help in turn identify the core and boundaries of our sustainablility strategy for 2016-2017 (103-1).

# ZOOMING ON MATERIALITY: WHAT MATTERS MOST

#### FIGURE 7

#### **ALFA MATERIALITY MATRIX**



# Matrix

- 1 Economic Spillover
- 1.1 Anti Competitive Behavior
- 1.2 Indirect economic impacts
  - 1.3 Economic Performance
- 1.4 Market Presence 1.5 Start ups
- 2 Customer Centricity and experience
- 2.1 Customer Satisfaction
- 2.2 Supplier Assessment Labor practices
- 2.3 Customer Privacy
- 2.4 Technological Innovation

- 3 Employee Nurturing
- 3.1 Equal remuneration
  - 3.2 Health
  - 3.3 Trainings and education
- 3.4 Non-discrimination
  - 3.5 Child-Labor
- 3.6 Labor management relations
- 3.7 Employee practices
- 3.8 Diversity and equal Opportunities
  - 3.9 OHers

- 4 Community Investment
  - 4.1 Philanthropy
- 4.2 Supplier Assessment on Social Impacts
  - 4.3 Environmental responsibility
  - 4.4 Human Rights Assessment
- 4.5 Local community developement
- 4.6 Impact Investmen
- 4.7 Public poli

- 5 Good Governance
  - 5.1 Anti-Corruption
  - 5.2 Ethical and compliance
  - 5.3 Procurement Practices
- 5.4 Risk Management

At Alfa, we integrate modernized digital services, along with strategic organization and efficiency to satisfy our customers with an exceptional commitment to ensure reliable, fast, and safe connectivity.

In today's technologically challenging and competitive setting, companies are breaking mundaneness to provide unique and innovative products. Our team's ability to constantly research and work on ways to efficiently connect communities using advanced and strategic logistics and regulations. Maintaining the quality of our continuous achievements and resourceful mission, depends on the coherence of our business procedures, such as providing a challenging and nurturing environment, and enhancing our networks and our contemporary services. We are constantly upgrading our networks and are aware of the advancements that can further our organization and pave the way for a more robust mindset, ecosystem and market. The culture at Alfa strives on teamwork and equitable management, where we value our employees and provide them with the necessary tools to challenge their safe zones and constantly seek developments. This report showcases our ability to

combine the necessities to build our organization that is focused on an engaged and motivated team that is aimed at providing services and products that meet our customers' expectations.

Over the past few years, we have shown progress regarding technology and creativity. In 2011, we introduced the country to 3G, and 3G+, 4G, in 2013, and finally 4G+ in 2016. We have the speediest 4G connections in the region and internationally. We completed the implementation of our 4G LT-A network, which covers 100 percent of our subscribers with more than 1250 LTE-A connected sites, allowing speeds of 250 Mbps in parallel with 21.2 Mbps we are attaining on 3G+. We nationally publicize the presentation of new technology for everyone's advantage, particularly the 4G+ where people residing in Akkar, Bekaa, or the South are receiving the same levels of service as people who are residing in Beirut

"We have moved Lebanon from a very low ranking in terms of speed and connectivity in terms of internet, to an advanced place, which is 29th ranking today worldwide out of 124 countries, and with an average speed of 37 megabytes/sec."

Marwan Hayek



# ZOOMING ON MATERIALITY: WHAT MATTERS MOST

In this report, we show the incorporation of Agility at the heart of our company, helping nourish and activate all the values that lead to organizational success, and serving as a driver in relation to the five main pillars: Good Governance, Customer Centricity, Employee Nurturing, Economic

Spillover and Community Investment. Thus, all projects done under these five pillars are centralized around what our organization is built on, the 10 Principles of the UN Global Compact and the 17 SDGs.

#### Featured Story:

### Launching of 4G+

Whilst always remaining the pioneering telecom operator that introduces the latest technologies and trends to the Lebanese community, we, at Alfa, commit to spread happiness amongst the Lebanese citizens by offering them high internet speed and high quality voice call.

Our milestones in 2016, in relation to our network optimization and expansion, marked the history of the Mobile Network in our country. We are proud that Alfa was the first operator in signing out the contracts with our partners, deploying and offering the 4.5G LTE Network to our subscribers.

This achievement is the fruition of the hard work that was done with the Ministry of Telecom and Alfa longtime partners, Ericsson and Nokia.

By end of 2016, we placed 263 sites 4G+ sites, covering 46.5% of the Lebanese territory. The internet speed on 4G+ reached superior results, whereas the download speed reached 262 Mbps and the upload speed reached 50 Mbps.



# EMBRACING GOOD GOVERNANCE

### **PILLAR ONE: GOOD GOVERNANCE**

Alfa's main commitment is to operate in accordance with the best interest of its main stakeholders. At Alfa, we believe in the implementation of transparent and ethical policies that maximize optimal shared value for our various stakeholders. Our structures, policies and controls are intended to provide an accountable and ethical foundation to our business.

The framework adopted in the context of our state of the art corporate governance system led us to develop a new culture promoting at its heart our commitments based on integrity, transparency and ethics of conduct. (102-17)

# The Good Governance pillar includes the following sections:

- 1- Corporate Identity
- 2- Commitments
- 3-Board of Directors
- 4- Organizational Structure
- 5- Alfa's Policies, Codes and Guidelines
- 6- Enterprise Risk Management
- 7- Anti-Corruption
- 8- Supplier Assessment on Environmental, Social and Governance Issues

#### 1. CORPORATE IDENTITY

Our values mission and vision lie at the core of our corporate identity and showcase our commitment to offer an added value to our stakeholders, community and environment. This commitment is based on our CSS and our core values including Customer Centricity and Experience, Employees Nurturing, Economic Spillover and Social Responsibility. These values are now part of our DNA, and are integrated at the heart of our Sustainability Strategy and form an important part of our identity, translating in turn into added value in the eyes of our internal and external stakeholders.

#### **2. COMMITMENTS (102-16)**

Our commitments define Alfa and what we stand for, our code of conduct and our policies are always updated and adapted to ongoing situations. Our organizational commitments are summarized as follows:

#### People:

We believe our people are at the essence of our organization and we are committed to provide and create opportunities and new capacities.

#### Socially Responsible Corporate Citizen

We contribute to our community by including in our day to day work the highest standards of ethical conduct and integrity.

#### **Agility**

We use our agility to adapt to our customers' needs and requirements while keeping track of the changes occurring in the markets.

#### Consumers

We ensure maximizing the satisfaction of our clients by improving the quality of our management systems.



#### 3. BOARD OF DIRECTORS

Alfa's board of director's role includes supervising and monitoring the Company, by offering strategic direction and sound governance. The election of the board members is handled by the general assembly. The board is elected for the term of the management agreement extension. The board meets yearly as a General Assembly and can meet up to 4 times in case of pressing issues and topics. (102-28, 31) The main responsibility includes electing the Chairman and exercising the responsibilities defined by the commercial law. In some cases responsibilities can be transferred from BOD to the Executive Committee. The Board of Directors sets Alfa's strategic approach and procedures across all organizational aspects including sustainability, economic, social and environmental issues (102-26,27) (102-24).

It also seeks the assistance of private consultants to ensure optimal decision-making and framework design. Moreover, the board is in charge of reviewing all the sustainability reports produced by Alfa before their publication. (102-32)

#### 4. ORGANIZATIONAL STRUCTURE

In order to facilitate our communication and ensure optimal operations, Alfa has also developed a sound organizational structure. The Organizational structure aims at ensuring clarity, transparency and accountability and to reporting responsibly. (102-18).

The CEO of Alfa Mr. Marwan Hayek chairs this structure with the help of all the chiefs of various key sectors. (102-19)

#### MIC1 Board of Directors (102-18)

- 1- Mr. Marwan Hayek Chairman and CEO
- 2- Mr. Oussama Nassif
- 3- Mr. Hatim El Gammal
- 4- Mr. Maan El Amine
- 5- Mr. Philip Tohme

The main duties of the BOD are supported by the following committee and can be found below (102-22, 23, 24)

- 1. Executive Committee: Responsible for leadership of the company, the setting of the strategy, achieving the results and reporting to stakeholders
- 2. Risk Management Committee: In charge of monitoring and detecting security risks and implementing risk mitigation and prevention measures
- 3. ERP Committee: Responsible for managing the Enterprise Resource Planning System



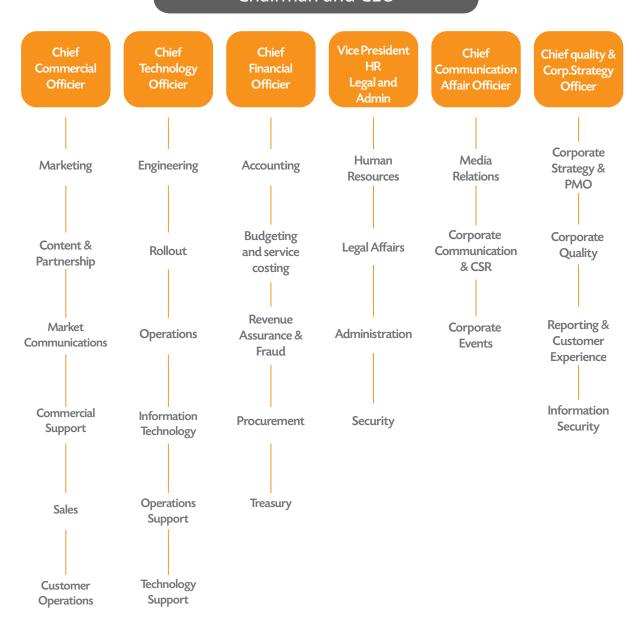
# **EMBRACING GOOD GOVERNANCE**

# OUR ORGANIZATIONAL STRUCTURE IS ESSENTIAL TO INCORPORATE A CLEAR AND FULLY TRANSPARENT HIERARCHY (102-18)

FIGURE 8

**ALFA ORGANIZATIONAL STRUCTURE** 

#### Chairman and CEO



#### **MANAGEMENT TEAM**

Our management team and members are hired from the local community and include the members listed below: (202-2)

TABLE 3

**ALFA MANAGEMENT TEAM** 

Marwan Hayek Chairman & CEO

Assaad Kairouz
Chief Commercial Officer

Imad Hamed Chief Technology Officer

Rafic El Haddad Chief Financial Officer

Raef Salha
Vice President, HR, Admin & Legal Affairs

Aline Karam
Chief Communications Affairs Officer

Assaad AbouSleiman
Chief Corporate Strategy & Quality Officer

#### 5. POLICIES, CODES

#### **AND GUIDELINES**

#### (102-16)

Alfa has set up various approaches, codes and rules that frame its commitment to the most noteworthy standards in business. Among these arrangements are:

- Alfa's Code of Conduct is the "Secret behind Alfa's success", fortifying our qualities, and characterizing features and mandates for our activities, inside and remotely. The Code of Conduct lays out the rules, directions and work force strategies that guide Alfa's employees with respect to the performance anticipated from them when fulfilling their obligations and while dealing with their partners and members from the larger society.
- Alfa's Code of Ethical Purchasing diminishes potential dangers that are mostly going to occur amid any business connections with external business parties and protects Alfa's image in relation to its procurement practices and their environmental, social and economic impact.
- Alfa's Online Charter and Social Media Guidelines direct our fellow workers in their online activities, to secure their welfare and best interest while protecting Alfa and their stakeholders.
- Alfa's Risk Management Policy clarifies Alfa's hidden approach and principles to risk and risk management. It explains the involvement of all staff members including line managers and executive managers.
- Information and PHYSICAL Security: Alfa has been keen on spreading awareness on Information and Physical Security, through trainings, policies and guidelines to all Alfa employees, followed by an assessment of their knowledge in both 2016 and 2017 to spread the Safety and Security culture and to help Alfa employees identify and face effectively recognizable hazards that may affect the physical and intellectual property of the company as well as the team.

# EMBRACING GOOD GOVERNANCE

### 6. ENTERPRISE RISK MANAGEMENT

Being in an environment that is constantly changing, it is significant that we keep identifying our risks and managing them before they affect us. During the years 2014-2015 Alfa developed a Risk Management Strategy that is based on ISO31000 and aimed at identifying all kinds of threats or events that might disrupt normal operations. In 2016, we decided to move further and adopt a whole new risk management culture (102-11).

Alfa is committed to the introduction and implementation of a comprehensive risk management framework and process, and has an open and receptive approach to solving risk problems that ensures that risk management is well integrated within the normal business processes and aligned to the strategic goals of the company.

At Alfa, all employees are favored to report on any risk that might have occurred or was detected within their working environment. Once a risk is identified, it is shared with the concerned team to assess and treat it. We offer periodical assessments on risks, and report them to the top management to be able to treat them adequately.

