



**INFORMATION SUPPLEMENTING
THE INTEGRATED
ANNUAL REPORT 2013**

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www.palfinger.ag

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To help the reader, both documents contain references:



reference to a GRI indicator



reference to a passage in the integrated Annual Report 2013



reference to a passage in the information supplementing the integrated Annual Report 2013

1. Sustainability

Worldwide, PALFINGER stands for the most innovative, reliable and cost-effective lifting solutions for use on commercial vehicles and in the maritime field. With market know-how, technological skills and the commitment of its staff, PALFINGER enables its customers all over the world to be more successful. Sustainable operations optimize products and processes and significantly contribute to PALFINGER's economic success.

As a family grown business, PALFINGER has been paying attention to issues such as sustainability or CSR (corporate social responsibility) for many years, even though they have not always been referred to under these designations. Sustainability is not a new concept at PALFINGER but has been genuinely incorporated into the various areas of the Company as a matter of course.

FAIR BUSINESS

Cost effectiveness is reflected in entrepreneurial thinking, the objective being to make a profit and achieve growth. It is not a matter of short-term profit optimization. For a company to be stable in the long term, sustainability is a must, particularly in economically challenging times.

Therefore, in addition to the traditional topics, priorities include the Code of Conduct for stakeholders, the prevention of corruption, the Integrity Line and fair taxation.

RESPONSIBLE EMPLOYER

As an international Group that has continuously generated record results in recent years, PALFINGER is virtually obligated to assume social responsibility, also towards its employees. There is no denying that the success achieved in the past few years would not have been possible without the indefatigable commitment and strong entrepreneurial spirit of these employees.

PALFINGER acts as a reliable partner and attractive employer and provides its employees with security, occupational health and safety, career prospects and equal opportunities.

ENVIRONMENTAL PROTECTION

As a growing company with a strong base in its home region, it has always been in PALFINGER's own interest to use resources both sparingly and economically. Particularly with the plant in Lengau, PALFINGER has played a pioneering role in environmental protection. Increasing efficiency in production combines economic and ecological objectives. Thus, climate protection and resource management throughout the entire life cycle of the Group's products have been identified as material environmental aspects over the years.

Climate protection starts with the selection of the primary products, which have different energy intensities, and includes the efficient use of energy sources at PALFINGER locations. Furthermore, transports between PALFINGER sites as well as the finished products in operation are also of relevance for the climate. The efficient use of materials like steel and the avoidance or recyclability of hazardous substances are all within the scope of resource management.

In recent years, PALFINGER has subscribed to several principles in the aforementioned three categories and they continue to be valid. They also provide a good overview of the most important ecological and social issues and the related opportunities and risks arising for PALFINGER.

1.1. Reporting According to GRI G4

The Annual Report for the 2013 financial year is PALFINGER's first integrated annual report. The 2013 Annual Report thus contains information on the economic, ecological and social development of the Group, all of which is interrelated. The Report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as well as the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and reviewed by the Group's independent auditor.

The information provided on this website is a supplement to the 2013 Integrated Annual Report and completes the disclosures required under the GRI. For the sake of clarity, all the standards ("Core"), aspects and indicators of the GRI that are of relevance to PALFINGER have been listed. Where information is provided in the 2013 Annual Report, references to the respective passage of the Report are included herein.

1.2. Material Aspects According to GRI

In accordance with the Guidelines of the Global Reporting Initiative, PALFINGER has divided the material aspects into the categories of fair business, eco-efficiency in production, responsible employer, human rights, society and sustainable products.



See: Fair business pp. 4-5, Eco-efficiency in production p. 6 et seq., Responsible employer p. 16 et seq., Human rights p. 29 et seq., Society p. 32, Sustainable products p. 33 et seq. and Materiality analysis pp. 40-41

1.2.1. Fair Business

Monetary flows to stakeholders

GRI aspect: Economic performance



GRI G4-EC 1: Direct economic value generated and distributed; G4-EC 4: Financial assistance received from government

PALFINGER's success comes as a result of contributions from its many stakeholders. In turn, employees, suppliers, owners, public authorities and banks also participate in the revenue and other income PALFINGER generates as a business. Income comprises, first and foremost, revenue, but also income from other services, from leases and from the sale of assets, as well as interest income. This directly generated economic value rose from EUR 848,954 thousand in 2011 and EUR 942,982 thousand in 2012 to EUR 984,768 thousand in the 2013 reporting period. The positive development of the Company in terms of economic success also has a positive impact on its stakeholders.

Payments to suppliers account for the largest monetary flow and comprise various services: raw materials, parts and components, plants, operating supplies and energy.

The Company's second largest monetary flow is composed of the wages and salaries paid to employees. Due to the expansion of PALFINGER's production and the acquisition of new companies, an increase was recorded in recent years in this field as well.

Payments to public authorities comprise income tax and taxes other than those on income such as property tax. In the chart below, the Group's tax expense is presented net of subsidies, which also includes research and development grants. Over the past years, these payments have developed continuously, amounting to EUR 1,276 thousand in 2011, EUR 1,870 thousand in 2012 and EUR 1,452 thousand in 2013. To PALFINGER, making fair tax payments is part of its social responsibility. Details on PALFINGER's approach to taxes can be found in the Integrated Annual Report 2013.



Integrated Annual Report: Fair business – Taxes and subsidies p. 34

Investments in public welfare rose as well. In total, expenses for donations and sponsoring came to EUR 488 thousand in 2011, EUR 675 thousand in 2012 and EUR 608 thousand in the 2013 reporting period.

The difference between the income and the monetary flows made to stakeholders represents the "economic value retained" as reported in the chart below. It should be noted that the "economic value retained" does not contain any income from amounts relating to companies consolidated at equity as they do not constitute monetary flows.

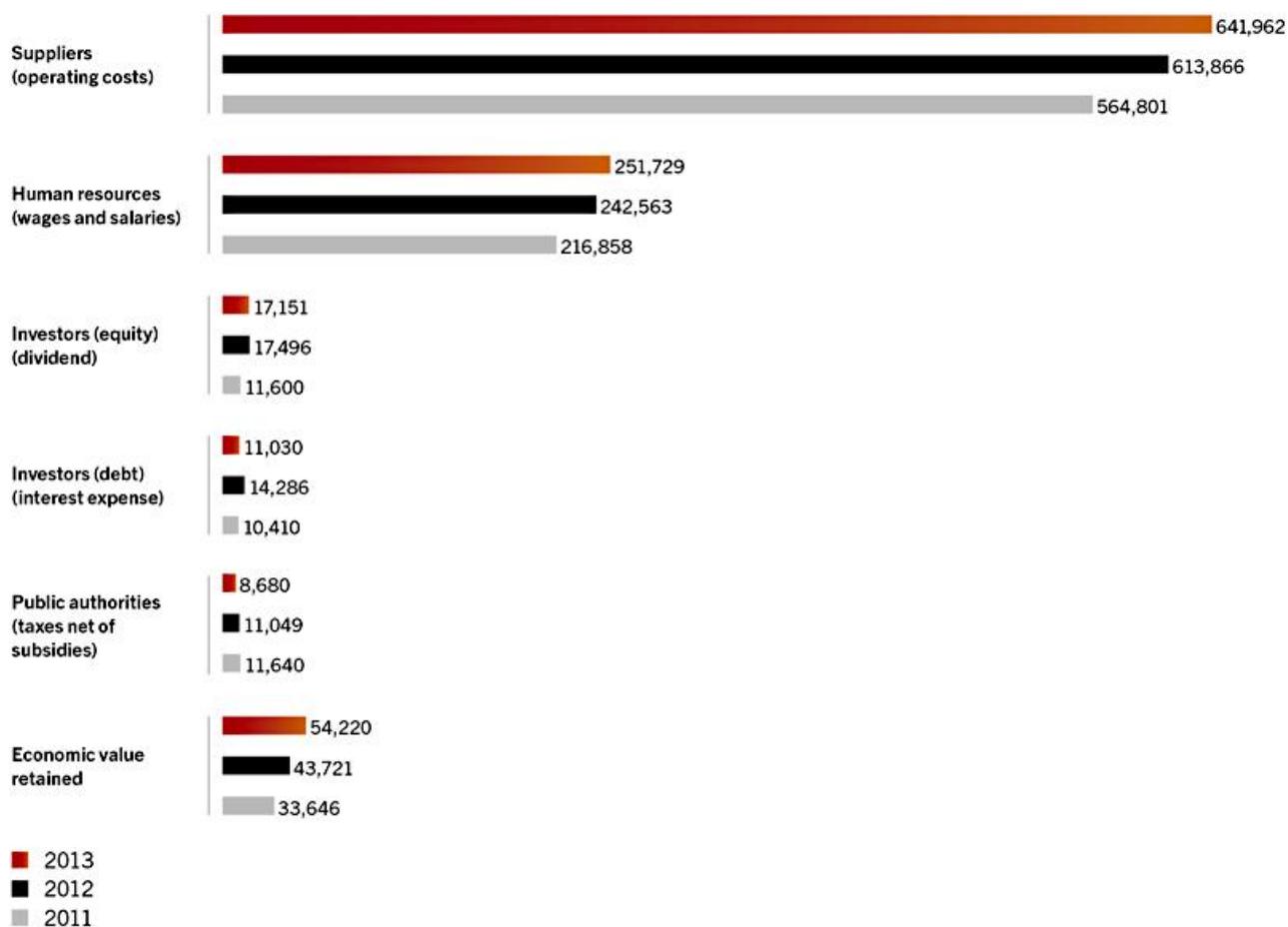
For details on the economic development of the Company, please refer to the Integrated Annual Report 2013.



Integrated Annual Report: Consolidated financial statements for the year ended 31 Dec 2013 p. 106 et seq.

MONETARY FLOWS TO STAKEHOLDERS* (EUR thousand)

Direct economic value generated and distributed



*The presentation is in accordance with the definition of the sustainability reporting standard of the Global Reporting Initiative (GRI). The above are exclusively actual monetary flows derived from the income statement that have occurred in the respective year. This explains any differences that may exist with regard to the income statement presented in the Integrated Annual Report.

1.2.2. Eco-Efficiency in Production

Efficient use of raw materials

GRI aspect: Materials



GRI G4-EN 23: Waste

Steel and aluminium are the most frequently used raw materials at PALFINGER. The central indicator used to measure the development of the Company's efficiency in using raw materials is the optimization of waste cuttings.

All European sites with relevant waste cuttings volumes managed to maintain or improve their good levels. At the South American site in Caxias do Sul, Brazil, strict internal monitoring has resulted in an improvement. Every single deviation has been noted and analyzed in a non-conformity report. For 2014, further improvements due to automation are expected. In Hanoi, Vietnam, waste cuttings figures varied greatly, the main reason being the fact that marine cranes are manufactured individually, which makes a standardized optimization of the processes impossible. The reduction of waste cuttings at the North American site of Council Bluffs, USA, was brought about primarily by a shift in production, focusing on parts for which waste cuttings occur at upstream stages of the supply chain. In Ishimbay, Russia, improvements were possible for similar reasons. An increasing number of components were supplied by European locations, resulting in a reduction in the volumes of scrap metal produced at the Ishimbay plant. In the future, a further reduction in waste cuttings is expected due to the use of new laser cutters.



