



*Corporate Responsibility Report  
2007*



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# Corporate Responsibility Report, 2007

Dear Reader,

You are reading Pannon's Corporate Responsibility (CR) Report for 2007 which is the second such report in the company's history. This time again, we are introducing the results of our diverse CR activities. As a result of our efforts to increase transparency, this year's report is much longer and more detailed than the previous one.

Companies are increasingly expected to run their business in a transparent and ethical manner aligning business needs with social and environmental concerns.

Pannon keeps launching new programmes to demonstrate that being a responsible corporate citizen it is committed to improving its social and natural environment far beyond statutory requirements. CR activities form an integral part of our business. This report is one of the first steps on the road to the joint measurement of Pannon's business, environmental and social performance.

CEO Welcome

Credible CR relies on genuine values. Our tangible measures to fight climate change, our creative approach to social investment, as well as our efforts to provide underprivileged communities with access to technology and facilitate its secure use all reflect Pannon's core values.

In 2007, Pannon spent 0.65% of its pre-tax profit or over HUF 365 million on CR including sports and cultural sponsorship and in-kind donations. This contribution propels Pannon into the forefront of the Hungarian business community.



Ove Fredheim  
CEO



As a member of Telenor Group, Pannon applies and adapts to the Hungarian circumstances the corporate responsibility (CR) strategy of the Group formulated at an international level. Pannon's objective is to understand and respond to the global and local challenges of society. As a responsible company providing telecommunication services, we feel that our expertise, innovative technological solutions and conduct enable us to contribute to the development of the members of society living in less favourable conditions, to decrease our impact on global warming and to promote the safe use of information technology.

In order to realise these three strategic objectives, we wish to build a relationship of confidence with the relevant players.

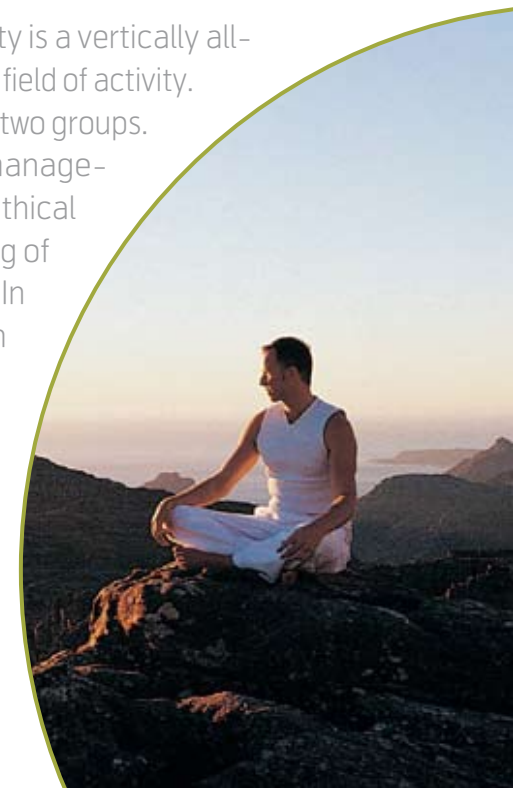
- We would like to ensure that our customers trust us to perform our daily work in a responsible manner.
- We would like investors with high social and environmental expectations to choose the shares of Telenor Group; as one of its largest subsidiaries, Pannon is in a position to actively contribute to this aim.
- We would like to see that those customers, who look upon Pannon's business and CR activities as private individuals, understand and recognise our responsible business conduct.

- We would like our colleagues to take pride in the way we do our work and identify with our methods via their own responsible conduct.
- We would like those customers, who look upon Pannon's business and CR activities as experts, to see us as cooperative partners in the realisation of their own objectives.

Adherence to the values of Telenor Group and Pannon is fundamental to the realisation of our objectives:

- Make it easy
- Keep promises
- Be inspiring
- Be respectful

For Pannon, corporate responsibility is a vertically all-pervasive attitude manifest in every field of activity. Within this, we distinguish between two groups. On the one hand, CR pervades management processes: responsible and ethical conduct is part of both the planning of business steps and everyday work. In keeping with the company's notion of corporate social responsibility, each and every colleague is responsible for the attainment of our collective goals. Besides, and closely related to the responsible corporate conduct of Pannon's



employees, the company contributes to the environmental and social efforts of its external target groups in close cooperation with the players concerned.

In keeping with the principle of sustainable development, Pannon strives to optimise its business, environmental and social performance in such a way as to have a positive effect on the lives of the internal and external players related to the company.