"Risk Champions" have been selected from various company units in previous years, and we are proud to maintain and progress on the crisis management plan. The plan is to ensure that zero incidents occur across the chain that might threaten our organization and stakeholders. Furthermore, the plan covers the workflow, approach, communication plans and activities that need to be carried out in order to mitigate the situation and ensure business continuity.



### **RISK MANAGEMENT CULTURE:**

Moreover, as per Alfa's strategy and organization division Alfa's senior management board is committed to foster an environment of support that encourages the application of the risk management culture throughout the company. In order to implement and maintain an effective and efficient risk management culture at Alfa and ensure the adequacy of any control, accountability is properly being assigned on different levels:

#### 1. Top Management

The top management is promoting and supporting the risk management culture through resorting to risk management findings as decision support system, and the possibility to include risk management in selected units' objectives as part of the performance appraisal list of objectives.

#### 2. Risk Management Unit

Is accountable for the development, implementation and continuous improvement of the risk management policy, framework and process. It is also responsible of promoting the risk management culture.

#### 3. Risk Owners

Are accountable for properly reporting and following up the implementation of the controls of the risks they own.

#### 4. Action Owners

Are accountable for implementing the recommended activities that the risk owners and risk champions have proposed as treatment.

#### 5. Risk Champions

Are accountable of properly representing the risk management culture in their respective department and/or areas.

#### 6. Employees

Employees have embedded the risk culture in their daily activities, through proper risk escalations to their respective line managers when needed.



Endorsing the risk management policy ref PL/RBC/002

Assigning risk management accountabilities and responsibilities at appropriate levels within the organization.



At ALFA

Ensuring that the necessary resources are allocated to risk management.

Ensuring that the framework and policy for managing risk remains appropriate.

Leading by example in adequately addressing the items raised by risk management.

Ensuring alignment of risk management objectives with the objectives and strategies of the organization with special emphasis on Business Continuity Planning, Revenue Assurance, Information security, Internal Audit and Fraud Management

## **EMBRACING GOOD GOVERNANCE**

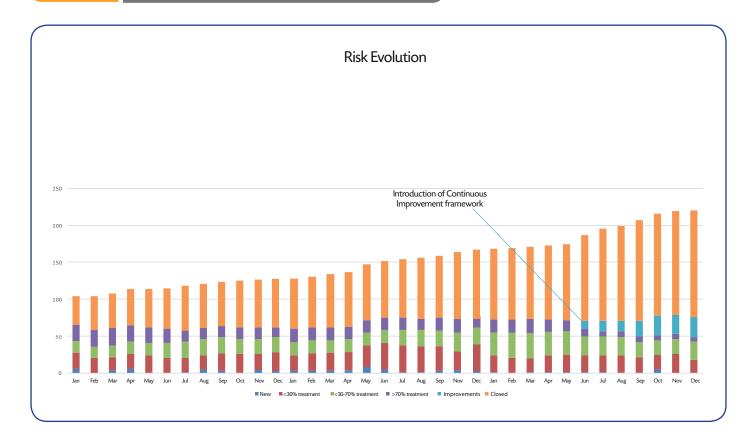
### **RISK MANAGEMENT MATURITY (102-30)**

Our Enterprise Risk Management Maturity Assessment conducted in July 2014 revealed a maturity index of 4/5, which is better than 84% of companies worldwide. This index places Alfa in the "Integrated/Semi-Mature" category. Two years later, in February 2016, the second maturity assessment took place. The maturity assessment was based on the AON maturity index, and on a self-assessment

questionnaire developed and published in January 2013 by MPRA (Munich Personal RePec Archive), which runs under The Munich University Library, part of the University of Munich. Repec (Research Papers in Economics) is a collaborative effort of hundreds of volunteers in 81 countries to enhance the dissemination of research in economics and related sciences.

FIGURE 9

**RISK MANAGEMENT MATURITY** 



### **AREAS COVERED**

#### **Business Units**

Within our approach to risk management, we have tackled the Business Units (organizational structure and staff), through interviews and brainstorming sessions to identify operational risks.

#### **Processes**

Alfa studied the corporate processes, and the process risks that were of enterprise scale, later on; these were linked to the corresponding risks in the corporate risk register.

#### Information Assets

Starting from a key conception of information as asset, Alfa worked on identifying and classifying the data available under the governance of the data classification project.

# Buildings/Operational Health and Safety

We tackled three buildings where we operate mainly Parallel, Palm, and Pine buildings for operational health and safety risk management, in addition to generic health and safety concerns.

#### Hardware and Software

Concerning the hardware and software as assets, or technical/tangible assets, Alfa compiled the list of assets. We came out with three types of assets mainly: Warehouses, data centers, and hub sites.

Those 3 types of assets were studied in details for risk management.

#### Services

As for services, these are considered as another type of assets. According to OGC (office of Government Commerce - UK), risk management covers the following processes in ITIL:

- Incident/Problem management Tackled
- Change management Tackled
- Service delivery Not mature
- Availability management Not mature
- IT service continuity tackled through crisis management

# FINANCE: FRAUD MANAGEMENT

As part of our anti-fraud combat coping with new technologies and new services/products launched in 2017, we started the process of implementing a fraud management and revenue assurance system that will help us expand our fraud controls covering a large data set, phase 1 live in 2018 and phase 2 to be finalized beginning of 2019.

Moreover, at Alfa we proceed with internal controlling based on random sampling given the fact that the automated system is currently under implementation.

These controls are conducted on prepaid, postpaid and roaming services on a random basis. In 2016 and 2017, we executed around 40 controls every month and the number increased based on how many products we launch.

If a problem is detected, the actions taken are as follows:

- The case is reported to the concerned management level
- The revenue loss is quantified
- The problem is mitigated and losses are recovered, whenever possible
- The solutions are implemented and losses avoided
- The case is summarized and results are logged internally (205-3)

# 7. ANTI-CORRUPTION (205-2)

Alfa is a proud member of the UN Global Compact Network Lebanon (GCNL); and supports all of its principles as well as the 17 SDGs. The 10 principles are divided into 4 areas mainly: Labor, Human Rights, Environment and Anti-Corruption. Alfa applies a zero tolerance policy to fight all forms of corruption both internally and externally. Bribery and extortion are strictly forbidden and not tolerated within the company.

#### Externally

To abstain from corruption, deliver top-notch value and balance between quality and price for business longevity, our procurement department follows a rigorous "Request for Proposal" procedure for suppliers.

#### Internally

At Alfa, we train all our employees and offer continuous support to eliminate all sorts of bribery and corruption. These trainings enable us to raise awareness on any issue related to corruption and ethics. Line managers and the Human Resources department are in charge of these issues.

We have also in place a policy within our Code of Conduct that focuses on special gifts and gratitude. Any employee who receives a gift exceeding a set amount has to declare it to the HR department. Employees are also asked to report any behavior that raises concern or any suspicious practices that are not in line with our principles, regulations policies and ethics. Moreover, our employees are also asked to report on any serious topics they might encounter related to the overall operations of Alfa (205-1).

Below are a few examples:

- Regulations and policies breach
- Confidential information disclosure
- Irresponsible actions that may endanger the health and safety of the employee
- Thefts or miss-use of the company's assets or property
- Conflict of interest related to a third party
- Fraud and corruption / miss-use of the fund and or petty cash
- All types of harassment: physical, moral or sexual
- Unethical behaviors related to our core values: integrity, respect, honesty, responsibility, accountability and fairness.



# EMBRACING GOOD GOVERNANCE

### 8. SUPPLIER ASSESSMENT ON ENVIRONMENTAL,

### **SOCIAL AND GOVERNANCE ISSUES (102-20)**

A part of our success comes from our suppliers; we are dedicated to our up-and-coming supplier selection processes and management, and to the business we conduct with socially and environmentally responsible companies who share our values. To work collectively towards achieving our commitment to sustainability goals, Alfa provides any supplier with a "Supplier Environmental, Social, and Governance (ESG) Compliance Form". This form clarifies their performance in the areas of ethics, labor rights, health and safety, environment, governance and management issues.

Our code of ethical purchasing dictates our commitment to our responsible suppliers. The purpose of such a code includes:

- All permanent or temporary suppliers, providers, contractors, vendors, consultants
- Advisors and / or any external third party providing any good or service to Alfa can follow the acceptance criteria

As a prerequisite for potential business partnership, we follow these criteria. Any potential business partner who fails to meet the acceptance requirements will not be considered. (102-10)

### **PURPOSE OF OUR CODES OF ETHICAL**

### **PURCHASING (102-25)**

- To operate in accordance with Alfa's Identity statements and the international standards on quality
- To behave in accordance with Alfa sustainability tactics in relation to its environmental, social and economic strategic directions
- Protect Alfa's corporate image from any violation which might reflect poorly on our brand
- To mitigate potential risks which are likely to occur during our business relationships with potential business partners
- To Gain competitive advantage by having effective supplier management framework and engagements charter
- Help Business Partners take into consideration sustainability in the social, environmental and economic aspects of their business



### **CODES OF ETHICAL PURCHASING**



CONFLICT OF INTEREST



CHILD LABOUR



SOCIAL RESPONSIBILITY



(HEALTH AND SAFETY



COMPENSATION AND WORKING HOURS



THE ENVIRONMENT



LEGAL AND REGULATORY COMPLIANCE



ETHICS

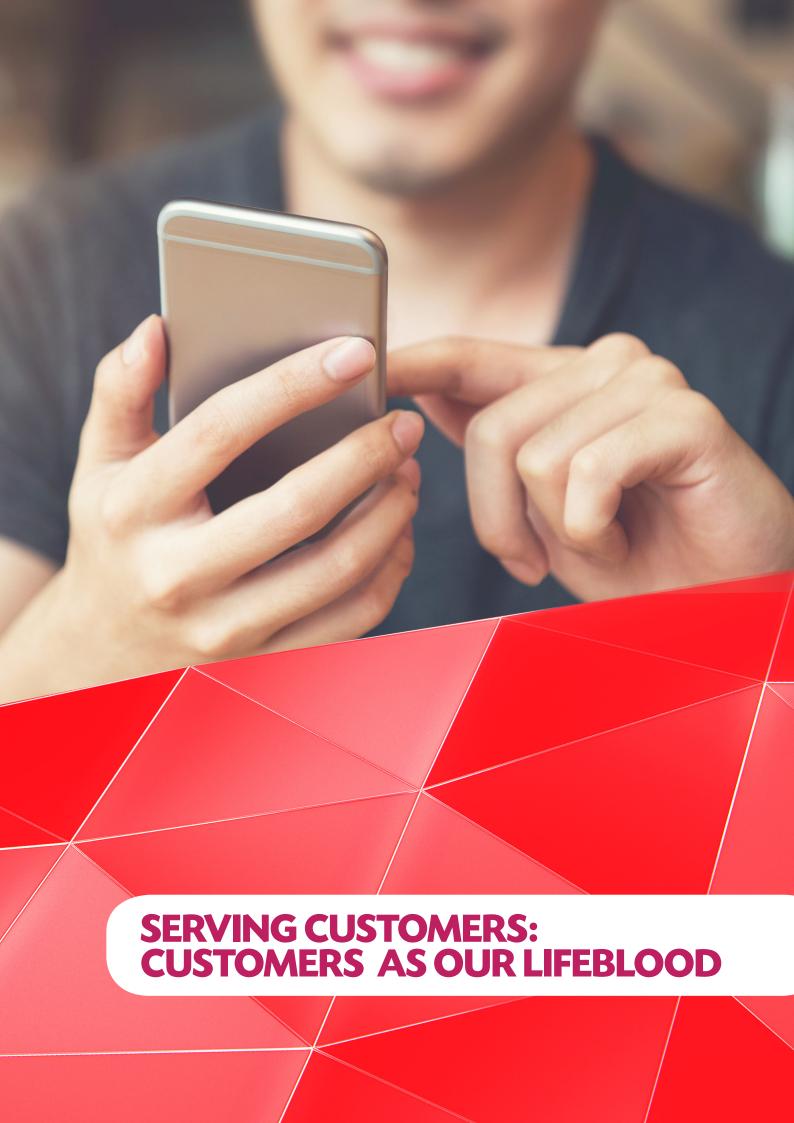


DISCRIMINATION AND EMPLOYEE RIGHTS



#### Figure 6





#### **PILLAR TWO: CUSTOMER CENTRICITY AND EXPERIENCE**

Alfa's sustainability comes from its need to constantly improve customer loyalty and experience. Providing excellent customer service, and being up to date to modern trends in technology is crucial for customer satisfaction. The economic and social longevity of our organization is dependent on our costumers' loyalty. Our top priority and efforts are dedicated to ensuring top-notch customer satisfaction in the industry.

Our subscribers' base has increased by 4% since 2015 to exceed 2 million subscribers by end of 2017. The number of data subscribers has expanded from almost 1.3 million in 2015 to more than 1.5 million by end of 2017. The smartphone penetration rate reached more than 90%, and data traffic reached unprecedented rates of 2000TB per month.