Integrated Annual Report: Eco-efficiency in production – Efficient use of raw materials pp. 85-86

Energy efficiency

GRI aspect: Energy

Energy consumption at PALFINGER



GRI G4-EN 3: Energy consumption within the organization

Energy consumption by energy source in MWh (PALFINGER total)		2013	2012	2011
Fuels	Diesel	5,015	5,549	5,152
	Petrol	1,618	1,851	1,051
Heat (incl. process heat)	Natural gas	66,854	68,869	64,164
	Propane	1,731	3,354	6,851
	Butane	94	743	708
	LPG	3,553	3,150	1,243

	Heating oil	488	524	809
Electricity	Electricity	63,183	53,063	50,735
total		142,536	137,103	130,713

Total energy consumption has been on a constant increase since 2011, primarily due to the expansion of the production sites:

As soon as a new location is acquired and added to the Group, all energy volumes consumed there are also included in the total energy consumption. This was primarily also the case in Western Europe, where larger production sites were added and consequently the need for energy became higher. As soon as sites, in particular larger ones with higher energy intensities, become part of the PALFINGER Group, measures are launched to enhance their energy efficiency.

All in all, Group-wide consumption of electricity went up; however, the need for fossil energy sources for room heat and process heat declined at a higher rate. Propane consumption, for instance, decreased by 75 per cent, LPG by 87 per cent.



ENERGY CONSUMPTION BY REGION 2013
Energy consumption (in per cent)

- 36.3% Western Europe
- 34.4% Eastern Europe
- 25.5% North America
- 3.3% South America
- 0.6% Asia

The highest energy requirement in 2013 was in Western Europe, where it came to approx. 52 GWh, closely followed by Eastern Europe with 49 GWh. North America ranked third with a consumption of approx. 36 GWh. South America and Asia only play marginal roles when it comes to energy consumption.



Integrated Annual Report: Eco-efficiency in production – Efficient use of raw materials pp. 85-86



See: Environmentally compatible products p. 35 et seq.

Energy consumption outside the organization



GRI G4-EN 4: Energy consumption outside the organization

Looking at the entire value-creation chain – from raw material production to the end of the product’s use – one can see that only a fraction of the energy consumed during a product’s lifetime is used during PALFINGER’s valuation-creation stages.

The production of steel and aluminium, the two raw materials most frequently used at PALFINGER, requires high levels of energy. It is impossible for PALFINGER to influence these energy consumption levels. For a detailed description, please refer to the Integrated Annual Report 2013.



Integrated Annual Report: Eco-efficiency in production – Efficient use of raw materials p. 85



See: Sustainable products p. 33 et seq.

Most of the energy consumption usually occurs during the long period of product use, as the products are mounted on vehicles and/or permanently transported on vehicles. The lower the product weight, the lower the total weight. As a result of PALFINGER’s payload optimization, which has always been a priority in product development, the customer benefits not only from fuel savings but also from an increase in vehicle load capacity. Another advantage is that emissions are reduced. When PALFINGER products are in operation and lifting loads, they also consume energy. In order to reduce energy consumption, costs and emissions for the customers, various environmental features have been developed. Due to the great number of products and the variety of uses of each individual product, it is not possible to indicate energy consumption in quantitative terms. However, the measures taken to increase product efficiency are described in the following.

Energy efficiency



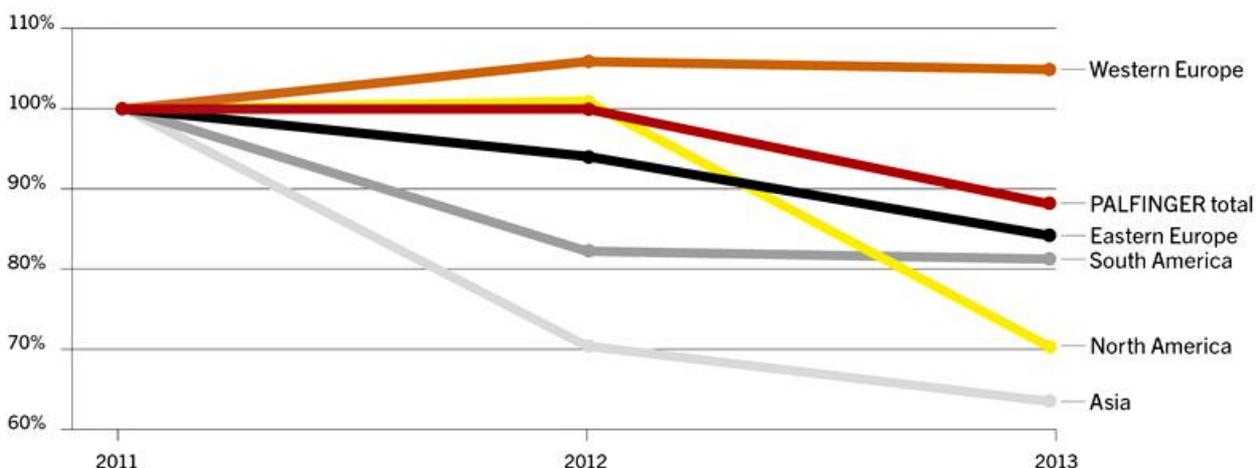
GRI G4-EN 5: Energy intensity; G4-EN 6: Reduction of energy consumption



Integrated Annual Report: Eco-efficiency in production – Energy efficiency p. 87

REGIONAL ENERGY CONSUMPTION PER PRODUCTION OUTPUT – ANNUAL DEVELOPMENT IN PER CENT

Energy efficiency index, base 2011



All in all, Group-wide energy efficiency in production has improved significantly since 2011, fortunately in nearly all regions. Due to the increases in production volumes and efficiency achieved in Eastern Europe and North America, these regions have made the largest contributions to this positive overall result.

A great number of improvements achieved in 2013 as compared to 2012 were recorded in Western Europe, where energy-efficient measures were implemented under the Facility Management project. The following are examples: In Lengau, Austria, a waste heat recovery system was established for the paint shop, additional natural gas cars were acquired and pumps were replaced. In Köstendorf, Austria, the new office building was equipped with a building control system.

For the purpose of determining the efficiency indicator for the entire Group (and also for the purpose of aggregation on a regional level), the energy-efficiency level of every single location was calculated. Then, the aggregate energy input (i.e. electricity, room heat, process heat and fuels) was related to the output¹ of the respective location. Given the broad product range and the steep growth achieved through acquisitions, the output units generated at the individual sites varied considerably, making proper comparison impossible. Therefore, a separate index was calculated for each location. These comparable indices were then used to derive a mean value weighted by the energy consumption of the respective sites. On this basis, regional and Group-wide indices were calculated.

Developments in Europe were marked by changes in production and by acquisitions, rendering a direct comparison with previous years difficult. Moreover, a very cold winter at the beginning of 2013 drove up energy consumption for the entire year 2013. Under the Facility Management projects pursued, sites with high energy consumption were analyzed on a regular basis and optimized wherever necessary. Various measures were derived:

At the Maribor site, a paint shop for marine cranes is being replaced in 2014 – a step that is expected to bring about a noticeable long-term rise in energy efficiency. In addition to optimizing the heat cycle of the CDP paint shop, measures for optimizing lighting (LED projectors, innovative illuminants) and the continuous improvement of the heating system were continued in 2013.

The building at the site in Lengau has been heated with a state-of-the-art gas-fired condensing boiler since 2013. A gradual switchover to natural gas has been underway for the fleet, pooled cars and corporate buses since the establishment of the natural gas refuelling station in 2008. The building control system at the site is being upgraded continuously.

At the two Bulgarian sites in Tenevo and Cherven Brjag, the insulation of the buildings accommodating the production halls was renewed. Not only has this impacted heating costs and the environmental burden, it also has positively influenced the performance and comfort of the staff. In addition, the site in Tenevo was equipped with a solar installation for hot water in 2013.

Despite a continuous expansion of production, PALFINGER managed to keep its energy consumption constant in South America. This was possible due to focussed energy management, providing for the systematic implementation of a bundle of small-to-medium-sized measures. These included the replacement of lighting and electrical installations, a new system for testing the cranes, and various modernizations in the office.

In North America, following savings in energy at PALFINGER's largest production site due to the modernization of the CDP paint shop in 2012, a modest decline in energy efficiency was observed in 2013, which was mainly caused by the cold winter. Various measures implemented in some smaller North American locations, such as the use of daylight instead of artificial light in production, have had a constantly positive effect since 2012.

¹ The output of the sites was determined centrally at the end of the third quarter and increased by 3.23 per cent due to a seasonal increase in the fourth quarter of 2013.

In Russia, PALFINGER achieved significant energy efficiency gains in 2013. There were several reasons for this development: optimized throughput times in production, a shift in production mix due to the delivery of ready-made components from other sites and various improvement measures regarding lighting and heating. The completion of a new production hall in Ishimbay in 2014 will boost energy efficiency even further.

In PALFINGER's plants in Asia, energy efficiency was not an overriding priority in the period under review. The plants in China are state-of-the-art; changes in consumption were inevitable due to the increase in production and/or changes in the product mix. In India, measures to raise awareness for the importance of energy saving were taken.

Reductions in energy requirements of PALFINGER products



GRI G4-EN 7: Reductions in energy requirements of products



See: Sustainable products p. 33 et seq.

Climate protection

GRI aspect: Emissions

Emissions in production with an impact on climate



GRI G4-EN 15: Direct GHG emissions (scope 1); G4-EN 16: Energy indirect GHG emissions (scope 2); G4-EN 17: Other indirect GHG emissions (scope 3)

Greenhouse gas emissions

PALFINGER analyzes all climate-relevant emissions that are caused by its own operations. These emissions with an impact on climate are expressed in CO₂ equivalents. Scope 1 and scope 2 (as defined in the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development) were fully included, scope 3² only in part. This means that all direct emissions of PALFINGER plants from natural gas, diesel, LPG, butane, propane and other energy sources as well as their indirect pre-production emissions were included. In addition, all indirect emissions for electricity consumption, calculated on the basis of the energy mix of the respective national grids, were also included in the calculation. Scope 3 emissions from steel and aluminium production and emissions from the product use stage were not taken into account.

Greenhouse gas emissions, in tonnes of CO ₂ equivalents	2013	2012	2011
Electricity	34,300	27,400	26,200
Heat (incl. process heat)	18,700	19,800	19,100

² Given the differences in the presentation of conversion factors for the individual scopes and the inclusion of scope 3 emissions, a direct comparison of CO₂ emissions with those of other companies is not possible.

Fuels	2,150	2,400	2,000
total	55,200	49,600	47,300

Taking into account the various greenhouse gas intensities of the various forms of energy, the development of the climate-relevant emissions was parallel to that of energy consumption throughout. All in all, PALFINGER produced approx. 55,200 tonnes of CO₂ equivalents in 2013 (2012: approx. 49,600 tonnes). The energy efficiency of the PALFINGER plants showed a slightly positive development, and the greenhouse gas intensity of production in proportion to the output decreased as well compared to 2012. This reduction was made possible by the improvement in energy efficiency.

