

How we think about tomorrow.



REPORTING STANDARDS

GRI STANDARDS

The allocation of PALFINGER's sustainability topics to the respective GRI disclosures is marked by references. Moreover, the impacts of a topic, in particular PALFINGER's contribution to the respective impact, are shown by means of the value creation chain and the four sustainability areas. The following impact table presents an overview of where in the value creation chain – supply chain, within the Company or during product use – a direct or indirect impact occurs and under which of PALFINGER's four sustainability areas it is subsumed. The impacts, their measurements and any improvement measures instituted are described in the relevant chapters of this Report.

SUSTAINABILITY AND DIVERSITY IMPROVEMENT ACT (NADIVEG)

The impact table further below also shows which of PALFINGER's sustainability topics are associated with which provisions of the Austrian Sustainability and Diversity Improvement Act, the application of which became mandatory in 2018. This illustrates PALFINGER's implementation of the requirements under this Act in connection with the value creation chain and other guidelines such as GRI, UNGC and the SDGs.

SUSTAINABLE DEVELOPMENT GOALS (SDG)

In 2017, PALFINGER deepened its analysis of the Sustainable Development Goals (SDG) and specified the direct or indirect impact of its own actions on individual SDGs. The following impact table presents in detail the direct impact of individual sustainability topics on a Sustainable Development Goal.

The top 13 sustainability topics of PALFINGER directly impact nine SDGs. The major impact is shown to be exerted on the five following goals in descending order. These five, which often interact and support each other, have been included in the reporting.

SDG 12: Responsible consumption and production

PALFINGER assumes responsibility by using raw materials efficiently. The reduction of energy input as well as of hazardous waste is promoted along the entire value creation chain. With its safe, efficient, low-noise products that have a low consumption of operating materials, PALFINGER provides lifting solutions that correspond to the state of the art in research and the demand in the market. Product lifecycle approaches take into account application and production patterns ranging from the supplier to the end customer.

SDG 13: Climate action

PALFINGER is committed to climate protection and strives to continuously optimize energy consumption and intra-company transports caused by production operations and during product use, thereby reducing costs and emissions. Examples are hybrid or electric solutions, the switch to renewable energy sources in procurement, and photovoltaic solutions for production floors. Specific objectives and measures regarding energy consumption and CO₂ emissions have been defined in order to contribute to this goal. In addition, to the extent that regional conditions allow, PALFINGER strives to achieve the greatest possible efficiency in buildings as well as in production processes.

SDG 8: Decent work and economic growth

The viability of the business model is of great importance to PALFINGER and contributes to economic growth. Relevant trends, such as digitalization, are actively monitored. It is equally important to guarantee attractive employment on the basis of an internalized corporate culture and internalized corporate values. This includes legal and ethical standards as well as diversity aspects, training opportunities and voluntary social benefits for PALFINGER employees. Moreover, control by means of management systems like OHSAS 18001/ISO 45001 promotes safe working conditions and is taken into consideration in the selection and regular assessment of suppliers.

SDG 9: Industry, innovation and infrastructure

PALFINGER is committed to keeping its business model up to date with current trends at all times and hence invests in research and development to maintain the Company's viable position in the future. With the help of innovations, PALFINGER enhances its production processes as well as the safety of its products, for example by means of virtual reality applications. Another focus is on the efficient use of raw materials such as steel or aluminium.

SDG 10: Reduced inequalities

PALFINGER views compliance with legal and ethical standards as its social responsibility. Exceeding regional standards also makes PALFINGER an attractive employer. PALFINGER acts in an ethically correct manner: Laws are obeyed, taxes are transparent and are paid correctly, and corruption is counteracted. Relevant topics here are the promotion of diversity and equal opportunity, for example in connection with talent management, as well as fair working conditions, modern workplaces and fair remuneration.

UN GLOBAL COMPACT (UNGC)

Since 2013, PALFINGER has been committed to compliance with the ten principles of the UN Global Compact. Instead of disclosing a Communication on Progress report, PALFINGER once again combined the sustainability topics with the UN principles in 2018; this is presented in the impact table below.