Our drop call rate of 0.5% is lower than the worldwide average drop call rate of 1%. Drop call rate presents the percentage of telephone calls that were cut off due to technical reasons before either of the speaking parties had finished their conversation and hung up.

# The Customer Centricity pillar includes the following sections:

- 1. Superior customer service
- 2. Customer experience management (CEM)
- 3. Voice of customer program and customer satisfaction
- 4. Interactions
- 5. Technological innovation
- 6. Alfa Innovation Store
- 7. Services
- 8. International sharing and roaming agreements
- 9. National network coverage
- 10. Customer privacy and data security

#### 1. SUPERIOR CUSTOMER SERVICE

- To lead a more customer centric organization, our priorities are focused on our customers' satisfaction. We constantly work on enhancing our customers' experience with our service. Our customer service representatives in our 24/7 customer service call center (111), take customers' call to answer any questions or solve problems around the clock.
- The secure Online Payment method is one of the services we provide, where payments for a variety of charges may be made by debit or credit card issued by Lebanese banks. Through this method, postpaid costumers can settle their monthly bills and prepaid customers can recharge their subscriptions online. Our services are accessible and convenient to all customers through these facilities.

#### 2. CUSTOMER EXPERIENCE

#### **MANAGEMENT (CEM)**

We are constantly probing for new ways to provide our customers with a comfortable experience, and to stay efficiently connected to them. The Customer Experience Management (CEM) Process we set in 2014 allows us to monitor our customers' satisfaction and to continuously steer Alfa in the direction of a more customer-centered approach.

This strategy allows us to have a coordinated approach to setting the company's strategic goals, focusing on costumers' needs, and gauging their satisfaction levels at different transaction periods through several channels.

#### 3. VOICE OF CUSTOMER PROGRAM AND CUSTOMER SATISFACTION

Through the Voice of Customer program, we can gather our customers' responses across the entire customer journey by completing several surveys that are finalized via distinctive channels, based on the customers' needs. Our customer experience management includes directing surveys with our customers in order to satisfy their needs and interests. We use social media interaction to measure our customer contentment (416-1).

We are among the most prevalent telecommunications companies on social media in the region. Alfa's Social Media Channels launched the 24/7 Customer Care support in February 2014 to assist Alfa's subscribers in communicating with Alfa's support team online. Alfa's Growth on social media doesn't come from paid promotions for the page/account, thus the content we produce creates engagement and benefits from the snowball effect it creates.



#### **ENGAGEMENT THROUGH SURVEYS:**

Several surveys were conducted by Alfa in 2017 using the following means:



FIGURE 7

The percentage of answers increased with time (2.96% in 2014 till 6.03% in 2017) and this might be due to the availability of continuous surveys in addition to the feedback loop system.

Customer Experience team analyzes all open ended questions available in the filled surveys and raises related complaints and requests to concerned entities within maximum 7 days. To close the loop, customers are contacted by concerned teams to get more information and address issues/requests directly.

In 2016, the time required to close the loop was 40 days, and this time was reduced to 18 days in 2017. Moreover, several recommendations, initiatives and actions are triggered following survey analysis to enhance the customer experience and meet customers' expectations. Conducted surveys in 2017 covered Alfa contact points (14 surveys), Products and services (11 surveys), Basic services (7 surveys), Perception (5 surveys) and general (2 surveys).

Mobile applications, website and USSD surveys have been continuously implemented on the related channels for our customer feedback. Several enhancements have been applied on existing questionnaires to receive more insights from our customers. Onboarding questionnaire is also continuously improved to collect more information about new joiners for better customer experience.

Based on the above, more than 40 recommendations have been suggested during 2017 to enhance the customer experience. Some of them have been implemented and some are still under feasibility/assessment. Below are few examples:

- 1. Ensure availability of Alfa stores on Google maps to make it easier for customers to find the store
- 2. Awareness about all features and services offered by Alfa channels
- 3. Awareness about how to reduce the data usage to avoid extra MB and therefore unsatisfied customers
- 4. Awareness campaigns about applications or tools that help customers to monitor/check their consumption
- 5. Update complaining customers by SMS when unreachable (Contacted several times without success)
- 6. Creation of a Post-Churn Survey sent automatically by E-mail following a line cancellation. Survey result is analyzed and necessary actions are taken
- 7. Reshuffle existing bill statement to make it clearer
- 8. Update the FAQ section on the website with additional useful tips related specially to data since exceeding data bundle is one of the major complaints



9. Minimize the number of calls effected to our customers during the complaint handling process

10• Create a single point of contact for complex complaint cases

Main Customer Experience Metrics (Overall satisfaction and Net Promoters Score) are continuously calculated, monitored and analyzed; several initiatives have been suggested for improvement especially in term of Customer effort (Customer effort Score).

"Seeing the world through the eyes of our customers" was one of the main projects in 2017; it is an interactive Customer Journey Mapping exercise (cross-functional group of employees) that was completed in 2017 to describe the main stages postpaid customers go through when interacting with Alfa, and to identify all aspects of the customer experience across the different stages. Several initiatives were suggested following this project varying in size, complexity and impact in order to make a difference in the customer Journey map of Alfa postpaid customers.



### 4. INTERACTIONS

In addition, mystery shopping and benchmark activities are our daily tasks used to experience and measure our customers' processes. Based on their findings, we validate our assumptions, clearly identify specific areas of opportunity and prioritize improvements. Moreover, it results in valuable data that encourages discussion and sparks new ideas and practices.

During 2017, an external consultant appreciated the Customer Experience Management Framework set, senior leader involvement, in addition to awareness sessions conducted for all employees and continuous communications to enhance the Customer Centric Culture (Induction, CX Day, Intranet Message, CEMO weekly message, etc.) Employee's satisfaction and engagement as Customers are also monitored several times during the year by CEM team. Related recommendations are also suggested and followed up.

Our customer experience management involves conducting surveys with our customers in order to understand their behaviour, needs and satisfaction levels. We also measure our customer satisfaction based on social media interaction. As the graph below shows, we are among the most popular telecommunications companies on social media in the region. 24/7 Customer Care support on Alfa's Social Media Channels was launched in February 2014 to help Alfa's subscribers communicate with Alfa support team online and round the clock.

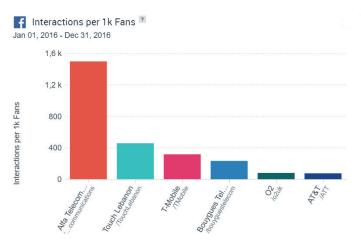
Our different digital channels include: Facebook, Twitter, Instagram, LinkedIn and YouTube. Our increased online presence is demonstrated by:

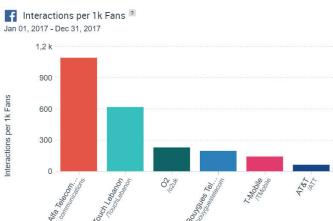
#### **FIGURE 10**

NUMBER OF INTERACTIONS
PER 1000 FANS IN 2016
INTERNATIONAL COMPARISON

#### FIGURE 11

NUMBER OF INTERACTIONS PER 1000 FANS IN 2017 INTERNATIONAL COMPARISON





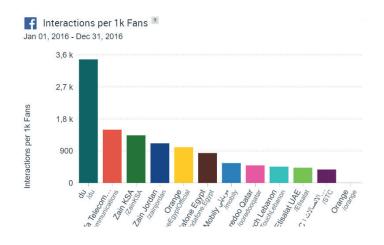


#### FIGURE 12

#### NUMBER OF INTERACTIONS PER 1000 FANS IN 2016 REGIONAL COMPARISON

#### FIGURE 13

#### NUMBER OF INTERACTIONS PER 1000 FANS IN 2017 REGIONAL COMPARISON



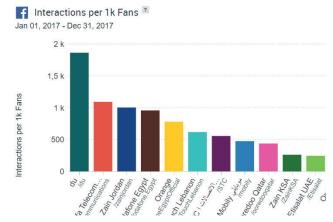


FIGURE 9

### **5. TECHNOLOGICAL INNOVATION**

Technological innovation is crucial at Alfa as we are constantly determined to grow and provide our customers with comfort and convenience. Furthermore, we are constantly upgrading to meet new demand trends and unconventional competition. Because of its innovative digital application on its social media channels, Alfa was the first operator to let subscribers experience a virtual 4G speed through a unique digital application on its social media channels.

"With an unprecedented surge in data traffic over the alfa network reaching to 15,000 terabytes per year, the deployment of 4G LTE-A will not only advance the quality of our 4G network but will also help us quickly move toward next-generation technologies like 5G"

Marwan Hayek

### 6. SERVICES (102-7)

Over the course of 2016-2017, Alfa launched 14 new products and services that were added to the pool of existing ones

#### FIGURE 14

#### **CUSTOMIZED SERVICES AND RESPONSIBLE PRODUCTS**

Customized Services and Responsible Products



MI/Broadband Price Reduction



VIP Postpaid Bundle



Renewable MBs Postpaid



Alfa Booster



iPhone 7



Alfa 5x5



iPhone SE



Automatic Bill Payment



Valentine's Promo



Alfa Top-up Offer



Service Box \$10



Alfa Mobile Broadband



Renewable MBs



\$1 Offer from Alfa



Alfa Free Wifi - Allo Taxi



## 6. SERVICES (102-7)



Valentine's Promo



New Prepaid Line \$3



Weekly Data Bundle



The Weekender



MOODAK from Alfa



Alfa A+



Alfa Smart Home



New Alfa Recharge Denomination: 365 Days



4G+ Campaign



Mobile Broadband Offer



iPhone 8



 $iPhone\,X$ 



Alfa Gift



### 7. ALFA STORE INNOVATION

Alfa's network covers the entire Lebanese territory with more than 48% of the Lebanese market. Alfa stores are available all over Lebanon mainly in Beirut, Dekweneh, Jounieh, Thoum, Tripoli (Maarad and Mina), Halba, Saida, Nabatieh and Chtaura. Alfa also operates with franchises offering the same products and services available for all their customers in several different stores:

Power Group, Telia, Teleserve Plus, IPIN and OMTs. The network overall consists of more than 2000 shops. The main distributors are: E-charge, Expertel Group, Liban Post, Nexus, As Tech, and Sbeity Group (102-7).

Based on the regular assessment of the population's distribution and our market's needs, we are constantly expanding. As detailed in the table below by end of 2017, 10 Alfa Stores covered the entire Lebanese territory as per the below. Moreover, Alfa opened in 2016, 8 additional PoPs stores.

#### TABLE 4

#### **ALFA STORE INNOVATION**



Despite the saturation in the telecommunications industry worldwide, Alfa was able to increase its customer base by 2% in 2017.

### **FEATURED STORY:**

### **ALFA OPENS ITS FLAGSHIP STORE**

Alfa launched its Alfa
Flagship Store, the first of
its kind in Lebanon, at its
headquarters in Parallel
Towers - Dekwaneh. The
opening of the Store is part
of Alfa's strategy to provide
the highest level of service
speed and quality and the
latest mobile and electronic
devices, in addition to offering
customers on the spot
consultation and services,
same as in other modern
stores in the world.

"We have harnessed all our energy, and the result is exceptional: a store with the latest technology offering a modern experience to customers that will cater to the needs of two thousand Alfa subscribers each month.

Marwan Hayek

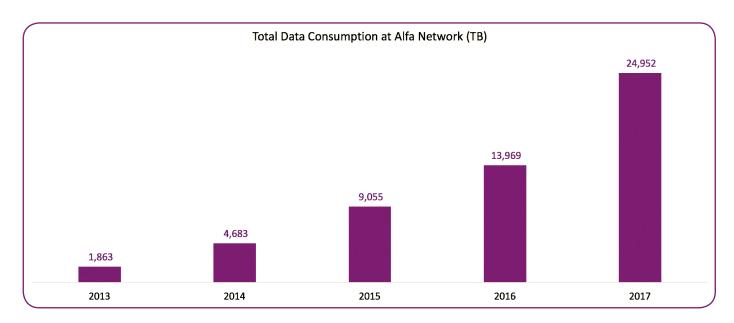


### 8. ADDRESSING CUSTOMER NEEDS

Alfa is constantly sensing the needs of its subscribers who are mainly seeking more Internet speed, reliability, and bandwidth with reduced prices. In 2017, Alfa generously responded to the needs of its subscribers.

