

2.4 SUSTAINABILITY PROGRAMME 2014/2015

PALFINGER learns from experience: Since the one-year sustainability programme did not bring the desired success, the decision was made to retroactively establish a two-year framework for the implementation of the measures defined for the reporting period 2014. Due to the large number of acquisitions made in recent years, the current sustainability programme contains no targets based on performance indicators apart from the quantitative environmental objects that were defined for the first time in the reporting period. Instead, priority has been given to processing the cultural transition and building up stringent data and information systems.

The following table lists all the measures that form PALFINGER's sustainability programme for 2014/2015. In addition, it provides an overview of the current status of implementation of the measures announced by PALFINGER in the Integrated Annual Report 2013 (highlighted in grey).

SUSTAINABLE PRODUCTS

Product quality, customer satisfaction	Status
App for service partner search	Completed/ Deferred
This service is already available in Germany and France. An extension of this app to PALFINGER England isn't planned for 2015.	
Research and development, product safety	Status
Automated crane movements	Ongoing Process
This safety mechanism is to be pursued also in 2015, both in research and development and in implementation.	
Safety systems SRC and RTC	Ongoing Process
Synchronized Rope Control (SRC) and the cable winch solution Rope Tension Control (RTC), both of which are already available on the market, are a priority in research and development as well as in implementation in 2015.	
PALcom 7	Ongoing Process
PALcom 7 is equipped with additional safety features such as a tilting sensor and an acceleration sensor. These are to be followed up on internally in the future as well. Starting in 2015, HPSC is scheduled to be launched as an option for timber and recycling cranes.	
Product information, fair marketing	Status
Web 2 Print	Completed
Following the launch of Media Asset Management in 2013, all previous analogue product information is now being provided digitally.	
Online product configurator	Completed
This ordering tool for dealers and end customers is intended to help reduce the number of product brochures, following the model of the automotive industry.	
Products for ecological and social purposes	Status
New website: environmentally friendly and safe products	In preparation
A general description of all PALFINGER products has already been made, and is now to be supplemented by a presentation of their environmental and safety advantages. For capacity reasons, this will occur in 2015.	

SUSTAINABILITY MANAGEMENT

HUMAN RESOURCES

Economic and social security: remuneration and freedom of assembly	Status
Boosting of local management teams	Ongoing Process
The focus on strengthening local management continues to be a measure pursued by PALFINGER to reinforce intercultural skills.	
Continuation of Living Wages project	In preparation
PALFINGER is committed to being a responsible employer and is integrating this project as a priority to be dealt with by the PALiversity project team "Working Conditions". In doing so, PALFINGER defines one priority country per year in terms of improvement measures. On the basis of the findings from 2013, awareness will be raised in all targeted local management teams Group-wide in the future, and the specific percentages (benchmark figures relating to market baskets, etc.) will be reported, in confidence, to the local management in question for review. Thus a gradual improvement in the pay level of the PALFINGER Group is to be achieved successively year by year.	
Group-wide communication regarding freedom of association	Ongoing Process
PALFINGER is committed to active communications across all levels and to the internal organization of bodies for the representation of employees and works councils, and rejects any kind of repression of the freedom of assembly. Based on the Group's values, which also encompass an open-door policy, PALFINGER attaches great importance to enabling active exchange at all times and to treating the articulated needs of its staff members with respect.	
Occupational health and safety	Status
Uniform global definition of accidents and uniform reporting	Ongoing Process
In addition to absence periods, individual accidents will also be reported Group-wide in accordance with a uniform definition regarding severity. This will contribute to local continuous improvement processes.	
Group-wide minimum standards for occupational health and safety	In preparation
PALFINGER acknowledges the significance of decent working conditions all over the world and is integrating this project as a priority to be dealt with by the PALiversity project team "Working Conditions". The first important step is to maintain transparency regarding local working conditions at the manufacturing and assembly sites all over the world. As soon as the final version of the Group-wide analysis – the prerequisite for fundamental improvements – is available, relevant best-practice examples are to be presented to local management teams step by step and yearly improvements are to be achieved by pursuing annual priorities.	
Local officers for health and safety	Ongoing Process
Each regional management team is to ensure that local officers promote health initiatives (e.g. PALfit) and safety. The firm establishment of the principle of supporting health and safety by encouraging employee participation is to be a key part of this. Health circles with employees from various fields will be set up to stimulate a continuous improvement process in all PALFINGER companies. This approach will be gradually promoted in all PALFINGER companies, where it will also be advertised and presented time and again.	
Expansion of PALfit	In preparation
The occupational health management scheme PALfit is to be expanded to the sites in Ganderkesee (Germany) and Delnice (Croatia). A far-reaching internal restructuring process has taken place at these sites; first talks have already been held and the results communicated to the sites.	
Assessment of mental stress	Completed
Together with the fit2work project, the first surveys were carried out in Salzburg, Lengau and Köstendorf. Currently, measures are being prepared in the individual employee workshops. The "Health and Safety" document is to provide ideas for PALFINGER's health and safety standards.	
First aid training	In preparation
This is to be offered at the PALFINGER College in Austria.	
"Healthy leadership"	In preparation
Industrial psychologists (focus: crisis communication) will give presentations to raise employees' awareness; as a follow-up, measures will now be implemented. The Austrian project is to be expanded to the Krefeld site (Germany).	
Kick-off "fit2work" at the Lengau site	Completed
The results have been presented to the managers and employees at the Salzburg and Lengau sites. Now integration officers are being trained at every site in accordance with the project. These officers are to support the crisis intervention team as ombudspersons and act as contacts for employees to show them any opportunities for integration. The training seminar took place in Salzburg at the end of 2014.	