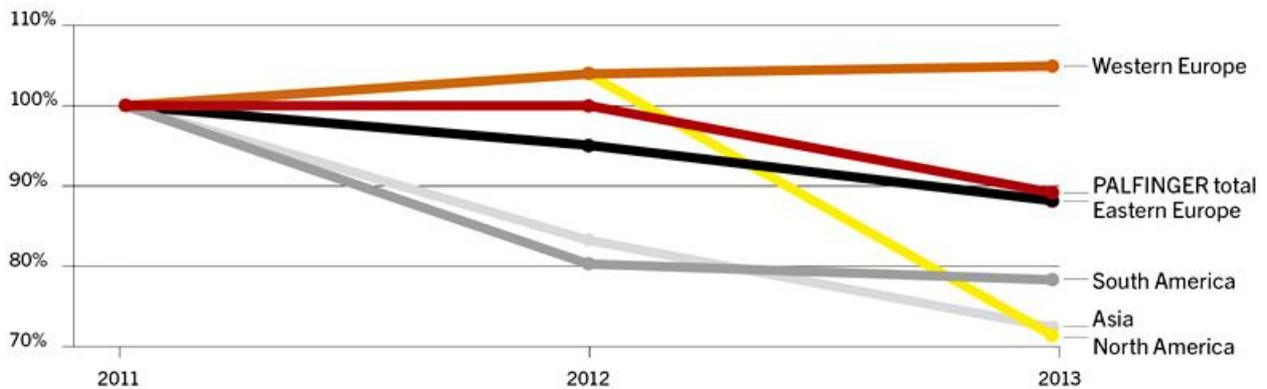
Specific greenhouse gas emissions



GRI G4-EN 18: Greenhouse gas (GHG) emissions intensity; G4-EN 19: Reduction of greenhouse gas (GHG) emissions

DEVELOPMENT OF SPECIFIC GREENHOUSE GAS EMISSIONS

Index, base 2011



The intensity of the greenhouse gases developed in line with the energy efficiency. The figures are very similar, as the same reference figure (output units) was used. The measurement parameter was an index with a 2011 base, which was calculated analogously to the energy efficiency index.

Hazardous waste

GRI aspect: Effluents and waste

Reduction of hazardous waste



GRI G4-EN 23: Waste

Metal accounts for the lion's share of recyclable materials collected and waste incurred at PALFINGER plants. In order to keep the volume as low as possible, the waste cuttings rate has been improved

systematically and continuously. Steel scrap has been reported on indirectly under waste cuttings. Information on this topic is available in the Integrated Annual Report 2013.



[Integrated Annual Report: Eco-efficiency in production – Efficient use of raw materials pp.85-86](#)

Hazardous waste is an essential factor when it comes to environmental protection. Good progress has been made in this respect at various sites.

The largest volume of hazardous waste is produced at the plants Maribor in Slovenia, Lengau in Austria, Tenevo in Bulgaria and Caxias do Sul in Brazil. Hazardous waste includes, among other things, electroplating sludge, waste from paint shops, lubricants and coolants. At the Asian sites there are no processes generating large quantities of hazardous waste. The small quantities of waste oil produced in Shenzhen, China, are collected and sold to a local recycling company.

The site that achieved the most substantial reduction in hazardous waste volumes was Maribor. Whereas in 2012 a total of 1,041 tonnes was produced by all production units of the site's various business areas, in 2013 the figure was only approx. 933 tonnes. The modernization of the paint shop for the Marine business area in 2014 will facilitate further improvements.

In Lengau and Tenevo, hazardous waste quantities rose by 33 and 27 tonnes (to 638 and 254 tonnes, respectively), but production volumes increased as well. The intensities in proportion to the respective production volumes decreased slightly at both sites.

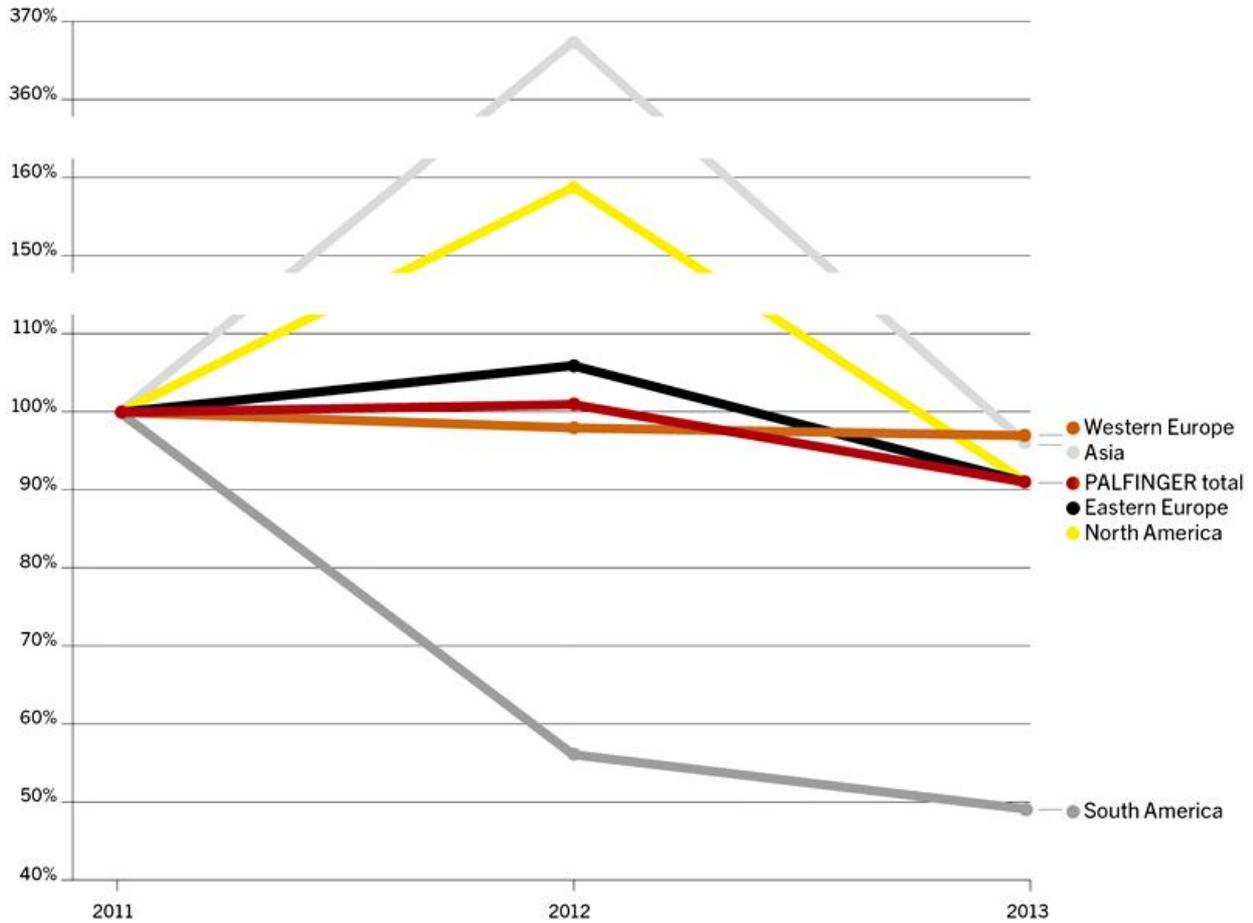
In Caxias do Sul, improvements were recorded both in absolute figures and in proportion to the production volume. Hazardous waste volumes have almost been halved since 2011: In 2013, only 116 tonnes had to be disposed of. This was the result of the site's changeover to a higher-quality colour mix that requires less paint.

Hazardous waste, in tonnes (PALFINGER total and by region)	2013	2012	2011
Western Europe	832	850	911
Eastern Europe	1,218	1,276	1,165
North America	13	14	9
South America	116	127	201
Asia	2	5	1
PALFINGER total	2,180	2,270	2,290

The Group-wide volume of hazardous waste has decreased by 5 per cent since 2011.

DEVELOPMENT OF HAZARDOUS WASTE INTENSITIES PER PRODUCTION OUTPUT
(PALFINGER total and by region)

Change in hazardous waste volume, index, base 2011



Throughout the Group, the intensities of hazardous waste, i.e. quantities of hazardous waste in proportion to the respective production output have decreased noticeably since 2011. All regions have contributed to this result, with the smallest decrease amounting to 4 per cent. The two peaks recorded in 2012 referred to regions with relatively low total volumes of hazardous waste (North America and Asia). These cases may have been the result of a difference between the time the waste was incurred and the time the quantities were recorded. Due to the relatively small volumes, this regional result had only a marginal impact on the Group-wide figure.

Purchase volumes of paint at PALFINGER ³ , in tonnes	2013	2012
Volume of water-soluble paints	206	200
Volume of solvent-based paints	11	10
PALFINGER total	217	210

³ via central purchasing

Ecological impact of PALFINGER products

GRI aspect: Products and services

Measures to mitigate environmental impacts of products



GRI G4-EN 27: Mitigation of environmental impacts of products



Integrated Annual Report: Research, development and innovation – Safe and efficient products p. 78



See: Environmentally compatible products p. 35 et seq.

Environmental protection in the supply chain

GRI aspect: Supplier environmental assessment

Assessment of environmental protection in the supply chain



GRI G4-EN 32: Environmental protection in the supply chain



Integrated Annual Report: Suppliers and purchasing – Sustainability among suppliers pp. 56-57

Ecological impacts in the supply chain



GRI G4-EN 33: Environmental protection in the supply chain



Integrated Annual Report: Suppliers and purchasing – Sustainability among suppliers pp. 56-57



See: Impacts on labour practices in the supply chain p. 28 and p. 31

Raw material suppliers

Steel and aluminium are the raw materials most frequently used at PALFINGER. As both raw materials have high energy intensities, central ecological aspects include energy consumption and CO₂ intensity per tonne of steel and aluminium. These aspects are influenced by the modernity of the plants, the energy mix used and, first and foremost, the percentage of recyclables. In the upstream stages of the supply chain, guaranteeing the highest possible degree of environmental compatibility in the mining of the metal ores is of prime importance.

Suppliers of parts and components

The suppliers of parts and components are to a large extent concerned with the same environmental topics as PALFINGER: efficiency of materials and energy, reduction of waste, and prevention and careful handling of hazardous substances. All these issues may be covered by an environmental management system. Moreover, special aspects have to be taken into account for certain components – for instance, chrome-VI-free electroplated parts or PVC-free electronic components.

Suppliers of plants and investment goods

What is vital in this respect is to specify in calls for tenders that energy and raw materials must be used efficiently in buildings and plants and that the environmental impact produced during use must be small.

Operating supplies and energy

The central ecological issue here is the percentage of renewable energy, an aspect also covered by the environmental management system.

1.2.3. Responsible Employer

GRI sub-category: Labour practices and decent work

Employment trend at PALFINGER

GRI aspect: Employment

Total number of employees and employee turnover



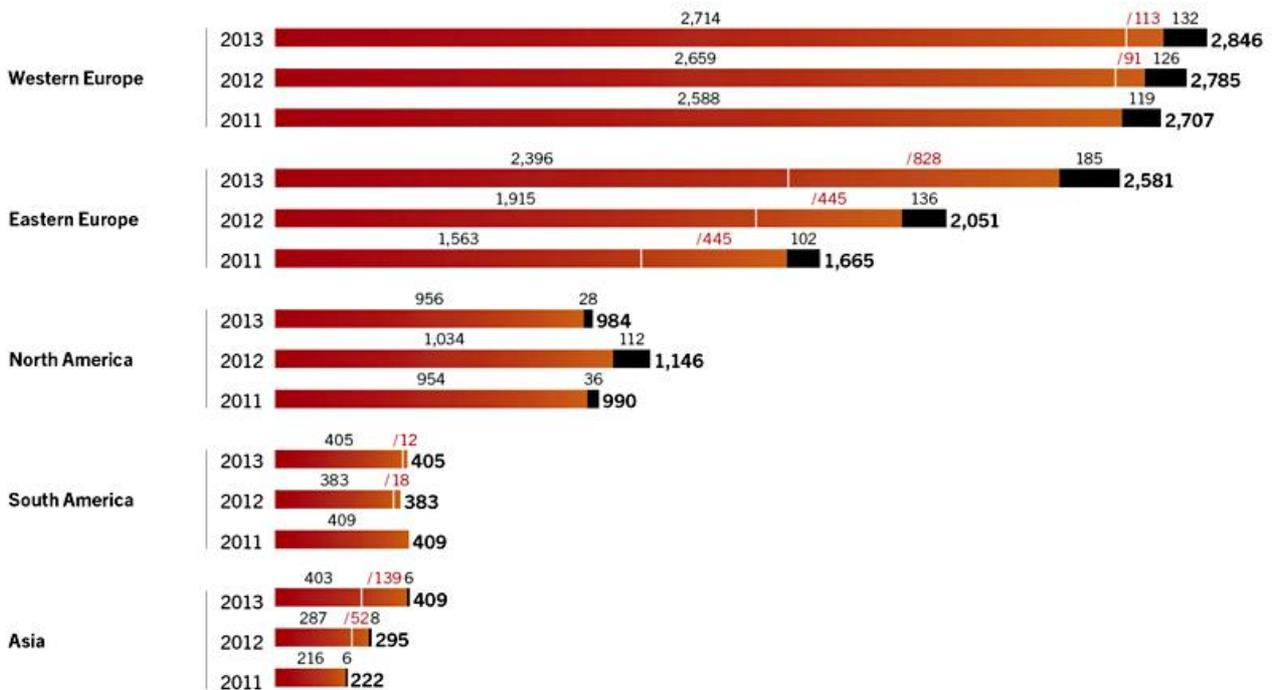
GRI G4-10: Employment profile; G4-LA 1: Total number of employees and employee turnover



Integrated Annual Report: Human resources pp. 89-90

Employees by region

EMPLOYMENT TREND, DIVIDED INTO: CORE WORKFORCE, OF WHICH STAFF AT NEW SITES, TEMPORARY WORKERS (PALFINGER total and by region)



PALFINGER TOTAL



■ Core workforce* / of which staff at new sites

■ Temporary workers**

PALFINGER total

* Headcounts as at 31 Dec. The number of employees rose in almost all regions.