Pannon GSM Telecommunications Plc., a member of Telenor Group, is the second largest telecommunications operator in Hungary, serving 3.4 million customers and controlling close to 34 percent of the Hungarian mobile market. Established in 1994, Pannon offers private consumers and enterprises of all sizes a continually expanding range of voice and data services, integrated solutions and multimedia content under the brand names Pannon and djuice. Always committed to investing significant resources into the quality of service and technological innovation, Pannon offers the most extensive mobile broadband coverage (EDGE, 3G, HDSPPA) in Hungary. The company has over 1,200 employees.

Each year, Pannon is ranked among the top 10 large companies in Hungary in respect of its contribution to the Hungarian GDP, taxes and corporate donations.

By virtue of its activities and performance, the company is a definitive player within the country's economy and has ties to almost all Hungarian families. It is therefore extremely important that Pannon manage its environmental and social impact in a conscious and sustainable manner. The present report details the company's efforts in this area.



About Pannon

At Pannon, the system of corporate regulations ensures that the continuous development of the company is realised within the framework of a responsible and healthy corporate culture. Telenor's regulatory framework consists of three Group Governance Documents and the fourteen Group Policies based on these. Group Policies define the everyday work of Pannon's employees via local procedures. Twelve such local procedures are in effect in the Hungarian subsidiary. These are as follows:

- Codes of Conduct
- Anti-Corruption
- Competition Compliance
- Legal Risk Management
- Delegation of Authority
- Investment Proposals
- Personal Security
- Procurement
- Regulatory
- Risk Management
- Tax
- Travel Guideline

The senior officers of the company are responsible for ensuring compliance with the local procedures in their respective fields. Nevertheless, cooperation is required for all employees to ensure reliable corporate operation;

Telenor in compliance with all relevant rules and regulations, must remain competitive both within the market of its services and at the stock exchange. All Pannon employees (including both officers and non-management employees) as well as all individuals and organisations acting on behalf of the company must adhere to the corporate regulations and directives. The following sections highlight those three elements of local procedures that best reflect the integration of Pannon's corporate responsibility into the fundamental processes of the company.

### **Pannon Codes of Conduct**

When joining the company, all employees must sign the Codes of Conduct to indicate their agreement with its principles and their commitment to adhere to these principles outside the workplace, too. The Codes of Conduct summarises all important business, social and environmental aspects of responsible corporate conduct and calls upon employees to completely abide by the relevant laws and to respect each other and the environment.

## **Ethical Stand and Legal Compliance**



All employees must report breaches of the Codes of Conduct, and this must not result in any negative discrimination against or adverse consequences for those employees who report such breaches. This is guaranteed by the Group Compliance Officer and his/her local counterpart, Pannon's Company Compliance Officer, to whom employees may also report breaches of the Codes of Conduct anonymously. In addition to signing the Codes of Conduct, employees may participate in ethical training provided in the form of an eLearning course, although this is not mandatory.

### The Consideration of CR is also Integral to the Procurement Process

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The Procurement Manual, which contains the regulations and principles governing procurement activities, states that Pannon expects its partners to align themselves with Telenor's directives on corporate social and environmental responsibility. CR, therefore, is an assessment factor in the selection of suppliers. The requirement of CR compliance is included in contracts with suppliers as the following clause:

*"Pannon, as a member of the Telenor Group, expects its partners to adhere to the international and domestic norms of social responsibility, and to apply international human and labour rights, with due consideration for local practices."*

This clause was put to practice in 2007, when the company ceased cooperation with a supplier who had accumulated debts towards the State Tax Authority. In such cases, if the problem is not resolved within a certain period of time, this could result in the termination of the contract.

The number of new suppliers contracted in 2007: 416. The total number of contracted suppliers at the end of 2007: 987.

### Controlling: SOX Standards also Implemented in Hungary

At the end of 2007, Pannon successfully met the requirements of the SOX audit.

The acronym 'SOX' is derived from the names of the two sponsors of the U.S Public Company Accounting Reform and Investor Protection Act of 2002, senator Paul Sarbanes and representative Michael Oaxley. The audit was implemented at Pannon in 2006 due to the parent company's IPO in the United States.





Although Telenor delisted from NASDAQ in 2007, this did not entail the termination of SOX, since the parent company still requires its subsidiaries, Pannon included, to continuously operate the internal control processes and to comply with the requirements of the audit.

The first and foremost objective of the internal controlling process implemented in Pannon in 2006 is to cover any risks impacting the financial report by setting up internal checkpoints. The financial report based on the controlling environment may be said to provide a true and fair view of the company's property, financial and profitability position.

By the end of 2007, 173 checkpoints had been established at Pannon in 9 major areas. Controls are supervised and operated by 46 internal controllers.