Training and education		Status
Introduction of Group-wide staff reviews talks for indirectly productive		In preparation
This measure is to be reinforced within the Company in the current reporting period.		
HR review 2014		Completed
There has been a review of top management with regard to several criteria (e.g. values, flexibility, technical know-how).		
Continuation of the HR review		
In the medium term, the HR review is to be rolled out to lower management levels as well.		
Employer branding		In preparation
The promotion of employer branding, for example through the increased use of social media, is to be a priority in 2015.		
Minimum standards for exit interviews		In preparation
Well-structured exit interviews are to be conducted with employees leaving the Company.		
Coaching for executives		In preparation
The further establishment of coaching programmes for executives and the active communication of the availability of these programmes are to be a priority in 2015/2016 as well.		
Environment in the PALFINGER House of Values		Completed
Respect for the environment is a significant concern of PALFINGER. Therefore, this concept has been included in the House of Values and communicated to all employees.		
Diversity and equal opportunity		Status
Women in executive training		Ongoing Process
In order to raise the percentage of women executives in the Group, a special focus will be placed on women when selecting candidates for internal executive training courses. The percentage of women attending the training seminars that took place in the period under review (GLP, CLP, Business Excellence) was significantly higher than in previous years. Continuing emphasis is to be placed on this measure.		
HR marketing for women		Ongoing Process
More women are to be recruited for technical positions at PALFINGER. HR marketing will focus on communicating the good opportunities for women at PALFINGER – for both apprenticeship and management positions. Continuing emphasis is to be placed on this measure.		
Raising the percentage of employees with disabilities		Ongoing Process
In the future, various measures will again be taken to raise the percentage of employees with disabilities, e.g. better communication of equal opportunities and a more intensive policy of inclusion. In the future, HR management will continue to carry out analyses concerning the employment of staff with disabilities. In this regard, PALFINGER also relies on external expert support. This aspect is to be increasingly taken into account in advertisements for open positions. Internal as well as external awareness raising is a priority in this regard.		
Stepping up internal communication on diversity commitment		Ongoing Process
Based on the Management Board's commitment, the benefits of diversity are to be more strongly communicated within the Group, also within the scope of the Group-wide PALiversity project.		
Expansion of the Diversity Circle		Deferred
Instead of the Diversity Circle, the Group-wide exchange of opinion takes place via the PALiversity project.		
Promotion of women		Ongoing Process
This factor is to be especially considered in general staffing decisions (executive as well as non-executive positions); in this regard, resorting to new recruiting channels will prove helpful. Basically, a higher percentage of women employees is to be mainly promoted in executive programmes (GLP).		
Cooperation projects promoting diversity		Completed
In 2014, PALFINGER participated in several networking events relating to diversity, and will continue to do so in the future.		
Business class flights		Completed
Regardless of their employment level, all employees may fly business class on flights longer than six hours.		

SUSTAINABILITY MANAGEMENT

Launch of the PALiversity project "Corporate Culture"

The objective pursued by this project is to obtain a holistic overview of PALFINGER's existing corporate culture, to strengthen the concept of "leadership by example" and to install a Corporate Culture Board, which will discuss relevant concerns addressed by the Group and develop additional strategies and initiatives.

Launch of the PALiversity project "Recruiting"

All employees are to be given access to the social-media platforms Xing and LinkedIn in 2015. In addition, a recruiting tool is to be implemented in the medium term.

Launch of the PALiversity project "International Mobility"

Starting in 2015, an international exchange programme is to be installed: 10 talented employees from the business areas may transfer to PALFINGER's headquarters for a certain period of time, bringing their own culture to Austria and at the same time embracing Austria's culture. This will facilitate an exchange of corporate functions to and from the business areas. In addition, a value-oriented strategy development is to be initiated for mobility programmes.

