RESPONSIBLE EMPLOYER

Measures	Status	Goal
Health & safety [3]		
Standardized global definition of accidents and uniform accident reporting	●	2019
Expansion of PALfit	⊘	2019
Global health initiative	◐	2020
Restructuring of occupational health and PALfit concept	○	2020
Employee development [4] [8]		
Expansion of employee development	◐	2020
Learning strategy/Talent management	◐	2022
Global leadership framework & program	◐	2020
PALFINGER Campus	○	2021
Attractive employment [4] [5] [8]		
Establishment of employer branding strategy	◐	2020
Recruiting	●	2019
Onboarding process	○	2020
HR strategy	●	2020
HR system	◐	2021
Job architecture	◐	2021
Global process of increasing salary	○	2021
Talent & performance management	○	2022
New labor-management agreement in Austria	●	2019
Corporate structure & values [8]		
Organizational structure	●	2019
Leadership Principles	●	2019
Cultural analysis	○	2020
Diversity & equal opportunity [5] [10]		
PALversity project "Working Conditions"	⊗	2019
Diversity plan	◐	2022
Objectivity of the recruiting process	○	2021
Diversity in talent & performance management	○	2020
Communication with employees [10]		
New intranet	⊘	2021
Communication strategy and concept	●	2019
Concept of internal communication	◐	2020

ECO-EFFICIENCY IN PRODUCTION

Measures	Status	Goal
Innovation in production [9] [13]		
R&D process (production)	◐	2020
Energy efficiency & climate protection [13]		
Energy efficiency Russia	●	2019
Dialogue on environmental topics	◐	2020
Photovoltaic systems	◐	2020
Climate strategy	◐	2020
Renewable energy	◐	2022
Renewable energy at the Lazuri (RO) and Maribor (SI) sites	●	2019
Raw material demand & efficiency [12]		
Evaluation of steel suppliers	◐	2020
Waste cuttings rate	●	2019
Effluents & wastes [12]		
Reduction of hazardous waste	●	2019
Environmentally friendly transport		
CO_2 emissions in transport	○	2020

FAIR BUSINESS

Measures	Status	Goal
Viability of the business model [8] [9]		
GLOBAL PALFINGER ORGANIZATION	◐	2022
Compliance with legal & ethical standards [5] [8] [10] [16]		
Compliance training	◐	2020
Compliance risk analysis	◐	2020
Group Policy System	●	2019
Human rights assessment	◐	2020
Updating the Code of Conduct	◐	2020
Data protection	●	2019
Industry 4.0 & digitalization [9]		
PALFINGER 21st	●	2019
Overall performance		
PALdrive platform	◐	2020

SUSTAINABLE PRODUCTS

Measures	Status	Goal
Product safety		
Product data tracking for safety	◐	2020
Product research & development [9] [13]		
R&D process (product development)	◐	2020
Training of the R&D employees	◐	2020
Product lifecycle [12]		
Best invest (= lifecycle app)	◐	2020
Business model innovation (TCO)	◐	2020
Environmentally friendly products [12] [13]		
Definition of ecologically friendly products	◐	2020
CO_2 emissions through the use of products	◐	2020
PALFINGER Lubricants	◐	2020
Product information & fair marketing		
End customers in the system	◐	2020

SUSTAINABILITY MANAGEMENT

Measures	Status	Goal
Targeted stakeholder communication	◐	2020
Sustainability vision	●	2019
Concept for health, safety, environment & quality	◐	2020
Merchandising fan shop	◐	2020
Sustainable mobility	○	2020

○ New   ◐ In preparation   ● Completed   ⊘ Deferred   ⊗ Cancelled

Priority:

3 GOOD HEALTH AND WELL-BEING — 4 QUALITY EDUCATION — 5 GENDER EQUALITY — 8 DECENT WORK AND ECONOMIC GROWTH — 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — 10 REDUCED INEQUALITIES — 12 RESPONSIBLE CONSUMPTION AND PRODUCTION — 13 CLIMATE ACTION — 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SUSTAINABILITY PROGRAM

The following table describes the individual measures that make up PALFINGER's sustainability program, broken down by the four sustainability areas, and lists these with the current status of implementation as well as the time horizon for these measures. The purpose of the measures specified is to contribute to achieving the qualitative and quantitative goals set by PALFINGER and to support the five most relevant SDGs.