IMPACTS OF THE SUSTAINABILITY TOPICS ALONG THE VALUE CREATION CHAIN

The impact table shows which sustainability topics are deemed material for PALFINGER, at which stage of the value creation chain their impacts occur, and to which areas the impacts are allocated. The ranking of the material topics corresponds to their long-term impacts and at the same time the overall relevance identified by internal and external stakeholders in 2017. All 38 topics that were assessed in the materiality analysis have been included. Any changes in comparison with previous reports are indicated in the key and/or the chapter "Materiality analysis". References to guidelines and reporting standards and the meeting of KPIs are indicated as well. In addition, the measures conducive to the development of a sustainability topic were reported for the first time in 2018.

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IMPACT TABLE

Responsible employer Eco-efficiency in production Sustainable products Fair business

Ranking	Material topics	Impact on value creation chain			References to guidelines GRI disclosures, NaDiVeG, SDG, UNGC	Intensity of reporting	Measures
		Supply chain	Within the Company	Product use			
1	Product safety PALFINGER's products should be distinguished by utmost safety. The prevention of accidents during their use should go beyond statutory requirements.			 	• GRI: 416-1, 416-2	Quantitative presentation of any accidents involving products and description of safety innovations for products	• Product data tracking for safety
2	Product research and development PALFINGER should increasingly invest in product research and development and offer the latest technologies.		 		• No GRI disclosures available • NaDiVeG • SDG: 9, 13	Quantitative presentation of investment in research and development	• R&D process • Training of R&D employees
3	Innovation in production PALFINGER should promote sustainable innovations and technologies in the production process in order to increase efficiency ("more output with less input").	 	 		• No GRI disclosures available • NaDiVeG • SDG: 9, 13	Quantitative presentation of investment in research and development	• R&D process
4	Viability of the business model PALFINGER should make sure that its business model remains viable in the long term and actively pursue trends (e.g. urbanization, rental instead of purchase, circular economy, etc.). PALFINGER should make a contribution to society.		 		• GRI: 201-1, 201-2 • SDG: 8, 9	Quantitative presentation of monetary flows to stakeholders, management systems as well as presentation in the context of the management report, risk management, economic performance, organizational profile	• Marine business as second mainstay • GLOBAL PALFINGER ORGANIZATION
5	Health and safety PALFINGER should protect its employees against accidents and proactively promote occupational health and safety as well as preventive health care and social security provision. A good work-life balance should contribute to the employees' well-being.		 		• GRI: 403-2 • NaDiVeG • SDG: 3	Quantitative presentation of accidents, fatalities, staff absences in the Company's own production process, absentee rate and management systems as well as description of initiatives	• Uniform global definition of accidents and uniform reporting • Expansion of PALfit • Global health initiative
6	Product lifecycle PALFINGER products should be characterized by their reduced weight and their lower need for energy and operating materials over the entire product lifecycle. The products should be of top quality, reliable, durable and low in maintenance.				• GRI: 301-1, 302-1, 302-3, 305-1, 305-2, 305-3, 305-4 • NaDiVeG • SDG: 12 • UNGC: 7-9	Quantitative description of warranty costs and waste cuttings rate as well as qualitative description of product innovations for quality enhancement as well as of safe and efficient products	• Lifecycle approach • Lifecycle app • Business model innovation (TCO)
7	Employee development PALFINGER should promote the initial and further training of its employees and prepare them in good time for changes in their working environment (e.g. Industry 4.0, expert development).				• GRI: 404-1 • NaDiVeG • SDG: 4, 8	Quantitative presentation of hours of training, appraisal interviews as well as qualitative description of development programmes	• Coaching for executives • Expansion of employee development • Learning strategy • Global leadership framework & programme

