Consolidated

Non-financial

Statement

CONSOLIDATED NON-FINANCIAL REPORT

PALFINGER has published its non-financial key figures annually since 2013. For the current reporting year, in preparation for the Corporate Sustainability Reporting Directive (CSRD), it has replaced the integrated report with a non-financial statement as part of the management report. This will shift the focus more on to key topics and increase ease of understanding, thus ensuring greater clarity in the reports submitted to PALFINGER stakeholders. In addition, the environmental, social, and governance aspects are presented as a whole for the fiscal year January 1 to December 31, 2021. The non-financial statement was prepared in accordance with the GRI standards: "Core" option and the Austrian Sustainability and Diversity Improvement Act (NaDiVeG, section 267a of the Austrian Business Code).

The GRI content index provides an overview of the sustainability topics, contains references to the relevant pages in the report, and is appended at the end of this non-financial statement.

The non-financial statement includes all consolidated companies in the PALFINGER Group, as shown in the list of shareholdings.

PALFINGER has been supporting the UN Global Compact since 2013 and is committed to its ten principles on human rights, working conditions, the environment, and anti-corruption measures. Instead of disclosing a Communication on Progress report, PALFINGER once again combined the sustainability topics with the UN Principles in 2021.

Within the framework of its membership of the Austrian sustainability network respACT, PALFINGER took on the role of respACT coordinator for the province of Salzburg in August 2019.

PALFINGER is committed to the OECD Guidelines for Multinational Enterprises. The United Nations' 2030 Agenda for Sustainable Development contains 17 global Sustainable Development Goals (SDGs), PALFINGER incorporates the SDGs into all aspects of its business operations. The direct and indirect impacts of PALFINGER's operations on the 17 SDGs were discussed in a multi-stage process. PALFINGER has identified four development goals as being most relevant to its activities: SDG 5 – Gender equality, SDG 8 – Decent work and economic growth, SDG 12 – Sustainable consumption and production, SDG 13 – Climate action. The impacts on these SDGs influence the strategic direction of PALFINGER's sustainability management.

Organizational Integration of Sustainability and Due Diligence Process

Sustainability is part of PALFINGER's corporate strategy. To coordinate the topic across the various business units, a Sustainability Council was established as a cross-divisional steering committee. Committee members include the heads of global and corporate functions such as Global Operations, Global Human Resources, Global Product Line Management & Engineering, Corporate Marketing and Corporate Governance, Risk Management & Compliance. Project management, monitoring of measures, meeting reporting requirements, and conducting the materiality analysis is supported by Corporate Governance, Risk Management & Compliance, while ideas for content and marketing activities are provided by Corporate Marketing. Coordination of the activities and data collection for reporting key figures are part of existing controlling processes. This ensures that sustainability issues are driven forward with clear objectives and that non-financial goals are given equal weight in the management processes.

The core task of the Sustainability Council is to formulate the sustainability strategy, define key figures and targets, determine measures, and continuously monitor the goals and measures. The respective global and corporate functions are responsible for implementing the defined measures.

The revision of the control parameters for full operationalization of this new sustainability strategy was started in 2021 and will be developed further in 2022 by the Sustainability Council in close consultation with the respective global and corporate functions.

The Sustainability Council reports directly to the Executive Board. Besides financial, operational, and strategic topics, the Executive Board regularly informs the Supervisory Board about current sustainability issues and the progress of sustainability activities so that the latter can fulfill its supervisory obligations.

The risks and opportunities arising from sustainability are integrated into the company's operations as well as the existing risk management processes and structures. Information on risk management systems and processes is described in the management report.

Stakeholdermanagement

PALFINGER takes into account the consequences of its operations along the entire value chain, not just for the company but also for the environment and society. To achieve this, PALFINGER proactively engages its stakeholders.

Stakeholders are legal entities or natural persons affected by the company's activities or whose activities influence PALFINGER. Their individual interests and needs are taken into account in a way that is as balanced as possible. In order to take their interests into account in the best possible way, PALFINGER conducts an ongoing dialog with stakeholders. The interests of senior management and employees at PALFINGER are identified in the course of employee interviews and surveys, performance & development reviews, regular meetings with line managers, etc. Continuous and transparent communication is maintained with shareholders and lenders at events and in discussions with customers and dealers at international dealer conferences and trade fairs, as well as through surveys and direct dialog. Additionally, they are kept up to date via newsletters and involved in the continuous improvement process. Dialog with suppliers, OEMs, and strategic cooperation partners is conducted at conferences and in direct contacts, delivery and quality management agreements are concluded, visits to stakeholders' sites take place and they are also invited to visit PALFINGER's sites. PALFINGER maintains a lively exchange with the local community through local media activities as well as through events, plant tours, and other forms of direct contact.

