

**EVERY DAY,
WE CREATE VALUE:
FOR OUR
EMPLOYEES,
CUSTOMERS,
PARTNERS AND
INVESTORS.**

Andreas Klauser, CEO

DECLARATION OF CONTINUED SUPPORT

DEAR LADIES AND GENTLEMEN,

I am pleased to confirm that PALFINGER AG reaffirms its support for the ten principles of the United Nations Global Compact in the areas of human rights, labour standards, environmental protection and anti-corruption.

With this letter we continue to express our intention to promote the ten principles within our sphere of influence. We are committed to integrating the Global Compact and its principles into our corporate strategy, culture and day-to-day business. Furthermore, we are committed to participating in cooperative projects that support the general objectives of the United Nations, in particular the Sustainable Development Goals (SDGs).

In this annual Progress Report we describe our measures to continuously improve the integration of the Global Compact and its principles into our business strategy, corporate culture and daily operations. We also commit ourselves to communicate this information to our stakeholders through our primary communication channels.

Sincerely



Ing. Andreas Klauser
CEO of PALFINGER AG

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, are shown by means of the value chain and the four sustainability areas. The impact table below illustrates the direct and indirect impacts. Their measurements and any improvement actions instituted are described in the relevant sections of this report.

 [GRI content index, p. 225](#)

SUSTAINABILITY AND DIVERSITY IMPROVEMENT ACT (NaDiVeG)

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

 [Group management report, Non-financial statement pursuant to § 267a of the Austrian Business Code, p. 69](#)

SUSTAINABLE DEVELOPMENT GOALS (SDG)

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

The top 13 sustainability topics at PALFINGER directly impact nine SDGs. The main impacts are shown to be exerted on the five following goals in descending order. These five often interact and support each other. They have been included in the reporting. The impact table shows the specific subordinate goals of these five SDGs that are influenced.

SDG 12: Responsible consumption and production

PALFINGER assumes responsibility by using raw materials efficiently. The reduction of energy consumption as well as of hazardous waste is promoted along the entire value chain. With its safe, efficient, low-consumption, low-noise products, PALFINGER provides crane and lifting solutions that represent the latest standards in research and meet market demand. Product life cycle approaches take account of application and production patterns from the supplier to the customer. Another focus is on efficient use of raw materials such as steel and aluminum.

SDG 13: Climate action

PALFINGER is committed to climate protection and strives to continuously optimize energy consumption and intra-company transport attributable to production operations and product use, thereby lowering costs and emissions. Examples are hybrid and electric solutions, switching to renewable energy sources in procurement, and photo-voltaic solutions for production workshops. Specific objectives and measures regarding energy consumption and CO₂ emissions have been defined to contribute to this goal. In addition, PALFINGER strives to achieve the greatest possible energy efficiency in buildings as well as in production processes to the extent regional conditions permit.

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 such as 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 to keep ahead of current trends at all times. In order to remain fit for the future, PALFINGER invests in research and development. 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.

SDG 10: Reduced inequalities

Over-achieving regional standards makes PALFINGER an attractive employer. PALFINGER acts in an ethical manner: Laws are obeyed, taxes are transparent and are paid properly, 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.

 [Group management report, sustainability management, p. 43](#)

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 2020; this is presented in the impact table below.

IMPACTS OF 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 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 compared with previous reports are indicated in the key and/or in the materiality analysis section. References to compliance with guidelines, reporting standards, and KPIs are indicated as well. In addition, the actions conducive to the development of a sustainability topic were reported for the first time in 2018.

 [Group management report, sustainability management, p. 43](#)