Ranking	Material topics	Impact on value creation chain			References to guidelines GRI disclosures, NaDiVeG, SDG, UNGC	Intensity of reporting	Measures
		Supply chain	Within the Company	Product use			
8	<p>Energy efficiency and climate protection PALFINGER should strive to continuously optimize energy consumption and intra-company transport (e.g. on-demand logistics, e-drive induction loops) and to reduce costs and emissions, thus making an active contribution to climate protection. PALFINGER should aim for the highest building efficiency possible under regional conditions.</p>				<ul style="list-style-type: none"> • GRI: 302-1, 302-3, 305-1, 305-2, 305-3, 305-4 • NaDiVeG • SDG: 13 • UNGC: 7-9 	Quantitative indicators and management systems as well as qualitative description of energy efficiency and climate protection	<ul style="list-style-type: none"> • Paint shops and powder coating plants • Modernization and expansion of plants • Greenfield investments marine business • Energy efficiency Russia • E-mobility • Exchange on environmental topics • Photovoltaic systems • Heating degree days • Climate strategy • Renewable energy
9	<p>Raw material demand and efficiency In production, PALFINGER should use raw materials such as steel, aluminium and glass fibre efficiently.</p>	 	 		<ul style="list-style-type: none"> • GRI: 301-1 • NaDiVeG • SDG: 12 • UNGC: 7-9 	Quantitative presentation of raw material demand, waste cuttings rate and hazardous waste as well as qualitative description of raw material demand and efficiency	<ul style="list-style-type: none"> • Steel supplier assessment • Waste cuttings rate
10	<p>Attractive employment PALFINGER should be highly reputed as an attractive employer, maintain a high employee retention rate and create development opportunities (horizontally and vertically) within the Company.</p>				<ul style="list-style-type: none"> • GRI: 102-8, 401-1 • NaDiVeG • SDG: 4, 5, 8 • UNGC: 3-6 	Quantitative presentation of employee development, employee turnover and diversity; qualitative description of PALFINGER's attractiveness as an employer	<ul style="list-style-type: none"> • Establishment of an employer branding strategy • Personnel marketing • On-boarding process • HR strategy • HR system • Job architecture
11	<p>Corporate culture and values PALFINGER employees, in particular executives, should set an example when it comes to embracing PALFINGER's corporate culture and acting on the basis of its values of entrepreneurship, respect and learning. This should lead, among other things, to intercultural understanding, a higher level of recognition and appreciation and an active exchange of knowledge.</p>				<ul style="list-style-type: none"> • GRI: 102-16, 102-17 • NaDiVeG • SDG: 8 • UNGC: 10 	Quantitative presentation of employee survey as well as qualitative description of corporate culture and values	<ul style="list-style-type: none"> • Focus on corporate culture and vision • Organizational structure
12	<p>Compliance with legal and ethical standards PALFINGER should act in an ethically correct manner: laws are obeyed, taxes are paid correctly and corruption is counteracted.</p>	 	 		<ul style="list-style-type: none"> • GRI: 102-16, 102-17, 205-1, 205-2, 205-3, 206-1, 307-1, 417-2, 417-3, 419-1 • NaDiVeG • SDG: 5, 8, 10, 16 • UNGC: 7-10 	Presentation of violations, if any, and description of initiatives regarding corporate ethics and prevention of corruption	<ul style="list-style-type: none"> • Training in corporate ethics for new employees • Corporate audit • Compliance training • Compliance risk analysis • Human rights assessment • Code of Conduct review • Data protection
13	<p>Industry 4.0 and digitalization PALFINGER should focus increasingly on the digitalization and connectivity of machinery; this also extends to its suppliers (open sourcing). The responsible handling of data, in particular utmost data protection, should be guaranteed.</p>	 	 		<ul style="list-style-type: none"> • No GRI disclosures available • NaDiVeG • SDG: 9 	Qualitative description of digitalization and Industry 4.0	<ul style="list-style-type: none"> • PALFINGER 21st