○ New ◖ In preparation ● Completed ⊘ Deferred ⊗ Cancelled

RESPONSIBLE EMPLOYER		Status	Goal
Health and safety			
PALFINGER has set itself the goal of reducing staff absences due to industrial accidents to below 0.11 percent starting in 2016.			
Uniform global definition of accidents and uniform reporting	A new measure was launched in 2018 to develop a global concept for health, safety, environment, and quality (HSEQ). Included in this concept is the uniform global definition and reporting of accidents and absence periods in accordance with GRI 403, which will apply from 2020. This will allow all PALFINGER sites to be assessed in the future based on uniform criteria and specific priority programs to be put in place for accident prevention.	●	2019
Expansion of PALfit	The occupational health management program PALfit was expanded into several countries such as Croatia and China. In Germany, the project has been delayed for the time being due to restructuring measures. In the future, PALfit will be established at additional sites.	⊘	2019
Global health initiative	An assessment of existing health initiatives at all PALFINGER locations was conducted. The data is being analyzed and will now be incorporated into minimum standards for global health initiatives. This will be part of the concept for health, safety, environment, and quality (HSEQ).	◖	2020
Restructuring of health protection and PALfit concept	Statutory health protection will be assigned to the new HSEQ structure. PALfit is being turned into an end-to-end process within the Global HR function, focused on the topic of workability and on benefits beyond the Health Act. Other PALfit measures are currently being developed.	○	2020
Employee development			
Expansion of employee development	The concept of the PALFINGER College is being integrated into the new HR system and therefore constitutes a global learning platform. The transition began in 2019.	◖	2020
Learning strategy/ talent management	PALFINGER has started developing a new Learning Strategy 2022. The basis of this strategy is the definition of job competencies with respect to the job architecture project. A global English learning solution was selected in 2019 as the first building block of this learning strategy. It is expected to be rolled out globally in 2020.	◖	2022
Global leadership framework and program	PALFINGER has set up a global leadership program, as well as a regional leadership program. The basis of these programs is the definition of a framework for global leadership initiatives. The regional leadership program has been kicked off in the EMEA region.	◖	2020
PALFINGER Campus	A decision was made in 2019 to build a PALFINGER Campus at the Lengau site. This will further professionalize and expand apprentice training and facilitate additional adult education initiatives. Construction is due to start in summer 2020.	○	2021
Attractive employment			
PALFINGER has had the goal of reducing employee turnover to below 10 percent starting in 2016.			
Establishment of an employer branding strategy	Once the brand project launched in 2019 has been completed, PALFINGER is planning a follow-up project for 2020 to define a group-wide employer branding strategy. One of the objectives of this strategy is to enhance PALFINGER's attractiveness as an employer at all corporate locations worldwide. Individual initiatives aimed at enhancing employer identity have been implemented for the last few years.	◖	2020
Recruiting	State-of-the-art tools and processes are an important flagship for an organization. A group-wide recruitment platform was configured and progressively rolled out in 2019; the recruitment module went live in Austria, Germany, and Slovenia.	●	2019
Onboarding process	In the future, additional initiatives will be carried out to enhance the integration of new staff members. The onboarding process will be covered by the group-wide Human Resources Information System (HRIS).	○	2020