Materiality analysis

In 2021, a comprehensive materiality analysis was carried out and material environmental, social and governance issues were identified in a multi-stage process. Employee concerns, respect for human rights, prevention of corruption and bribery, and diversity issues were also taken into account. The various relevant topics were identified along the entire value chain, taking into account global trends as well as requirements regarding current issues and legislation. In addition to the ongoing stakeholder dialog, qualitative interviews were conducted with internal and external stakeholders as well as stakeholder representatives to ascertain the significance of the topics from their point of view. The Management Board, Supervisory Board, top management and employees, shareholders and debt investors, customers and dealers, suppliers, OEMs, and strategic cooperation partners were surveyed. The interviews were weighted according to the influence on PALFINGER and the interest in PALFINGER of the respective stakeholders, with all stakeholder groups giving extremely homogeneous answers.

In the course of the materiality analysis, eleven relevant aspects were identified with the stakeholders, which were then assigned to six key topic areas. The internal validation of these topics and their integration into the sustainability strategy were performed by the Sustainability Council and approved by the Executive Board. The measures defined from the previous strategy were terminated or, if still in line with the outcome of the materiality analysis, continued. The following topics were identified as material:

Area	Material topics with relevant aspects from the stakeholder analysis	Topics according to NaDiVeG	Sustainable Development Goals
For the living planet we all depend on (Environment)	**Fewer emissions, for a positive impact** o Energy consumption and emissions in production and at PALFINGER sites	Environmental concerns	SDG 13
	Positive impact on the value chain o Emissions from product use o Environmental impact in the value chain	Environmental concerns	SDG 13
For all the people we touch (Social)	**Safe & healthy on every level** o Safety of PALFINGER products and applications o Employee health and safety	Social issues Employee concerns	SDG 8, SDG 13
	A qualified and diverse workforce o Attracting and retaining experts/talents as well as employee development including training and continuing education o Diversity and equal opportunities	Employee concerns Social issues Diversity Plan	SDG 5, SDG 8
For a future-oriented way of doing business (Governance)	**Aligned with our values** o Compliance with and leadership commitment to values, legal, and ethical standards	Prevention of corruption and bribery Human rights	SDG 8
	Focus on governance and transparency o Clear internal guidelines and standardized processes o Transparency and accurate reporting o Dealing with megatrends	Prevention of corruption and bribery Human rights	SDG 8, SDG 12

Sustainability Strategy

Sustainability is of particular importance in the vision and strategy for 2030. The Sustainability Council, created in 2021, ensures that PALFINGER takes account of environmental, social, and governance issues in addition to economic aspects in all business processes. This means that sustainability is not just a challenge or a risk for PALFINGER. In fact, responsible, sustainable business is an opportunity and a value driver, and opens doors to new business segments, growth, and greater differentiation. The most important basis for defining the sustainability strategy is the analysis of the value chain and the material topics identified in the materiality analysis with regard to their influence on people, the environment, and the economy.

PALFINGER's Sustainability Mission Statement, which was reformulated in 2021, states:

Driving Positive Impact

Responsibility for **people**, **planet** and **profit** is a major part of the **way we work**. We continue to break new ground of **business opportunities with positive impact** together with our customers, partners, and investors.

Our **employees are the backbone** and driving

force to transform and overcome future challenges.

Proactively contributing to minimize and manage the impact of climate change hand in hand will guarantee lasting success.

Because we care!

The eleven relevant aspects of the stakeholder analysis were assigned to six key topic areas, with two each falling into the areas of environment, social affairs, and governance. The six strategic topic areas are described here.

For the living planet we all depend on.
LESS EMISSIONS FOR POSITIVE IMPACT
As part of the global movement in industry, **we make lower CO_2 emissions one of our priorities**. That's why our operations are increasingly powered by renewable energy and characterized by efficient material use - to deliver positive impact.

POSITIVE IMPACT ON THE VALUE CHAIN
To effect change in our value chain, we are **engineering our entire range of product solutions to reduce emissions and enable low-carbon innovation**. We're also working to become an integrated solutions provider for partners across the network.

For all the people we touch.
SAFE & HEALTHY AT ALL LEVELS
Safety in our operations, a healthy work culture as well as safety of our products are critical priorities. The well-being of our employees and customers are crucial to our success.