IMPACT TABLE



Responsible employer



Eco-efficiency in production



Sustainable products



Fair business

Ranking	Relevant topics	Impact on value chain			Coverage of guidelines GRI indicators NaDiVeG, SDG, UNGC	Intensity of reporting	Actions
		Supply chain	Within the company	Product use			
1	Product safety PALFINGER products shall be distinguished by utmost safety. The prevention of accidents during their use shall go beyond statutory requirements.				<ul style="list-style-type: none"> GRI: 416-1, 416-2 	Quantitative presentation of product accidents and description of safety innovations for products	<ul style="list-style-type: none"> Product data tracking for safety
2	Product research and development PALFINGER aims to invest more heavily in product research and development and offer the latest technologies.				<ul style="list-style-type: none"> No GRI disclosures available NaDiVeG SDG: 9.1, 9.5, 12.2, 12.5, 13.3 	Quantitative presentation of investments in research and development	<ul style="list-style-type: none"> Product development R&D process Training of R&D employees
3	Innovation in production PALFINGER aims to promote sustainable innovations and technologies in the production process in order to increase efficiency ("more output with less input").				<ul style="list-style-type: none"> No GRI disclosures available NaDiVeG SDG: 9.1, 9.4, 9.5, 13.2, 13.3 	Quantitative presentation of investments in research and development	<ul style="list-style-type: none"> Production R&D process
4	Viability of the business model PALFINGER must ensure the long-term viability of its business model and actively pursue trends (e.g. urbanization, rental instead of purchase, circular economy, etc.). PALFINGER aims to make a contribution to society.				<ul style="list-style-type: none"> GRI: 201-1, 201-2 SDG: 8.2, 8.3, 9.3, 9.4 	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	<ul style="list-style-type: none"> GLOBAL PALFINGER ORGANIZATION Business model innovation (TCO)
5	Occupational health and safety PALFINGER must 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 be achieved, since it contributes to the employees' well-being.				<ul style="list-style-type: none"> GRI: 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9 NaDiVeG SDG: 3.8 	Quantitative presentation of accidents, fatalities, staff absences in the company's own production operations, absentee rate, and management systems, as well as description of initiatives	<ul style="list-style-type: none"> Restructuring the GPO: Health protection, HSE and PALfit Concept for health, safety, environment and quality Expansion of PALfit Global health initiative Occupational health specialist COVID-19 Group policy and Task Force HSE action plan
6	Product life cycle PALFINGER products shall be characterized by their reduced weight and their lower need for energy and operating supplies over the entire product life cycle. The product design must be high-quality, reliable, durable, and low-maintenance.				<ul style="list-style-type: none"> GRI: 301-1, 302-1, 302-3, 305-1, 305-2, 305-3 NaDiVeG SDG: 12.5, 12.8 UNGC: 7-9 	Quantitative description of warranty costs and scrap as well as qualitative description of product innovations for quality enhancements as well as of safe and efficient products	<ul style="list-style-type: none"> Best Invest Business model innovation (TCO)
7	Employee development PALFINGER should promote the training and further education of its employees and prepare them in good time for changes in their working environment (e.g. Industry 4.0, expert development).				<ul style="list-style-type: none"> GRI: 404-1 NaDiVeG SDG: 4.3, 4.4, 4.5, 8.6 	Quantitative presentation of hours spent on training and further education, appraisal interviews as well as qualitative description of development programs	<ul style="list-style-type: none"> Learning strategy & learning platform Leadership framework and program PALFINGER Campus Apprentice scheme in China

Ranking	Relevant topics	Impact on value chain			Coverage of guidelines GRI indicators NaDiVeG, SDG, UNGC	Intensity of reporting	Actions
		Supply chain	Within the company	Product use			
8	Energy efficiency and climate protection PALFINGER must 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, this making an active contribution to climate protection. PALFINGER must aim for the highest building efficiency possible under regional conditions.				<ul style="list-style-type: none"> • GRI: 302-1, 302-3, 305-1, 305-2, 305-3 • NaDiVeG • SDG: 13.2, 13.3 • 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"> • Climate protection strategy • Renewable energy • Photovoltaic systems • Exchange of information on environmental topics • Energy efficiency tutorial • Sustainable mobility • Merchandise fan shop
9	Raw material requirements and efficiency In production, PALFINGER aims to use raw materials such as steel, aluminum, and glass fiber efficiently.				<ul style="list-style-type: none"> • GRI: 301-1 • NaDiVeG • SDG: 12.5, 12.6 • UNGC: 7-9 	Quantitative presentation of raw material requirements, waste cuttings rate and hazardous waste as well as qualitative description of raw material requirements and efficiency	<ul style="list-style-type: none"> • Steel supplier assessment
10	Attractive employment PALFINGER aims to be known as an attractive employer, to maintain a high employee retention rate and to create development opportunities (horizontally and vertically) within the company.				<ul style="list-style-type: none"> • GRI: 102-8, 401-1, 405-1 • NaDiVeG • SDG: 4.3, 4.4, 5.1, 8.3, 8.5 • UNGC: 3-6 	Quantitative presentation of employee development, fluctuation and diversity, as well as qualitative description of the attractive employer	<ul style="list-style-type: none"> • Establish an employer branding strategy • HR system • Job architecture • Global salary & wage increase process • Talent and performance management
11	Corporate culture and values PALFINGER employees, in particular executives, shall set an example when it comes to embracing PALFINGER's corporate culture, and act in accordance with its values of entrepreneurship, respect, and learning. This is intended, among other things, to lead to intercultural understanding, a higher level of recognition, appreciation, and an active exchange of knowledge.				<ul style="list-style-type: none"> • GRI: 102-16, 102-17 • NaDiVeG • SDG: 8.3 • UNGC: 10 	Quantitative presentation of employee survey as well as qualitative description of corporate culture and values	<ul style="list-style-type: none"> • Cultural analysis
12	Compliance with legal and ethical standards PALFINGER must act in an ethically correct manner. Laws are obeyed, taxes are paid properly, and actions are taken to prevent corruption.				<ul style="list-style-type: none"> • GRI: 102-16, 102-17, 205-1, 205-3, 206-1, 207-1, 207-2, 307-1, 417-2, 417-3, 419-1 • NaDiVeG • SDG: 5.1, 8.7, 8.8, 10.2, 10.3, 16.2, 16.3, 16.5 • UNGC: 10 	Presentation of violations, if any, and description of initiatives regarding corporate ethics and corruption prevention	<ul style="list-style-type: none"> • Compliance training • Compliance risk assessment • Human rights assessment • Code of Conduct update • Integration of sustainability issues into risk assessment
13	Industry 4.0 and digitalization PALFINGER must focus increasingly on the digitalization and connectivity of machinery; this also extends to its suppliers (open sourcing). Responsible handling of data, in particular utmost data protection, must be guaranteed.				<ul style="list-style-type: none"> • No GRI disclosures available • NaDiVeG • SDG: 9.4 	Qualitative description of digitalization and industry 4.0	<ul style="list-style-type: none"> • Digital transformation officer