RESPONSIBLE EMPLOYER		Status	Goal
HR strategy	In 2017, PALFINGER defined a new HR Strategy 2020 and HR goals. One strategic objective is the definition and implementation of uniform HR processes worldwide. This measure will now be pursued as a continuous process.	●	2020
HR system	PALFINGER kicked off a project to roll out HRIS in 2018. The first two modules, Employee Central and Recruiting, were implemented in 2019. Additional modules will be rolled out by the end of 2021.	◔	2021
Job architecture	As part of its HR strategy, PALFINGER started a project to implement a global job architecture. This project was delayed by the introduction of the new GLOBAL PALFINGER ORGANIZATION (GPO). A uniform architecture for all global management positions is expected to be defined in 2020. Expert functions will then follow in a subsequent step.	◔	2021
Global process of increasing salary	In 2019, a uniform salary increase process was introduced for all indirect positions. In the course of implementing the Compensation & Benefits module of Success Factors, this standard process will be enhanced further and partly automated by 2021. This measure supports the global concept of the GPO.	○	2021
Talent and performance management	The definition of a global talent and performance management strategy was begun in 2019. A uniform global template for appraisal interviews will be rolled out for this in 2020 in an initial step. In addition, the new appraisal interview process will be configured in Success Factors and rolled out in early 2021. A comprehensive talent management system is expected to be rolled out by 2022. This measure also reflects the global concept of the GPO.	○	2022
New works agreement in Austria	In 2019, a new works agreement on flextime was introduced for all employees in Austria aimed at increasing working time flexibility for PALFINGER and its employees. New standard employment contracts were also rolled out as part of this project.	●	2019
Corporate culture and values	8 DECENT WORK AND ECONOMIC GROWTH		
Organizational structure	In 2018, PALFINGER adapted its organizational structure in order to better serve the new vision. Since going live on January 1, 2019, the new GLOBAL PALFINGER ORGANIZATION has been gradually brought to life and the organizational transformation process has been selectively controlled.	●	2019
Leadership principles	The PALFINGER Leadership Principles were revised in 2019 in connection with the GPO. Rollout began in 2019. The new Leadership Principles will be intensively communicated throughout the Group in 2020 and integrated into all key HR processes.	●	2019
Cultural analysis	Data on the current culture was collected as part of the GPO implementation and a target culture was defined.	○	2020
Diversity and equal opportunity	5 GENDER EQUALITY 10 REDUCED INEQUALITIES		
Two quantitative goals to be achieved by 2022 were defined under the diversity plan: to increase the proportion of non-Austrians working at headquarters to 20 percent and to align the proportion of women in top management with the general proportion of women in the PALFINGER Group.			
PALversity "Working Conditions" project	The creation of an HSEQ concept provides for uniform standards in terms of the health and safety of workers. The "Working Conditions" project will be discontinued.	⊗	2019
Diversity plan	In consideration of the new Austrian legislation on non-financial reporting, PALFINGER is establishing a diversity plan. An awareness campaign was conducted in 2019 that also made a contribution to the initiative "DIVÖRSITY 2019 – Austria Diversity Days".	◔	2022
Objectivity in the recruitment process	Potential for creating objectivity in the recruitment process for the top management level was assessed. In other levels of the company, the potential analyses were initially conducted for PALFINGER AG. Further EMEA sites were also certified in 2019.	○	2021
Diversity in talent and performance management	Diversity is considered an essential factor in nomination processes. This has already been implemented in nominations for executive programs in 2019. A corresponding design for the nomination process for talent pools will follow in 2020.	○	2020
Communication with employees	10 REDUCED INEQUALITIES		
New intranet	The requirements for a new, global intranet system designed to replace the current SharePoint solution were evaluated. Due to the scale of resources required, the project was not implemented in 2019 and is now planned for 2021.	⊘	2021
Communication strategy and concept	Together with the Process Excellence (PEx) executive project, a communication strategy was developed with a visual concept based on the new creative policy on internal communication. This is intended to support the implementation of the new ERP system SAP S/4 HANA.	●	2019

RESPONSIBLE EMPLOYER		Status	Goal
Concept for internal communication	Internal communication was completely repositioned, both in terms of staffing and conceptually. A new creative vision was created and signed off on by the Executive Board and has already been implemented for the most part. Since November 2019, a global e-newsletter is sent out in eight languages every two months. This is also made available as a PDF file for hanging on the bulletin board. The existing PALFINGER Internal Newsletter (PIN), which is published quarterly, is being turned into an (online) staff magazine. The first issue of the new magazine was published in January 2020.	◓	2020