BUNDLE	OLD PRICE	NEW PRICE
1.5GB	\$19	\$17
5GB	\$29	\$23
10GB	\$49	\$39
20GB	\$69	\$59
30GB	\$99	\$79
40GB	\$119	\$99
60GB	\$149	\$119

#### TABLE 5 TOTAL DATA CONSUMPTION AT ALFA NETWORK

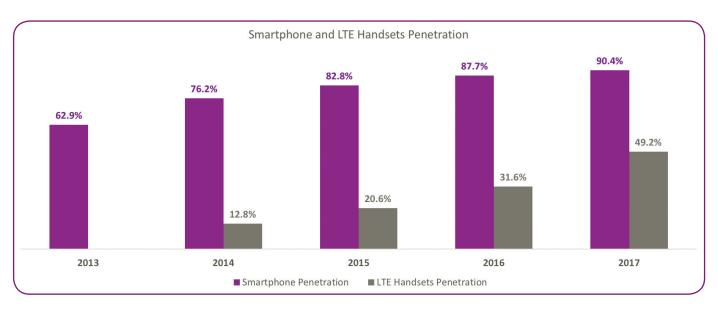


By end of 2017, data consumption increased by 175% in Alfa network since 2015



#### **TABLE 6**

### SMARTPHONE AND LTE HANDSETS PENETRATION



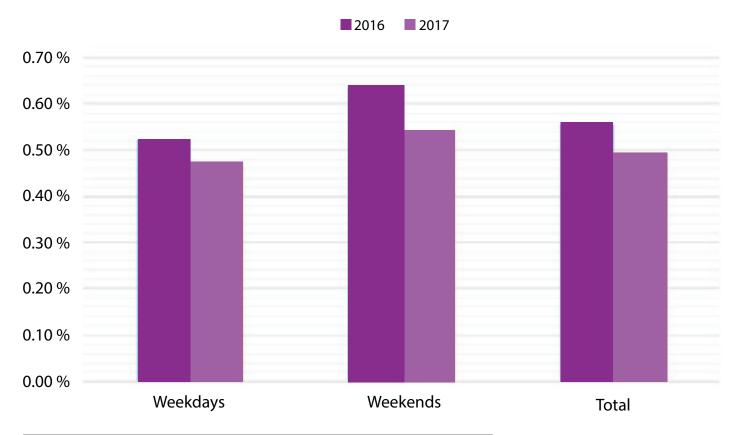
The efforts invested by Alfa to maintain its state-of-the-art network and leading position in the region, increased the appetite of its subscribers for a high speed, low latency and high throughput wireless broadband connection Smartphones adoption within Alfa network surpassed 90%, representing 9.2% increase since 2015; while LTE enabled handsets exceeded 49% in 2017.



#### **TABLE 7**

#### **DCR DROP CALL RATE**

In 2017, Alfa completed its nationwide 4G+ rollout, covering 100% of its subscribers with 1155 LTE Advanced sites. Below is the DCR Drop Call Rate part ( 2G, 3G CS combined).



Year	Weekdays	Weekends	Total
2016	0.52%	0.64%	0.56%
2017	0.47%	0.54%	0.49%



### 9. INTERNATIONAL SHARING AND ROAMING AGREEMENTS

Alfa's unique wireless service benefits those who travel, specifically those who work all around the world since we have postpaid and prepaid roaming services for customers in many continents. In particular by end of 2017, we provided our postpaid customers voice roaming services

in 179 countries and 450 operators. We also provided our prepaid customers voice roaming services in 104 countries. Our data roaming service also spanned in 165 countries.

#### 10. NATIONAL NETWORK COVERAGE

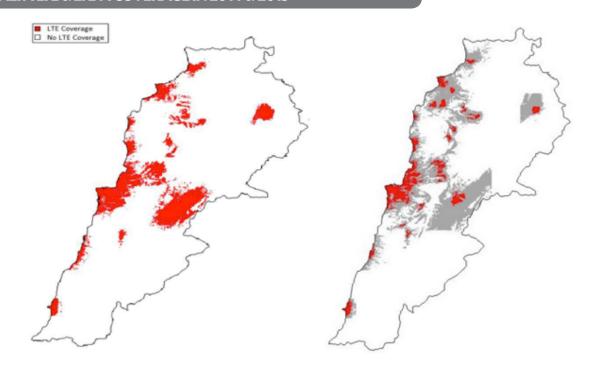
By end of 2017, 100% of the Lebanese population was covered by Alfa network. We had more than 1300 2G sites on the network (a 200% increase since 2009), more than 1300 3G+ sites, and 1250 4G LTE sites till end of 2017, effectively covering 100% of the population. Our goal was

to cater for the large demand on Mobile Broadband (MBB) data and therefore we worked on increasing our coverage to reach all Lebanese Territory. The figure below shows our 2G, 3G and 4G LTE coverage in Lebanon.



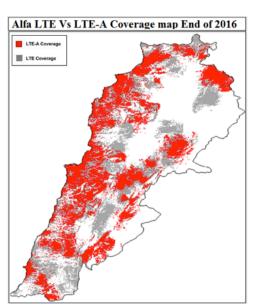
**FIGURE 15** 

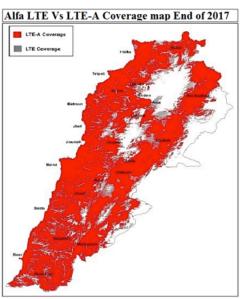
#### **ALFA LTE & LTE-A COVERAGE IN 2014 & 2015**



**FIGURE 16** 

#### ALFA LTE & LTE-A COVERAGE IN 2016 & 2017





Technology	Coverage statistics	Coverage statistics	Coverage statistics	Coverage statistics
	Populated	Populated	Lebanon	Lebanon
	Area end of	Area end of	Territory end	Territory end
	2016	2017	of 2016	of 2017
LTE	76.32%	98.06%	51.69%	77.97%
LTE-A	43.49%	90.42%	27.32%	67.45%



#### 11. CUSTOMER PRIVACY AND DATA SECURITY

As a telecommunications company, we hold costumers' private and valuable assets, specifically data, confidentially. We are constantly striving to enhance assurance in our capability to safe-keep the immense quantity of customer and digital data, and ensure customers' discretion. Our policy on information security shows the parameters for dealing with unauthorized accesses. This policy applies to all Alfa information, regardless of the location of the data or what type of device the data is on. This policy is applied in all departments to handle the data. Also, all our employees sign a non-disclosure agreement so they don't share the company and customers' confidential information either during or after their employment.

In addition, adhering to our social responsibility as a corporation, several awareness campaigns were initiated during 2016 and 2017 through SMS, social media, and in Press to caution subscribers of spam messages and safeguard their mobile phones.

We constantly update our privacy guidelines to show the changes in technology and industry standards. We prioritize upholding the discretion of our customers' personal information, as new products and services are developed. As we hold our customers loyalty high, we understand that being open about how we manage our information is crucial.

In this aspect, we are transparent regarding the information we gather and how we process and use it. Our privacy controls are not restricted by the boundaries of our organization. Our supply chain equally safeguards the customers' information. A number of policies and measures accomplish this by involving our different stakeholders, to form an inclusive privacy culture. Thus, data is a crucial organizational asset at Alfa, where diverse types of information entail different security procedures depending on their sensitivity. Hence, two policies have been taken on since 2012, to keep on supporting the data security services that we offer to our customers.

# Information Security: Personal Computer Policy Re-launched in 2011, the objective of such policy is

- Alfa's data Adequately protected
- Personal liability of staff minimized in the event of Data loss
- Support responsibilities clarified for personally-owned equipment

#### 2. Information Security: Data Classification Policy

Introduced in 2014, the aim behind this policy is to rule out the guidelines for dealing with and upholding information from unauthorized admission or disclosure. Also, the objective is to provide information owners with direction on how to correctly order and use information assets.



**CONTRIBUTING TO THE LEBANESE ECONOMY IS KEY** 

# CREATING ECONOMIC SPILLOVER: CONTRIBUTING TO THE LEBANESE ECONOMY IS KEY

#### **ECONOMIC SPILLOVERS**

Alfa plays a crucial part in linking Lebanese people with each other and with the essential information they need to improve their lives and follow their goals. Thus, this pillar illustrates Alfa's crucial role in assisting the Lebanese economy through a variety of targeted initiatives that are made to inspire and assist in economic and social renewal.

By the end of December 2015, Alfa showed a rise in market penetration from 14.4% in 2008 to 48% in 2017. In 2017, Alfa Customers were made of 45% of the total Lebanese population as per the IMF, thereby attaining a total development of 240% since 2009, when OTMT was selected. Given our key and leading role in the context of the Lebanese economy overall, our constructive economic spillover pillar is crucial to our sustainability strategy, and balances the other pillars we have set in place. Some of the key parts of this pillar comprise of the following:

The Economic Spillover pillar includes the following sections:

- 1- Economic development and financial performance
- 2- Entrepreneurship
- 3- Value chain
- 4- Contribution to GDP

# 1-ECONOMIC DEVELOPMENT AND PERFORMANCE

As a large corporation in Lebanon, our presentation affects local economies, society and the success of our communities. Assisting to a vigorous marketplace and local economy helps Alfa's long-term accomplishments.

From its central business, Alfa occupies a central role in the local economy by rejuvenating the technology interface across Lebanon and offering connectivity among a worldwide sea of transformation in terms of fast technological modernization.

The telecom aspect in which we work offers assistance to other sectors and industries by enabling their development and backing up their procedures.

This part highlights Alfa's financial presentation that fruitfully affects the Lebanese economy through Alfa's profit production, functioning revenues generation, influence to GDP, tax payment to the government (income tax, VAT), contribution of job employment opportunities, payment of employee salaries and bonuses, rise in market share along the years, growth in the number of subscribers, rise in total number of products/services.

This part also includes Alfa's community investments and cash donations, which equal to more than \$4 Million in 2016 and more than \$4 Million in 2017; it also has a constructive effect on other parts that are affected by telecom. (203-2)

Our promise to achievements in corporate governance, honesty and responsibility, makes us put significance towards our financial implementation on the long run, as a way to guard the benefits of our shareholders and to improve the economic growth in Lebanon. The statistics and facts below display the crucial development we made in terms of financial and market presentation.

#### Statistics and Facts about Alfa's Performance

- Alfa subscribers increased by 4% since 2015 to exceed 2 Alfa network covers 100% of the Lebanese population million subscribers by end of 2017
- Alfa changed and upgraded its entire LTE infrastructure in and 2017 close coordination with the Ministry of Telecommunications in Lebanon, 1250 LTE-A sites were rolled out to assure nationwide 4G+ coverage for 100% of the Lebanese population
- Alfa Data subscribers grew by 12% from 2015 to reach worldwide figure around 1.5 million data subscribers by end of 2017

- Over 3700 2G/3G+/4G LTE SITES ON AIR
- 1250 4G+ sites on the network, 1050% increase since 2015
- Around 1000 LTE-A sites were deployed between 2016
- Smart Phone Penetration rate reaches 90%
- Data Traffic reaches unprecedented rates of 2000TB per month, 175% increase comparing to 2015
- Drop call rate drops to 0.5% while 1% is the average

#### FIGURE 17

#### FACTS AND FIGURES ABOUT ALFA'S PERFORMANCE

Alfa subscribers increased to reach 2 million subscibers	1250 LTE-A sites were rolled out to assure nationwide 4G+ coverage for 100% of the		Data Traffic reached unprecedented rates of 2000TB per month		Smart Phone penetration reached 90%
Alfa market shares now reached 48%	Alfa data subscibers grew from 1.3 million in 2015 to more than		Over 370 2G/3G/4G LTE sites are on air		1250 4G+ sites on the network, 1050% increase since2015
100% of Lebanon is covered by Alfa's network		Around 1000 LTE-A sites were deployed between 2016 and 2017		Over 370 2G/3G/4G LTE sites are on air	

#### 2- SUPPORTING ENTREPRENEURSHIP

At Alfa, we focus on fostering innovation and introducing an environment of creativity in Lebanon in order to drive the economic activity of our digitalized world. A few years ago Alfa launched its newly created application the "Alfa App Store".

The aim of this app was to let app developers from Lebanon upload for free their applications and showcase their creativity to all the Alfa mobile subscribers in Lebanon.

