REPORTING STANDARDS

GRI STANDARDS

The allocation of PALFINGER's sustainability issues to the respective GRI disclosures is marked by references. Moreover, the impacts of an issue, 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 issues are associated with which provisions of the Austrian Sustainability and Diversity Improvement Act, which was applied in the reporting year for the first time. 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 issues on a Sustainable Development Goal.

The top 13 sustainability issues of PALFINGER directly impact nine SDGs. The major impact is shown to be exerted on the five following goals in descending order. These five often interact and support each other. They will be taken into account in reporting in the future.

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 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 or the switch to renewable energy, provided that an adequate solution is offered by the energy supplier. Specific objectives and measures regarding energy consumption and CO_2 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 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, which are also aimed at maintaining 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 issues 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)

For four years, PALFINGER has been committed to compliance with the ten principles of the UN Global Compact. Instead of disclosing a Communication on Progress report, the sustainability issues are combined with the UN principles in the impact table below.

IMPACTS OF THE SUSTAINABILITY ISSUES ALONG THE VALUE CREATION CHAIN

The impact table shows which sustainability issues and topics are deemed material for PALFINGER, at which stage of the value creation chain their impacts occurs, 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 issues 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.

👥 Responsible employer   Eco-efficiency in production   🌿 Sustainable products   🔥 Fair business

IMPACT TABLE

Ranking / Material topics	Supply chain	Within the Company	Product use	References to guidelines GRI disclosures NaDiVeG | SDG | UNGC	Intensity of reporting
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
2 Product research and development[1] 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
3 Innovation in production[1] 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
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
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
6 Product lifecycle[2] 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, 302-2, 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
7 Employee development[3] 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
8 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.	●	●		• GRI: 302-1, 302-2, 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
9 Raw material demand and efficiency In production, PALFINGER should use raw materials such as steel, aluminium and glass fibre efficiently.	●	●	●	• 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
10 Attractive employment[4] 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.		●		• 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

Stage of value creation chain

Ranking	Material topics	Stage of value creation chain			References to guidelines GRI disclosures NaDiVeG | SDG | UNGC	Intensity of reporting
		Supply chain	Within the Company	Product use		
11	**Corporate culture and values**[5)] 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.		●		• 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
12	**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.	●	●	●	• GRI: 102-16, 102-17, 205-1, 205-2, 205-3, 206-1, 307-1, 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
13	**Industry 4.0 and digitalization**[5)] 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.	●	●	●	• No GRI disclosures available • NaDiVeG • SDG: 9, 13	Qualitative description of digitalization and Industry 4.0

Ranking	Further topics	Stage of value creation chain			References to guidelines GRI disclosures NaDiVeG | SDG | UNGC	Intensity of reporting
		Supply chain	Within the Company	Product use		
14	**Alternative drive systems** PALFINGER should offer alternative drive systems (e.g. electric, hybrid).		●	●	• 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.	●	●		• 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
16	**Working conditions**[5)] PALFINGER should establish uniform minimum standards in order to guarantee globally applicable working conditions for its employees. This should create safe and healthy jobs.		●		• 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**[6)] 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.	●	●	●	• 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
18	**Overall performance**[5)] PALFINGER should increasingly become a full-service provider for one-stop-shop solutions.		●	●	• No GRI disclosures available	Qualitative description of PALFINGER's overall performance
19	**Fair remuneration** PALFINGER should offer fair remuneration regardless of age, gender, origin and other diversity factors, and should ensure local minimum wages.		●		• No GRI disclosures reported • NaDiVeG • SDG: 5, 10	Qualitative description of wage level

Ranking	Further topics	Stage of value creation chain			References to guidelines GRI disclosures NaDiVeG | SDG | UNGC	Intensity of reporting
		Supply chain	Within the Company	Product use		
20	**Employee motivation**[5] PALFINGER should provide an environment that raises the motivational level of its employees. Innovative incentive systems should support this, especially for agile teams.		👥		• 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.		👥 🤝		• 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.	🤝	👥 🤝		• 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
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.		🤝		• 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**[7] 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.	🏭 🤝	🏭		• 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 disabled (decommissioned) and recycled at the end of their lifecycle.	🏭	🏭 🌿	🌿	• 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.		👥		• No GRI disclosures available • SDG: 10	Qualitative description of employee communication
27	**Modern workplaces**[5] 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, home offices, parental leave, expatriations, etc.).		👥		• No GRI disclosures available • SDG: 5, 8, 10	Qualitative description of modern workplaces
28	**Sustainability in the supply chain: dealers**[7] 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.			🌿 🤝	• GRI: 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2 • NaDiVeG • UNGC: 1-9	Qualitative presentation of dealers
29	**Environmentally friendly transport** The transport of raw materials, components and PALFINGER products should be kept short and environmentally friendly.	🏭	🏭	🌿	• GRI: 305-1, 305-2, 305-3, 305-4 • NaDiVeG • UNGC: 7-9	Qualitative description of transport
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.		🌿	🌿 🤝	• No GRI disclosures available • SDG: 1, 8	Qualitative description of lifting solutions for developing and emerging countries

Ranking	Further topics	Stage of value creation chain			References to guidelines GRI disclosures NaDiVeG | SDG | UNGC	Intensity of reporting
		Supply chain	Within the Company	Product use		
31	**Efficiency of water consumption**[5] The water consumption in PALFINGER's production should be constantly reduced.		🏭		• No GRI disclosures reported • NaDiVeG • SDG: 6	Qualitative description of efficient use of water
32	**Product information and fair marketing**[8] 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.			🌿🤝	• 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 pf product information and marketing
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).		🌿	🌿🤝	• No GRI disclosures available	Qualitative description of product innovations
34	**Regional procurement and production**[9] PALFINGER should procure regionally and produce in the region where the products are placed on the market.	🌿🤝	🏭🤝	🌿	• No GRI disclosures reported	Qualitative description of regional procurement and production
35	**Freedom of association**[10] PALFINGER should uphold freedom of association and guarantee freedom of expression.	🤝	🧍🤝		• GRI: 402-1, 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.	🤝	🧍🤝	🤝	• GRI: 102-40, 102-41, 102-42, 102-43, 102-44 • NaDiVeG • UNGC: 3-6	Presentation within the framework of stakeholder management
37	**Biodiversity**[5] PALFINGER should practise nature conservation and, in particular, preserve biodiversity at its sites.		🏭		• 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.		🌿	🌿🤝	• No GRI disclosures available	Qualitative presentation of PALFINGER's pre-owned market

Changes as compared to the previous materiality analysis:

1) More detailed presentation of the former topic: Research and development
2) Former terms: Durability of products; Combination of the topics: Efficient and environmentally friendly products, Low product weight
3) Former term: Training
4) Former term: Attractive employment possibility
5) New topic
6) Combination of the topics: Avoidance of noise and emissions, Biodegradable hydraulic oil, Products without problematic substances
7) More detailed presentation of the former topic: Sustainability in the supply chain
8) Combination of the topics: Product information, Fair marketing
9) Former term: Regional procurement
10) Former term: Freedom of assembly

⊕ GRI 103-1

▤ Materiality analysis, page 42