Ranking	Further topics	Impact on value creation chain			References to guidelines GRI disclosures, NaDiVeG, SDG, UNGC	Intensity of reporting	Measures
		Supply chain	Within the Company	Product use			
14	Alternative drive systems PALFINGER should offer alternative drive systems (e.g. electric, hybrid).				<ul style="list-style-type: none"> No GRI disclosures available SDG: 13 	Qualitative description of product innovations	
15	Effluents and wastes At PALFINGER sites, potentially hazardous waste and substances should be avoided, safely stored, and disposed of in an environmentally friendly manner or, if possible, reused.		 		<ul style="list-style-type: none"> No GRI disclosures reported SDG: 12 	Presentation of waste cuttings rate and development of hazardous waste, description of the state of the art of electroplating and paint shops, description of product innovations	<ul style="list-style-type: none"> Reduction of hazardous waste
16	Working conditions PALFINGER should establish uniform minimum standards in order to guarantee globally applicable working conditions for its employees. This should create safe and healthy jobs.		 		<ul style="list-style-type: none"> GRI: 403-2, 412-1, 412-2 NaDiVeG SDG: 3, 8, 10 UNGC: 1-6 	Quantitative presentation of health and safety, human rights issues as well as qualitative description of working conditions	
17	Environmentally friendly products PALFINGER products should avoid noise and emissions during operation, be free of hazardous substances (e.g. chromium VI), offer product variants with biodegradable hydraulic oil and thus avoid potential risks to humans and the environment.		 		<ul style="list-style-type: none"> GRI: 305-1, 305-2, 305-3, 305-4 NaDiVeG SDG: 12, 13 UNGC: 7-9 	Quantitative indicators and qualitative description of emissions, product innovations for quality enhancement, the state of the art of electroplating and paint shops as well as presentation of waste cuttings rate and development of hazardous waste	<ul style="list-style-type: none"> Low impact product definition CO₂ emissions in product use PALfluid
18	Overall performance PALFINGER should increasingly become a full-service provider for one-stop-shop solutions.				<ul style="list-style-type: none"> No GRI disclosures available 	Qualitative description of PALFINGER's overall performance	<ul style="list-style-type: none"> PALdrive platform
19	Fair remuneration PALFINGER should offer fair remuneration regardless of age, gender, origin and other diversity factors, and should ensure local minimum wages.		 		<ul style="list-style-type: none"> No GRI disclosures reported NaDiVeG SDG: 5, 10 	Qualitative description of wage level	
20	Employee motivation PALFINGER should provide an environment that raises the motivational level of its employees. Innovative incentive systems should support this, especially for agile teams.				<ul style="list-style-type: none"> No GRI disclosures available 	Qualitative description of employee motivation	
21	Regional responsibility PALFINGER sites should become actively involved at the regional level and should invest in public welfare (e.g. donations, sponsoring, development programmes). Good relations should be maintained with local residents.		 		<ul style="list-style-type: none"> GRI: 203-2 NaDiVeG 	Qualitative description of regional responsibility	
22	Diversity and equal opportunity PALFINGER should enhance diversity and offer all employees the same opportunities – irrespective of age, gender, personal background and other diversity factors. Discrimination should actively be prevented.		 		<ul style="list-style-type: none"> GRI: 405-1, 406-1 NaDiVeG SDG: 5, 10 UNGC: 3-6 	Quantitative presentation of the percentage of women, generations and incidents of discrimination, as well as qualitative description of diversity strategy, employees with disabilities and of initiatives	<ul style="list-style-type: none"> PALiversity project "Recruiting" PALiversity project "Working Conditions" PALiversity project "Talent Management" Diversity scheme

Ranking	Further topics	Impact on value creation chain			References to guidelines GRI disclosures, NaDiVeG, SDG, UNGC	Intensity of reporting	Measures
		Supply chain	Within the Company	Product use			
23	Correct corporate governance The management should act in a correct manner and guarantee the independence of the Supervisory Board, the involvement of shareholders and the transparent remuneration of the top management. The importance of acting in accordance with defined corporate values should be emphasized.				<ul style="list-style-type: none"> • GRI: 102-18, 102-19, 102-20, 102-21, 102-22, 102-24, 102-32, 415-1 • NaDiVeG • SDG: 10 • UNGC: 10 	Presentation of compliance management and any violations	
24	Sustainability in the supply chain: suppliers PALFINGER should take an interest in whether suppliers pay attention to environmental protection and to their social responsibility. Suppliers that show commitment in these fields should receive advantages from PALFINGER.	 	 		<ul style="list-style-type: none"> • GRI: 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2 • NaDiVeG • SDG: 8, 12, 13 • UNGC: 1-9 	Number of supplier audits and results	
25	Product recyclability Starting in the development phase, PALFINGER products should be designed so that they can be easily disassembled (decommissioned) and recycled at the end of their lifecycle.	 	  		<ul style="list-style-type: none"> • No GRI disclosures available • SDG: 12 	Presentation of waste cuttings rate and development of hazardous waste, description of the state of the art of electroplating and paint shops, description of product innovations	
26	Employee communication Every employee should be informed about major corporate developments in a timely manner. Communication with and among employees should take place at an elevated international level and be characterized by the common corporate values.				<ul style="list-style-type: none"> • GRI: 402-1 • SDG: 10 	Qualitative description of employee communication	<ul style="list-style-type: none"> • New intranet • Communication strategy and concept
27	Modern workplaces PALFINGER should create structures, processes and framework conditions to ensure flexible, agile and mobile workplaces. These should take into account the interests of present and future employees (working time models, remote working arrangements, parental leave, expatriation rules, etc.).				<ul style="list-style-type: none"> • No GRI disclosures available • SDG: 5, 8, 10 	Qualitative description of modern workplaces	
28	Sustainability in the supply chain: dealers PALFINGER should take an interest in whether dealers pay attention to environmental protection and to their social responsibility. Dealers that show commitment in these fields should receive advantages from PALFINGER.			 	<ul style="list-style-type: none"> • GRI: 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2 • NaDiVeG • UNGC: 1-9 	Qualitative presentation of dealer relations	
29	Environmentally friendly transport The transport of raw materials, components and PALFINGER products should be kept short and environmentally friendly.	 	 		<ul style="list-style-type: none"> • GRI: 305-1, 305-2, 305-3, 305-4 • NaDiVeG • UNGC: 7-9 	Qualitative description of transport	<ul style="list-style-type: none"> • CO₂ emissions in transport