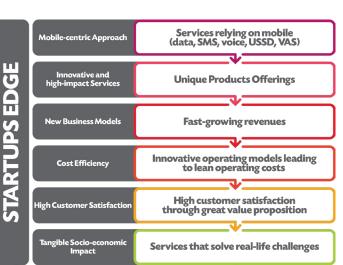


## **CREATING ECONOMIC SPILLOVER:** CONTRIBUTING TO THE LEBANESE ECONOMY IS KEY

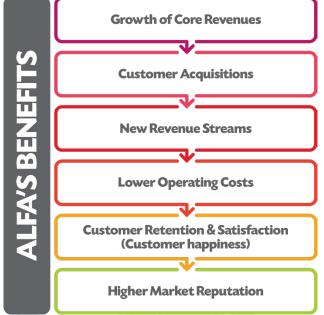
# ALFA UNDERSTANDS THE MAIN POINTS OF STARTUPS IN THE

LEBANESE MARKET, AND PAVES THE WAY FOR POTENTIAL **AND INNOVATIVE IDEAS: ALFA'S SUPPORT TO STARTUPS** FIGURE 18









### **3- VALUE CHAIN**

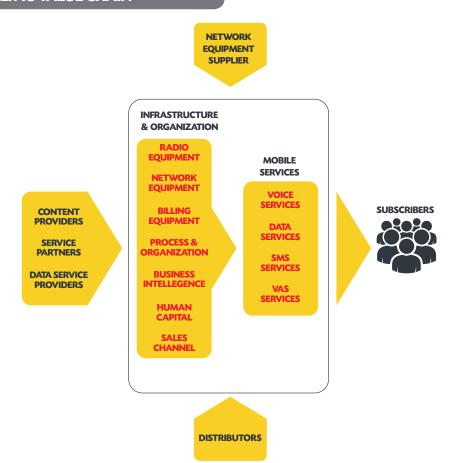
Alfa's value chain comprises key players that work together and partner to sustain the value creation in the Lebanese economy. (203-2)

Network equipment Content providers: Service partners: provide content for Alfa's are Alfa's partners in suppliers: provide Alfa users through Alfa's with equipment and creating new products technology network and services Distributors: are Alfa's Data service Service partners: providers: ISPs that provide sales partners who are are Alfa's partners in internet access to Alfa responsible for selling creating new products Alfa's subscription and services

At Alfa, we aim to work with suppliers who take into consideration social responsibility and who adopt policies concerning the environment, human rights, and labor codes

of practices. As mentioned in part I, our ethics and codes of conduct are truly important to the wellbeing of our company and all our suppliers should accommodate and abide by its prerequisites. (308-1)

### FIGURE 19 ALFA'S VALUE CHAIN



Moreover, our value chain creates many employment opportunities and contributes to the general national growth.

FIGURE 20

PROPORTION OF SPENDING ON SUPPLIERS (102-10) 2017

## Non tech:

98% of total amount for local suppliers (204-1)

2% of local amount for international suppliers

96% of total purchase order for local suppliers (204-1)

4% of total purchase order for international suppliers

## Tech:

49% of total amount for local suppliers (204-1)

51% of total amount for international suppliers

92% of total purchase order for local suppliers (204-1)

8% of total purchase order for international suppliers

### 4- ALFA'S CONTRIBUTION TO THE GDP (201-1)

- As per the World Bank, the GDP of Lebanon at the local currency was estimated at 75 trillion LBP in 2016
- As per the Ministry of Finance, telecom contribution to the Lebanese treasury was 1.9 trillion LBP in 2016

As per the above, we can safely estimate that Alfa contributed directly to 1.5% of the Lebanese GDP of the total GDP amounting to more than 700 Million USD/ year. The indirect contribution was higher due to the economic opportunities that a mobile operator creates in a country. In 2016- 2017, total Telecom revenues in Lebanon constitute 12% of government revenues. (203-2).



# NURTURING EMPLOYEES: WE START FROM WITHIN

### PILLAR FOUR: EMPLOYEE NURTURING

The main element of success of Alfa comes from its engaged, empowered and committed workforce. In this pillar, Alfa will demonstrate its commitment to being an employer of choice, and will showcase the many initiatives undertaken to support and nurture the development of its talented individuals. Being an employer of choice brings us pride. We always strive to embody best practices through: training and development, diversity and equal opportunities and career development.

The Employee nurturing pillar four includes the following sections:

1-Training and development

2-Diversity and equal opportunities

3-Benefits for all employees

4-Compensations and benefits

5-Promotions

6-Employee health, safety and wellbeing

7-Performance management program and career development

8-Talent management

9-Disciplinary and grievance mechanisms

10-Human right

### 1-TRAINING AND DEVELOPMENT

At Alfa, we firmly believe that investing in our employees by training them and developing their skills will ensure advancement and progress in their roles in the fast-paced technological industry we belong to. The framework of our training and development encompasses competencies such as: technical, management and leadership, anti-corruption, Human rights etc.

More than 24600 of hours of trainings occurred in 2016 and more than 20740 in 2017.

The diverse trainings offered covered several topics such as hard skills, job related skills, information and technology, soft skills, telecom, and behavioral trainings.

### **TABLE 8**

### TRAINING AND DEVELOPMENT

Year	Hours of trainings
2014	13260
2015	19766
2016	24607
2017	20749



#### **SPECIFIC DEVELOPMENT AND AWARENESS TRAININGS**

### a. Safety and security trainings (102-8):

We provide our teams with practical advice and direction to assure that their activities on sites align with internationally confirmed standards, including the application of appropriate safety equipment to take on large operations relating to appropriate suits and fabrics as instructed

Some of the initiatives we have implemented include:

- Information and Physical Security: Awareness sessions for all Alfa employees (yearly program).
- Road Safety awareness sessions for all Alfa employees; moreover, targeted trainings were organized for specific groups for capability development and/or knowledge Enhancement (2016 and 2017).

## b. International Programs for Colleagues' Individual Development

Some examples for 2016-2017: Programs by Franklin Cove (Soft Skills & Personal Development), Ken Blanchard (e.g. "Stretch Dimension Sales Management"), Arbinger Institute (e.g. "The Choice"), among others.

### c. Creation of Alfa's Internal Pool of QMS Auditors

With the aim of sustaining Alfa's culture of quality and continuous improvement, a pool of Quality Management System Auditors has been created, encompassing members from all departments who are responsible of auditing specific processes/activities within Alfa, including Road Safety practices, subsequently to Alfa's achievement of ISO 39001 Certification for Road Safety.

Traffic Management. Accordingly, selected members attended a QMS Audit Training Program and were subject to assessment to become Alfa's future internal QMS Auditors (29 members).



# NURTURING EMPLOYEES: WE START FROM WITHIN

### TABLE 9

### TRAINING AND DEVELOPMENT CATEGORIES (404-2)

General Category	Category Description
Hard Skills (Specific technical and job-related skills)	Business Cominunication Corporate Social Responsibility Finance Human Resources Security Safety
Information Technology	Data treatment IT programming IT Networking IT Overview IT Service Management
Soft Skills	Crealivity, communication and interpersonal skills customer service excellence and complaints. Handling management and leadership problem solving and decision making
Telecom	Overseas conferences for training and exchange of expertise  Telecom products and equipment related trainings (installation, configuration, operation, maintenance and troubleshooting of hardware, soft wear and network, system upgrades, latest technology, billing systems)
Specific behavioral trainings for customer service team	Communication and interpersonal skills Customer service excellence Telephone skills

#### **TABLE 10**

### **OVERALL LEARNING EFFICIENCY**

Learning opportunities are successfully implemented in line with internal Learning & Development Policy, and efficiency is regularly monitored and measured through specific tools and KPIs.

Overall Learning Efficiency ( 404-1)	2016	2017
Training Satisfaction Rate	82%	84%
Training Efficiency Rate	<b>78</b> %	78%

### 2- DIVERSITY AND EQUAL OPPORTUNITIES

Equality, diversity and inclusion are the three main values that reflect the supportive environment and the success ensured by Alfa.

Our main mission is based on including and incorporating employees from different genders, religions, and age groups. By the end of the 2016 we had 995 employees, comprising of 60% male and 40% female. In 2017 the total number of employees increased to reach 1033, comprising of 39% Women and 61% Men. Youth Diversity is also important and 40.58% of Alfa employees are below the age of 30 years.

We are proud that Alfa is an employer of choice for "People with Iron Will" (The designation adopted by Alfa for people with special needs/disabilites). as we try to address the challenges faced by our community and improvise appropriate solutions. We are eager to employ "People with Iron Will" as we actively seek to integrate them into the workforce.

Our employees with "Iron Will" benefit from an array of opportunities, including:

- 1- Equal benefits
- 2- Workplace wellbeing
- 3- Equal training opportunities
- 4- Equal remuneration opportunities

- 5- Equal employment opportunities
- 6- Accessibility to facilities and services

Indeed, at Alfa we even exceeded the 3% quota of the law 220/2000 promoting the rights of disabled that was ratified in December 1999 by the parliament. Since 2009 we initiated a partnership with LPHU the Lebanese physical handicap union.

Our involvement in such a program only results in positive benefits mainly:

- Benefit from more diversity
- Compliance with law 220/2000
- Develop the corporate social responsibility
- Raise awareness among colleagues especially for the rights of people with disabilities

We continuously strive to equip our premises in order to address the needs of all our challenged colleagues and ease their integration within our working environment. (102-8)

The tables shown below represent the % of employees by type of contracts, gender, age, from 2014 till 2017. (102-8)

Alfa is continuously striving to reduce gender discrimination within the company. Almost 39% of employees are women; 15% of the board and 31.5% of the management.

# NURTURING EMPLOYEES: WE START FROM WITHIN

**TABLE 11** 

### TOTAL NUMBER OF ALFA EMPLOYEES BY EMPLOYMENT

### **CONTRACT AND GENDER IN 2016 & 2017 (102-8)**

2016	Permanent	Contractual	Consultant	Total
Female	357	40	1	398
Male	528	67	2	597
Total	885	107	3	995
2017	Permanent	Contractual	Consultant	Total
2017 Female	Permanent 359	Contractual 51	Consultant 1	Total 411
			Consultant 1 2	

The employee average age was 33 years old in 2016 and 34 years old in 2017.

**TABLE 12** 

### TOTAL NUMBER OF INDIVIDUALS WITHIN THE ORGANIZATION

### **BY GENDER AND REGION (102-8)**

2016	Beirut	POP	Chtaura	Halba	Warehouse	Jounieh	Thoum	Nabatieh	Saida	Tripoli	Total
Female	404	15	4	5	0	10	3	1	5	7	454
Male	620	19	7	3	11	3	3	4	4	9	683
Total	1024	34	11	8	11	13	6	5	9	16	1137
2017	Beirut	POP	Chtaura	Halba	Warehouse	Jounieh	Thoum	Nabatieh	Saida	Tripoli	Total
2017 Female	Beirut 387	POP 15	Chtaura 4	Halba 5	Warehouse 0	Jounieh	Thoum 3	Nabatieh	Saida 5	Tripoli 8	Total
										•	

TABLE 13

### RATE OF NEW EMPLOYEES HIRED IN 2016 AND 2017 BY AGE GROUP, GENDER AND REGION (102-8)

	Age			Ger	nder	Location										
	< 30 years	30 - 50 years	> 50 years	Male	Female											
2016	83.33%	11.11%	5.56%	83.33%	16.67%	Parallel Towers	Pine	Thoum	Bint Jbeil							
	0.007	11.1170	11.1170	11.17.0	11.1170	11.1170		3.30 70	10.07 %	3.30 %	10.07%	63.33% 10.0/%	44.44%	41.67%	8.33%	2.78%
2017	71.43%	21.43%	7:14%	92.86%	7.14%	Parallel Towers	Pine	Rachaya	Tripoli							
2317	71.4370	21.43/0	7.1-7/0	72.80 //	7.14 /0	28.57%	57:14%	7:14%	7.14%							

#### **TABLE 14**

### RATE OF EMPLOYEE TURNOVER IN 2016 & 2017

### BY AGE GROUP, GENDER AND REGION

	Age		Gender		Location		
	< 30 years	30 - 50 years	> 50 years	Male	Female	Headquarters	Stores/PoPs
2016	75.86%	20.69%	3.45%	58.06%	41.94%	93.10%	6.90%
2017	54.55%	45.45%	0%	59.09%	40.91%	90.91%	9.09%

Our employees receive a number of benefits such as life and medical insurance, parental and personal leave. (102-8) Pregnant employees are entitled to 90 days of maternity leave before and after delivery. The paternity leave is extended to 3 days for the father upon the delivery date. In 2016, 210 of our employees benefited from parent's leave, and in 2017, the number went up to 228.

In order to ensure a balanced work-life, our leaves policies are sustained to increase the employee motivation and their commitment at work.