Pannon's objective is to offer one of the most attractive and desirable workplaces in Hungary. We wish to distinguish ourselves among our competitors by the opportunity of fulfilment not only in work, but in all other areas of social life, too. The company's ethical and work demands towards its employees are substantial. Their efforts are rewarded by an exceptionally high level of remuneration in the sector, an innovative work environment that maintains a proper balance between work and private life, and benefits whose range is much broader than mandatory. Pannon looks upon the synergy between the employees and the company as a long-term investment, which is to sustain its performance and responsible work culture.

### Healthy and Safe Working Environment

Pannon meets the demands of all laws regarding work health. Furthermore, the company provides its employees with a wide range of benefits that go well beyond the level of the basic services required by law. In order to avail themselves of certain benefits, employees must satisfy a number of criteria. The various levels of access are based on the completion of the probation period, the type of the work contract (fixed or indefinite term) and the position and responsibilities of the employee.

Employees







Benefits are grouped into twelve categories:

– Health service: out-patient care, basic medical screening tests annually and substantial contribution to the costs of dental care if performed by partner institutions contracted by Pannon.

– Associations: support for sports associations, company sports competitions and participation in competitions.

– Meal contribution: in Budaörs, meals are available in the Pannon Café, where the meal contribution credited to the entry card may be used; alternatively, the company also provides a meal contribution in the form of meal vouchers.

- Support for families willing to have children: pregnant members of staff may make use of screening tests free of charge at high-quality, private health institutions. Following birth, Pannon reimburses the costs of hospital care and provides a substantial, one-time financial contribution to the parents. When returning from maternity leave, if their positions allow this, we try to provide female employees with work-time benefits that enable them to reintegrate themselves into work while providing adequate care to their children. Part-time work and telecommuting while on maternity leave is becoming increasingly frequent. Working from home includes

the division of the working week between the home and the workplace as well as working completely from home.

- Funeral contribution: in the unfortunate case of the decease of a parent or offspring, we provide our employees with financial assistance for the arrangement of the funeral.
- Transport: a free of charge bus-link is provided for all employees to and from the Budaörs office building; senior officers and the holders of certain positions in the company are provided with company cars.
- Financial services: preferential account management at the Bank contracted with Pannon.
- Share scheme: employees may purchase Telenor shares; if the company's annual performance is good, shareholder employees may also be given bonus shares.
- Special employee discounts: in both online and brick-and-mortar stores.
- Sports: Pannon employees may use eight fitness facilities and two swimming pools free of charge.
- Contribution to the purchase of spectacles: the relevant government order is restricted to the minimally required, low-end frames and lenses; however, the management of Pannon has decided to offer greater support. The contribution to the price of the lenses required for computer work is unlimited, and the company also provides HUF 8,000 contribution to the price of frames.





– Study contribution: Pannon reimburses a part of the study fees of employees participating in higher education, if such education coincides with the business interests of the company. To ensure transparent and unbiased decision-making, study support is provided for in a local-level regulation as well.

### The ‘Apple of Our Eye’ (‘Szemünk világa’) Initiative

In July 2007, the Security Department launched the ‘Apple of Our Eye’ initiative on the company intranet. This is a test enabling employees to assess the state of their eyesight. To mitigate possible adverse symptoms, the authors have included a set of eye-exercises, too. Based on the number of downloads, all Pannon employees with access to the intranet have taken a look at the article and approximately 260 colleagues have completed the test.

### Work Life Balance

Pannon pays a great deal of attention to the correct balance between employees’ work and their private lives. The Work Life Balance (WLB) Program has been designed to serve this objective. As we are fully aware that employees must meet expectations not only at the workplace, but also at home, many colleagues are granted the opportunity – after consulting with their superiors – to work from home according to their own

schedules. Thus, employees are not forced to sacrifice their duties outside work. The company provides all technical facilities for work outside the office: a laptop computer, mobile Internet access and modem, and a secure IT network (VPN).

WLB, however, is about more than just providing the toolset, it also requires a change of attitude on the part of the employees involved: working outside the workplace is not a constraint, but an opportunity for a new, hitherto unfamiliar working style. Therefore, the HR directorate continuously communicates the WLB outlook and keeps up a dialogue with employees to help them with their concerns and doubts.

Another element of Pannon’s family-friendly attitude is that employees may request a family SIM card with discount rates to facilitate cost-efficient communication within the family.

Similarly, the company regularly auctions off no longer required, but fully usable technical equipment (PCs, notebooks, palmtops, etc.), which can be of great help if someone in the family needs such equipment but is sensitive to the costs.



