

**Serious
responsibility
calls for
bold action.**

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 measures instituted are described in the relevant sections of this report.

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.

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, which often interact and support each other, 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-noise products that have a low consumption of operating materials, PALFINGER provides lifting solutions that represent the state of the art in research and meet market demand. Product lifecycle approaches take account of application and production patterns 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 transport attributable to production operations and product use, thereby lowering costs and emissions. Examples are hybrid or electric solutions, the switch to renewable energy sources in procurement, and photovoltaic solutions for production floors. Specific objectives and measures regarding energy consumption and CO₂ emissions have been defined to contribute to this goal. In addition, PALFINGER strives to achieve the greatest possible 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 with current trends at all times, which is why it invests in research and development to maintain the company's viable position in the future. With the help of innovations, PALFINGER enhances its production processes as well as the safety of its products, for example by means of virtual reality applications. Another focus is on efficient use of raw materials such as steel and aluminum.

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.

UN GLOBAL COMPACT (UNGC)

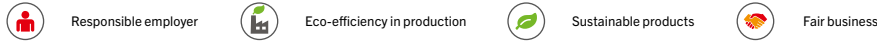
Since 2013, PALFINGER has been committed to compliance with the ten principles of the UN Global Compact. Instead of disclosing a Communication on Progress report, PALFINGER once again combined the sustainability topics with the UN Principles in 2019; this is presented in the impact table below.

IMPACTS OF THE SUSTAINABILITY TOPICS THROUGHOUT THE VALUE 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 section entitled "Materiality analysis". References to compliance with guidelines, reporting standards, and KPIs are indicated as well. In addition, the measures conducive to the development of a sustainability topic were reported for the first time in 2018.























 [Management report, Materiality analysis, page 45](#)

IMPACT TABLE



Ranking	Material topics	Impact on value chain			References to guidelines GRI disclosures, NaDiVeG, SDG, UNGC	Intensity of reporting	Measures
		Supply chain	Within the company	Product use			
1	Product safety PALFINGER's products shall be distinguished by utmost safety. The prevention of accidents during their use shall go beyond statutory requirements.				• GRI: 416-1, 416-2	Quantitative presentation of any accidents involving products and description of safety innovations for products	• Product data tracking for safety
2	Product research and development PALFINGER aims to invest more heavily in product research and development and offer the latest technologies.		 		• No GRI disclosures available • NaDiVeG • SDG: 9.1, 9.5, 12.2, 12.5, 13.3	Quantitative presentation of investment in research and development	• 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").	 	 		• No GRI disclosures available • NaDiVeG • SDG: 9.1, 9.4, 9.5, 13.2, 13.3	Quantitative presentation of investment in research and development	• Production R&D process
4	Viability of the business model PALFINGER must 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 aims to make a contribution to society.		 		• 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	• GLOBAL PALFINGER ORGANIZATION • Business model innovation (TCO)
5	Health and safety PALFINGER shall 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 shall contribute to the employees' well-being.		 		• GRI: 403-2 • 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	• Uniform global definition of accidents and uniform reporting • Expansion of PALfit • Global health initiative • Restructuring occupational health and safety and PALfit concept • Concept for health, safety, environment, and quality
6	Product lifecycle PALFINGER products shall be characterized by their reduced weight and their lower need for energy and operating materials over the entire product lifecycle. The products must be high quality, reliable, durable, and low in maintenance.				• 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 waste cuttings rate and qualitative description of product innovations for quality enhancement as well as of safe and efficient products	• Best Invest • Business model innovation (TCO)
7	Employee development PALFINGER shall promote the training and further education of its employees and prepare them in advance for changes in their working environment (e.g. Industry 4.0, expert development).				• 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	• Expansion of employee development • Learning strategy/talent management • Global leadership framework and program • PALFINGER Campus

Ranking	Material topics	Impact on value chain			References to guidelines GRI disclosures, NaDiVeG, SDG, UNGC	Intensity of reporting	Measures
		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, thus 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"> • Energy efficiency in Russia • Exchange of information on environmental topics • Photovoltaic systems • Climate strategy • Renewable energy • Renewable energy at the sites in Lazuri (RO) and Maribor (SI) • Merchandise fan shop • Sustainable mobility
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 • Waste cuttings rate
10	Attractive employment PALFINGER aims to be highly reputed as an attractive employer, maintain a high employee retention rate, and create opportunities for development (horizontally and vertically) within the company.				<ul style="list-style-type: none"> • GRI: 102-8, 401-1 • NaDiVeG • SDG: 4.3, 4.4, 5.1, 8.3, 8.5 • UNGC: 3-6 	Quantitative presentation of employee development, employee turnover, and diversity; qualitative description of PALFINGER's attractiveness as an employer	<ul style="list-style-type: none"> • Establish an employer branding strategy • Recruitment • Onboarding process • HR strategy • HR system • Job architecture • Global pay raise process • Talent and performance management • New works agreement in Austria
11	Corporate culture and values PALFINGER employees, especially executives, shall 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 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"> • Organizational structure • Leadership Principles • Cultural analysis
12	Compliance with legal and ethical standards PALFINGER shall act in an ethically correct manner: Laws are obeyed, taxes are paid properly, and corruption is counteracted.	 	 		<ul style="list-style-type: none"> • GRI: 102-16, 102-17, 205-1, 205-3, 206-1, 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 prevention of corruption	<ul style="list-style-type: none"> • Compliance training • Compliance risk analysis • Human rights assessment • Group policy system • Code of Conduct update • Data protection
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"> • PALFINGER 21st • Data protection