** Temporary workers expressed as FTEs, not as headcounts. (One FTE counts as one employee.)

They are presented irrespective of the date on which the site hiring them was founded.



EMPLOYEES AS AT 31 DEC 2013

- 39% Western Europe
- 35% Eastern Europe
- 14% North America
- 6% South America
- 6% Asia

In 2013, the number of employees of the PALFINGER Group increased slightly. Overall as well as regionally, the respective figures remained stable in the companies that have been part of the PALFINGER Group for a long time. The increase in staff numbers was caused primarily by the acquisitions made. In the following, the regional trends are described in detail.

Western Europe

All in all, after a substantial increase in 2012 caused by the acquisition of PALFINGER DREGGEN, the employment situation in Western Europe remained stable. The only country where the weak capacity utilization required major adjustments was the United Kingdom.

Eastern Europe

The overall number of employees increased slightly in Eastern Europe. Bulgaria, the CEE country with the highest PALFINGER payroll, has recorded a constant moderate rise in employee figures in recent years. In Slovenia, the core workforce proved to be stable; increases referred primarily to temporary workers. Hardly any change in the number of employees was observed in Russia in 2013. The capacities of the Russian plants were fully utilized in 2013; the plant expansions in 2014 and the acquisition in December 2013 (subject to official approvals) will have a positive impact on the employment trend.

North America

In North America, following needed adjustments of the payroll at the two largest companies in 2012, the employment situation was stable in 2013. The number of temporary workers was reduced further during the reporting period.

South America

In South America, 2012 was marked by the acquisition of Palfinger-Tercek on the one hand and adjustments at the largest production site on the other hand. The good capacity utilization allowed for a slight augmentation of the number of employees in 2013.

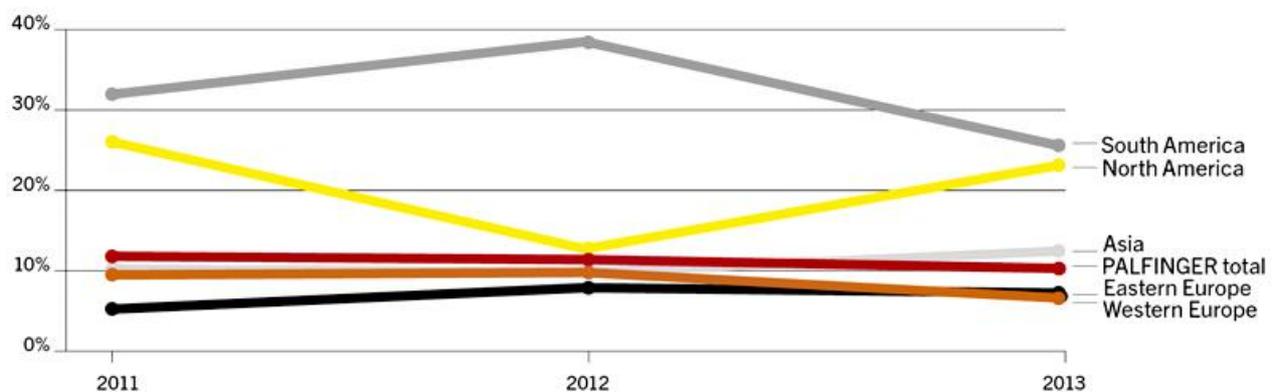
Asia

Asia showed dynamic employment development. The expansion of production in China and the acquisition of a new site in Korea resulted in a substantial headcount increase, from 287 employees in 2012 to 403 employees in 2013. In Vietnam, the number of employees rose to 105. In India, the situation remained stable, with approx. 60 PALFINGER employees.

Employee turnover

EMPLOYEE TURNOVER RATE (PALFINGER total and by region)

Employee turnover in per cent



Employee turnover rate by gender	2013
Women	10.5%
Men	10.2%
PALFINGER total	10.3%

In the 2013 reporting period, the employee turnover rate was 10.3 per cent. Following an increase in 2012, Group-wide staff turnover went down again slightly in 2013, at roughly the same rate for women and men.

Employee turnover was generally low at the European PALFINGER locations, while the teams at sites in North America were marked by a larger number of personnel changes. This was due to stricter provisions, e.g. regarding staff absence. Finding qualified young staff in the labour market proved to be highly challenging for PALFINGER in both regions. Therefore, PALFINGER has stepped up its presence at career fairs in recent years – at first only in Europe – in order to present the career opportunities available within the Group to talents at the earliest stage possible. In 2013, such measures were also promoted in North America in connection with regional and public employment promotion programmes.

In the USA, enhanced selection in the recruiting process also facilitated a reduction in employee turnover during the probation period. At the Russian production site in Ishimbay, the attractive overall packages offered by PALFINGER make the Company an interesting employer for better-qualified staff from larger cities.

The sites in Asia and South America operate in a different environment. Because of the demographic structure, there is an abundance of young labour and the strong economic growth facilitates their mobility in the labour market. Employee turnover and what is referred to as regretted losses are at a higher level there. In South America, India and China, the PALFINGER brand has been successfully positioned at the regional level and has a good image.



See: Generations pp. 25-26

As a rule, there is no disguised employment and no seasonal employee turnover at PALFINGER. In general, the rate of seasonal employee turnover and/or movement of labour after the Chinese New Year tends to be substantially lower as compared to the beginning of the millennium: PALFINGER Shenzhen has not lost a single employee at the Chinese New Year celebrations⁴. As a general rule, PALFINGER employees are permanently employed; fixed-term employment contracts beyond the probationary period are not a common practice. The vast majority of employees work for PALFINGER on a full-time basis.

Health and safety

GRI aspect: Occupational health and safety

Occupational health management



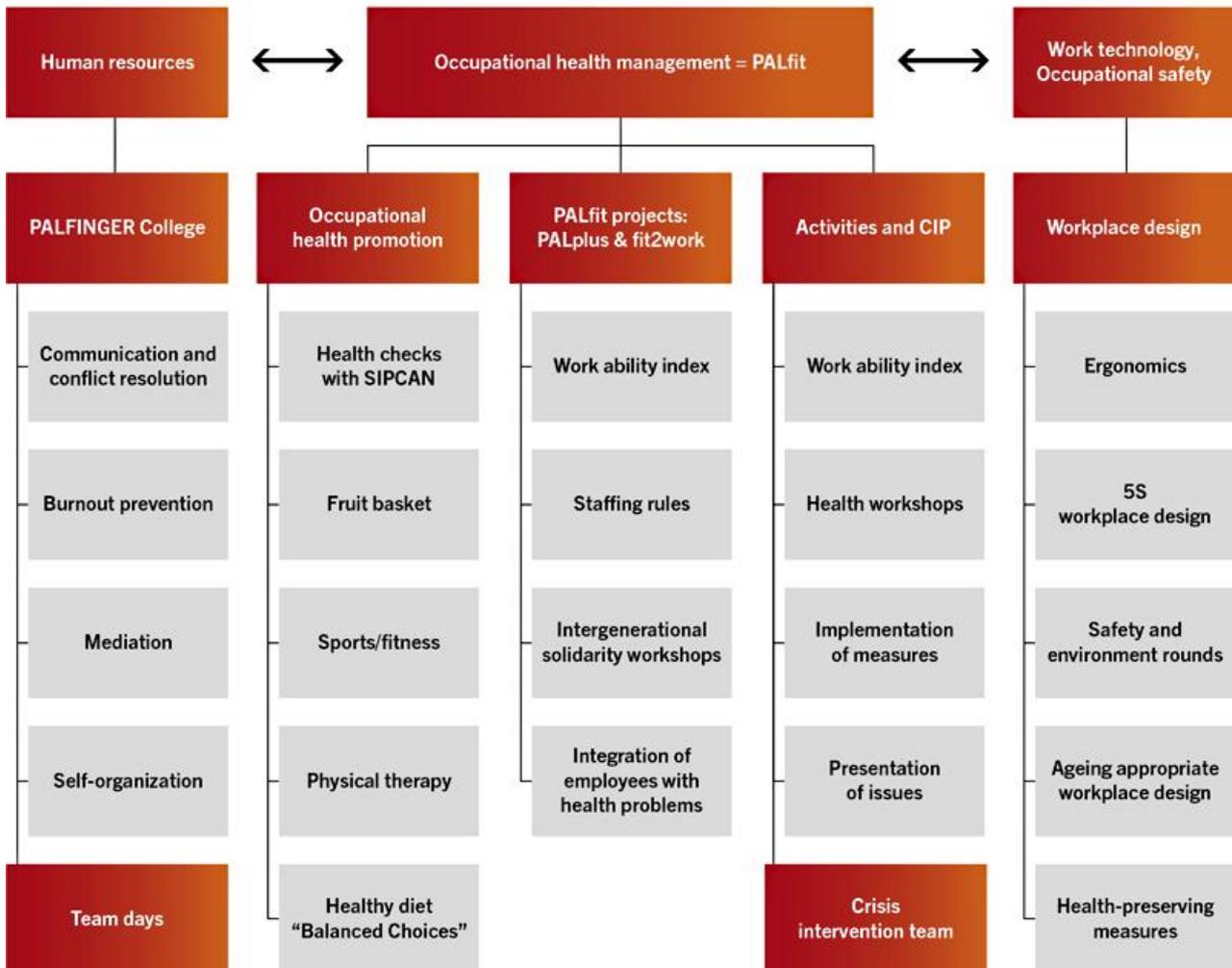
GRI G4-LA 5: Occupational health and safety programmes; G4-LA 8: Health and safety topics covered in formal agreements with trade unions



Integrated Annual Report: Health and safety pp. 93-94

⁴ This topic is reported on due to increasing requests for rating purposes.

HOUSE OF HEALTH AT PALFINGER



PALFINGER is committed to launching, supporting and implementing health-promoting initiatives that go beyond statutory requirements at each site. The involvement of employees and the inclusion of their own initiatives are substantial factors of this programme across sites. PALFINGER creates the framework conditions and provides the resources for occupational health promotion through PALfit.