## Community Service Team Building Training

As of 2007, Pannon's team building training sessions are not just for fun, but also consist of voluntary charitable work. In this field, Pannon's major goal for the year 2007 was the construction of playgrounds that are compliant with the standards of the European Union. As a result, during the summer and autumn training sessions, Pannon employees helped in the renovation of old playgrounds and the construction of new ones in eighteen Hungarian settlements with HUF 40 million and several thousand hours of manual labour. Pannon employees have built playgrounds in Hévízgyörk, Csopak, Szomor, Szomolya, Újszász, Mezőkövesd, Szentlőrinc, Kutasó, Bonnya, Eger, Balatonkenese, Héreg, Érd, Diósjenő, Kalocsa, Sirok, Gyulafirátót and Ivád, and have lent a hand in building a home for autistic people in Karácsond.

It is a national requirement that playgrounds be modernised to comply with European Union regulations. However, many municipalities lack sufficient financial resources to do so, and this is where Pannon's donations provide essential help.

Pannon's environmental programme entitled 'Close to the Environment' was launched in 2004.

Pannon continuously monitors the company's environmental impact, in order to use fewer natural resources and to generate as little waste as possible, while improving the quality of its products and services.

To achieve this, a system of conscious, mid-term planning was launched in an organised form within the company in 2007 for the period until 2011. Our objective is to reduce our total CO<sub>2</sub> emission level projected for 2011 by 24%. The elaboration of the company's global warming strategy also started in late 2007 coupled with the adaptation of an environmental management system that is also recognised by the EU. Both are primarily directed at reducing the carbon dioxide emission level by the rationalisation of the company's operation, as opposed to compensating for such emissions (e.g. by planting trees), which assumes the company's environmental impact as constant.

Environment: 'Close to the Environment' Programme



## Indicators of Environmental Impact

Pannon started monitoring its CO<sub>2</sub> emission at the end of 2007. Indicators will expand in the forthcoming years in order to keep track of the company's environmental commitments. Programmes leading to the realisation of these commitments start in 2008, the results of these will appear in the reports of subsequent years.

Index	2006	2007
Total electricity consumption	56 GWh	60.1 GWh
Of which: office consumption (including IT)	12.2 GWh	12.5 GWh
Of which: network consumption	43.8 GWh	47.6 GWh
Total CO <sub>2</sub> emission	25,100 t	26,900 t
Of which: office and IT (approximate)	4,518 t	4,842 t
Of which: network	18,825 t	20,175 t
Of which: transport	1,757 t	1,883 t
Mobile handsets collected for recycling	28,200 kg	32,100 kg
Total number of company cars	330	347
Of which: diesel	145	207
Of which: petrol	185	140

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## Environmentally Conscious Promotion of Products

Pannon was the first mobile operator to come up with a retail product offering in both 2006 and 2007 that was attractive to customers both commercially and as a worthy environmental cause. Within the

framework of the promotion, customers could purchase new handsets with a discount of five or ten thousand Forints. The offer could be validated by purchasing a new, post-paid subscription and handing in a used handset. Used handsets were collected by 6 Pannon Shops and over 200 partner locations throughout the country. As part of its 'Close to the Environment' initiative, Pannon launched the campaign to collect used handsets at the end of 2006. These were then given to two licensed electronic waste recycling companies, ensuring that the discarded phones would not damage the environment. The total quantity of used handsets collected in 2007 was 32,100 kg, 14% more than collected the previous year.

## Informing the Business Sector and Public Opinion, Promotion of Environmental Awareness

On the occasion of the Corporate Social Responsibility Day launched in 2006 by Pannon and co-founders Ericsson, HP, Nokia, Richter and Tesco, these companies pledged to reduce their CO<sub>2</sub> emission levels to mitigate the impacts of the global climate change. Hungarian Post and Oracle Hungary also joined the initiative.

Besides this, the eight corporations also compiled a set of recommendations to help companies introduce environmental protection measures aimed





at reducing their CO<sub>2</sub> emissions. These recommendations are independent of their core activities, and focus on office activities which are similar – therefore comparable – at all companies.

Therefore, these actions can be applied by small and medium-sized enterprises as well as households. Pannon has published these recommendations on the Corporate Responsibility page of its website .

According to these commitments, Pannon launched an energy-saving campaign among its employees. The majority of the new cars purchased for the company's car fleet will be vehicles with emission levels between 130-160 g/km, the air conditioning of the new Pannon office building will be reduced and at least one international business trip per year will be replaced by Internet-based videoconferencing. Through the implementation of the projects described below, in 2007 Pannon has significantly overachieved on the realisation of the commitments undertaken at the Corporate Social Responsibility Day.