#### There are several leaves that employees can benefit from:

- Wedding leave: employees who are getting married benefit from a week off
- Nursing mother's special leave: all mothers employees who are nursing a child can benefit from a one hour reduction from their daily working hours until the child reaches the 1st year
- Parent's special leave: All parents with children under 10 years old can benefit from a one hour reduction from their daily working hours (102-8)
- Student's special leave: our employees who are pursuing post graduate studies can benefit from a one hour reduction up to three times a week upon providing a regular study schedule

# NURTURING EMPLOYEES: WE START FROM WITHIN

**TABLE 15** 

TOTAL NUMBER OF EMPLOYEES BY LEAVE TYPE IN 2016 & 2017, AND BY GENDER (102-8)

	Wedding leave	Nursing leave	Parent's leave	Student leave
2014 Women	14	51	65	3
2014 Men	10	N/A	41	5
2015 Women	15	43	72	8
2015 Men	27	N/A	81	10
<b>2016 Women</b>	17	47	86	6
2016 Men	17	N/A	124	3
2017 Women	13	30	96	1
2017 Men	23	N/A	132	4

FIGURE 21

OPPORTUNITIES AVAILABLE TO PHYSICALLY CHALLENGED EMPLOYEES

Equal Benefits

Workplace Wellbeing

Equal Training Opportunities

Equal Remuneration Opportunities

Equal Employment Opportunities

Accessibility to Facilities and Services

"By supporting the employment of **People with Iron Will** who make more than 3 percent of the Alfa team, we have proudly and voluntarily exceeded the quota stipulated by the law in regards to their employment" Marwan Hayek

### 3-BENEFITS FOR ALL EMPLOYEES (401-2)

### All Team Member employed on permanent basis:

- 1. Transportation Allowance: \$10/day
- 2. Incentive plan: 2.5 months of Global Salaries distributed based on individual and Corporate performance
- 3. Tuition fees / School and Kindergarten Allowance: up to \$18K/year/employee
- 4. Personal mobile allowance: \$80/month
- 5. Special allowance for on-call employees of \$100/week
- 6. Night Shift allowance: ranging from \$1.5 to \$3 per hour
- 7. Meal allowance: whenever an employee cannot benefit from Alfa Canteen services
- 8. Mobile subsidy allowance
- 9. Wedding allowance of \$1K
- 10. Sales Team
- 11-Sales Commission Scheme Up to 15%

### Non-Financial Benefits:

All Team Member employed on permanent basis:

- 1. Medical Insurance: Class A (first class) In/Out including Doctors visits; medicines and lab tests covered 100%
- 2. Medical Insurance for direct dependents subsidized by the company
- 3. Life insurance for the employee for: \$50K
- 4. Mobile Line

### 4. COMPENSATION AND BENEFITS

Reasonable and competitive rewards and benefits in comparison to market rates are offered to Alfa's employees. Our salaries and compensation packages are competitive and often surpass those mandated by the Lebanese labor law, comprising: 18 to 30 days of paid vacation days commensurate with tenure, in cases of mourning within the employees' families there are special days off, the education needs of minor children are allotted special hours off

per week, medical insurance, life insurance, transportation allowance, school tuition benefits for employees, mobile allowance, canteen tickets, employees' have a company doctor at disposal during working hours, and advances on salaries when needed.



# NURTURING EMPLOYEES: WE START FROM WITHIN

### **5. PROMOTIONS**

To properly manage our industry's technological growth and exploit our employees' competencies, Alfa is keen to boost the promotion opportunities for talent present in the company. In 2016, Alfa promoted 12 people, and 25% of them were females.

In 2017, Alfa promoted 9 people and 37% of them were females.

### 6. EMPLOYEE HEALTH, SAFETY, AND WELLBEING

Alfa's achievements are directly linked to the health, safety and well-being of its employees. We have a complete Technical Occupational Health and Safety Guidelines and we aim to keep people safe by avoiding injuries, and we invest in safety training every year. Our employees are also pushed to adopt healthy lifestyles through internal mindfulness, such as the benefits of healthy eating habits and risk factors tied to smoking.

Only 10 work-related occurrences in our workforce were recorded during 2016 and 2017, 6 in Alfa premises and 4

on sites. (403-2; 416-2) The injured employees were assisted with first aid assistance and then taken to the hospital, in both cases (403-2). Our employees at Alfa are valuable assets. Hence, our highest priority is exposing our people across various practices. We offer a stress free and shared environment to apply programs to enhance our employees' incentive and assurance. The internal engagement activities that occurred during the last two years include: the yearly Alfa Christmas Village event, Alfa Christmas Kids Party, Mothers' Day festivity, Alfa Family day, and our yearly Gala dinner regrouping all Alfa family.

### 7-PERFORMANCE MANAGEMENT PROGRAM AND CAREER DEVELOPMENT

While Alfa employees' personal aims are coinciding with Alfa corporate targets, the Performance Management Program works on refining and appreciating Alfa employees' performance and sustaining their career advancement. Every employee's contribution is tied to corporate goals achievement, and to make sure there is enough follow-up on purposes achievement progress, a mid-year review exercise is done. Performance in terms of core, and technical and managerial competencies are the chosen criteria for the review. The Performance Appraisal System that is done once every year gives Alfa employees feedback on their performance, behavior, communication style and skills. According to the areas of development recognized in the assessment, a development plan is also

made where employees are given productive development feedback on their presentation and direction on future career development and plans helping them grow to their potential.

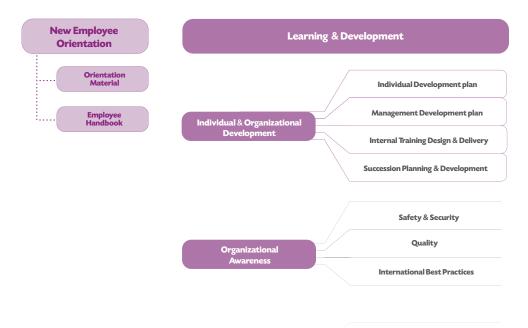
In 2017, 1026 of our full time employees were subject to the performance assessment program

with an individual final rating, out of 100% weighing, divided as follows:

- 45% related to competencies assessment (core, technical and managerial), in addition
- to other criteria related to corporate culture adherence.
- 55% based on yearly objectives achievements.

#### FIGURE 22

#### TALENT DEVELOPMENT AT ALFA



ment of Learning Efficiency



### 8. TALENT MANAGEMENT

Alfa employees make up the heart of our business; therefore, our long-term business plan and branding and competitive strategy is dependent on our talent management. Our capability to properly grow, recollect and involve the most talented people, affect our business presentation and long-term sustainability.

At Alfa, treating our employees equally is our priority,

regardless of their gender or race. We support the Convention on the Elimination of All Forms of Discrimination against Women, the Convention on the Rights of Persons with Disabilities and the Convention on the Rights of the Child.

Feedback Collection and Reporting

Continuous Improvement

We also pay equal wages to our employees depending on the type of the work done for men and women (405-2).

### 9. DISCIPLINARY AND GRIEVANCE MECHANISMS

Alfa is proud of its positive and structured method to guaranteeing that its practices boost confidence in its stakeholders, including its employees. Thus, a Disciplinary Policy has been placed, which justifies the disciplinary measures at the company and shows the steps that need to be done in case of any misconduct. The Lebanese Labor Law is taken into account, and Alfa's employees are given a chance to clear up their stand on the case under this policy.

### **10. HUMAN RIGHTS**

Alfa follows ethical business standards in agreement with the international norms and standards of top practice. We perform our procedures and business relationships in line with the appropriate laws and guidelines in Lebanon and our internal code of conduct. We support the Universal Declaration of Human Rights by considering and promoting ethical conduct amongst our employees, customers, stakeholders and business partners.(412-3)

### TABLE 16HUMAN IMPACT ASSESSMENTS IN 2016 (412-1)

Documents Types	Creation (Introduced)	Update (Revised)	Grand Total
Policy	2	0	2
Procedure	1	3	4
Process	2	0	2
Specific Form	4	6	10
Grand Total	9	9	18

### TABLE 17 HUMAN IMPACT ASSESSMENTS IN 2017 (412-1)

Documents Types	Creation (Introduced)	Update (Revised)	Grand Total
RTS Manual	0	1	1
Guideline	5	1	6
Policy	4	5	9
Procedure	3	6	9
Process	0	1	1
Specific Form	12	8	20
Work Instruction	0	6	6
Grand Total	24	28	52



INVESTING IN OUR COMMUNITY
BEYOND THE WALLS OF OUR BUSINESS:
IMPACTING OUR COMMUNITY IN PROFOUND WAYS

### **PILLAR FIVE: COMMUNITY INVESTMENT**

We believe in building a Sustainable Business Model by investing our talents and engaging our stakeholders for the benefit of our Society, our People and our Environment through pioneering responsible operations and initiatives.

Our long-term strategic involvement towards our community keeps on growing. The community investment initiatives and contributions are at the heart of our CSR program and our Corporate Sustainability Strategy since 2015. As a responsible telecom operator in matters of social responsibility and social development, we made sure to expand our focus areas and to work hand in hand with various stakeholders in order to ensure long-term sustainable initiatives that will create opportunities and build on the shared values. The main pillars of our social responsibility program that marked 2016-2017, focuses on Children in Communication needs, women empowerment,

community well-being, green responsible resource utilization, Education and Technology Trends.

The pillar includes our obligation to assist the communities around us, by highlighting problems that are crucial to the Lebanese today like community support initiatives, youth encouragement, digital inclusion, health, and environmental supervision. The top basics of this pillar comprise the following: (102-12)

- 1- Alfa 4-Life CSR Program
- 2- Give 4-Life
- 3- Youth Programs and Digital inclusion
- 4- Alfa 4-Sports
- 5- Drive 4-Life
- 6- Miscellaneous Awareness Campaigns
- 7- Green stewardship/Alfa 4-Nature

### 1. ALFA 4-LIFE CSR PROGRAM

"At Alfa we focus attention on an area that is critically important, now and for generations to come by investing our social efforts on improving lives of children with communication needs."



Alfa 4-Life showcases "the human side of Alfa" through which we strive to give back to our community and respond to its needs. It is the flagship of our Sustainability journey and a pledge 4-life. Through this 12-year program and ongoing, we continue to actively support the cause of People with Iron Will as part of our commitment to the 2030 UN Sustainable Agenda and particularly SDG#10: Reduced Inequalities. We have launched more than 25 initiatives and art therapy programs to support their integration over the past years.

Alfa started collaborating with our local community and respectively teamed up with local NGOs that focus on the children, as we believe children are our future. Our social initiatives tackle areas that are challenging to the children by adding the values to their lives in order to open up new horizons for their development and contribute to a sustainable future for our generations. Expanding the children perspectives, offering them new prospects and giving meaning to their existence, are our motto that enlightened our journey and reinforces our determination. Our program reaches more than 3000 children.

As we continuously work on improving the quality of lives of our children with "Iron Will", and specially their communications skills, Alfa partners with leading therapists and mentors to give our children the opportunity to express themselves and to build their capabilities and talents.

and accomplishments, we organize yearly events that highlight the progress of our children and accomplishment throughout the year and bring joy and fulfillment to their hearts.

In 2016 and 2017, we collaborated with the NGOs to create programs that fulfill the needs of our children by giving them the abilities and capacities to excel in handmade arts, mosaic and furniture; in addition, we continued to coach their vocal techniques by well-known vocalists and allowed them to explore their own potentials. To celebrate children's success

Multiple NGOs that share Alfa's concept and principles, are supported by Alfa 4-life including: Lebanese Autism Society (LAS), SOS Children's Villages, Acsauvel, SESOBEL, Father Andeweg Institute for the Deaf (FAID), the Lebanese School for the Blind and Deaf (LSBD) and Association Francophone Pour Les Malades Mentaux (AFMM).

"I am very proud to say that through "Alfa 4-life", we are setting the "culture of inclusion" in Lebanon. We have launched the naming of "People with Iron Will" to completely replace "People with special needs" as these children continue to inspire us with their ability to give and create and deserve the recognition and to be given equal opportunities." Marwan Hayek

#### WITH THE LEBANESE AUTISM SOCIETY (LAS):

In 2010, Alfa has discovered the painting talent of Ali Tlais, a young artist with Autism during a group competition for figurines. Alfa believed in Ali's talent, and has put at his disposal all the necessary elements for developing his artistic abilities including: drawing and painting lessons, needed material for practicing the art of painting and exhibitions

for public recognition. Ali held in 2016 his 6th exhibition "Lebanese Icons" and 7th exhibition "Maisons Traditionnelles Libanaise" at the Beirut Art Fair (BAF). It is worth noting that Ali's paintings are permanently exhibited at the Grand Serail in Beirut and the Ministry of Social Affairs.







#### WITH ACSAUVEL

Since Alfa 4-Life inception, and stemming from Alfa's firm belief in the therapeutic attributes of Sports, Alfa has been organizing an annual Sports Day for the students of ACSAUVEL. This event is the result of a year-long training by specialized trainers for the children provided by Alfa. This therapeutic training and activity offered to ACSAUVEL

students as part of Alfa 4-life CSR program is essential in strengthening their abilities to engage with the outside world and in enhancing their physical and mental health, thus improving their quality of life and well-being.





#### WITH THE SOS CHILDREN'S VILLAGES - LEBANON:

### Alfa and the SOS Children's Villages Choir

Since 2006, and stemming from Alfa's belief in Art therapy and namely the soothing effect of music on SOS children who suffer from social problems, Alfa has established a choir for SOS as part of its Alfa 4-Life CSR program. SOS Children had the chance to express themselves, overcome their social problems and better build a team spirit and

solidarity with the help of specialized instructors from the Lebanese Conservatory and from Al Fayhaa. At the end of each year, the Children perform during a Christmas Concert to showcase their developed skills and talents in front of a select audience in reputable venues such as the UNESCO and Assembly Hall at AUB.