A QUALIFIED & DIVERSE WORKFORCE
To innovate in a global economy, we need to attract and retain the best people - in our leadership and throughout the organization. This includes continuous training and personal development. At PALFINGER, we see diversity as a source of excellence and strength - and of business success.

For a future-oriented way of doing business.
COMMITTED TO OUR VALUES
To change our direction towards the sustainable, we must go beyond the baseline and **strive for the highest human, ethical, and legal standards.**

FOCUS ON GOVERNANCE AND TRANSPARENCY
For the change to last, **we must evolve our business to meet the demands of a sustainable economy**. This calls for the highest standards of governance and transparency for a better way of doing business.

The development of the new sustainability strategy was followed in 2021 by the derivation of non-financial targets for the three areas of environment, social affairs, and governance (ESG). These cover all NaDiVeG (Austrian Sustainability and Diversity

Improvement Act) concerns (environmental, social and employee concerns, as well as respect for human rights, the fight against corruption and bribery, and the diversity concept).

In the area of the environment, PALFINGER has set itself the goal of generating fewer emissions in order to have a positive impact. The focus is on reducing energy consumption and emissions in production and at PALFINGER sites. The second aspect defined is the positive impact along the entire value chain. This will be achieved by reducing emissions in product application and, among other things, by increasing the use of renewable sources of electricity in terms of environmental impact along the entire value chain.

Safety in the use of PALFINGER products as well as the health and safety of employees are key issues in the social area. Health and safety are measured by the TRIR (Total Recordable Injury Rate). A second focus in this area is the promotion of qualified and diverse employees. Attracting and retaining experts and talents as well as employee development, including training and continuing education, taking into account equal opportunities, and increasing diversity are key cornerstones here.

Governance includes compliance with PALFINGER's values. In this context, the focus is on compliance with and leadership commitment to our values as well as legal and ethical standards. PALFINGER's approach to megatrends as well as the creation of clear internal guidelines and standardized processes are in the area of focus on governance and transparency. This also includes the central aspect of transparent and correct reporting, which underlies all of PALFINGER's activities.

At PALFINGER, targets are defined on a Group-wide basis by the respective specialist department and the Sustainability Council, while the respective corporate/global function is responsible for implementing the measures. The effectiveness of the measures taken is monitored on an ongoing basis in order to ensure that the targets are achieved at the Group level

For the living planet on which we all depend

Less emissions, for positive impact

PALFINGER strives to work as efficiently as possible in production, both ecologically and economically, attaches great importance to climate protection and therefore intensively addresses the issue of emissions arising from its own energy consumption that may have an effect on the climate. The focus here is therefore on emissions in production and at PALFINGER sites as well as on energy consumption.

The Health, Safety & Environment (HSE) department manages eco-efficient production within the Global Function Operations. The group policy package on HSE topics was developed or updated in 2021. The update of PALFINGER's environmental protection guideline will be finalized in 2022.

PALFINGER is pursuing the long-term goal of reducing production-related CO_2 emissions across the Group. Formulation of a climate strategy was started in the reporting year and will be completed in 2022. The climate strategy is being developed on the basis of the science-based target initiative for a 1.5-degree economy.

From a process perspective, production consumes the most energy across the PALFINGER Group, with paint shops and electroplating facilities the most energy-intensive. All other production processes consume comparatively moderate amounts of energy, primarily for heating and ventilating the production halls. The centrally recorded fuel consumption is included in the presentation of energy efficiency. A large percentage of transport is not performed by PALFINGER itself but outsourced to logistics companies. The transport mix at PALFINGER consists mainly of trucks and ships (which means that these transport emissions do not fall under Scope 1).

In order to continuously drive the reduction of emissions at PALFINGER's sites, energy consumption was identified as one of the relevant control variables in addition to the survey of Scope 1 and Scope 2 emissions. Following the Covid-19 induced decrease in 2020, absolute energy consumption increased to 222 million kWh in 2021 (2020: 195 million kWh). Most of the energy consumption was generated in the EMEA region.

PALFINGER reports internal production-related CO_2 emissions (Scope 1 and 2) in two categories: direct emissions from fuels and indirect emissions from electricity and district heating. In 2021, PALFINGER caused 20,160 tonnes of CO_2 equivalents (2020: 18,420 tonnes of CO_2 equivalents) in direct emissions from fuels - natural gas, diesel, gasoline, LPG, butane, propane,

and heating oil. The increased absolute CO2 emissions reflect the higher production-related heat consumption. In terms of indirect emissions (Scope 2 "market-based") from electricity and district heating, PALFINGER caused 11,044 tonnes of CO2 equivalents in 2021 (2020: 12,376 tonnes).