## New Office Building

The construction works of Pannon's new, environmentally conscious, community and communication focused office building in Törökbálint were begun in 2007. The new building will be

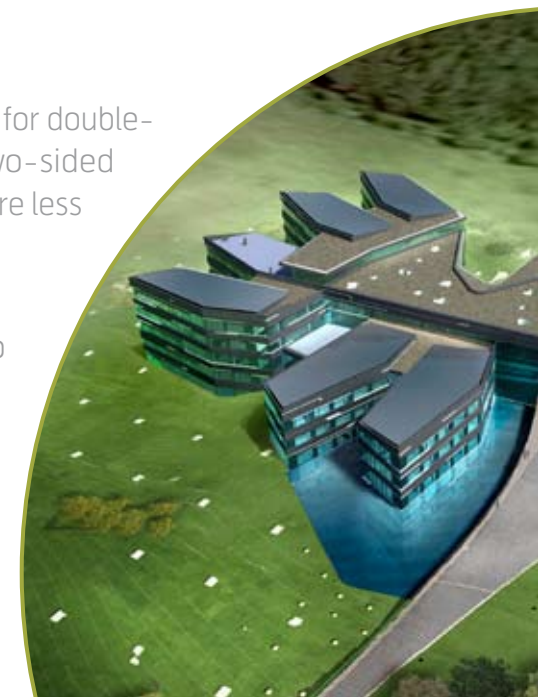
integrated organically into its natural surroundings. Instead of the permitted 30%, the building will only occupy 7.55% of the 8-hectare valley. Even though the official requirement is only 40%, the company will retain 69% of the land as a green-belt area. The entire investment will be conducted in an environmentally conscious manner in respect of the building's energy supply, heating, cooling and ventilation systems, waste management, IT procurement and operation and the maintenance of the facility (cleaning, washing, washing up). The handover of the new office building is scheduled for late 2008.

## Interactive Office – a New Way of Working at Pannon

The new way of working implemented at Pannon, which will be realised to the full after the handover of the new office building, is intended to consciously improve the environmental and social impact of day-to-day work. Here we shall focus on those environmental projects realised in 2007 that form part of this new method.

Our office equipment is suitable for double-sided printing and copying. Two-sided printing is set as default, therefore less paper is used.

Wherever possible, we try to purchase notebook computers, which consume less energy than traditional desktop computers and monitors.



Similarly to last year, in 2007 we offered our visitors mineral water in returnable bottles to reduce the amount of plastic waste generated. Indirectly, this also serves to direct the attention of our partners to the importance of protecting the environment.

In 2007, we have consciously included a preference for diesel, rather than petrol engine cars in the composition of the company's vehicle fleet. The number of diesel engine cars was 42% higher in 2007 than in previous years, while the number of petrol engine cars dropped by 24% in comparison to 2006, even though the size of the company fleet grew by 5% during 2007 compared to the previous year.

### Employment of an Environmental Manager

As of late 2007, the members of Telenor Group simultaneously hired environmental experts or appointed members of their own staff to this position. The first and foremost objective of Pannon's environmental manager is to achieve a decrease in the company's energy consumption and to ensure the sustainability of the lower energy consumption level. The first tasks of the expert include the exact quantification of Pannon's CO<sub>2</sub> emissions, the elaboration of a climate change strategy and the introduction of an environmental management system in cooperation with the technical departments concerned, the Press and Information and the HR Department.

### Social Investment in Numbers

Since a number of contracts contain confidential information, the table below shows the cumulative amount of social investment. This includes sponsorship activities, financial and non-financial donations alike.

Total	HUF 365,675,320
Amount of support as a percentage of profit before tax	0.65%

### Support, Donations

#### Non-governmental Organisations

#### Pannon Példakép ('Role Model') Foundation

[www.peldakep.hu](http://www.peldakep.hu)

The Pannon Példakép Foundation aims to provide publicity and financial support to Hungarians whose value-creating efforts offer a role model for us all to follow. The Példakép Foundation awards HUF one million to those members of the community whose conduct is exemplary to the entire country. The Chairman of the Foundation's Board of Trustees is Loránd Berecky, the general director of the Hungarian National Gallery. Its members in 2007 were journalist

Society: We're Here to Help



András Kepes; János Kothencz, the head of ÁGOTA Foundation, himself a Példakép-laureate; Kálmán Mizsei, EU special representative; Gabriella Molnár, editor-in-chief of Nők Lapja; Péter Nádori, managing director of Krecz & Nádori and Dr Emese Majorosi, Press and Information Director of Pannon.

At the quarterly award ceremony, the Foundation rewards and publicises the work of three role models. Role models may be nominated by anyone from all regions in the country.

### The role models of the year 2007:

- Mrs Marietta Kókay-Lányi – Head of pedagogy, Gyermekek Háza Foundation and Alternative School.
- Krisztina Tinó – fellow of Diótörés Foundation, usually works with homeless and unemployed Roma children.
- Dr János Nemes – volunteer physician, head of Menedék Foundation, paediatric specialist and cardiologist of the Madarász Street Children’s Hospital.