Ranking	Further topics	Impact on value creation chain			References to guidelines GRI disclosures, NaDiVeG, SDG, UNGC	Intensity of reporting	Measures
		Supply chain	Within the Company	Product use			
30	Solutions for developing and emerging countries PALFINGER should adjust its products to the needs in less developed countries to make them affordable and to make physical labour easier.				<ul style="list-style-type: none"> No GRI disclosures available SDG: 1, 8 	Qualitative description of lifting solutions for developing and emerging countries	
31	Efficiency of water consumption The water consumption in PALFINGER's production should be constantly reduced.				<ul style="list-style-type: none"> No GRI disclosures reported NaDiVeG SDG: 6 	Qualitative description of efficient use of water	
32	Product information and fair marketing Users should be provided with product information and training in order to ensure safety and environmental protection when using PALFINGER products. Promotion of the products should be honest and transparent.			 	<ul style="list-style-type: none"> GRI: 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-10, 102-11, 102-12, 102-13, 417-2, 417-3 NaDiVeG UNGC: 3-9 	Qualitative description of product information and marketing	<ul style="list-style-type: none"> Review of dealer standards Operator's guides and training End customers in the system
33	Products for ecological/social use PALFINGER should increasingly strive for product innovations for the use in environmental and social fields. This has already been achieved in the case of cranes for wind energy plants, access systems for people with disabilities or davit systems (rescue boats).				<ul style="list-style-type: none"> No GRI disclosures available 	Qualitative description of product innovations	
34	Regional procurement and production PALFINGER should procure regionally and produce in the region where the products are placed on the market.	 	 		<ul style="list-style-type: none"> No GRI disclosures reported 	Qualitative description of regional procurement and production	
35	Freedom of association PALFINGER should uphold freedom of association and guarantee freedom of expression.		 		<ul style="list-style-type: none"> GRI: 102-41, 407-1 NaDiVeG UNGC: 1-6 	Qualitative description of freedom of association	
36	Stakeholder involvement PALFINGER should openly inform customers, suppliers, employees and all other cooperation partners, and engage them in the development of the Company accordingly.		 		<ul style="list-style-type: none"> GRI: 102-40, 102-41, 102-42, 102-43, 102-44 NaDiVeG UNGC: 3-6 	Presentation within the framework of stakeholder management	
37	Biodiversity PALFINGER should practise nature conservation and, in particular, preserve biodiversity at its sites.				<ul style="list-style-type: none"> No GRI disclosures reported NaDiVeG SDG: 14, 15 	Qualitative presentation of protection of biodiversity	
38	Second-hand market In the future, PALFINGER should collaborate with its dealers to promote the second-hand market, thus promoting the control and a possible upgrade of used products.				<ul style="list-style-type: none"> No GRI disclosures available 	Qualitative presentation of PALFINGER's second-hand market	

 **GRI 102-47, 103-1**

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