Launch of the PALiversity project "Working Conditions"

Starting from 2015, follow-up measures will be implemented under the projects on Living Wages, freedom of assembly, occupational safety and environmental protection guideline. These measures are described above under the aspects of "Diversity and equal opportunity" and "Economic and social security: remuneration and freedom of assembly".

Launch of the PALiversity project "Talent Management"

PALFINGER intends to generate Group-wide awareness for talent management. Afterwards, corporate targets are to be defined and the necessary HR requirements for a relevant tool are to be gathered and evaluated.

ENVIRONMENT

PALFINGER has set itself the goal of improving energy efficiency and reducing hazardous waste by 1.8 percentage points every year starting in 2015. In addition, as a long-term objective, PALFINGER intends to have the attainment of sustainability benchmarks agreed upon as a criterion for variable salary components within the entire Group.

Energy efficiency and climate protection	Status
Lighthouse projects for energy efficiency	Completed
In Austria and Eastern Europe, where the energy-efficiency Facility Management initiative has already been launched, further lighthouse projects will be established, e.g. establishment of energy management systems, development of building control systems for detailed control over energy consumption, use of LED lighting.	
Continuation of lighthouse projects for energy efficiency	
PALFINGER will continue to place a focus on eco-efficiency in production and facility management: Efforts to enhance energy efficiency will be initiated for new, in particular large, and hence energy-intensive, sites upon their inclusion in the PALFINGER Group.	
Continuation of lighthouse projects for energy efficiency	Completed
Energy-efficiency competences at an educational level corresponding to that of a European Energy Manager will be developed. A PALFINGER energy saving manual will support the Group-wide implementation of measures.	
Best-practice pool of energy efficiency	In preparation
Information on measures that have been successfully implemented will be electronically exchanged between the local responsible officers in order to speed up the Group-wide establishment of energy efficiency measures. Communication via SharePoint will continue to be promoted in the current reporting period.	
Local environmental protection officers	In preparation
Every regional management ensures that local officers promote energy efficiency and environmental protection. Teams at all companies control a continuous improvement process. Due to organic as well as inorganic growth, this is regarded as an ongoing measure.	
Introduction of the Group-wide environmental guideline	Completed
The Group guideline drafted in 2013 is to be implemented; the enlarged pool of ideas on PALFINGER's SharePoint will reinforce communication of this guideline.	
On-site consultation within the Facility Management programme at the following sites	Completed
Additional lighthouse projects will be established at the sites in Lengau, Maribor, Omaha, Löbau, Guima and Ganderkesee. In this process, measures will be derived and a network established at the PALFINGER SharePoint between the plants to facilitate a best-practice transfer.	
Optimization of travel costs	In preparation
Within the Lean Administration project, video conferencing systems are to be increasingly used throughout the Group to help further reduce travel costs and their effects. The optimization of travel costs is seen as an ongoing process.	
Green building concept for new building in South America	Completed
Green-building standards have been established for the construction of a training centre in Sao Paulo.	
Energy cooperation with Sany Heavy Industry	In preparation
After the relocation of the production site to Rudong has been completed in China, a workshop will be held on energy efficiency as a follow-up to the successful workshop held in August 2013.	
Implementation of energy management system in Bulgaria	Completed
In the summer of 2014, a simple energy management system will be implemented at the two Bulgarian sites of Cherven Brjag and Tenevo; specific savings measures will be derived. The Romanian site in Lazuri will also be examined with this in mind.	
Energy Efficiency Act	
For PALFINGER's Austrian sites, measures have already been taken in order to prepare for the mandatory application of a uniform Energy Efficiency Act throughout the EU starting in 2015. For the sites in other European countries, an evaluation of the respective national implementation requirements and deadlines is to take place. In this connection, PALFINGER also advocates the promotion of environmental management systems.	
Promotion of sustainable projects	Ongoing Process
Measures for the benefit of energy saving and sustainability often do not reach the amortization periods customary within the Group. In order to still be able to make investments in reasonable sustainability initiatives, longer amortization periods are, however, accepted. The promotion of sustainable projects is regarded as an ongoing process.	
Observance of efficiency standards in the new production hall in Ishimbay, Russia	
The completion of the new production hall in Ishimbay in 2015 is to substantially raise energy efficiency once again, due to the application of state-of-the-art technology standards.	

SUSTAINABILITY MANAGEMENT

Group-wide awareness raising for environmental commitment at PALFINGER by continued promotion of the energy saving manual, the Green Initiative and the environmental guideline	Completed
Communication efforts are to strengthen awareness within the Group in its offices and in production; all internal and external means of communication are being actively integrated into this measure. Communications for this purpose are directed in particular towards plant managers and personnel in charge of reporting. Group-wide awareness raising is regarded as an ongoing process.	

