

6.2 PROGRESS REPORT FOR THE UN GLOBAL COMPACT

Since 2013, PALFINGER has supported the UN Global Compact, the world's largest initiative on CSR and sustainable development. With its accession to the UN Global Compact (UNGC), PALFINGER has committed itself to embracing and supporting its ten principles and undertakes to make all efforts to implement them to the best of its abilities.

"In the following reporting period, PALFINGER will continue its support of the Global Compact and renew the ongoing obligation of the Company to the initiative and its principles." Herbert Ortner, CEO of PALFINGER AG

The Global Reporting Initiative Index contains all material GRI indicators that are in accordance with the principles of the UNGC. The environmental aspects of water, biodiversity, compliance, transport, overall and environmental grievance mechanisms, and the aspects of labour/management relations, non-discrimination, local communities as well as public policy are not reported because they are classified as being of no material relevance.

Human rights

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

make sure that they are not complicit in human rights abuses.

Under its Code of Conduct (at www.palfinger.ag/en/sustainability), PALFINGER is committed to embracing and supporting human rights and asks all its stakeholders for the same commitment. PALFINGER has set itself the targets of global, sustainable, profitable growth and social responsibility.

Measures and indicators

- Human rights in investment agreements:
A description of PALFINGER's activities with regard to human rights in investment agreements is contained in the Integrated Annual Report 2014.
- Human rights in the supply chain:
PALFINGER supports the protection of human rights on the part of its strategic suppliers.
- Human rights regarding the use of products:
For a description of where and how PALFINGER's products are used and the relevant indicators and measures, please go to the "Human Rights" chapter on page 37 of this document.



GRI G4-HR 1:
HUMAN RIGHTS IN
INVESTMENT AGREEMENTS



GRI G4-LA 14; G4-
LA 15: OCCUPATIONAL
HEALTH AND SAFETY AND
LABOUR PRACTICES IN THE
SUPPLY CHAIN



GRI G4-HR 1:
HUMAN RIGHTS IN
INVESTMENT
AGREEMENTS; GRI G4-HR
11: HUMAN RIGHTS IN THE
SUPPLY CHAIN



INTEGRATED
ANNUAL REPORT:
STRATEGY AND VALUE
MANAGEMENT
PP. 14 ET SEQ.



INTEGRATED
ANNUAL REPORT:
CUSTOMERS AND
SUPPLIERS: PP. 34 ET SEQ.



SEE: HUMAN RIGHTS
P. 11 AND PP. 37–38



**GRI 4-10, G4-11:
NUMBER OF EMPLOYEES
COVERED BY COLLECTIVE
BARGAINING AGREEMENTS**



**GRI 4-LA 14; G4-
LA 15: OCCUPATIONAL
HEALTH AND SAFETY AND
LABOUR PRACTICES IN THE
SUPPLY CHAIN; GRI 4-HR
4: OPERATIONS WHERE THE
RIGHT TO EXERCISE THE
FREEDOM OF ASSEMBLY
MAY BE AT RISK**



**GRI 4-HR11:
HUMAN RIGHTS IN THE
SUPPLY CHAIN**



**GRI 4-LA 12:
DIVERSITY AND EQUAL
OPPORTUNITY, G4-LA 14:
OCCUPATIONAL HEALTH
AND SAFETY IN THE
SUPPLY CHAIN, G4-LA 15:
LABOUR PRACTICES IN THE
SUPPLY CHAIN**

Labour

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PALFINGER is committed to active communications across all levels and to the internal organization of bodies for the representation of employees and works councils, and rejects any kind of repression of the freedom of assembly. Based on the Group's values, which also encompass an open-door policy, PALFINGER attaches great importance to enabling active exchange at all times and to treating the articulated needs of its staff members with respect. Details on the legal situation at the Asian sites and the measures taken in order to safeguard these rights are presented in the "Human Rights" chapter on page 37 of this document.

Principle 4:

the elimination of all forms of forced and compulsory labour,

Under its Code of Conduct, PALFINGER is committed to embracing and supporting free choice of employment: Forced or compulsory labour is not permitted. Employees must have the freedom to terminate their working relationship with reasonable notice. Employees must not be required to deliver their identification documents, passports, or work permits as a precondition of employment.

Principle 5:

the effective abolition of child labour; and

Under its Code of Conduct, PALFINGER is committed to embracing and supporting the prohibition of child labour: Child labour must not be used in any phase of the production process. The stakeholders are mandated to adhere to the recommendations of ILO Convention No. 138 on the minimum age for admission to employment and work. This minimum age should not be less than the age at which compulsory school attendance ends, and in any case not less than 15 years.

Principle 6:

the elimination of discrimination in respect of employment and occupation.

Under its Code of Conduct, PALFINGER is committed to embracing and supporting the elimination of discrimination: Discrimination against employees, in any form, is not permitted. This applies to discrimination, for example, on the basis of sex, skin colour, disability, union membership, political convictions, national origin, religion, age or sexual orientation.