### WITH SESOBEL

## Supporting the sustainability of SESOBEL through the enhancement of their products.

Alfa has designed a new trendy brand "Les Délices d'Alice" for the chocolate and biscuits products of Sesobel. "Les Délices d'Alice" by Sesobel Boutique in Achrafieh, was completely designed to be equipped and renovated in harmony with the new brand by Alfa 4-Life program, showcasing the new trendy products and packaging to be inaugurated in 2018. The new brand helps in assuring Sesobel sustainability since Sesobel financial resources mostly rely on the production and sales of products made in their workshops.



### WITH THE FATHER ANDEWEG INSTITUTE FOR THE DEAF:

In 2016: FAID students exhibited handmade Mosaic furniture of their own creation after having completed workshops and revived a traditional craft.

In 2017: FAID students learnt the "Ikebana" Japanese Art of flower arrangement.





## WITH THE LEBANESE SCHOOL FOR BLIND AND DEAF BAABDA (LSBD):

Three breathtaking sculpture exhibitions by LSBD students were held so far as part of Alfa 4-Life program at la Résidence des Pins. All the three exhibitions were held under the patronage and in the presence of French Ambassadors. All artworks were created in a workshop given by renowned

Lebanese sculptors like Anachar Basbous and Naim Doumit. All proceeds went to LSBD and the students.

### 2017: "Doigtés Dorés" LSBD Exhibition



In 2016, the Lebanese School for Blind and Deaf, through the Alfa 4-Life CSR program, took part in the Beirut Garden Show & Spring festival. The visually impaired students of LSBD exhibited wicker chairs and straw furniture crafted by them with a relooked design by Karim Chaaya, after having completed workshops provided by Alfa within the art therapy program, which aims at giving them the required skills in order to be better equipped in finding future careers and sustain themselves as well as helping the LSBD sustain themselves.



### Life Changing Technology for three visuallyimpaired students with Iron Will at LSBD

- In 2017, Alfa has offered the children Leticia, Christelle and Muhannad, three e-Sight devices, which represent

a revolutionary technology that helps visually-impaired people to see and enables them to engage in daily activities, giving them autonomy and the opportunity to learn and study in an appropriate environment.



## WITH THE "ASSOCIATION FRANCOPHONE POUR LES MALADES MENTAUX" AFMM:

# As part of Alfa 4-Life, aiming to raise awareness about mental disorders and destigmatization of mental illnesses, Alfa and AFMM partnered on the below:

- In 2016, Alfa inaugurated with AFMM the redesigned psychiatry service

ward of the Hotel Dieu hospital that was refurbishes with internationally

renowned paintings, cartoons and Lebanese icons to create a pleasant

atmosphere that meets the needs of the psychiatry patients. Pictures

- In 2017, six movies tackling six different mental disorders were launched

during a Press Conference held at USJ.







## 2. GIVE 4-LIFE: ENGAGING COMMUNITY BY SUPPORTING SOCIAL CAUSES (1004)

As we seek to spread happiness among our community and subscribers and since giving makes people happier, we created "Give 4-Life". Give 4-life platform allows our subscribers to donate to our partner NGOs, which are part of our Alfa 4-Life program, thus contributing to improve the lives of our children.

For better engagement and reach, we put at the disposal of our customers a variety of means that enable them to donate:

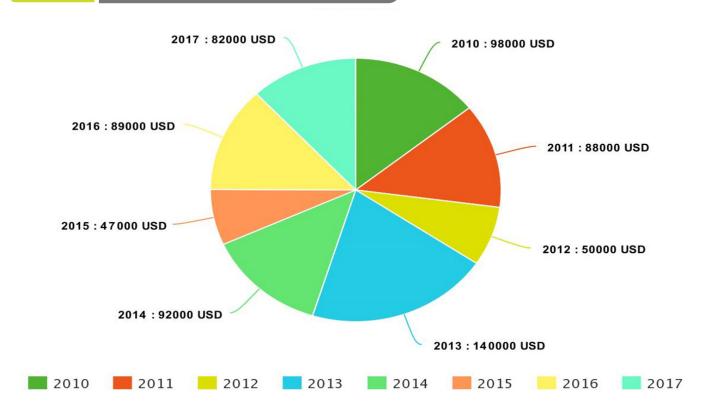
- -Give 4-Life by short message to 1004
- -Give 4-Life using Alfa Mobile App
- -Give 4-Life using Alfa website

As a recognition gesture to our donors, each respective NGO offers the top donor a handmade gift, crafted by the children.

Happier People Give More: Subscribers Donations for 2016: \$89.000 and for 2017 \$82000.

### FIGURE 23

### **ALFA SUBSCRIBERS DONATIONS**



We launch SMS Fundraising campaigns year-round on the short code 1004, enabling our subscribers to donate. Also, our website donation tabs and Alfa application encourage users to donate online. Below are some examples:



















### **FEATURED STORY**

# CHAIN OF LOVE PANEL GATHERS ALFA AND ITS NGO PARTNERS TO CELEBRATE 11 YEARS OF SUCCESS STORIES

As part of its Alfa 4-Life CSR program, Alfa organized a Chain of Love panel which brought together Alfa's Chairman and CEO, Mr. Marwan Hayek and representatives of the seven associations supported by Alfa to celebrate 11 years of cooperation, friendship and success stories. The dialogue also addressed the challenges faced by these associations and the means to strengthen cooperation with Alfa in order to support integration and achieve equality.



"Eleven years after the launch of our Alfa 4-Life program, we are still going strong, because this program is part of our economic strategy and part of our company's DNA. Our commitment is no longer only a commitment within Alfa, but is now within the larger scope of our pledge to

achieving sustainable development, particularly the 2030 Sustainable Development Agenda and the SDG10, which aims to achieve integration and reduce inequality within society".

Marwan Hayek



### 3. YOUTH PROGRAMS AND DIGITAL INCLUSION

## Since technology is a prominent part of our lives, we ground our work in technological development to create social positive change and originality.

Alfa aims to cultivate good networks for its customers and offer them the connectivity and technology that is crucial for living, learning, and progressing in today's hitech economy. The digital presence is important for Alfa, this is our tactical system in which we make sure to give back to our society and the community in which we live and work. It is our responsibility to ensure that technology and connectivity reaches all the marginalized and sidelined people who are not able to benefit or access the internet. This is how Alfa began its Bayti fixed wireless landline that permits customers in remote villages in Lebanon to make and obtain national and international voice calls, giving them with crucial Internet access (203-1).

### ALFA AND ERICSSON IOT AWARD:

In this context, and capitalizing on the idea of the youth as future leaders of change, who can leverage technology as a tool for digital transformation and impact, we launched the first of its kind competition, "Alfa and Ericsson IoT Award", driven by an operator and vendor and targeting Telecommunications, Computer and Electrical engineering students, in cooperation with IEEE Young Professionals Affinity Group.

This competition has created space for young talents from across Lebanon to compete to design an IoT-based business case project, using an IoT kit provided by Alfa and Ericsson and including a connectivity aspect over Alfa network. This competition encouraged young minds and talent to channel their creative energy in new directions, while granting them needed exposure with telecommunications experts and decision makers from public sector, operators, vendors, academics, as well as incubators.





### **GIRLS IN ICT DAY:**

Technology immensely affects our business, as it controls our social transformation. With the presence of the gender gap in the ICT sector around the world and in the Middle East, Alfa took the chance to direct its efforts on involving women and amplifying their presence in the evolvement of the telecommunications sector.

Additionally, Alfa constantly demonstrates the importance of an inclusive environment by embracing gender diversity and equality, and demonstrating through concrete action that including women in the work force will yield social and economic benefits in the ICT sector.

Since 2013 and until this day, Alfa has been organizing the International Girls in ICT Day, an International Telecommunications Union (ITU) initiative that promotes the presence of women in the ICT sector.

In 2016 and 2017, Alfa organized round tables, preparing diverse activities, giving a tour of the company and generating technological creativity competitions for female students from many Lebanese schools.





### 4. ALFA 4-SPORTS

At Alfa, we do believe that sport is essential for the health and the wellbeing of our community and consider it an opportunity for unity and cohesion. In line with this belief and Alfa's culture, we proudly support our local sports and national Lebanese leagues and are the main sponsor of many marathons, tournaments, national Lebanese teams and leagues as well as our internal colleagues who are shining in local and international competitions, including Colleagues with "Iron Will".

At Alfa, we do consider that our Business accomplishments and triumphs if not interwoven with the benefit of our community, will not reach its full potential. Accordingly, we are constantly backing up our Lebanese players in a wide selection of sports, all over Lebanon.

**LEAGUE** دوري **ألفا** اللبناني لكـــرة القــــدم



### 5. DRIVE 4-LIFE

The health and wellbeing of the community lie at the heart of what we do across our CSR programs. Alfa walks the talk and leads the way by taking actions and embedding best practice norms as per the international quality systems, and was awarded ISO 39001:2012 in November 2017.

Since road crashes are the first killer among our youth (aged between 0-35 years) and knowing that they cost the country yearly between 1% and 3% of the GDP of Lebanon, Alfa took the initiative to develop its Alfa Drive 4-Life program which complements Alfa's CSR commitment and complies with ISO 39001, ISO 26000 and the UNGC principles.

Alfa launched since 2013 several Road Safety campaigns with Kunhadi, the ISF, LIRSA and the National Traffic Safety Council and is currently releasing monthly tips on its social media channels to increase public awareness.

Alfa's Safe Driving Culture encompasses the following: Working in a safe environment Riding a safe and clean fleet Enjoying free, safe, and modern transportation modes Avoiding claims and liability raised out of malfunction Sharing our commitment with our community

### Alfa internal initiatives

- Extending awareness and training for employees
- Creation of "Alfa Car Fleet Team"
- Installation of GPS tracking application on operational cars
- Integration of car management operations on ERP system
- Performing Weekly Physical inspection to all Alfa car fleet

#### Alfa External Initiatives

- Putting at the disposal of the public a Hotline number related to Alfa fleet driving manners
- Alfa and Kunhadi launch Road Safety Campaign "There is no Network Underground", February 2016
- Alfa sponsors # حتى\_ما\_اشتقلك\_يوم awareness campaign, December 2016
- Alfa and the National Road Safety Council launch تنذكر وما تنعاد خلينا نحوّل الحزن لأمل November 2017

















### **FEATURED STORY**

"Obtaining the ISO 39001 certification in Road Traffic Safety Management means that we have pledged to transform the company's buildings and surroundings into pedestrian friendly buildings that provide safe entry and exit, and reduce the Lebanese road risks. It also means that we have trained the entire Alfa staff on the principles of safe driving so they can become a role model in the community and in their families. Moreover, we have developed all the company's internal policies to reflect our commitment". Marwan Hayek





"Eleven years after the launch of our Alfa 4-Life program, we are still going strong, because this program is part of our economic strategy and part of our company's DNA. Our commitment is no longer only a commitment within Alfa, but is now within the larger scope of our pledge to

achieving sustainable development, particularly the 2030 Sustainable Development Agenda and the SDG10, which aims to achieve integration and reduce inequality within society".

Marwan Hayek

### **6. MISCELLANEOUS AWARENESS CAMPAIGNS**

Committed in our part as a responsible business we always exert extra effort to increase consciousness and awareness around the damages of using our technology during insecure circumstances like texting and driving.

Alfa also introduced a wide variety of awareness campaigns about topics connected to breast cancer, waste management, blood donations, and more.

## BREAST CANCER AWARENESS CAMPAIGNS:

In 2016, inspired by Facebook's "marked as safe" feature we created a sharable post that allows women to mark themselves as safe, granted they've been checked. We asked women who have performed all necessary checks for breast cancer to share the post and tag 5 of their friends/family members to do the same. By doing so, they get the chance to win a Pink Gold iPhone.

For the entire month of October, we changed the Alfa logo to pink as a symbol of solidarity and to serve as a constant reminder to anyone who sees the logo to either get checked or encourage their loved ones and friends to get checked.



### 7. GREEN STEWARDSHIP/ALFA 4-NATURE

As we evolve in our sustainability journey, our green commitment to minimize the impacts of our operations on the environment grows and becomes more solid and well embedded within our business practices. Environmental stewardship marks an important part of our 5th pillar and overall strategy.

We continuously assess our environmental footprint and are always looking for ways to reduce it. Following all our continuous efforts, we consider ourselves as the environmental advocates of our community. We have put in place responsible environmental initiatives, embracing the latest technologies in terms of energy savings and operational efficiency towards renewable energy sourcing. We are also working towards a sustainable and precautionary growth.

Accordingly, we have taken active steps to introduce green service initiatives, secure energy efficiency, manage our waste, introduce green areas, and acquire value enhancing services or products, among others.