Ranking	Further topics	Impact on value chain			Coverage of guidelines GRI indicators NaDiVeG, SDG, UNGC	Intensity of reporting	Actions
		Supply chain	Within the company	Product use			
14	Alternative power systems PALFINGER should offer alternative drive systems (e.g. electric, hybrid).				<ul style="list-style-type: none"> No GRI disclosures available SDG: 13.2 	Qualitative description of product innovation	
15	Effluents and wastes At PALFINGER sites hazardous waste and substances should be avoided, safely stored and disposed of in an environmentally sound manner or, if applicable, be reused.		 		<ul style="list-style-type: none"> No GRI disclosure reported SDG: 12.4, 12.5 	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	
16	Working conditions PALFINGER shall establish uniform minimum standards in order to guarantee globally applicable working conditions for its employees. This is designed to create safe and healthy jobs.		 		<ul style="list-style-type: none"> GRI: 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 412-1 NaDiVeG SDG: 3.8, 8.5, 10.2, 10.3, 10.4 UNGC: 1-6 	Quantitative presentation of occupational health and safety, human rights topics as well as a qualitative description of working conditions	
17	Eco-efficient products In order to avoid possible risks to the people and the environment, PALFINGER products should prevent noise and emissions during operation and be free from hazardous substances (e.g. chromium VI). Furthermore, product variants with biodegradable hydraulic oil should be offered.			 	<ul style="list-style-type: none"> GRI: 305-1, 305-2, 305-3 NaDiVeG SDG: 12.2, 12.4, 12.5, 13.2, 13.3 UNGC: 7-9 	Quantitative indicators and qualitative description of emissions, product innovations for quality enhancement, state of the art galvanizing lines and coating lines as well as publication of scrap rate and development of hazardous waste	<ul style="list-style-type: none"> Definition of environmentally friendly products within the framework of the PDP process CO₂ emissions from product use PALFINGER lubricants
18	Overall performance PALFINGER is to increasingly become a full-service provider for one-stop solutions.		 		<ul style="list-style-type: none"> No GRI disclosures available 	Qualitative description of the overall performance of PALFINGER	<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, as well as ensure local minimum wages.		 		<ul style="list-style-type: none"> No GRI disclosure reported NaDiVeG SDG: 5.1, 10.4 	Qualitative description of wage level	<ul style="list-style-type: none"> Global salary & wage increase process
20	Employee motivation PALFINGER should provide an environment, which motivates its employees further. Innovative incentive systems, especially for agile teams, shall support this.				<ul style="list-style-type: none"> No GRI disclosures available 	Qualitative description of employee motivation	
21	Regional responsibility PALFINGER sites shall become actively involved at a regional level and must invest in public welfare (e.g. donations, sponsoring, development programs). Good relations must be maintained with local residents.		 		<ul style="list-style-type: none"> GRI: 203-2 NaDiVeG 	Qualitative description of regional responsibility	