PALfit comprises three initiatives that go hand in hand: human resources, voluntary social benefits and work technology/occupational safety. PALfit is coordinated by the occupational health management (OHM) of the Group headquarters. In addition, PALfit support teams have been installed at the individual locations. These teams operate on behalf of PALfit during five working hours a week and take over the individual planning and implementation of measures at the respective sites. For the time being, PALfit support teams have been set up at the following sites: Salzburg, Lengau, Köstendorf, Elsbethen, Aining, Krefeld, Löbau and Maribor. PALfit generates measures of various kinds (see illustration), facilitates the necessary individuality and flexibility and is thus able to take into account the specific needs of the different sites. In 2014, PALfit initiatives are to be rolled out to the sites in Ganderkesee and Delnice.

Latest innovations made in 2012/2013 and developments planned for 2014

The PALplus project encompassing approx. 200 workplaces at the Lengau site was concluded at the beginning of 2013. The objective of this project was to turn each workplace into a PALplus workstation. Following a second re-evaluation by the project managers, the project was handed over to the PALFINGER

management. It was continued in the form of a voluntary check-up for the early detection of inflammation, polyps, diverticula and tumours of the gastro-intestinal tract.

Another priority was the fit2work project: fit2work management consulting, which is based on the Act on Occupational Health and Safety, is an initiative supported by the Federal Ministry of Labour, Social Affairs and Consumer Protection (BMASK), the Austrian Workers' Compensation Board (AUVA), the Social Security Administration (PVA), the local health insurance funds (GKK), the Federal Social Welfare Office and the Austrian Public Employment Service (AMS). Starting at the end of 2013, fit2work management consulting is to support the long-term (re)integration of employees with health restrictions into productive jobs within the Company. Under the fit2work programme, an early warning system was established using the ABI Plus™ (ABI stands for work ability index) questionnaire to assess the work ability of groups of employees (at least 15 persons). Based on the results of this survey, measures are implemented, allowing staff with health restrictions to remain in productive positions within the Company in the long term. PALFINGER plans to apply the findings and measures from the fit2work survey to the sites of Kasern and Köstendorf (e.g. regarding noise pollution) and then also to other sites including international ones. The long-term goal is for all sites to share the same basic requirements for favourable working conditions. Early detection of an imminent incapacity to work makes it possible to support the persons concerned from an early stage onwards. The objective is to integrate all findings from the PALplus programme (return-to-work discussions, workplace design, etc.) with those of the fit2work programme, document them and communicate them internally throughout the Group. Not only is this expected to have a positive impact on employee retention, it is also intended as a countermeasure against sick leaves and early termination of employment in the form of so-called golden handshakes.

Lost days, occupational safety and prevention of accidents



GRI G4-LA 6: Industrial accidents, occupational diseases and lost days



Integrated Annual Report: Health and safety pp. 93-94

The safety of its employees is extremely important to PALFINGER, and its accident prevention efforts have proven effective. Staff absence due to industrial accidents has decreased notably in recent years. In 2011, it came to 0.22 per cent of regular working time, whereas in 2013 the figure decreased to 0.19 per cent. Since 2006, no PALFINGER employee has suffered a fatal accident on the job.

Western Europe

Safety levels are generally high in Western Europe and in many plants they were improved even further. Production sites that succeeded in lowering staff absence caused by industrial accidents in the period under review included primarily Krefeld in Germany, Barneveld in the Netherlands and Silly en Gouffern in France. The positive impact of pursuing a prevention policy for many years is, for instance, reflected in the fact that Lengau, Austria, has been recording a downward trend in accident numbers for more than ten years now.

Eastern Europe

In Eastern Europe, reducing staff absence caused by accidents remains a challenging task. Measures to this end, such as intensified safety training, have already been initiated.

North America

Safety training and awareness-raising measures have also been intensified in North America. Staff absence caused by accidents has shown a strong reduction trend, from 0.48 per cent in 2011 to 0.02 per cent in 2013.

South America

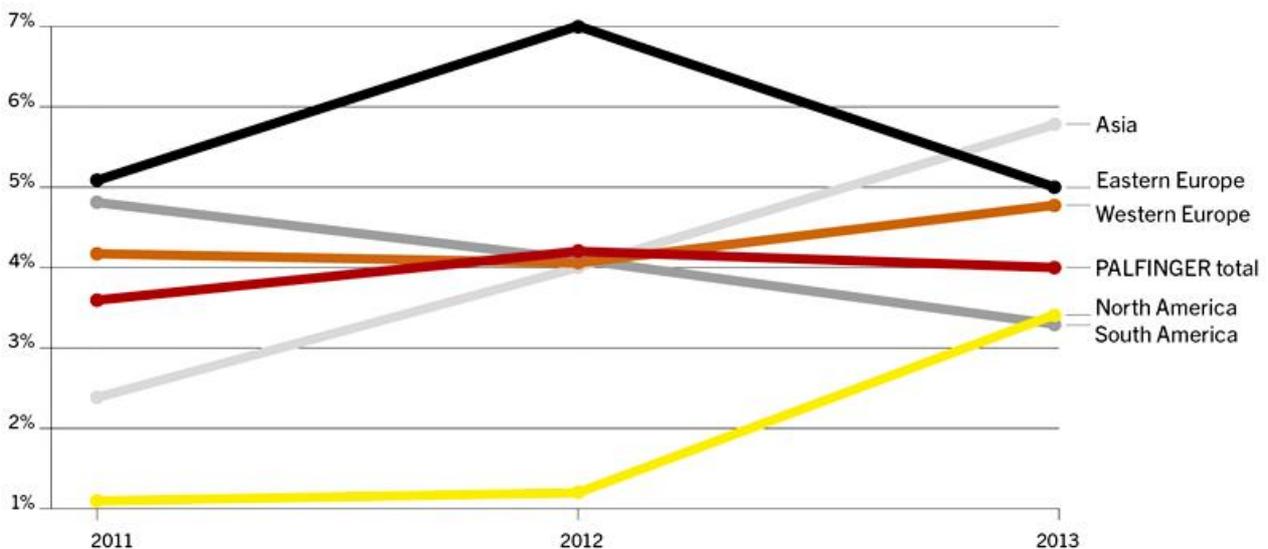
In South America, approx. EUR 161,000 was invested in safety features for machinery and equipment beyond the statutory minimum requirements in the 2013 financial year. This project will, for the time being, be continued for a period of five years. In addition, regular analyses of the incidents and continuous awareness-raising measures are to bring about a decrease in staff absence caused by accidents following a moderate increase in 2013.

Asia

The relatively low number of lost days caused by accidents recorded in Asia may be explained by the fact that sales and office operations still prevail. Great attention is paid to safety features. So far, no major accidents have been reported. At the Indian site, the commuter traffic with single-track vehicles has been identified as the largest safety risk. As a consequence, PALFINGER now offers transport by company busses, a measure which has mitigated this safety hazard. In Shenzhen, China, safety standards were increased further and measures such as awareness-raising, training sessions and internal audits regarding the use of safety equipment were continued.

Staff absence due to sick leave and other causes

**STAFF ABSENCE DUE TO SICK LEAVE AND OTHER CAUSES
IN PER CENT OF REGULAR WORKING TIME**



Even though employees at sites in China, India and North America are entitled to fewer than three weeks of paid holiday, some of them, for financial reasons, do not want to consume all of their entire holiday time. There are also individual regulations in place providing for days off on religious/cultural holidays. In Council Bluffs, USA, and in Chennai, India, the employees have a certain fixed contingent of sick-leave days at their disposal, which they can use without having to present a medical certificate. An initiative launched by

employees for employees makes it possible to support colleagues by waiving remuneration for overtime and transferring it to them.

Workers with high incidence or risk of diseases



GRI G4-LA 7: Workers with high incidence or risk of diseases

In general, it has to be stated that health issues in Western Europe are increasingly dominated by psychological problems such as burnout and stress. At the sites in Eastern Europe, North America, South America and Asia, the focus is on preventing physical strain. Primarily at production sites, the lifting of loads, indoor emissions and noise pollution have been identified as the most important health hazards. Some plants are aware of process-related health risks caused by electroplating and painting and, wherever possible, have taken preventive measures to counteract such risks. Initiatives to promote ergonomics have been launched primarily at sales and administrative locations.

Training and education

GRI aspect: Training and education

Skilled labour



GRI G4-LA 9: Hours of training per employee; G4-LA 10: Programmes for skills management



Integrated Annual Report: Skilled labour p. 91

Training hours per employee	2013	2012	2011
Western Europe	13.2	11.1	11.0
Eastern Europe	7.8	7.7	5.5
North America	2.0	1.1	1.4
South America	42.1	12.0	23.0
Asia	8.3	1.2	2.2
PALFINGER total	11.9	8.5	8.6

Scope of training at the individual sites

In the period under review, various training programmes were further developed at the individual PALFINGER sites.

Western Europe

At the Austrian sites, the PALFINGER College has become a well-established institution over the years. This training and development programme is essentially based on the transfer of knowledge by internal experts, supplemented by courses and seminars held by external experts.

Eastern Europe

In Eastern Europe, an increasing number of language training courses have been offered, in particular in St. Petersburg and at the production sites. In St. Petersburg, sales & service training programmes were also organized, with the goal of enhancing service quality. A comprehensive training scheme is currently being developed. After a temporary rise in 2012, the level of participation in training at the other Eastern European sites during the reporting period was the same as in 2011.

North America

In 2013, the focus of further training offered in North America was on employees directly working in manufacturing and assembly. At the Omaha plant, for example, a pilot training programme for welding certification was set up in cooperation with a local community college. Another priority was safety training, also in observance of legal provisions.

South America

Since 2011, a skills matrix has been in place for each employee at the site in Caxias do Sul, Brazil, to facilitate greater transparency in training for each individual staff member. Thanks to the great variety of skills, employees may be deployed in a more flexible manner. Specifically in the production-related area, this facilitated a job rotation scheme. All in all, these measures have increased the loyalty of employees to the Company.

Asia

At the Chinese joint venture Sany Palfinger in Changsha, the priority was on intercultural management and language training. In cooperation with the Massachusetts Institute of Technology, a six-month research project on intercultural exchange involving Sino-foreign best practices was carried out. Moreover, weekly English courses are offered to all Chinese employees of Sany Palfinger to mitigate any foreign-language barriers.

Communication with employees



GRI G4-LA 11: Employees receiving regular reviews



Integrated Annual Report: Attractive jobs for employees with responsibility pp. 90-91

PALFINGER is convinced that a strong feedback system is essential in achieving an excellent organizational climate, which is why feedback is being integrated into continuous processes.

In Köstendorf, a 360-degree feedback survey relating to company values was held among all wage earners. In this survey, all participants were asked to respond to the question “What do I do to put company values into practice?”, allowing them to compare their self-assessment with the feedback received from superiors, colleagues and internal customers/suppliers. The results of the 360-degree survey were subsequently discussed with the respective manager in a one-on-one staff appraisal interview and translated into personal development goals.

Workplace community

Some sites offer activities to enhance the social environment for the staff at the workplace. Under the PALfit health programme, various sports activities are organized; on family days employees may give their relatives a tour of the premises. At the North American plants, social committees have been set up. These committees are a new initiative and are managed and operated by representatives from various departments. They get together and organize social events such as family days, barbecues or contests. These programmes allow employees to exchange ideas informally, and they are also a welcome change from everyday business. They encourage collaborative action and help create a sense of togetherness amongst co-workers, just to name a few of the benefits.