SUSTAINABLE AND FAIR BUSINESS OPERATIONS

Corporate ethics and corruption prevention	Status
Training in corporate ethics for new employees	Deferred
PALFINGER wants to create a better awareness for corporate ethics through the Group-wide PALiversity project. The primary focus is on the integration of the new companies in Russia and China.	
Round table on corporate ethics	In preparation
Creating greater awareness for corporate ethics as a fundamental pillar of PALFINGER's Code of Conduct is to be promoted in 2015 through a Group-wide communication measure as well as through the Group-wide PALiversity project. Inclusion of this issue in the updated welcome packages as well as a stronger presence in the internal communication channel Yammer will make their contributions accordingly.	
Integration of sustainability management into risk management	Completed
The identification of ecological and social opportunities, risks and impacts was made in 2014. Comprehensive know-how gained from this workshop is to be included in the risk matrix in purchasing as well as in the current risk process. This aspect is also to be incorporated into strategic corporate planning as a central topic.	
Sustainability in the supply chain	Status
Investment guideline	Completed
Significant sustainability aspects (technical minimum standards for investments in electroplating plants, paint shops and other plants) were added to the Group purchasing guideline.	
Expansion of the supplier audit checklist	Completed
The ecological requirements relating to electroplating plants and paint shops as specified in the investment guideline are to be included in the supplier audit checklist and become a part of supplier assessment.	
Follow-up to training on sustainable procurement	In preparation
This training course is a follow-up to the successful seminar held in August 2013. Its aim is to raise awareness for the Code of Conduct and to provide an opportunity for an exchange of experience regarding previous supplier audits relating to ecological and social aspects. For time reasons, it has been postponed to 2015.	

CSR

Sustainability management	Status
Certified environmental management systems at additional sites	In preparation
Environmental management systems certified under ISO 14001 will be introduced at the sites in Elsbethen (Austria). In late 2014, the Tenevo site in Bulgaria received its first ISO 14001 certification.	
Group conference for environmental and health officers	In preparation
All local officers for the environment, health and safety will exchange their experience and ideas. Objective: team building, answering questions on reporting systems and system boundaries, exchange of best practices. The Group conference 2015 is on the agenda, with the objective of creating a common sustainability culture at PALFINGER, sharpening definitions, optimizing reporting and facilitating an exchange of experience among personnel in charge of reporting.	
Continuous improvement of data quality	Ongoing Process
On the basis of the introduction of SAP_HR and internal quarterly reporting of environmental data as well as the in-house review of invoices and documents relating to environmental matters, processes are to be continuously optimized.	
Assessment of potentials for quantitative objectives and planning in environmental and HR matters	Ongoing Process
To achieve targeted control of all sustainability-relevant entrepreneurial aspects and to improve Group-wide sustainability performance, quantitative goals are to be pursued for the first time.	
Targeted stakeholder communication	In preparation
For time reasons, the planned workshop to identify and involve PALFINGER's stakeholder groups will be held in 2015. Based on this workshop, measures for the specific control of communication strategies will be developed.	
Carbon Disclosure project	In preparation
The aim of this initiative is the software-based integration of sustainability data.	
#No_translation_Umstellung auf Providermix im Reporting#	
#No_translation_In den kommenden beiden Berichtsjahren soll sukzessive eine Umstellung von länderspezifischen THG-Emissionen auf den lokalen Providermix erfolgen.#	
Distinguishing scope 1, 2, 3	Completed
PALFINGER currently uses a divergent presentation of conversion factors for the individual scopes and also includes scope 3. This is to be corrected in order to allow for a direct comparison of CO2 emissions with those of other companies.	

SOCIETY

Social commitment	Status
No donations to party-affiliated organizations	Completed
In the course of the internal re-allocation of sponsoring responsibilities, the principle of not making any donations either to political parties or to party-affiliated or other political organizations will be incorporated into the marketing guideline and the communication guideline. In social sponsoring, the focus will be on socially disadvantaged children and adolescents.	
Continuity in donation and sponsoring partners	Completed
In order to keep the support of donation and sponsoring partners as long-term as possible, in 2014 a special focus will be placed on the review of measures to increase continuity.	

KEY

In preparation

Measures from the sustainability programme 2014 were re-defined in the course of review and/or processing, after which they were reincorporated into the current programme and their status was communicated in a transparent manner. Due to the changeover to annual reporting as required by the integrated annual report and the establishment of strict data and information systems, every measure requires an extended period of time for authentic processing.

Ongoing Process

These measures relate to a long-term, strategic initiative and are implemented step by step within the scope of a continuous improvement process.

Deferred

For internal reasons, these measures have been deferred or replaced by more target-oriented measures.

Completed

These measures have been successfully implemented internally and do not require any follow-up measures, unless explicitly indicated.

Sections marked in grey

The sections marked in grey indicate measures from the Integrated Annual Report 2013.