Ranking	Further topics	Impact on value chain			Coverage of guidelines GRI indicators NaDiVeG, SDG, UNGC	Intensity of reporting	Actions
		Supply chain	Within the company	Product use			
22	Diversity and equal opportunities PALFINGER should promote diversity and offer equal opportunities to all employees - regardless of age, gender, origin and other diversity factors. Discrimination must be actively prevented.				<ul style="list-style-type: none"> • GRI: 405-1, 406-1 • NaDiVeG • SDG: 5.1, 5.5, 10.2, 10.3 • UNGC: 3-6 	Quantitative presentation of women quota, generations and discrimination cases, as well as qualitative description of diversity strategy, employees with disabilities and of the initiatives	<ul style="list-style-type: none"> • Diversity scheme • Objectivity in the recruitment phase • Talent and performance management
23	Correct corporate governance The company should be governed properly and guarantee the independence of the Supervisory Board, involvement of shareholders, and transparent remuneration of top management. The importance of acting in accordance with defined corporate values must 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: 10.3 • UNGC: 10 	Presentation of compliance management and violations, if any	
24	Sustainability in the supply chain: Suppliers PALFINGER shall take an interest in whether suppliers pay attention to environmental protection and to their social responsibility. Suppliers that show commitment in these areas must 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: 8.3, 8.7, 8.8, 12.6, 13.2, 13.3 • UNGC: 1-10 	Quantitative description of supplier assessments and their results	<ul style="list-style-type: none"> • Steel supplier assessment
25	Product recyclability Already in the development phase, PALFINGER products should be designed in a way that they can be easily disabled (decommissioning) and recycled at the end of the life cycle.				<ul style="list-style-type: none"> • No GRI disclosures available • SDG: 12.5 	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	Communication with employees All employees shall be informed about major corporate developments in a timely manner. Communication with and among employees shall 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: 10.2, 10.3 	Qualitative description of communication with employees	<ul style="list-style-type: none"> • New intranet • Internal communication concept
27	Modern workplaces PALFINGER aims to create structures, processes, and environments that ensure flexible, agile, and mobile workplaces. These should take into account the interests of present and future employees (working time models, working from home, parental leave, expatriation rules, etc.).				<ul style="list-style-type: none"> • No GRI disclosures available • SDG: 5.1, 5.4, 5.5, 8.3, 10.4 	Qualitative description of modern workplaces	
28	Sustainability in the supply chain: Dealerships PALFINGER shall take an interest in whether dealerships pay attention to environmental protection and to their social responsibility. Dealers that show commitment in these areas must 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: 1-10 	Qualitative presentation of dealership relations	

Ranking	Further topics	Impact on value chain			Coverage of guidelines GRI indicators NaDiVeG, SDG, UNGC	Intensity of reporting	Actions
		Supply chain	Within the company	Product use			
29	Environmentally friendly transport The transport of raw materials, components and PALFINGER products should be kept short and eco-friendly.				<ul style="list-style-type: none"> • GRI: 305-1, 305-2, 305-3 • NaDiVeG • UNGC: 7-9 	Qualitative description of transport	<ul style="list-style-type: none"> • CO₂ emissions due to transport
30	Solutions for developing and emerging countries PALFINGER products should also be affordable in less developed countries in order to make physical labor easier.			 	<ul style="list-style-type: none"> • No GRI disclosures available • SDG: 1.4, 8.2 	Qualitative description of lifting solutions for developing and emerging countries	
31	Efficiency of water consumption The water consumption in PALFINGER production should be constantly reduced.				<ul style="list-style-type: none"> • No GRI disclosure reported • NaDiVeG • SDG: 6.3 	Qualitative description of the efficient waste use	
32	Product information and fair marketing Users shall be provided with product information and training in order to ensure safety and environmental protection when using PALFINGER products. Promotion of the products must 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, 102-9, 102-10, 102-11, 102-12, 102-13, 417-2, 417-3 • NaDiVeG • UNGC: 3-9 	Qualitative description of product information and marketing	Customers in 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 innovation	
34	Regional procurement and production PALFINGER should procure regionally and produce in the region, where the products are placed into the market.	 	 		<ul style="list-style-type: none"> • No GRI disclosure 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 as well as all other cooperation partners and involve them in the development of the company.		 		<ul style="list-style-type: none"> • GRI: 102-40, 102-41, 102-42, 102-43, 102-44 • NaDiVeG • UNGC: 3-6 	Quantative presentation for the purposes of stakeholder management	<ul style="list-style-type: none"> • Targeted stakeholder communication
37	Biodiversity PALFINGER should preserve nature conservation, especially biodiversity, at its sites.				<ul style="list-style-type: none"> • No GRI disclosure reported • NaDiVeG • SDG: 14.1, 15.5 	Qualitative description of biodiversity protection	
38	Second hand market In the future, PALFINGER should collaborate with its dealers to promote the second-hand market of products, thus promoting the control and a possible upgrade of used products.				<ul style="list-style-type: none"> • No GRI disclosures available 	Qualitative description of second-hand market of PALFINGER	

 GRI 102-47, 103-1

 Group management report, Sustainability management, p. 43; Group management report, Impact table, p. 49