The Group-wide target of increasing the share of renewable electricity to 75 percent by 2022 was achieved in 2021. The switch of all German sites and one site in Brazil to energy from renewable sources increased the share of green electricity Group-wide to 76.4 percent (2020: 73.5 percent). As a result of the sharp decline in the previous year due to Covid-19, absolute emissions increased slightly again in 2021 to 31,204 tonnes of CO2 equivalents (2020: 30,796 tonnes).

in MWh	2019	2020	2021
Electricity			
Electricity from renewable sources	79.124	77.953	95.489
Electricity from non-renewable sources	36.724	28.098	29.488
	115.848	**106.051**	**124.977**
Heating			
Natural gas	67.380	61.940	68.216
Propane	3.372	3.214	3.201
Butane	873	895	905
LPG	3.765	4.203	5.190
Heating oil	468	408	1.434
District heating	5.328	4.980	4.883
	81.186	**75.640**	**83.829**
Fuels			
Diesel	14.639	12.376	12.302
Petrol	1.723	1.304	1.206
Kerosene	0	0	0
	16.362	**13.679**	**13.508**
Energy consumption broken down by energy source	**213.397**	**195.371**	**222.315**

in t CO$_2$ equivalents[1]	2019	2020	2021
Direct emissions from fuels (Scope 1)	**20.168**	**18.420**	**20.160**
Indirect emissions from electricity and purchased energy sources (Scope 2, market-based)	**16.421**	**12.376**	**11.044**
Production-dependent CO$_2$ emissions (Scope 1 and Scope 2)	**36.588**	**30.796**	**31.204**

1) The conversion of direct and indirect CO2 equivalents is largely based on the IEA 2018 database, reference year 2016. Emissions data include carbon dioxide (CO2), methane (CH4), and nitrous oxide (N2O), as well as the correction value for import and export. The remaining Kyoto gases are not produced during direct combustion, so the figures can be considered complete. The direct emission factors (Scope 1) of gasoline, diesel, liquefied petroleum gas and heating oil are from the Federal Environment Agency Austria. The conversion for coal as an energy source is based on the specific carbon content (Scope 1). The district heating conversion factors are country-specific and come directly from the supplier.

With regard to data collection, it should be noted that companies or sites acquired or established during the reporting year are not required to report environmental data until the beginning of the following year. Due to their materiality, environmental indicators are reported by production and assembly sites. Due to their size, the Bergheim (AT) and Ainring (DE) sites were included in the reporting as company headquarters and assembly sites, respectively. The definitions of the key figures are given in the section on key figure definitions

Positive impact on the value chain

As part of the global trend in the industry, reducing greenhouse gas emissions is a top priority for PALFINGER. In its product development, PALFINGER therefore aims to reduce emissions and enable low-carbon innovation.

When ascertaining emissions along the entire value chain, PALFINGER found that the most significant share of CO_2 emissions originates in the deployment phase of PALFINGER products, which means that it is here that PALFINGER has the greatest potential to contribute to achieving the 1.5-degree target. Consequently, PALFINGER has set itself the goal of reducing emissions along the entire value chain, especially when using PALFINGER products and solutions. In future, PALFINGER's efforts will therefore focus increasingly on "external" emissions, in particular from product use. The development of the new comprehensive climate strategy, to be completed in 2022, will also take into account emissions and CO_2 savings potential along the upstream and downstream value chain. The development of the climate strategy is based on the Science-Based Target initiative towards a 1.5-degree economy.

In order to reduce emissions, PALFINGER invests in product research and development and offers state-of-the-art technologies. Research and development as well as innovations and digital solutions are aimed at increasing the efficiency of PALFINGER's products. In this context, cooperations support new approaches. In order to bundle all activities in the field of new mechatronic and digital products and product functions, a separate work program was set up. For further details, please refer to the chapter on research & development in the Management Report.

PALFINGER can also influence the environmental impact in the value chain by committing suppliers to comply with the criteria set out in the Code of Conduct, which also describe minimum standards in the environmental sector.

In 2021, PALFINGER started to revise the process for collecting emissions in the upstream or downstream value chain (Scope 3 emissions). The revision will be further processed in 2022, taking into account the expected new regulatory requirements resulting from the publication of the EU Sustainability Reporting Standards. Due to the expected new change regarding the collection and presentation of scope 3 emissions in 2022 and the resulting lack of comparability, no scope 3 emissions were published in the reporting year.

For all the people we touch

Safe and healthy on every level

Safety of PALFINGER products and applications
At PALFINGER, product safety comes first.