Measures and indicators:

- Freedom of association and collective bargaining:
An overview of the principle of freedom of association and collective bargaining as well as the divergence in legislation at the PALFINGER Group's Asian sites may be found in the "Human Rights" chapter on page 37 of this document.
- Labour standards in the supply chain:
Efforts taken to integrate labour standards at PALFINGER's strategic suppliers as well as the relevant indicators and measures may be found in the Integrated Annual Report 2014. Equal opportunity and prevention of discrimination of own staff: PALFINGER is committed to the issues of equal opportunity and diversity. This is also reflected in the Group-wide PALiversity initiative. For the relevant indicators and measures, please see the Integrated Annual Report 2014.

ANNEX

Environmental protection

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Under its Code of Conduct, PALFINGER is committed to embracing and supporting environmental responsibility: The stakeholders follow the precautionary principle when dealing with environmental problems, institute initiatives to increase environmental responsibility, and promote the development and dissemination of environmentally friendly technologies.

Principle 8:

undertake initiatives to promote greater environmental responsibility; and

Under its Code of Conduct, PALFINGER is committed to embracing and supporting environmentally friendly production: The stakeholders ensure appropriate environmental protection in all phases of production. This includes a proactive approach in order to prevent or minimize the effects of accidents that could have a negative impact on the environment.


Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

 **INTEGRATED ANNUAL REPORT: VALUE CREATION STRATEGY PP. 62 ET SEQ.**

 **SEE: ECO-EFFICIENCY IN PRODUCTION PP. 15 ET SEQ.**

 **GRI G4-EN 27: MITIGATION OF ENVIRONMENTAL IMPACTS OF PRODUCTS**

 **SEE: SUSTAINABLE PRODUCTS PP. 39 ET SEQ.**

 **INTEGRATED ANNUAL REPORT: PALFINGER PRODUCTS FOR PEOPLE AND THE ENVIRONMENT P. 33**

Under its Code of Conduct, PALFINGER is committed to embracing and supporting environmentally friendly products: All products manufactured along the supply chain meet the environmental standards of their respective market segments. This includes all materials and substances used in production. Chemicals and other materials that could present a hazard to the environment if released must be identified. A management system for hazardous materials must be established for their use, so that they can be safely handled, transported, stored, recycled or reused, and disposed of with suitable methods.


Measures and indicators


- **Eco-efficiency in production:**
PALFINGER continuously optimizes its own production. For more details, please see the Integrated Annual Report 2014 and the chapter “Eco-efficiency in production” on page 15 of this document.
- **Environmentally friendly PALFINGER products:**
Product innovations use new, environmentally friendly technologies. They reduce potentially hazardous substances as well as the consumption of resources and energy during use. More details may be found in the chapter “Environmentally compatible products” on page 41 of this document.
- **Products used for ecological and social purposes:**
PALFINGER’s products support industries in the fields of renewable energy and recycling. An overview may be found in the Integrated Annual Report 2014.

 **GRI G4-14: PRECAUTIONARY PRINCIPLE**

 **GRI G4-EN 1, 3, 4, 5, 6, 7, 15, 16, 17, 23, 32, 33: ENVIRONMENTAL**

 **GRI G4-HR11: HUMAN RIGHTS IN THE SUPPLY CHAIN**

 **G4-LA 14: OCCUPATIONAL HEALTH AND SAFETY IN THE SUPPLY CHAIN, G4-LA 15: LABOUR PRACTICES IN THE SUPPLY CHAIN**

 **SEE: HUMAN RIGHTS PP. 37–38**

 **INTEGRATED ANNUAL REPORT: CUSTOMERS AND SUPPLIERS PP. 34 ET SEQ.**

 **INTEGRATED ANNUAL REPORT: HUMAN RESOURCES, DIVERSITY PP. 75–76**



GRI G4-56, G4-57,
G4-58: CODE OF CONDUCT,
INTERNAL AND EXTERNAL
MECHANISMS ON
COMPLIANCE AND
INTEGRITY, REPORTING
CONCERNS ABOUT
INTEGRITY



GRI G4-SO 3, 4, 5:
OPERATIONS ASSESSED,
ANTI-CORRUPTION



INTEGRATED
ANNUAL REPORT: FAIR
BUSINESS PP. 187–188

Anti-corruption

Principle 10:

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

Under its Code of Conduct, PALFINGER is committed to embracing and supporting anti-corruption measures: The highest level of integrity is expected in all business activities and relationships. Any form of corruption, bribery, extortion and embezzlement is strictly prohibited, and can be reported anonymously using the Integrity Line at www.palfinger.ag.

Measures and indicators

- Details on corporate ethics and corruption prevention may be found in the Integrated Annual Report 2014.