Equal opportunity

GRI aspect: Diversity and equal opportunity

Generations



GRI G4-LA 12: Diversity and equal opportunity



Integrated Annual Report: Diversity pp. 94-95



See: Gender pp. 26-27

Percentage of employees aged 56+ (by region)	2013	2012	2011 ⁵
Western Europe	9.5%	4.6%	n.a.
Eastern Europe	10.4%	7.9%	n.a.
North America	17.4%	15.6%	n.a.
South America	3.8%	3.7%	n.a.
Asia	0.8%	0.9%	n.a.
PALFINGER total	10.0%	6.8%	n.a.

The average age structure within the PALFINGER Group has changed over the past few years primarily in connection with the new sites. In general, a slight increase in employment rates of staff aged 56 and over was recorded as compared with previous years.

Western and Eastern Europe

In Western Europe, the average age of employees is relatively high. At the Löbau plant in Germany, 18 per cent of the employees are 56 or older; in Welwyn Garden City, Great Britain, 34 per cent are in this age group. In 2013, the average age was lowered by specific recruiting. In Eastern Europe, the percentage of employees aged 56 and over increased in comparison with 2012. In the CIS countries, young and skilled

⁵ Values from 2011 are not available due to the change in reporting systems.

workers increasingly migrate to larger cities in search of employment, which makes it harder for PALFINGER to recruit personnel from this group. In order to counter this trend, PALFINGER has adopted measures to position the Company as an attractive employer providing responsible jobs and excellent career opportunities.

North America

PALFINGER's North American sites have the highest average age. It is becoming more and more difficult for the Company to find employees for work in production; however, the Group might, in the future, profit from a trend in the opposite direction, i.e. the re-transformation from a services-based society to an industrial society. PALFINGER has been trying to counteract the current problem by making the PALFINGER brand more widely known on the labour market, specifically in colleges. Brand recognition has therefore been significantly stepped up in previous years.

South America

In South America, regional growth and the related lower age of the population are also reflected in the age structure of the Brazilian site in Caxias do Sul. The production sites in Asia employ a higher number of younger staff members as well.

In Brazil, PALFINGER initiated a Preparation for Retirement programme, designed to facilitate a smooth transition from working life to retirement. This programme offers assistance and support in questions of health and finance as well as personal attitude and motivation in this special period of an employee's life. In 2013, eleven employees participated in this programme (men older than 58 and women older than 55).

Asia

Generation management is not an issue in China (approx. 90 per cent of employees are younger than 40) or in India (approx. 80 per cent of employees are younger than 40), as the average age of employees is, as a rule, much lower than in Europe. The average age of all of PALFINGER's employees in Shenzhen is 32. The Chinese age pyramid will make generation management a relevant issue approximately one generation later than in Western Europe.

Gender



GRI G4-LA 12: Diversity and equal opportunity



Integrated Annual Report: Governing bodies of the Company and method of operation of the Management Board and Supervisory Board pursuant to sec. 243b para. 2 of the Business Code p. 28

Percentage of women in management positions	2013	2012	2011 ⁶
Western Europe	9.5%	10.8%	n.a.
Eastern Europe	20.0%	16.7%	n.a.
North America	12.0%	16.4%	n.a.

⁶ Values from 2011 are not available due to the change in reporting systems.

South America	11.1%	13.0%	n.a
Asia	12.9%	3.8%	n.a
PALFINGER total	12.9%	12.5%	n.a

The low percentage of women employees at PALFINGER is typical for the industry. Between 2012 and 2013, the percentage of women in management positions rose by 0.46 percentage points, now accounting for almost 13 per cent. Eastern Europe has the highest rate, and even managed to record a slight increase. In North America, the percentage is also at a comparatively high level, even though it dropped as compared to 2012. This trend was observed in South America and Western Europe as well. The percentage of women in management positions showed the most dynamic development in Asia. In comparison with Western Europe, Asia generally leads the field (e.g. 40 per cent in Vietnam), not least due to the demographic situation. At the Chinese plant in Shenzhen, women make up 11 per cent of the total workforce and 16.7 per cent of the management, for which there is a socio-cultural rationale: as a rule, children in China are raised with the full-time support of their grandparents, which allows many young mothers to return to their jobs sooner than is possible in Europe. In general, one has to acknowledge that in Communist societies there are no traditional gender roles and women are accepted as equal on the job.

Employees with disabilities



GRI G4-LA 12: Diversity and equal opportunity

PALFINGER wants to offer its staff members with disabilities a meaningful occupation and integration into the Company's teams. The Eastern European sites employ many people with disabilities, whereas in Austria PALFINGER falls short of the stipulated employment quota of 4 per cent and therefore has to pay penalties. In Brazil, in contrast, the employment quota is about the same and is actually exceeded.

In the future, the percentage of employees with disabilities is to be raised through several initiatives. PALFINGER has, for many years, supported sports clubs and programmes for people with disabilities, while also raising awareness for this issue in-house.

Labour practices in the supply chain

GRI aspect: Supplier assessment for labour practices

Assessment of labour practices in the supply chain



GRI G4-LA 14: Occupational health and safety in the supply chain; G4-LA 15: Labour practices in the supply chain



Integrated Annual Report: Suppliers and purchasing – Sustainability among suppliers pp. 56-57

Impacts on labour practices in the supply chain



GRI G4-EN 33: Environmental protection in the supply chain

All suppliers have to be aware that occupational health and safety, training and education, diversity and equal opportunity, responsibility for the environment, environmentally friendly products and production, as well as good communication with employees are central issues at PALFINGER. Depending on where in the world suppliers are located, these aspects are governed differently through laws and regulations. Therefore, the main focus is on countries with lower standards, which, in the case of PALFINGER, primarily means various Asian countries.

1.2.4. Human Rights

GRI sub-category: Human rights

Human rights

GRI aspect: Investments

Freedom of assembly



GRI G4-11: Number of employees covered by collective bargaining agreements; G4-HR 4: Operations where the right to exercise the freedom of assembly may be at risk

PALFINGER acknowledges the active exchange between and the internal organization of bodies for the representation of employees and works councils and rejects any kind of repression of the freedom of assembly. As a matter of principle, freedom of assembly and employee representation are legal options at all of PALFINGER's sites, provided that this freedom is permitted by law in the country concerned. The only exceptions are the Asian plants in Shenzhen, China, and in Singapore, where the law only provides for this freedom to a limited extent. At the moment, there is no organized employee representation at the plant in Shenzhen. In China, employees of companies with a workforce of more than 25 have the legal right to organize themselves. This organization must, however, be a member of the ACFTU (All-China Federation of Trade Unions), which means that it may be controlled by the Communist Party of China via the ACFTU. According to Amnesty International, freedom of expression, freedom of association and freedom of assembly are considerably restricted in Vietnam. Currently, PALFINGER's sites in the affected countries are comparatively small, which is why their communication hierarchies are still flat. The Company's Asian sites with very low employee turnover rates give evidence of the fact that remuneration terms, for example, are well-accepted. In Chennai, India, in addition to the regular staff appraisal interviews, remuneration terms are discussed every year and pay increases are decided on the basis of re-evaluations made, inflation and performance.

Basically, 64 per cent of all PALFINGER employees are governed by collective bargaining agreements, with the exception of PALFINGER's plants in Singapore, China, Vietnam, India, Norway, Belgium, Canada, Great Britain, Croatia, Bulgaria, Slovenia, Slovakia, one plant in Russia and individual plants in the USA.

At all of its Asian sites, PALFINGER tries to show its employees extra commitment: As a matter of principle, PALFINGER pursues an open-door policy all over the world, which means that employees are given the opportunity, at all times, to speak their minds and communicate across hierarchies. In Chennai, India, voluntary social benefits such as health insurance for employees and their relatives are provided or vaccination programmes offered. In addition, commuter buses give the employees greater mobility between their homes and their place of work. The production site in China planned for 2014 already provides for high technical standards.

General mention should be made of the good pay curve of all of PALFINGER's employees; it goes without saying that overtime is compensated, either on an hourly basis or by lump-sum arrangements. Moreover, PALFINGER tries to keep the number of temporary workers (31 Dec 2013: 351) as low as possible.

Wage level

PALFINGER has not only incorporated the principle that in good times employees should have a share in the Company's profit, but also attaches great importance to ensuring that all employees receive a guaranteed minimum income. For that reason, the Living Wages project was started in 2012. Making a comparison between the lowest incomes of employees and the costs of living, however, turned out to be a more complex task than expected. Not all the regions where PALFINGER is located have submitted reliable

and interpretable data. Therefore, PALFINGER commissioned a scientific study in 2011 to find an adequate method for computing living wages. The results became available in 2013 and were first applied at the site in Tenevo, Bulgaria. In coordination with the local management teams, an evaluation of potential future projects based on these results will be evaluated in 2014.

Human rights: Investment, employee training and supply chain



GRI G4-HR 1: Human rights in investment agreements; G4-HR 2: Total hours of employee training on human rights; G4-HR 5: Child labour; G4-HR 6: Forced labour



Integrated Annual Report: Long-term Group strategy p. 16

Human rights aspects regarding the use of products



GRI G4-8: Markets



Integrated Annual Report: Industry review p. 47 et seq., Customer and dealer network pp. 52-53, Performance by segment p. 96 et seq.

Even though PALFINGER does not manufacture any military products, the Company's cranes, container handling systems, tail lifts and truck mounted forklifts are nevertheless in demand from the military and in civil defence applications. Cranes, for example, are used by military engineers in bridge construction. PALFINGER's BM Crayler truck mounted forklift is used for transporting water containers, food and materials, in some cases operated via radio remote control. Product applications for military and civil defence applications do not constitute a strategic business area of PALFINGER. As a matter of principle, no special product designs are made for the defence industry.

Military sales are modest (EUR 435,000⁷) and not substantial for PALFINGER and were further reduced during the reporting period. The reason for this decrease was that PALFINGER observes all embargos imposed by the EU or the international community.

Executions in Iran

PALFINGER would like to clearly express its repudiation of any kind of product misuse as has occurred in the most gruesome form in Iran and condemn in the strongest terms the inhumane conduct of the regime in Iran, in particular the executions. In order to proactively counter or prevent such events in the future, the contract with the Iranian dealer was terminated and the international management was strictly advised not to do any business with Iran. Moreover, in 2011, PALFINGER started an initiative that went beyond the Group itself to preclude any socially reprehensible behaviour along the entire value creation chain. A Code of Conduct was set up that has since been integrated as a mandatory part of any contract with suppliers and dealers.

⁷ This sum includes all transactions directly made between PALFINGER and military customers. Any sales made via independent dealers or via the second-hand market cannot be reflected.

Assessment of labour practices in the supply chain



GRI G4-HR 11: Supplier human rights assessment



Integrated Annual Report: Suppliers and purchasing – Sustainability among suppliers pp. 56-57

Impacts on labour practices in the supply chain



GRI G4-EN 33: Environmental protection in the supply chain; G4-HR 11: Human rights in the supply chain



Integrated Annual Report: Suppliers and purchasing – Sustainability among suppliers pp. 56-57

The prohibition of child labour, forced labour and compulsory labour is a fundamental principle to which all suppliers of PALFINGER subscribe, in addition to committing themselves to environmental responsibility and proactive environmental protection by submitting to the Code of Conduct. Even though individual suppliers are located in countries with higher risks in this respect, observations seem to indicate that the particular supply chain of PALFINGER is not affected thereby. Steel plants, for example, are international groups and therefore very much in the public eye. No risks have been detected at metal-processing plants in the supply chain.

When it comes to the right to collective bargaining and the right of assembly, the situation is different. Various Asian suppliers are based in countries where these rights are indeed restricted. This is why particular attention must be paid to labour conditions and communication with employees.