PALFINGER products combine ease of use with utmost safety. They are sold on the international market in accordance with the relevant standards applicable in each country. It is vital that PALFINGER implements these safety standards in a user-friendly manner.

PALFINGER has set itself the goal of "zero accidents with PALFINGER products".

There were 9 reported accidents in the field with PALFINGER products in the reporting year (2020: 14). Use of PALFINGER products led to 7 injuries of varying degrees (2020: 12) and, regrettably, to 3 fatal accidents (2020: 3). In the reporting year, PALFINGER initiated product recalls in 20 instances (2020: 14) as internal testing and ongoing quality assurance revealed a need for improvement in each case.

Accidents with PALFINGER products	2019	2020	2021
Reported accidents	18	14	9
Fatalities[1]	10	3	3
Injuries of varying severity[1]	21	12	7
Penalties imposed by court due to accidents	0	0	0
Pending complaints (in negotiation) on grounds of accidents with products (as at December 13)	7	7	5
Convictions	0	0	0

1) Irrespective of fault.

In reporting year 2021 there were no convictions of PALFINGER for non-compliance with safety regulations. Irrespective of the question of fault, PALFINGER nevertheless examines all incidents involving PALFINGER products in which persons are injured. The majority of these incidents stem from errors in operation, as a result of which no legal claims can be brought against PALFINGER. In these cases, a good network, and an understanding of safety awareness in the countries concerned are a prerequisite for PALFINGER's being notified of these incidents. All accident-related information is then evaluated internally. All PALFINGER products are assessed with regard to their effects on the health and safety of the operators, and any opportunities for further development identified in the course of these assessments are continuously implemented.

Employee health and safety

PALFINGER attaches the utmost importance to the health and safety of its employees.

In the GLOBAL PALFINGER ORGANIZATION, the global health program PALfit has been placed under the umbrella of the global function Human Resources, while the other safety issues relating to HSE are incorporated in the global function Operations. The management of occupational health and safety aspects at PALFINGER is governed by ISO 45001 (OHSAS 18001) and the corresponding certifications. In 2021, 43 percent (2020: 40 percent) of the employees worked at sites with this certification. From 2022 onwards, cross-site certifications will be aimed at, which means that the corresponding control will also be evaluated in the area of safety and adjusted, if necessary.

In the area of safety, PALFINGER has set itself the goal of reducing work-related accidents with injuries to a minimum. This is controlled on the basis of the Total Recordable Injury Rate (TRIR), which measures work-related accidents with injuries per 1 million working hours. Through a targeted program of measures, the TRIR was significantly reduced to 11.74 in 2021 (2020: 14.23). There were no fatalities caused by occupational accidents in the reporting year (2020: 0 fatalities). In 2022, accident reporting will be relaunched to further improve data quality.

When starting work, employees receive a documented safety briefing on workplace hazards and risks as part of their general induction training. These safety briefings are repeated at regular intervals, when procedures and workplaces are changed, and on an ad hoc basis, e.g., in the event of accidents. The project to introduce a learning management system (LMS), which was started in 2020, was successfully completed in 2021. In the future, workplace and activity-related safety training will also be organized and made available online via this LMS. PALFINGER strives to continuously improve safety training. To this end, employees are represented at regular occupational safety committee meetings, at which, in addition to safety experts and occupational physicians, safety officers and the works council represent the interests of employees and ensure their participation.

In 2021, a Group-wide standard was drawn up that regulates a defined catalog of services as well as time specifications for the scope of occupational medical care depending on the number of employees at the sites. This ensures that occupational health care is available to every PALFINGER employee worldwide, irrespective of legal requirements.

The COVID-19 pandemic also showed that PALFINGER focuses on health and safety. A COVID-19 task force was set up for COVID-19 pandemic management, a stage plan was developed with safety levels for the operating sites, depending on the current pandemic situation, and a group guideline with the corresponding measures was drawn up. The central COVID-19 task force proactively manages the topic globally, initiates ongoing improvements to packages of measures and works in close coordination with the local task forces. These take into account the local legal framework in their decisions within the framework of the global requirements. Global contacts and initiatives have been defined within the framework of the program (e.g., in Austria: vaccination offers, temperature measurements and access controls in the operating sites).

A Qualified & Diverse Workforce

Attracting and retaining experts/talent as well as training and further education are important aspects for PALFINGER. The availability of qualified staff, especially in technical professions such as welders, is a challenge worldwide.

As retaining experts and attracting talent is of central importance to PALFINGER, fluctuation as well as employment structure play a major role.