ECO-EFFICIENCY IN PRODUCTION		Status	Goal
Innovation in production			
R&D process (Production)	The definition and description of the uniform PALFINGER product development process will be completed by early 2020 (MVP — minimal viable product with key deliverables) and then rolled out across all product lines. The effects on the production process will also be evaluated in accordance with the list of requirements in this product development process (see "Sustainable products").	◓	2020
Energy efficiency and climate protection			
PALFINGER has defined three long-term goals in this area. A 30 percent efficiency increase in the energy index by 2030. A 25 percent reduction of CO_2 emissions in absolute terms by 2030 (base year 2015 in each case). In addition, by 2022 PALFINGER intends to procure 75 percent of its electricity from renewable sources of energy.			
Energy efficiency in Russia	Key steps toward optimization of the Russian plants in regard to energy efficiency were implemented. Between 2017 and 2019, heating systems were replaced or upgraded, old buildings torn down, new gates to production floors installed, and heating degree days introduced in the reporting. Additional measures are now being addressed at the operational level in the regular energy efficiency process.	●	2019
Dialogue on environmental topics	PALFINGER organizes exchange meetings with local environmental officers. An HSEQ structure was resolved in 2019 that will kick off in 2020. This will serve as an important first step toward professional processes, meeting and communication structures, and other methods of exchanging information. In the course of merging Marketing, Communications, and Sustainability, climate change and environmental issues were also focused on at an internal global summit event.	◓	2020
Photovoltaic systems	Installation of PV systems in the EMEA region continued. Systems were implemented in Köstendorf (AT) in 2019. Further sites are being evaluated and implementation in Tenevo (BG) is planned for 2020.	◓	2020
Climate strategy	Development of a PALFINGER climate strategy by identifying the greatest potential for reducing CO_2 emissions, considering direct and indirect emissions throughout the entire value chain (including Scope 3). The CO_2 reduction target will support the global goal to stop global warming and will be based on the Science Based Targets initiative. Owing to organizational changes (GPO) in 2019, this measure is still in progress. A best practice project aimed at limiting warming to < 1.5 degrees will be kicked off in 2020.	◓	2020
Renewable energy	The group-wide goal of raising the share of renewable energy to 75 percent by 2022 was defined in 2018. In 2017, renewable electricity accounted for 29 percent of the Group's total electricity consumption. This share rose to as much as 68 percent in 2019 due to Lazuri and Maribor.	◓	2022
Renewable energy at the sites in Lazuri (RO) and Maribor (SI)	Due to its large electroplating plant, the site in Lazuri is by far the largest consumer of electricity. Maribor also uses a lot of electricity. As a result of the systematic review described above, the two sites changed over to purchasing electricity from renewable sources in 2019, which will significantly reduce the Group's total CO_2 emissions.	●	2019
Raw material demand and efficiency			
Evaluation of steel suppliers	PALFINGER is conducting an assessment of the major steel suppliers regarding their CO_2 footprint and targets with a view to stepping up collaboration and obtaining more accurate Scope 3 emissions data. This also underpins the new climate strategy and is an integral measure in the new climate strategy.	◓	2020
Waste cuttings rate	The KPI for the metal waste cuttings rate was re-designed in 2019 to facilitate easier differentiation of the different processes such as cutting and turning, as well as consolidation at Group and regional level. The new KPI will be reported starting in 2020.	●	2019

ECO-EFFICIENCY IN PRODUCTION

			Status	Goal
Effluents and wastes				
PALFINGER has set itself the long-term goal of reducing the intensity of hazardous waste produced in relation to the index by 30 percent by 2030 (base year: 2015).				
Reduction of hazardous waste	PALFINGER identified Lazuri as the facility that generates the largest quantities of hazardous waste and therefore made two investments in 2019 to reduce the volume of waste. Changes in the KPIs will become visible in 2020, and additional measures are being evaluated.		●	2019
Environmentally friendly transport				
CO_2 emissions arising from transport	Transport within and outside the company is analyzed in order to identify leverage in terms of possibilities for reducing energy consumption and CO_2 emissions. This measure is also an integral part of the new climate strategy.		○	2020