1.2.5. Society

GRI sub-category: Society

Society

GRI aspect: Anti-corruption

Anti-corruption policy, competition law and compliance with laws: assessments, training programmes, incidents of corruption



GRI G4-SO 3: Operations assessed; G4-SO 4: Anti-corruption communication; G4-SO 5: Incidents of corruption; G4-SO 7: Competition law; G4-SO 8: Significant fines



Integrated Annual Report: Fair business – Internal audits, Welcome package, Compliance violations pp. 33-34

1.2.6. Sustainable Products

GRI sub-category: Product responsibility

Safety of users

GRI aspect: Customer health and safety

Safety assessment, product labelling



GRI G4-PR 1: Products for which health and safety impacts are assessed; G4-PR 2: Incidents of non-compliance with safety provisions; G4-PR 3: Product information

All of PALFINGER's products are sold on the international market in accordance with the relevant standards applicable in each country. In Europe, the most important of these are the EN12999:2011 standard and the Machinery Directive 2006/42/EC. What counts, however, is that these safety standards are complied with in a user-friendly manner. Otherwise, users might regard the safety features as a restriction, which in turn could tempt them to deactivate such features. PALFINGER products are among the market leaders when it comes to combining ease of use with utmost safety. The requirements arising from the revision of the standard EN 280 (2015) have already been taken into account in the ongoing construction of new products. The early integration of the standard is supported by PALFINGER's participation in the technical committee CEN/TC 98/WG 1. In North America, all PSC crane operators must be certified starting from 2017.

100 per cent of PALFINGER's products are assessed as to their health and safety impacts, and any potential for improvement is continuously being realized. In the period under review, no knowledge was received of any legal proceedings with a value in dispute of more than EUR 20,000 or any compliance-relevant public cases in which regulations or a voluntary code of conduct as regards product assessments relating to their health and safety impacts were violated.



Integrated Annual Report: Safe and efficient products p. 78

Incidents relating to product safety



Integrated Annual Report: Safe and efficient products p. 78

Customer satisfaction



GRI G4-PR 5: Survey measuring customer satisfaction



Integrated Annual Report: Customer and dealer network pp. 52-53

Innovation and use of safety features

PALFINGER products offer a broad array of safety features and safety concepts that help prevent accidents. 2014 will see the market launch of the PALcom remote control with new and innovative safety concepts. Among other things, safety features such as tilting and acceleration sensors were integrated to prevent unintended crane movements. If, for example, a certain tilting angle of the control panel is

exceeded or the radio console falls to the ground, the radio remote control will automatically shut the system down.

In 2013, the new RTC (Rope Tension Control) system was developed as an intelligent cable winch solution avoiding any damage to the rope. Market acceptance is very good, as the time-consuming process of removing the rope is no longer necessary and RTC is an ideal solution when frequently changing operating modes (cable winch and hook operations).

Another safety feature is the SRC (Synchronized Rope Control) system, which is particularly supportive of less experienced crane operators because it offers great assistance when working with the rope winch. The system also avoids damage to the rope or load and prevents the hook block from running onto the pulley head. SRC has come to be widely accepted as it allows crane operators to focus their full attention on the actual load and makes it unnecessary for them to readjust the cable winch. The system received the Innovation Award at MATEXPO 2013.

Starting in early 2013, the xenon spotlights were replaced with LED spotlights, which provide excellent illumination and high luminous power in a lower power envelope (43 W), as well as a longer lifespan (60,000 h).

Some novel features have been added to EN 280 workman basket cranes as well: The current standard, EN 280, prescribes strict safety requirements for cranes and mobile working platforms. The European standard EN 280 regards a passenger hoist as a mobile working platform. In order to be able to meet this strict standard, all models of the SH series can already be ordered ex works as EN 280 workman basket cranes.

HPSC (High Performance Stability Control) is yet another safety feature. This intelligent stability control system offers maximum comfort and safety during crane operations where space is restricted. It may be used in densely built-up areas and in flowing traffic. The operator can also read off the current status at any time on the clearly laid out display on the operator's console or on the display of the radio remote control.

With the general introduction of the latest generation of tail lift controls, MBB CONTROL, at the beginning of 2013, it has now become possible to connect additional safety elements such as camera systems or additional sensors with the tail lift, directly via CAN bus technology.

In previous years, safety railings on the platforms of tail lifts, specifically those in use on the so-called sustainability vehicles of large fleet operators, have been intensively tested. Based on the results, new railings will be designed and introduced in the future.

Since 2011, all MBB TRAINLIFT models for passengers with reduced mobility have been certified in accordance with the European Union's technical specification of interoperability relating to persons with reduced mobility (TSI PRM). This specification contains specific safety standards as well as environmental aspects.

In Council Bluffs, USA, a completely new turning device used in the welding of PAL Pro crane bodies was designed as a process feature, eliminating the safety risks inherent in the turning of these heavy crane bodies and replacing an inefficient and unsafe forklift process. Since 2012, the range and volume of machine-welded components (PAL Pro, Liftgates) have been increased with the aim of raising the efficiency and consistency of the welding quality in production. For all small PSC cranes, proportional controls were introduced that allow for a safer use of cranes and enhanced crane performance. For pick-up tail lifts, a new system for unlocking the platform from the passenger side was introduced.

Environmentally compatible products



GRI G4-EN 4: Energy consumption outside the organization; G4-EN 27: Mitigation of environmental impacts of products

Optimizing the ratio between dead weight and lifting power

Through innovations, the lifting power/dead weight ratio has been continuously improved in new products. The use of lighter materials to reduce weight will be further promoted. In tail lifts, for example, cast components have been increasingly used lately; in access systems, more and more platforms are equipped with aluminium sandwich panels.

The centre of excellence for truck bodies offers the development of turnkey solutions as well as standardized and optimized truck bodies. The advantages of optimized bodies are lower fuel consumption and reduced emissions. In timber and recycling cranes, a new crane series with an optimized ratio between dead weight and lifting power will be launched in 2014.

In 2013, the first highly insulated access platform (P 650i) was delivered to an end customer. With the MBB C 750 L, a new and lighter tail lift with two cylinders was presented as a supplement to the existing product portfolio in the payload range of 750 kg. This product area for small and efficient commercial vehicles is going to further increase in significance in the years to come.

2014 will see the launch of a brand-new generation of pick-up lifts in North America with a much higher efficiency than that of current models; the design phase commenced in 2013.

In the new premium and jumbo classes, thin-walled telescopic profiles made of high-tension steel are used to compensate for the ever-increasing truck weight due to emission standards. With the production of the required high-tension thin metal sheets (< 3 mm), the Krefeld plant is a vanguard within the Group in this field.

The new PALFINGER service body was designed in Council Bluffs using high-tension steel to lower dead weight and allow for a higher payload. At the same time, other projects aimed at further reducing the weight of PALFINGER's service bodies and platform bodies are underway.

Optimizing bodies – developments in 2012/2013 – indirect novelties / cooperation with dealers

To date, PALFINGER has provided body kits only for fire brigade products. An application for the jumbo class (e.g. WT 700) is envisaged for the first half of 2014.

The new Badger body is a completely modular system and has been designed as a 100 per cent bolt-on solution, thereby reducing installation time for the dealer and completely eliminating welding during mounting. The modular design allows the dealer to offer a broad portfolio of Badger configurations at minimum stock levels. A new and improved welding device for pick-up lifts enhances the quality of the product and simplifies its structure and installation. The new generation of pick-up lifts will also be offered as a bolt-on solution. The focus in all new product developments is on the interfaces with other PALFINGER products (e.g. bodies and cranes or pick-up lifts).

Energy consumption during product use



GRI G4-EN 7: Reductions in energy requirements of products

While the conventional loader crane always relies on its built-in internal combustion engine to get sufficient

pressure in hydraulics to perform, the environmentally friendly engine pump series PALFINGER Hybrid does not produce any emissions or noise. If necessary, the operator may switch between motor drive and electric drive on the control box, providing the necessary flexibility in use. These products are an ideal solution for crane operation in noise-sensitive and pollution-sensitive places such as residential areas, but also enclosed spaces may be easily serviced by simply connecting the Hybrid to the power grid (400 V/50 Hz).

In 2014, the intelligent battery charger of the PALcom remote control will be given a refresh function that will boost battery life. During operation, a battery life of up to 12 hours is reached. Should that be insufficient, the intelligent charger concept of PALcom P7 allows for a quick charging of the back-up battery with no detrimental effects.

To reduce the operating power of the diesel engines of the vehicles carrying the cranes, PALFINGER uses an electronic load-sensing system that generates, in a fully automated manner, only enough hydraulic oil and hydraulic pressure as is really necessary for the operation at hand. The diesel engine is thereby prevented from producing an excess of hydraulic energy that is subsequently eliminated through hydraulic cooling. For the further optimization of this system, several hydraulic pumps will be mounted in 2014 so that access platforms can be operated with several hydraulic circuits and several pressure levels. Thus, the hydraulic energy generated will be even better adjusted to the energy required and in addition fuel will be saved.

The world's only production tail lift without any hydraulic components, MBB C 1000 E, was further enhanced in terms of energy efficiency. Intensive test series were run to show that with this innovative product up to 63 per cent of the electricity used for operating the lift is recovered and used for recharging the battery. This revolutionary drive technology thus facilitates energy recovery – a unique feature in tail lifts. This model also boasts extremely low maintenance costs.

All product lines at the North American plants are equipped with LED lamps.

The tried and tested gravity power drive system of the WT1000 is being used on the P900 access platform, allowing the platform to be lowered when the truck's diesel engine is not running. The platform is powered exclusively by the hydraulic energy stored in the extended cylinder.

Reduction of maintenance and service expenditures

Light-class access platforms have been integrated into the PALDIAG diagnostic system; the market launch is scheduled to start in January 2014. With a user interface already familiar from the field of cranes, dealers and service engineers will be able to diagnose and maintain access platforms. In mid-2014, PALDIAG will be expanded to include access platforms of the premium and jumbo classes.

The new tail lift control MBB CONTROL features memory and display functions that allow for a detailed on-product diagnosis. Moreover, the computer-assisted software MBB CONTROL E-LINK makes it possible not only to provide expanded service functions but also to program or update the system.

In North America, PALFINGER is implementing the transition to a low-maintenance service crane expansion system that significantly reduces the maintenance requirements of a crane.

Reduction of hazardous substances (e.g. biodegradable hydraulic oil, elimination of chrome VI, PVC)

Use of biodegradable and conventional hydraulic oil, in tonnes	2013	2012
Conventional hydraulic oil	924	889
Biodegradable hydraulic oil	64	50
PALFINGER total	988	939

Biodegradable hydraulic oil is based on synthetic esters and, in comparison to conventional hydraulic oil, produces a significantly lower burden on the environment should the hydraulic system of a product happen to leak.

In the case of hydraulic screw connections and standard mounting parts, PALFINGER uses chrome-VI-free products. The customer has the opportunity to operate all Palfinger Platforms products with biodegradable hydraulic oil. Due to a change in suppliers, the use of solvents in cylinder painting in Ganderkesee has been lowered by approx. 5 per cent. Additional activities and measures are being reviewed as to their feasibility.

Upon the customer's request, also wind cranes can be delivered with biodegradable oil, which almost completely eliminates the risk of environmental contamination. Another contribution to environmental protection can be made by regularly servicing oil by filtration. In this case, it is no longer necessary to do an oil change, which avoids pollution through disposal. Another positive effect is generated by the substantial reduction of maintenance costs and downtime. With a total of almost 1,600 wind cranes delivered, PALFINGER has made a significant contribution to the successful implementation of the energy turnaround.