- Pál Nádas – chairman of the Hungarian Paralympics Committee, head of the Movement Development Elementary School and Students’ Home, dedicated to the cause of people living with disabilities and handicaps for 35 years.

- Dóra Elek – director of Bárka Színház, a theatre with an ensemble of mentally challenged children.



- Mrs Béla Erdődi – raises nineteen children coming from backgrounds of extreme poverty with her husband in Zilah (Zalău) in Romania.

- Mrs Eszter Victor Erdős – founder of the Drug Therapy Home in Ráckeresztúr.

- Gábor Takács – founder of Káva Cultural Workshop, an organisation dealing with drama pedagogy (theatre in education).

- Géza Nagy – head of Ability Park, the theme park of the ‘non-handicapped’.

- Márta Németh – head of Búzavirág Foundation in Vámosújfalú, creating employment, homes and a chance for independent life for young people with vision impairments.

- Mrs József Juhász – teacher at II. Rákóczi Ferenc Elementary School in Kálló, mentor of the Roma youth of the town.

- Varga Lajos – traditional sparkling water small manufacturer in Szolnok, nationally acclaimed Maecenas and community organiser.

### Christmas present: HUF 25 million support for the International Children’s Safety Service

It has become a tradition at Pannon to donate the amount that would normally be spent on presents for business partners to a non-governmental organisation. On behalf of its partners, in



December 2007 Pannon gave a large, HUF 25 million donation to the equestrian therapy centre of the International Children's Safety Service, where trainers receive 120 injured children each week. The amount will be used to construct a hall in the Fót centre to host development and training programmes supplementing equestrian therapy and to provide summer accommodation for children from July 2008.

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### **Donation of laptop computers and Mobile Internet to 25 non-governmental organisations**

On the occasion of the successful launch of its Mobile Internet service in May 2007, Pannon donated laptop computers with free Internet access up to 10 GB to 25 non-governmental organisations. The support provided by Pannon has facilitated the work of social workers, health and environmental professionals, who help hundreds of people all over the country. Among else, laptops were presented to the VIZUS Foundation, which helps blind, visually impaired or handicapped people, the Autonómia Foundation working in the interest of the economic development of minorities and the Association of Gypsies and Citizens in Less Favourable Circumstances in the Bódva Valley Region.

### **Support for Budapest City Council's Gypsy House – Romano Kher**

The council cut the budget of Romano Kher in 2007, therefore the organisation was forced to seek sponsors. The colourful and diverse programmes of the House are well suited to Pannon's support objectives, as it supports Gypsy arts, artists and youth, and introduces the values of the Roma to the larger community via its publications and events.

Pannon extended financial support to Romano Kher as part of the company's deliberate integration programme for the minorities. The above donation as well as the cross-boarder integration opportunity offered by laptop computers and mobile internet access and Pannon's participation in the Romaster scholarship and mentor programme launched by Hungarian Business Leaders' Forum are part of this programme.

### **Szent Márton Children's Ambulance Service**

Since 2003, Pannon has continuously paid the communication costs of the Service's five mobile phones, thereby contributing to the efficient operation of the children's ambulance vehicle.







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### Hégető Honorka Foundation

In 2007, Pannon once again made a cash donation to the foundation commemorating the young journalist who suffered a tragic fate. The Foundation uses the contributions received to award two reporters and news editors each year who have made outstanding achievements in reporting about the fate of people living in less favourable circumstances.

### Bátor Tábor Foundation

Support for the healing of children is important to Pannon, which is why the company donated office equipment to the Bátor Tábor Foundation.

### Conference

#### Pannon was the main sponsor of the 12th KÖVET-INEM conference

The Hungarian Association for Environmentally Aware Management (KÖVET), organised the conference titled “Corporate climate change – the impact of climate change on companies, the private sector’s answer to the challenge”, in Budapest’s Hotel Gellért on 25th October. For more information on the programme please visit: <http://www.kovet.hu/view/main/154-916.html>. By sponsoring the conference, Pannon wished to support the spread of environmentally conscious corporate management.

## Culture

### National Gallery

[www.mng.hu](http://www.mng.hu)

The Hungarian National Gallery is in the focus of Pannon’s cultural support; the company has been the main sponsor of the institution for 15 years. Pannon’s contributions enable this treasure trove of Hungarian fine arts to continuously enrich its permanent collection. During recent years, the gallery has also organised a series of extremely successful temporary exhibitions. Pannon also thinks of those who cannot make it to exhibition rooms despite being interested in the masterpieces of Hungarian art: for them, the company offers a collection of pictures downloadable from its mobile network.