Ranking	Further topics	Impact on value chain			References to guidelines GRI disclosures, NaDiVeG, SDG, UNGC	Intensity of reporting	Measures
		Supply chain	Within the company	Product use			
14	Alternative drive systems PALFINGER aims to 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 innovations	
15	Effluents and wastes At PALFINGER sites, waste and potentially hazardous substances must be avoided, safely stored, and disposed of in an environmentally friendly manner or, if possible, reused.		 		<ul style="list-style-type: none"> • No GRI disclosures reported • SDG: 12.4, 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	<ul style="list-style-type: none"> • Reduction of hazardous waste
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: 403-2, 412-1 • NaDiVeG • SDG: 3.8, 8.5, 10.2, 10.3, 10.4 • UNGC: 1-6 	Quantitative presentation of health and safety, human rights issues as well as qualitative description of working conditions	<ul style="list-style-type: none"> • Uniform global definition of accidents and uniform reporting
17	Environmentally friendly products PALFINGER products shall avoid noise and emissions during operation, be free of problematic substances (e.g. chromium (VI)), offer product variants with biodegradable hydraulic oil, and thus prevent potential risks to people and the environment.		   		<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, the state of the art of electroplating and paint shops as well as presentation of waste cuttings rate and development of hazardous waste	<ul style="list-style-type: none"> • Low impact product definition • CO₂ emissions in product use • PALFINGER Lubricants
18	Overall performance PALFINGER aims to increasingly become a full-service provider for one-stop solutions.		 		<ul style="list-style-type: none"> • No GRI disclosures available 	Qualitative description of PALFINGER's overall performance	<ul style="list-style-type: none"> • PALdrive platform
19	Fair remuneration PALFINGER must offer fair remuneration regardless of age, gender, origin, and other diversity factors and must ensure local minimum wages.		 		<ul style="list-style-type: none"> • No GRI disclosures reported • NaDiVeG • SDG: 5.1, 10.4 	Qualitative description of wage level	<ul style="list-style-type: none"> • Global salary increase process
20	Employee motivation PALFINGER aims to provide an environment that raises the motivational level of its employees. 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	
22	Diversity and equal opportunity PALFINGER shall promote diversity and offer all employees the same opportunities – irrespective of age, gender, personal background 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 the proportion of women, generations, and incidents of discrimination, as well as qualitative description of diversity strategy, employees with disabilities, and initiatives	<ul style="list-style-type: none"> • Diversity plan • Objectivity in the recruitment phase • Diversity in talent and performance management

Ranking	Further topics	Impact on value chain			References to guidelines GRI disclosures, NaDiVeG, SDG, UNGC	Intensity of reporting	Measures
		Supply chain	Within the company	Product use			
23	Correct corporate governance Management shall act in a correct manner and guarantee the independence of the Supervisory Board, the involvement of shareholders, and the 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 any violations	
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 	Number of supplier audits and results	<ul style="list-style-type: none"> • Steel supplier assessment
25	Product recyclability Starting in the development phase, PALFINGER products shall be designed so that they can be easily decommissioned and recycled at the end of their lifecycle.		 		<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 employee communication	<ul style="list-style-type: none"> • Group policy system • Updating of intranet site • Communication strategy and concept • Concept for internal communication
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, remote working arrangements, 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	<ul style="list-style-type: none"> • New works agreement in Austria
28	Sustainability in the supply chain: Dealers PALFINGER shall take an interest in whether dealers 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 dealer relations	
29	Environmentally friendly transport Transport of raw materials, components, and PALFINGER products shall be kept short and be environmentally 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 arising from transport
30	Solutions for developing and emerging countries PALFINGER aims to adjust its products to the needs in less developed countries to make them affordable and 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	

Ranking	Further topics	Impact on value chain			References to guidelines GRI disclosures, NaDiVeG, SDG, UNGC	Intensity of reporting	Measures
		Supply chain	Within the company	Product use			
31	Efficiency of water consumption Water consumption in PALFINGER's production activities shall be continuously reduced.				<ul style="list-style-type: none"> No GRI disclosures reported NaDiVeG SDG: 6.3 	Qualitative description of efficient use of water	
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	<ul style="list-style-type: none"> End customers in the system
33	Products for ecological/social use PALFINGER shall increasingly strive for product innovations for 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, and davit systems (rescue boats).		 		<ul style="list-style-type: none"> No GRI disclosures available 	Qualitative description of product innovations	
34	Regional procurement and production PALFINGER aims to source regionally and produce in the region where the products are placed on the market.	 	 		<ul style="list-style-type: none"> No GRI disclosures reported 	Qualitative description of regional procurement and production	
35	Freedom of association PALFINGER shall 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 shall openly inform customers, suppliers, employees, and all other cooperation partners, and engage 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 	Presentation within the framework of stakeholder management	<ul style="list-style-type: none"> Targeted stakeholder communication
37	Biodiversity PALFINGER shall practice nature conservation and, in particular, preserve biodiversity at its sites.				<ul style="list-style-type: none"> No GRI disclosures reported NaDiVeG SDG: 14.1, 15.5 	Qualitative presentation of protection of biodiversity	
38	Second-hand market In the future, PALFINGER shall collaborate with its dealers to promote the second-hand market, thus promoting the control and a possible upgrade of used products.		 		<ul style="list-style-type: none"> No GRI disclosures available 	Qualitative presentation of PALFINGER's second-hand market	

GRI 102-47, 103-1

Management report, Materiality analysis, page 45; Management report, Impact table, page 51