Fluctuation in the reporting year 2021 was influenced by different and, in part, opposing effects. As a matter of principle, PALFINGER has set itself the Group-wide target of keeping staff turnover at around 15 percent on a rolling average of 3 years. In addition to this benchmark, voluntary fluctuation with a target value of 8 percent, also on a rolling average of 3 years, will be used as a control parameter as of 2021. In order to better understand the background and motivation of employees who have decided to leave PALFINGER, exit interviews will be held with them.

The rolling average of employee turnover increased slightly from 14.7 to 17.5 percent in 2021. During the reporting period, more than 2,000 employees were employed following the positive business development. Voluntary fluctuation was surveyed from 2021 and amounts to 5.5 percent of the total number of employees in the financial year.

Number and percent	2019	2020	2021	%[1]
Gender				
Female	206	229	286	15.7%
Male	1,573	1,382	1,533	84.3%
Age				
0–29	527	473	505	27.8%
30–50	936	845	906	49.8%
50+	316	293	408	22.4%
Voluntary fluctuation[2]				
PALFINGER Group	N/A	0	550	30.2%
Regions				
EMEA	1,003	805	814	44.7%
NAM	48	63	383	21.1%
LATAM	262	258	122	6.7%
APAC	95	86	15	0.8%
CIS	135	143	216	11.9%
MARINE	171	220	221	12.1%
HOLDING	65	36	48	2.6%
Employee exits[3]	**1,779**	**1,611**	**1,819**	**17.1%**

1) The key figure is related to the total number of employee exits in 2021.
2) For integrated SuccessFactors companies only. Includes self-termination, self-termination during probationary period, unauthorized self-termination, voluntary termination.
3) The employee exits, and the following tables represent the key employee figures of the PALFINGER Group. With regard to the collection of the key figures, it should be noted that companies or sites acquired or established in the course of the reporting year are not required to report specific employee figures until the beginning of the following year.

Number and percent	2019	2020	2021	%[1]
Gender				
Female	279	179	335	14.1%
Male	2,067	969	2,035	85.9%
Age				
0–29	907	452	848	35.8%
30–50	1,216	597	1,282	54.1%
50+	223	99	240	10.1%
Regions				
EMEA	1,144	592	1,179	49.7%
NAM	404	108	401	16.9%
LATAM	143	168	251	10.6%
APAC	33	8	9	0.4%
CIS	191	136	308	13.0%
MARINE	406	108	166	7.0%
HOLDING	25	28	56	2.4%
Employee entries	**2,346**	**1,148**	**2,370**	**22.3%**

1) The ratio is based on the total number of employees entering the company in 2021.

In order to find and retain experts in the long term, PALFINGER focuses on staff development and comprehensive training and further education measures. In 2021, the following measures were implemented: Global introduction of the Performance & Development Review process in a uniform tool, expansion of e-learning for all employees, go-live of the global learning management system as a technical basis bundling all future learning, development activities and measures in one system environment, as well as management development programs, the group policy on mobile working and thus the promotion of flexibility and a better life balance. Furthermore, PALFINGER attaches great importance to apprenticeship training, primarily in but also outside Austria, and invested in a new PALFINGER Campus in 2021 in order to significantly increase the number of apprentices and to continue the success story of PALFINGER apprenticeship training. The training program in China was also successfully completed once again, in which Chinese apprentices completed dual apprenticeship training based on the Austrian model.

PALFINGER is an important employer in various regions. As at year-end 2021, 11,733 persons (2020: 10,824) were employed by PALFINGER. In addition, 612 (2020: 383) temporary workers were employed as at year-end 2021

Number	2019	2020	2021	%[1]
Permanent employment contract				
Gender				
Female	1.446	1.414	1.508	13,3%
Male	9.279	9.051	9.771	84,9%
Regions				
EMEA	5.742	5.744	6.305	55,9%
NAM	1.079	998	1.026	9,1%
LATAM	497	600	747	6,6%
APAC	271	268	256	2,3%
CIS	1.544	1.397	1.494	13,2%
MARINE	1.236	1.076	1.032	9,1%
HOLDING	356	382	419	3,7%
	10.725	**10.465**	**11.279**	**98,0%**
Temporary employment contract				
Gender				
Female	13	14	20	8,8%
Male	200	136	206	91,2%
Regions				
EMEA	172	100	150	66,4%
NAM	1	1	0	0,0%
LATAM	0	0	0	0,0%
APAC	1	0	2	0,9%
CIS	23	32	49	21,7%
MARINE	14	14	21	9,3%
HOLDING	2	3	4	1,8%
	213	**150**	**226**	**2,0%**
Core workforce	**10.938**	**10.615**	**11.505**	**100,0%**
Apprentices and interns	**188**	**209**	**228**	
Total workforce PALFINGER group	**11.126**	**10.824**	**11.733**	
Contingent workers	**571**	**383**	**612**	
PALFINGER Group	**11.697**	**11.207**	**12.345**	

1) The ratio is in relation to the total number of employees in 2021.