### acb Gallery

[www.acbgaleria.hu](http://www.acbgaleria.hu)

In addition to having been the main sponsor of the Hungarian National Gallery for fifteen years, Pannon also became the main sponsor of the acb Gallery of Contemporary Art in mid-2006. Besides supporting cultural heritage, the company has under-



taken a commitment to support the birth of new values in the field of fine arts. acb is a gallery trading in works of contemporary art, which started operation in Budapest in February 2003. acb introduces Hungarian artists abroad and foreign artists in the Hungarian market. Its objective is to present a diversity of genres and artwork created using novel technologies and to represent young artists as well as to participate actively in the creation of state-of-the-art collections. Pannon provides the gallery with financial and communications support, and promotes the exhibitions organised in acb Gallery with recommendations.

## Education

### **Donation of a Comverse Trilogue system to Kandó Kálmán Faculty of Electrical Engineering**

In January 2007, Pannon donated technical equipment of great value to Kandó Foundation, the official sponsor of Kandó Kálmán Faculty of Electrical Engineering. The foundation can put the Comverse Trilogue voicemail system to excellent use in the telecommunications and IT education of engineering students, since this is a complex system that is still in use today. Thanks to this donation, students can familiarise themselves with a widely used system helping them to put their IT and telecommunication studies into practice.

## Sport

Within the field of corporate responsibility, Pannon distinguishes between social investments and sponsorships which are also related to the company's marketing activities. Nevertheless, even though these are sponsorship contracts in the strictly legal sense, these forms of support also belong to Pannon's conscious social support efforts, which is why the present report lists them here.

In 2007, Pannon was once again the main sponsor of two sports: the Hungarian Handball Federation and the Hungarian Ice Hockey Federation. The first was selected on the basis of its outstanding performance (both the women's and the men's national teams are regular participants in the Olympics), while the latter was chosen because this sport has become extremely popular among young people in recent years and has begun to develop in a positive way.

### **Hungarian Handball Federation**

For years, the Hungarian national teams have been at the forefront of international handball. Pannon has been the main sponsor of the Hungarian Handball Federation since 2004. In early 2007, the company and the Federation decided to continue their cooperation. The officials of the Hungarian Handball Federation have often stressed that Pannon's support provides a secure background for the training and tournament work of the women's and men's national teams.

In 2007, Pannon and the Hungarian Handball Federation concluded a main sponsorship contract for another two years.



## Hungarian Ice Hockey Federation

Pannon is the main sponsor of the Hungarian Ice Hockey Federation. The company provides a reliable background for the training and tournament participation of the national team. Since Pannon has committed itself to the cause of the development of ice hockey, an increasing number of signs indicate the development of the sport in Hungary. We would like to mention two of these. New, covered ice rinks have been constructed in various cities (Budapest, Debrecen, Miskolc and Kaposvár), and the number of hockey teams is on the rise. The number of spectators also indicates the increase in the popularity of the sport: the title games of the top Hungarian teams attract more spectators today than the national football championship.

To reward their outstanding professional performance, Pannon donated 22 laptops and data cards with a year of free Mobile Internet access to the players on the national ice hockey team. Each team member was also presented with a new mobile phone by the main sponsor. The mobile operator and ISP also provided the technical staff of the Hungarian Ice Hockey Federation with free Internet access for one year.

In 2007, Pannon extended its sponsorship to the Hungarian Ice Hockey Federation for another three years.

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## Employees' Participation

### Periodic collection campaigns among employees

Our employees regularly organise collection campaigns for toys, books and clothing; these are distributed among NGOs. Besides Pannon's HUF 25 million Christmas present to the International Children's Safety Service, our employees also presented the organisation with gifts of their own (clothes, books, toys, etc.).

### Blood donation

Pannon organises a blood donation campaign among its employees once a year. In 2007, this was held on 28 September: approximately 80 employees donated blood at the Budaörs office buildings in cooperation with the National Blood Supply Service.

### Promotion of the '1% contribution'

As previously, in 2007 we have once again supported our employees in availing themselves of the possibility of contributing 1%+1% of their taxes to NGOs and churches. Besides informing colleagues, the information material published on the corporate intranet linked to potential offers of the laureates of Példakép Foundation, a central element of Pannon's CR program. We provided technical details of the organisations of the previous years' laureates who qualified for the 1% support, thereby encouraging colleagues to support the goodwill community building efforts of Hungary's role models.



## Business Services

### Conclusion of the agreement to restrict children from accessing adult content

In the second half of 2007, Pannon, T-Mobile and Vodafone signed a voluntary Code of Conduct to promote the safer mobile usage of teenagers and children. The three mobile operators support the monitoring of access to adult content, the organisation of awareness campaigns, the fight against illegal content on mobile phones and the transparent classification of commercial content. Following the signing of the Code, the three mobile operators will review it annually and make changes, if necessary.