# OUR AIM IS TO:

- Improve overall environmental impact
- Reduce waste
- Improve resource efficiency
- Increase stakeholder and customer trust
- Develop corporate image and credibility
- Drive down costs
- Achieve strategic business aims
- Increase new business opportunities
- Gain competitive advantage in supply chain design
- Meet legal obligations

Our green program consists of 3 main pillars:

### 1. Raising awareness of our employees

- With respect to environment challenges
- With respect to saving energy
- With respect to the green best practices

## 2. Engaging our employees for adopting green habits

As we believe in the power of the team and the goodness of adopting green habits, we created the Green Agents team. Our Green agents are from all different sectors, they were trained about the best green practices and specifically regarding our waste management framework. They are facilitators of change and play a major role in enabling the endorsement of green habits within Alfa premises.

## 3. Embedding environmental systems and routines within our business operations

We regularly develop, update and review our quality documents and specifically our work instructions in order to make sure that all our business activities are being performed with respect to the environmental quality standards and in alignment with the best practices.

Our customs and constant need for development ensures that our business activities are properly executed and up to date with our quality documents and work instructions to insure that the execution of our activities aligns with environmental quality criteria.

Several measures as seen below are executed on Alfa network side yet decreasing the energy consumption, mainly related to optimizing the sites space usage and decreasing the overall network power. Our continuing action as to decommissioning and swapping of the traffic from the older nodes onto the newer and more eco-friendly nodes is still ongoing in Alfa's network.

### TABLE 18

### **ENERGY CONSERVATION MEASURES (302-1,4,5)**

Existing systems of equipment	Measures Taken				
Lighting	Installation of electronic type ballasts energy efficient in buildings, Alfa stors and warehouses				
	Installation of motion detectors in Alfa premises and parking				
	LED lights are distributed within the company and all recent Alfa stores, and sensors are installed to reduce the power utilization				
Ait Conditioning	Turning louvers, reducing leakage of existing elbows				
	Installation of timers for AC at Alfa premises				
	Installing of new digital thermostat for Central AC units in Alfa premises				
Office equipment	Automatic power save for copiers, shredders, screens and others				
(PC, Scanners, Photocopiers,	PC and printers configuration for turn OFF - sleep mode				
Shredder, etc)	Network tool for power management: enable sleep mode				
Common Services	Fans and pumps schedule on building management system at Alfa premises				
Power generators	Power shut down for Alfa floor lightings and preises				
Main distribution board	Registration of hous meter readings at each gasoil refilling for Alfa generators				
Usage of LCD monitors	All screens are LCD				
Installing programmable timers for irrigation systems	Done for pine planters				
Installation of solar control window film on clear glass	Done in all Alfa premises; 3M film is installed on the glass facades to reduce heat transfer and improve the AC efficiency, however, to further improve AC utilization, the thermostats and air flows should be set to optimal configuration and locked.				

The collaboration between the team, along with incorporating green habits as a lifestyle has created the Green Agents team, which includes the proactive green

change agents who are skilled in the top green practices to create positive change and endorse green habits at Alfa.

### TABLE 19

### **TOTAL WEIGHT OF WASTE RECYCLING TYPE DURING 2016**

Total weight of waste recycling type during 2016 (306-2)

Paper		Plastic	Aluminum	
Paper (KG)	Card board (KG)	Books (KG)	Bottles (KG)	Card board (KG)
2146	2218	1625	395	2218

### TABLE 20

### **TOTAL WEIGHT OF WASTE RECYCLING TYPE DURING 2017**

Total weight of waste recycling type during 2017 (306-2)

Paper		Plastic	Aluminum	
Paper (KG)	Card board (KG)	Books (KG)	Bottles (KG)	Card board (KG)
3194	1869	337	411	251

#### FIGURE 24

### **ALFA 4-NATURE**



Alfa 4-Nature: (301-2)

In 2016 and 2017, Alfa reduced its oil consumption by 17,000 liters



In 2016 and 2017, Alfa was able to save around 46,000 KWh of energy

In 2016 and 2017, Alfa saved around 333,000 liters of water (303-3)



In 2016 and 2017, Alfa saved 213 trees from recycling papers and cardboards



In 2016 and 2017, Alfa reduced its air pollutant particles by 347 Kg



We are proud to have sponsored the 4th edition of the Lebanese Diaspora Energy (LDE) conference in 2017.

People were able to watch as we planted a cedar tree in their name at Barouk forest through Alfa 4G+ live streaming.





## **CLOSING STATEMENT:**

All our achievements featured in this report put us one step closer to the 5G commercial rollout which we are planning in early 2019. This is part of our commitment of making our infrastructure ready for machine learning and artificial intelligence and hence the next digital revolution which Lebanon and Alfa will be among the first to embrace.

"In the next 15 Years 5G will lift mobile into a technology that changes the world Global real GDP will grow at an average rate of 2.9%, of which 5G will contribute 0.2% of that growth (2018)"

Marwan Hayek

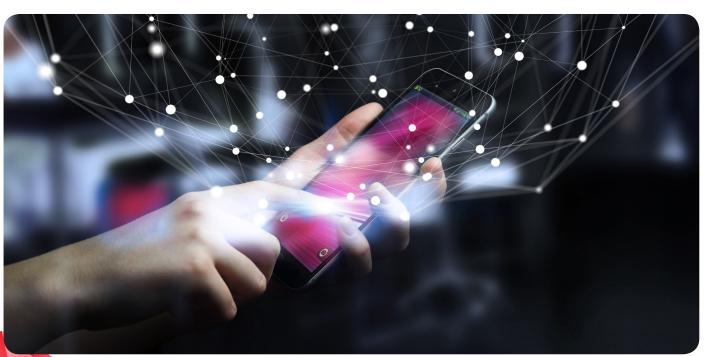
\$12.3 TRILLION 22 MILLION JOBS

\$3 TRILLION

Enabling a broad set of industries

Supporting a thriving value chain

Driving Global GDP Growth



### Engage with us:

This report can be accessed at https://www.alfa.com.lb/en/csr/alfa-sustainability-report.

If you are interested in learning more about Alfa or continuing the discussion, we also welcome you to engage with us via our social media channels below



alfa.telecom



Alfatelecom



alfatelecommuications



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#### **External Audits and assurance**

External audits for the ISO 39001:2012 on Road Traffic Safety Management were executed on 25-26-27 October 2017 and the certificate was awarded on the occasion of the world day of remembrance for road traffic victims, on the 3rd of November 2017.

PwC is the external auditors for financial reports.(102-45) The Global compact network Lebanon is the body for External Assurance.(102-56)

This report has been produced in accordance with the GRI core and comprehensive standards.(102-54)

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### **GRI 102: General Disclosures**

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Strategy		

### Strategy

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### of the UN Global Compact

Core Area	UNGC Principles	Examples of Implementations at Alfa
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	<ul> <li>Alfa's ethical business standards and internal code of conducts in accordance with international norms and standards of best practice.</li> <li>Alfa's operations and business relationships in line with the applicable laws and regulations in Lebanon</li> <li>Alfa endorses the Universal Declaration of Human Rights by respecting and promoting ethical conduct amongst our employees, customers, stakeholders and business partners.</li> <li>A large number of our operations have been subject to human rights reviews or human rights impact assessments such as LPHU Training in 2015</li> </ul>
	Principle 2: Make sure that they are not complicit in human rights abuses	• Same as above
	Principle 3: Businesses should uphold the freedom of association and the recognition of the right to collective bargaining	Alfa abides by ethical business standards in accordance with international norms and standards of best practice. We conduct our operations and business relationships in line with the applicable laws and regulations in Lebanon and our internal code of conduct and endorse the Universal Declaration of Human Rights
Labour	Principle 4: The elimination of all forms of forced and compulsory labor	Progressive employment practices pertaining to diversity, equal opportunity, training and talent development, occupational health and safety Compliance with Lebanese Labor Law
	Principle 5: The effective abolition of child labor	Alfa advocates the Convention on the Rights of the Child

#### Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery

We do not tolerate any form of bribery and extortion and we aim to maintain a zero tolerance policy against all forms of corruption, both internally and externally

Anti-Corruption

### The 17 Sustainable Development Goals































### Appendix 3: Implementation of the 17 Sustainable Development Goals

#### Examples of Implementation at ALFA

- Alfa encouraged local sports and shed light on local talent by being the main sponsor of many marathons, tournaments, national sports teams and leagues as well as Alfa team members including those with "Iron Will"
- Alfa launched "Let's bring their Sight Back this Season" initiative as part of "Alfa 4-Life"
- Alfa launched an awareness initiative on mental illnesses and ways of prevention and treatment through movies and refurbished the psychiatric ward of Hotel Dieu de France in partnership with AFMM
- As part of its role as a responsible corporate citizen, Alfa launched the "No network underground" Road Safety campaign with Kunhadi and other Road Safety Campaigns with the ISF, LIRSA and the National Road Safety Council
- In 2017, due to its commitment to Road Safety, Alfa was awarded the ISO 39001: 2012 for Road Traffic Safety Management as the 1st Telecom Operator in the MENA
- Alfa continuously supports the well-being of people with "Iron Will" through Art and Sports therapy as part of Alfa 4-Life CSR initiatives

- Alfa launched the "Alfa and Ericsson" IoT Award Competition for university engineering students to encourage entrepreneurship and innovation (SDG9)
- Alfa launched the A+ University Offer which is tailor-made to target university students exclusively
- Alfa provides a benefit supportive plan to its employees who are seeking university studies
- Alfa was the first Lebanese company to organize "Girls in ICT" event every year since 2013 as per ITU directive to teach young ladies about the telecom sector and the opportunities available to them and encourage them to pursue careers in the field
- In 2017 our total number increased to reach 1033, comprising of 39%women and 61% men

Sustainable Development Goals (SDGs)

SDG 3

SDG 4

SDG 5



#### Examples of Implementation at ALFA

- With a stronger need for an agile and innovative telecom sector in the country, Alfa is continuously creating opportunities for decent employment in the company and through the ecosystem while introducing new technologies
- Alfa fosters a synergistic work environment that values every employee, promotes respect and teamwork and strengthens its position as a Model Employer
- Alfa provides the fastest internet innovations in the world to the Lebanese market
- In 2017, Alfa completed its nationwide 4G+ rollout, covering 100% of its subscribers with LTE Advanced sites
- Alfa launched customized products for youth students as well as initiatives and programs fostering innovation: Alfa A+, Alfa & Erricsson IoT Award for engineering university students, Girls in ICT day and supported Lebanese talents
- Alfa opened a new State-of-the Art Alfa flagship store, the first of its kind in Lebanon and is planning to open 20 other similar stores soon across Lebanon
- Alfa launched more than 13 new products and services
- Alfa champions the cause of people with "Iron Will" by partnering with NGOs to support their inclusion and improve their productivity and financial independence
- $\bullet$  Youth Diversity is also important and 40.58% of Alfa employees are below the age of 30 years
- Employees with "Iron Will" constitute more than 3% of Alfa's Total Employee Population exceeding the 3% quota stipulated by the Law 220/2000 and ratified by Parliament in December 1999 to promote the rights of the disabled
- As part of its role as a responsible corporate citizen,
   Alfa launched the "there is no connection underground"
   road safety campaign throughout the UN Decade of Action for Road Safety
   (2011-2020) as well as several awareness campaigns on road safety with
   Kunhadi, the ISF and the National Road Safety Council
- Alfa family was trained on sound driving rules and was awarded the Road Traffic Safety management certification ISO 39001:2012 after the successful audit completion of Road Safety Policy for all its employees and Car fleet
- Alfa sponsored many local festivals to encourage Art and Culture and support local communities

#### Sustainable Development Goals (SDGs)

SDG 8

SDG 9

SDG 10

SDG 11

### Examples of Implementation at ALFA

- Alfa has a well-established Waste Recycling program in all Alfa premises (papers, cardboard, plastic and metal)
- Alfa celebrates Earth Hour on a yearly basis
- Alfa provides Green Tips to colleagues on a monthly basis
- Alfa's Green Bill initiative encourages customers to resort to e-bill instead of paper
- Alfa supported many local NGOs through its Alfa 4-Life program
- Alfa is a member of the UNGC and the GCNL Board of Directors which is continuously seeking to develop partnerships that create impact in the community
- As part of its Alfa 4-LifeCSR program, Alfa organized a Chain of Love panel, which brought together Alfa CEO and Chairman Marwan Hayek and representatives of the seven associations supported by Alfa to celebrate 11 years of cooperation, friendship and success stories. The dialogue also addressed the challenges faced by these associations and the means to strengthen cooperation with Alfa in order to support. The dialogue also addressed the challenges faced by these associations and the means to strengthen cooperation with Alfa in order to support. The dialogue also addressed the challenges faced by these associations and the means to strengthen cooperation with Alfa in order to support integration and achieve equality

#### Sustainable Development Goals (SDGs)

SDG 13

SDG 17