PALFINGER generally has permanent staff members, with the headcount not being subject to seasonal fluctuations. Fixed-term employment contracts (beyond a locally defined probationary period) are not common apart from some project work, professional internships, and in interim management. In fiscal 2021, 97.1 percent of employees were full-time, while around 2.9 percent (2020: 3.3 percent) of employees were part-time.

Number	2019	2020	2021	%[1]
Full-time employment				
Gender				
Female	1.268	1.251	1.362	12,2%
Male	9.301	9.016	9.807	87,8%
	10.569	**10.267**	**11.169**	**97,1%**
Part-time employment				
Gender				
Female	191	177	166	49,4%
Male	178	171	170	50,6%
	369	**348**	**336**	**2,9%**
Core workforce	**10.938**	**10.615**	**11.505**	**100,0%**

1) The ratio is in relation to the total number of employees in 2021.

PALFINGER aims to find the best person for each position. Diversity and equal opportunities play a key role in this.

PALFINGER is committed to measurable diversity targets and abides by the relevant indicators. The objectives are to increase the proportion of non-Austrians at headquarters in Bergheim to 20 percent, and to align the percentage of women in senior management with the percentage of women in the PALFINGER Group overall.

At the end of 2021, 30 percent of the members of PALFINGER AG's Supervisory Board were women (2020: 20.0 percent) and no women were members of the Management Board. At year-end 2021, 7.2 percent (2020: 8.1 percent) of the positions in the Global Management Team were held by women. The general proportion of women at PALFINGER was 13.3 percent in 2021 (2020: 13.7 percent). The share of international staff at headquarters was 20.7 percent (2020: 18.7 percent).

The Recruiting Group policy ensures a standardized Group-wide state-of-the-art recruiting process. The quality of the process is based on the principles of transparency, clear communication, fair play, fair remuneration, diversity, quality, and confidentiality. The use of a potential analysis is being implemented successively throughout the Group for management functions.

2022, the previous diversity strategy within the Group will be redefined. The currently valid diversity concept is included in the Corporate Governance section of the report.

For a future-oriented way of doing business

Aligned to our Values

PALFINGER's employees live the company values of entrepreneurship, respect and learning every day. That is why PALFINGER supports and encourages its employees in accordance with the tagline: "We value people. People create value." At PALFINGER, the following leadership principles apply to the Executive Board as well as to all executives: DRIVE. FOCUS. INSPIRE. EMPOWER. DEVELOP. DELIVER.

The current version of the Code of Conduct came into effect in 2021 and defines the essential principles for doing business. Integrity is paramount in all of PALFINGER's business activities, and PALFINGER's values of entrepreneurship, respect, and learning are essential. Proactive implementation of standards, and compliance with them, is important to PALFINGER and is also expected of all employees and business partners, such as suppliers and dealers. Agreements with employees, dealerships, suppliers, and cooperation partners include binding references to the PALFINGER Code of Conduct. This Code of Conduct is published on PALFINGER's website. The "Integrity Line" makes it possible to report, anonymously, if need be, possible violations of laws and internal policies or misconduct.

PALFINGER considers human rights violations and corruption to be unacceptable. They contradict the organization's corporate values and are harmful to the economy – and consequently also to PALFINGER. PALFINGER takes immediate action whenever any irregularities are suspected. PALFINGER has defined a catalog of multi-stage actions to prevent or, if need be, investigate any violations. Since 2021, an annual report on anti-corruption measures has been submitted to the Supervisory Board, enabling it to fulfill its supervisory obligations.

No instances of child labor or forced or compulsory labor were identified at any of PALFINGER's sites in 2021, nor were any young employees subjected to dangerous work. Suspected violations of the Code of Conduct or other Group guidelines are evaluated and, if substantiated, they are investigated by Corporate Internal Audit and appropriate improvement measures are defined with the responsible management. Likewise, PALFINGER did not have to pay any fines for violations of legal provisions. Moreover, there are no lawsuits pending against PALFINGER for anti-competitive behavior.

Focus on Governance & Transparency

To meet the transformation requirements, the principles of sustainable business must be applied. To this end, PALFINGER applies the highest reporting standards and a transparent approach to business practice.