SUSTAINABLE PRODUCTS

			Status	Goal
Product safety				
Product data tracking for safety	A digital control system is used to operate, control, and monitor all critical and complex PALFINGER products. Sensor data and operating commands are processed in a software-based microprocessor control system and translated into control commands to the system actuators. The monitoring routines required for this purpose not only serve to protect the machine, the operator, and the environment, but also enable detection of uses at the limits. Alongside actual faults on the machine, such limit states are also recorded in the fault memory. These logs are regularly called up during maintenance or repairs and made available to Product Development for analysis and continuous improvement of product functions. If the PALFINGER product is equipped with a telematics unit, this automatically forward the logs at regular intervals.		◖	2020
Product research and development				
R&D process (product development)	The definition and description of the uniform PALFINGER product development process will be completed by early 2020 (MVP — minimal viable product with key deliverables) and subsequently rolled out across all product lines. The requirements management process is a critical sub-process: All customer, market, business, and regulatory requirements for the product are documented, broken down into sub-requirements for sub-systems, components, and parts, and their fulfillment demonstrated. PALFINGER's sustainability criteria, which are defined and demonstrated in the product development process, constitute an important element of the internal business requirements.		◖	2020
Training of R&D employees	Part of PALFINGER's product development process is the PDP role catalog, in which all process roles are comprehensively described. This includes (1) a description of the roles, (2) tasks and responsibilities of the roles, (3) definition of the deliverables the role is required to generate, check, and/or approve, and (4) training for the role and substantiation of this. Each R&D employee participating in the product development process is assigned one or more roles, and a training plan is developed based on the skills required for the role in question.		◖	2020
Product lifecycle				
Best Invest (lifecycle app)	In 2019, an app was developed based on the lifecycle approach for loader cranes and tested internally in the market with specific salespeople. The app is designed to present the benefits of a product to end customers but also to show the environmental impact and the costs arising from product use. Test feedback is currently being consolidated and integrated into the app, which will be launched in the EMEA region in 2020.		◖	2020
Business model innovation (TCO)	The definition and description of the uniform PALFINGER product development process will be completed by early 2020 (MVP — minimal viable product with key deliverables) and then rolled out across all product lines. One critical sub-process is the reliability, availability, maintainability, and safety sub-process. The objective of this process is to ensure that the product and all integrated components and parts meet the requirements relating to reliability, maintenance, safety, and operating cost. The maintenance and reliability values are summarized in a lifecycle calculation for preventive and corrective maintenance and combined with an operating cost/energy balance calculation to form an operating cost analysis (total cost of ownership, TCO).		◖	2020
Environmentally friendly products				
Definition of ecologically friendly products	Requirements for energy consumption, CO_2 emissions, product safety, lifecycle, and recyclability are defined according to the defined market, customer, and business requirements and broken down, integrated, and demonstrated in the requirements process of the product development process.		◖	2020

SUSTAINABLE PRODUCTS

		Status	Goal
CO_2 emissions through the use of products	Reduction of energy consumption is a critical requirement for all PALFINGER products. To achieve this goal, through the introduction of PALFINGER's uniform product development process, the energy consumption of all functional systems is being optimized using calculation and simulation models in the development phase and the target requirements are verified on prototype systems in the verification phase. After completion of development, field tests are carried out in which the energy consumption of series systems is tested and demonstrated under real conditions of use.	◖	2020
PALFINGER Lubricants	PALFINGER offers branded lubricants including hydraulic oil to its customers. This includes an oil monitoring program that contains frequent measurement of oil quality, so that an annual oil change is not necessarily required. This approach is both financially interesting for the customer and, above all, environmentally friendly. In 2019, the supply for five product lines was secured, over half of the PALFINGER sites in the EMEA region switched over to internal use of the lubricants, and a web shop was set up. The rollout throughout the EMEA region will continue in 2020. On the customer side, this product and/or service will be offered in Germany from 2020 and rolled out to the entire EMEA region.	◖	2020
Product information and fair marketing			
End customers in the system	PALFINGER has started to enter end customers into the corporate system to ensure better business partner management. This also includes the possibility for the customer to register as a user of the system, which in turn enhances the business relationship with the end customer in the long term. Technical implementation has been completed; end customers are already being registered in core markets, with more to follow.	◖	2020