The predecessor of the Code of Conduct promoting safer mobile usage was the European Framework on Safer Mobile Use by Younger Teenagers and Children concluded by leading European mobile operators in Brussels in February 2007.

### Foetal heart monitoring system provided by Pannon

In cooperation with Pentavox Kft, Pázmány Péter Catholic University and the National Medical Centre, Pannon developed a foetal heart monitoring system during the first half of 2007. The consortium was awarded the implementation tender in 2004 by the National Research and Development Tendering and Utilisation Bureau. Foetal heart monitoring provides ongoing assistance to expectant mothers available at their homes. The device is primarily designed for the monitoring of the cardiac operation of the foetus at home, using the additional information provided by acoustic sensors to provide complex information about the foetus' condition, and to further increase diagnostic safety. Foetal heart rate, uterine contraction and foetal movement are all measured based on prescribed protocols, and data on other heart functions are also monitored and transmitted.

The measurement technique, unique worldwide, was designed by Hungarian experts. The goal is to develop a service available to expectant mothers. The experimental operating stage of the development was launched in 2007 at the National Medical Centre.





## CR Survey Among the Internal and External Stakeholders of Pannon

In the second half of 2007, Pannon conducted a survey among stakeholders about their corporate responsibility expectations towards companies in general and Pannon in particular. The survey provided very important feedback, since the company strives to conduct its activities in such a way that best matches the interests, values and expectations of the stakeholders.

The survey was conducted by Hoffmann International Research, which had already had experience with similar stakeholder surveys in Hungary. The respondents, with whom the company conducted in-depth interviews, were representatives of government bodies, the media and NGOs.

One of the implications of the results of the internal and external survey is that, based on the influence of their foreign owners, multinational corporations at the forefront of CR have an educational role to fulfil as regards the contents of CR towards the general public (public opinion, the media and a part of the NGOs). At the same time, the corporation should treat the members of the professional community as equal partners. According to the results of the internal and external surveys, there is still room for improvement in Pannon's internal and external communications. The present report serves this purpose, as does the fact that communication is one of the most important objectives set for 2008.

The various types of formal acknowledgement received from the different business sectors surrounding the company provide important feedback on the implementation of the CR strategy described in the introduction. In 2007, Telenor Group and Pannon won the following awards, reflecting that the company translates its goals into actual measures:

### Telenor was Ranked as the Best Mobile Service Provider on the Dow Jones Sustainability Index

In 2007, Pannon's owner Telenor was ranked as the best mobile service provider on the Dow Jones Sustainability Index (DJSI). For the first time, DJSI, which ranks the 14 leading mobile communications companies in the world, found Telenor to be the best-performing group. This award to Telenor, a company employing more than 34,000 people in 12 countries, also acknowledges the sustainability performance of its subsidiary, Pannon. The first place indicates that Pannon's philosophy and corporate social responsibility activities are built on a firm foundation.

### Best Women's Workplace

In cooperation with the Ministry of Social Affairs and Labour, the Association for Women's Career Development in Hungary reviews the corporate players in the Hungarian labour market each year. The basis of

## Awards and Prizes



the assessment is the examination of the tools and methods used by companies to ensure equal opportunities for women. In 2007, Pannon was awarded the special prize of the magazine Világgazdaság for its package of benefits offered to female employees.

The flexible work organisation opportunities offered by Pannon are especially important for female colleagues who are often responsible for a whole family in addition to their work. Their life is primarily helped by the work-time quote system, but we also offer them telework, part-time work and home-based work opportunities.

It was not only as a result of the flexible organisation of work that we were honoured with this award, but also our family benefit package, which provides outstanding support to expectant mothers and families with children.

### Investor in People Award

In 2007, Pannon demonstrated once again that the company is able to meet the highest standards of international HR culture and deserves the 'Investor in

People' award for yet another year. This award is presented to organisations that invest the most into the value creating development of their employees.

This most prestigious award for the development of human resources was first won in Central-Eastern Europe by Pannon in 2004. According to the decision of the panel of international experts, Pannon is also worthy of the award from 2007 onwards.

### Summa Artium

In 2007, Pannon was awarded Summa Artium's Contemporary Arts Award, in appreciation of the outstanding cultural sponsorship activity of the mobile service provider. The award has been launched as a new tradition to acknowledge those working for the advancement of arts patronage. The panel of renowned experts decided to award Pannon on the basis of its sponsorship of abc Gallery. Besides supporting cultural heritage, since the summer of 2006, Pannon has made a commitment to contemporary art as well as being the main sponsor of acb Gallery.