For a description of the organizational structure and process organization as well as corporate governance & compliance, please refer to the relevant sections of the Corporate Management chapter in the management report and to the corporate governance report.

Currently, the chief megatrends facing PALFINGER are as follows: Sustainability, digitalization, and social change, which have a significant impact on PALFINGER's business operations and entail many challenges. The vision and strategy for 2030 formulated in 2021 addresses the megatrends that have been identified and describes how to deal with these challenges and make them part of PALFINGER's success through 2030. These megatrends lead to both risks and opportunities for PALFINGER. PALFINGER proactively addresses risks and seizes opportunities. Further details can be found in the risk report of the Management Report.

There are no indications that violations of environmental laws and regulations, laws, and regulations in the social and economic area, in connection with health and safety impacts of products and services, with product and service information or labeling occurred, nor are there any indications that regulatory violations in connection with marketing and communication measures occurred on the part of PALFINGER in the 2021 financial year.

Disclosure pursuant to Article 8 Taxonomy Regulation

With the EU taxonomy, the EU has established a classification system for defining "environmentally sustainable" business activities. Taxonomy-eligible revenues, investments (CapEx), and operational expenses (OpEx) must be identified for fiscal year 2021. For this purpose, PALFINGER conducted an analysis of the business activities and compared them with the descriptions in the Taxonomy Regulation (TaxonomieVO).

Based on the specifications of the TaxonomieVO, the revenue ratio is the revenue from taxonomy-eligible business activities shown in proportion to the Group's total revenue in accordance with IAS 1.82a. To calculate the CapEx ratio, the total additions (before depreciation, amortization and impairment, impairment losses, and revaluations) of intangible assets and property, plant, and equipment, including additions from right-of-use in accordance with IFRS 16, are included in the denominator. Additions resulting from business combinations are included in the CapEx. In addition to capitalized expenses for assets from taxonomy-eligible revenue, the numerator also includes expenses for the purchase of products from taxonomy-compliant business activities and individual measures to reduce greenhouse gas emissions which were implemented and put into operation within 18 months. To determine the CapEx numerator, the existing Group-wide reporting system was expanded. Both the revenue key figure and the CAPEX key figure can be found in the tables below.

Taxonomy-eligible business activities	NACE Code	Absolute revenue EUR	Relative revenue (%)
Revenue from the sale of wind cranes (excluding service & after-sales revenues)	C 28.22	9.640.930	0,52
Revenue from suitable business activities	**-**	**9.640.930**	**0,52%**
Revenue from non-suitable business activities	**-**	**1.831.891.618**	**99,48%**
Total revenue from suitable and non-suitable business activities	**-**	**1.841.532.548**	**100,00%**

During the analysis, PALFINGER identified the revenue from the sale of wind cranes as a business activity suitable for taxonomy. The business activities classed in the analysis as having only limited taxonomy capacity in the course of the analysis of business activities were not included. This resulted in taxonomy suitable revenue of EUR 9.641 million in the reporting year, which corresponds to a share of 0.52 percent of the Group's total revenues.

Due to the first-time application of disclosure in accordance with Article 8 of the TaxonomieVO and the currently evolving legal situation in this respect, PALFINGER chose a conservative approach in identifying taxonomy-suitable business activities. In the course of further regulatory developments regarding the EU taxonomy, there may be changes in revenue-related disclosure in 2022.

Taxonomy-suitable investments	Absolute investments EUR	Relative investments (%)
Investments from individual measures suitable for taxonomy	3.485.640	2,46%
Total amount of suitable investments	**3.485.640**	**2,46%**
Total amount of non-suitable investments	**138.363.393**	**97,54%**
Total amount of suitable and non-suitable investments	**141.849.033**	**100,00%**

In the run-up to this, an input screen was added to the existing Group-wide reporting system with individual measures for taxonomy-suitable investments that can be assigned to the framework, in order to enable the corresponding data collection.

In the reporting year, this resulted in suitable investments from individual measures in the amount of EUR 3.4856 million, which corresponds to a share of 2.46 percent of the Group's total accessions.

When determining the OpEx key indicator, the non-capitalized direct expenditure on research and development, building renovations, current leases, maintenance, and repair work as well as all other direct expenses relating to the daily maintenance of property, plant and equipment assets must be taken into account in the denominator. The counter is to be determined in the same way as the CapEx for non-capitalized expenditure. The OpEx key indicator will not be included in the reporting for 2021 due to a lack of granularity and immateriality in the reporting systems. An integration of the reporting will be evaluated after all requirements of the TaxonomieVO have been met in the 2022 reporting.