FAIR BUSINESS

		Status	Goal
Viability of the business model	[SDG 8 DECENT WORK AND ECONOMIC GROWTH] [SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE]		
GLOBAL PALFINGER ORGANIZATION	The new GLOBAL PALFINGER ORGANIZATION (GPO) aims to facilitate and accelerate efficiency gains. The GPO builds on flexible and global team structures and intensified cooperation across business units as well as product lines and regions. The GPO will thus play an important part in achieving the PALFINGER objectives by 2022. The GPO went live in January 2019 and will run until December 2019 as the GPO Implementation executive project.	◖	2022
Compliance with legal and ethical standards	[SDG 5 GENDER EQUALITY] [SDG 8 DECENT WORK AND ECONOMIC GROWTH] [SDG 10 REDUCED INEQUALITIES] [SDG 16 PEACE, JUSTICE AND STRONG INSTITUTIONS]		
Compliance training	PALFINGER has developed an online training concept for compliance training and testing. The plan is to implement on-site training measures as well as e-learning with a wide range of topics on a regular schedule. In addition to the courses on cyber risk, data protection, and corruption given in 2018 and 2019, the training courses scheduled for 2020 will focus on the new PALFINGER Group policy system and the Code of Conduct.	◖	2020
Compliance risk analysis	PALFINGER's Corporate GRC & Internal Audit department regularly conducts compliance risk analyses covering sustainability topics. The analyses were initially conducted in Austria and expanded to the APAC region in the reporting year.	◖	2020
Group Policy System	PALFINGER developed a new Group Policy System in 2019. It provides a central, SharePoint-based platform that contains all applicable Group policies in English, German, and Russian and can be accessed by clicking a link on the intranet. This measure also takes into account the global concept of the GPO.	●	2019
Human rights assessment	PALFINGER is starting a human rights (risk) assessment of its sites in order to rule out any potential risks. Further measures based on the initial analysis are still being drafted.	◖	2020
Updating the Code of Conduct	In 2019, PALFINGER brought its Code of Conduct into line with current international business standards. An operating manual is being prepared that will be rolled out together with the new Code of Conduct 2020.	◖	2020
Data protection	PALFINGER takes the matter of data protection very seriously and has implemented a Group policy and organized mandatory training for PALFINGER employees on this matter. A Group data protection officer is implementing further processes, e.g. face-to-face training, so as to ensure compliance with data protection regulations.	●	2019
Industry 4.0 and digitalization	[SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE]		
PALFINGER 21st	In 2017, PALFINGER created a new vision with the fourth strategic pillar called PALFINGER 21st. Discussions and projects were initiated in 2018 in order to increasingly consider sustainability topics in this area in the future. An innovation field entitled E3 (emission-free, efficiency, electrification) was defined in 2019. Responsibility is now in the Product Line Management and R&D areas. Here, the topic of E3 will be addressed at operational level in cooperation with PALFINGER 21st.	●	2019

FAIR BUSINESS		Status	Goal
Overall performance			
PALdrive platform	PALdrive is an online platform that offers a variety of new vehicles, second-hand equipment, and demo and training trucks of different models and performance categories. Since 2018, the platform has been available in a responsive web design. Following its rollout in the EMEA and NAM regions, the platform was also expanded to the CIS region in 2019, with others to follow.	◗	2020

SUSTAINABILITY MANAGEMENT		Status	Goal
Targeted stakeholder communication	A joint communication strategy is being developed in connection with the merger of the Communications, Marketing, and Sustainability departments to form Marketing, Communications & Sustainability (MCS). Sustainability was positioned in the marketing structures at an MSC summit. A further stakeholder survey and a materiality analysis are planned for 2020. In addition, external communication is being pushed as part of the respAct state coordination for Salzburg. There are also plans to integrate sustainability into the newsletter for dealers.	◗	2020
Sustainability vision	The sustainability team has defined "We drive positive impact" as PALFINGER's sustainability vision.	●	2019
Concept for health, safety, environment, and quality	After development of a concept for health, safety, environment, and quality (HSEQ) began, the corporate function Safety & Quality was expanded into the corporate function HSEQ as part of the new GLOBAL PALFINGER ORGANIZATION. This corporate function will be implemented starting January 1, 2020.	◗	2020
Merchandising fan shop	The PALFINGER fan shop was analyzed to determine whether its products can be procured from sustainable sources. As a key component, the collection was expanded in 2019 to include products from the Erdbär sustainable fashion brand. Plastic bags were replaced by paper bags and reusable fabric bags.	◗	2020
Sustainable mobility	In May 2019, the PALFINGER carpooling program was initiated at several sites in Austria. These and other measures such as job tickets and the attractiveness of bicycles were communicated in a focus week. Further campaigns and focus topics are planned.	○	2020

⊕ GRI 103-2