Another innovation is the use of a new guide block technology in knuckle boom cranes. This reduces the maintenance need of cranes and also increases environmental compatibility, as the extension boom systems only have to be greased once at the beginning of product use and this substance is fully biodegradable.

PALFINGER products for people and the environment



[Integrated Annual Report: PALFINGER products for people and the environment p. 50](#)

1.3. Sustainability Management

Sustainability management



GRI G4-34: Governance structure and governance bodies, sustainability committees; G4-35: Role of the highest governance body



Integrated Annual Report: Corporate governance report p. 28 et seq.

The road towards a more sustainable future must be paved with a professional sustainability management system operated at the Group level. It is of utmost importance that the top management regard sustainability as a strategic priority. Sustainability is an integral part of the management's governance commitment.

Governance and sustainability



GRI G4-35: Governance structure of the organization; G4-36: Role and responsibility of the highest governance body

Sustainability management, including the establishment of the relevant external networks, falls within the responsibility of the CEO. At PALFINGER, the sustainability officer is part of the Corporate Communications & Investor Relations team and, through the team's leader, indirectly reports to the Management Board. She is also in charge of stakeholder communications, reporting to the CEO on these matters as well.

Together with top management representatives, the Management Board prepares the strategy, policies and values of the Company in its regular executive team meetings. The sustainability programme is also drafted in these meetings and then adopted by the Management Board as a whole. Since 2013, this has no longer been done every two years but on an annual basis.

For the time being, no special CSR criteria are applied when selecting the members of the Management Board and the Supervisory Board. The Palfinger family, as the main owner, and the members of the Supervisory Board delegated by the Works Council guarantee that the Supervisory Board pays attention to aspects of social sustainability. Neither an independent assessment of sustainability governance nor a sustainability-related remuneration system has been introduced.

The results of the materiality analysis regarding ecological, social and ethical topics, which form the basis for sustainability reporting, are released by the CEO. In the course of the preparation of the integrated annual report (formerly the sustainability report), the performance of the core indicators as well as relevant developments are communicated to the Management Board so that they can be taken into account in the sustainability programme.

1.3.1. Sustainability Process and Structure



GRI G4-35: Governance structure of the organization; G4-36: Role and responsibility of the highest governance body

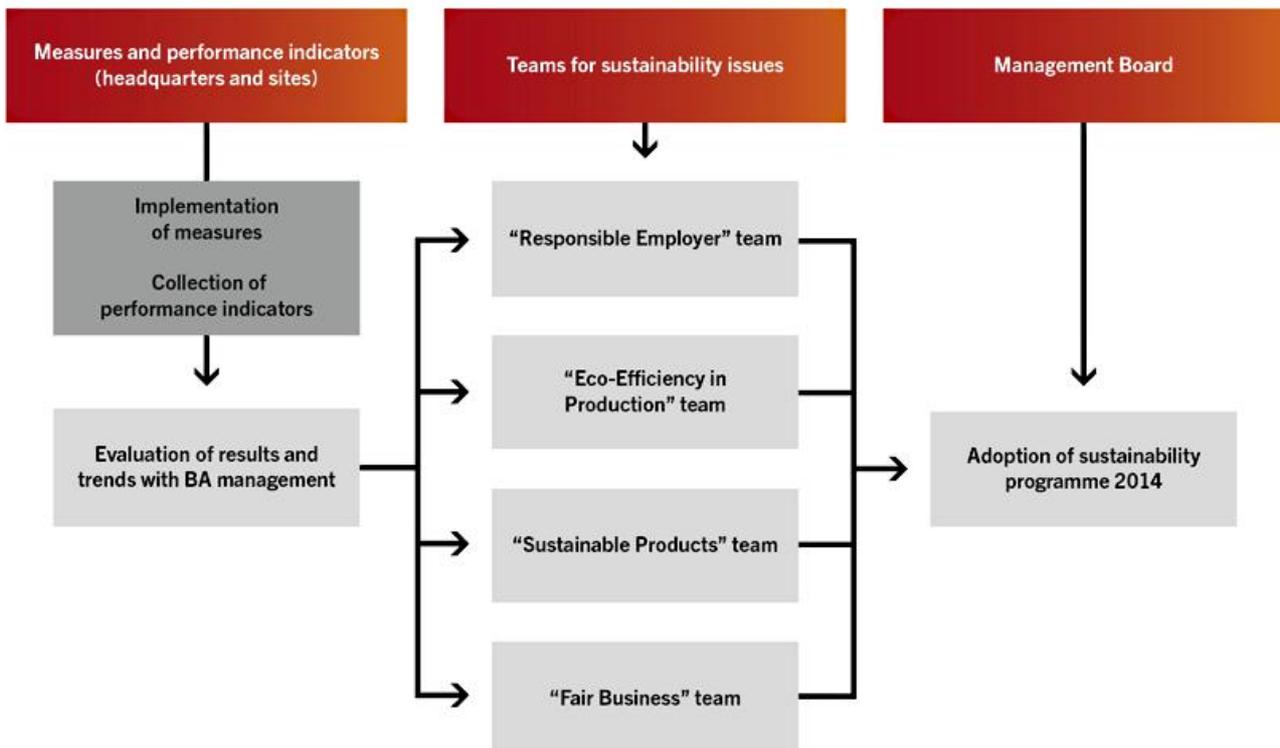
Now that the sustainability report has been integrated into the annual report and the reporting period has been shortened to one year, the tried and tested sustainability process has been adjusted accordingly. Based on the materiality analysis and the stakeholder survey included in that process, ecological and social key performance indicators were gathered by means of an integrated software-based central reporting system. In teleconferences held in the third quarter and meetings of the executive team in the fourth quarter, the results were then graphically assessed and critically scrutinized in cooperation with the management teams of the respective areas. Trends were derived, measures reviewed and existing regional initiatives discussed. The progress made in implementing the measures laid down in the 2012/2013 sustainability programme was discussed as well. Wherever necessary, measures were re-included in the current programme for 2014. Moreover, the measures laid down in the current programme were developed further in workshops by various teams – “Responsible Employer”, “Eco-Efficiency in Production”, “Sustainable Products” – before the programme was eventually adopted by the Management Board.

PALFINGER’s sustainability process



GRI G4-34: Governance structure and governance bodies, sustainability committees

PALFINGERS SUSTAINABILITY PROCESS



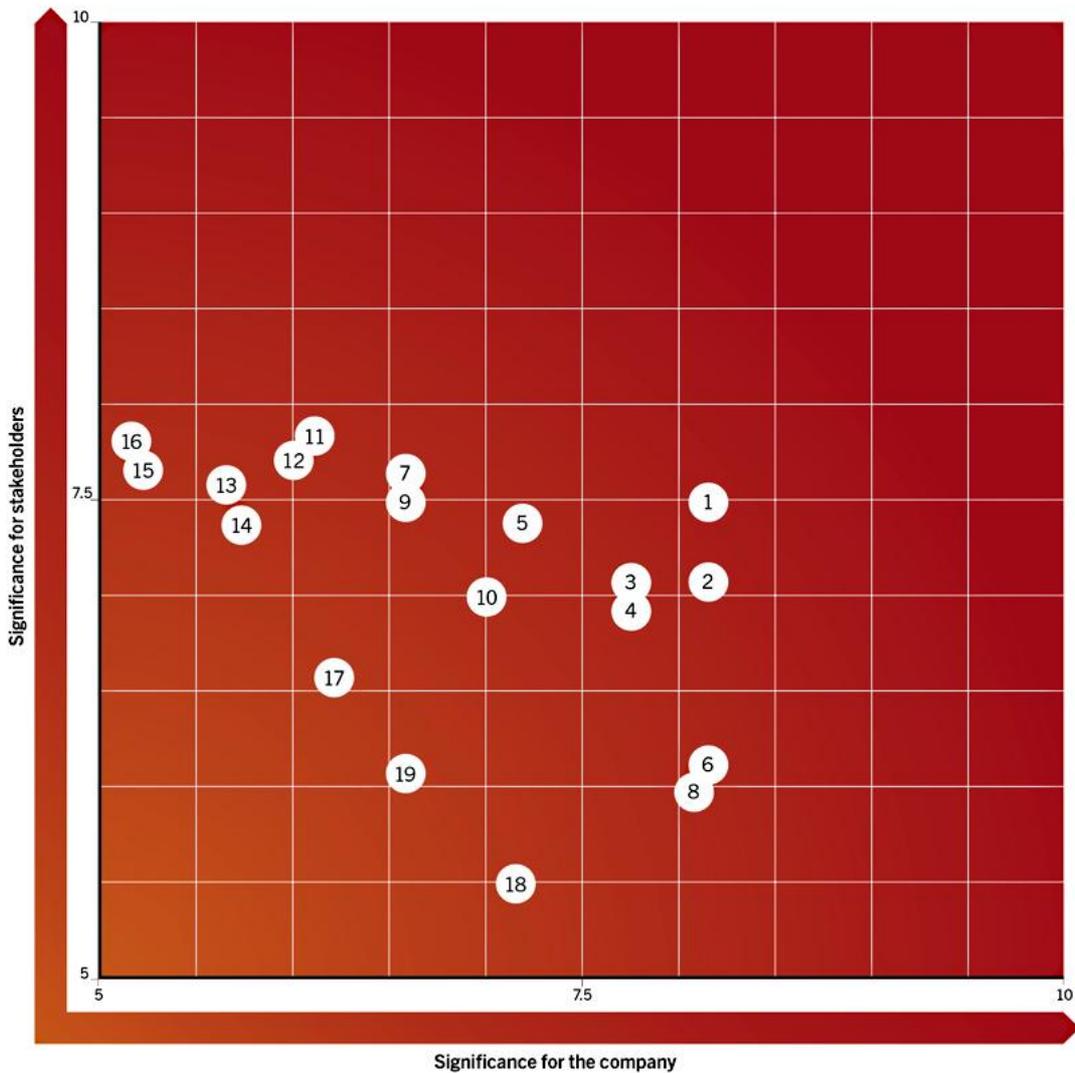
1.3.2. Materiality Analysis



GRI G4-18: Defining the report content; G4-19: Material aspects; G4-20: Boundary within the organization for each material aspect; G4-21: Boundary outside the organization for each material aspect; G4-23: Changes in the scope and aspect boundaries

The current materiality matrix, based on the comprehensive multi-stage process in place since mid-2013, is presented in the following:

MATERIALITY MATRIX



- | | |
|---|--|
| 1 Customer satisfaction | 11 Avoiding waste |
| 2 Research and development | 12 Corporate ethics and competition law |
| 3 Training and education | 13 Independence of the Supervisory Board |
| 4 Product safety | 14 Diversity and equal opportunity |
| 5 Demand for raw material | 15 Code of Conduct |
| 6 Product quality | 16 Avoiding discharge of hazardous substances |
| 7 Compliance with legislation | 17 Sustainability in the supply chain |
| 8 Products for ecological and social purposes | 18 Efficient and environmentally friendly products |
| 9 Occupational health and safety | 19 Optimum lifecycle costs |
| 10 Viability of core business | |



Integrated Annual Report: Strategic priorities p. 19 et seq., Materiality analysis p. 204 et seq., Sustainability report profiles and boundaries pp. 207-208

The SASB statement of reconciliation shows which aspects of the Global Reporting Initiative are involved. The topics are ranked according to the overall relevance attributed to them by the PALFINGER Management and external stakeholders in 2013. The list includes the 19 highest-ranking topics of the materiality matrix and two additional aspects identified as having material relevance. The presentation also shows the stages within the value-creation chain at which the respective aspects are relevant. The entire SASB reconciliation statement is available at the end of this web report. No changes in the scope and boundaries of reporting as compared to the previous reports were made.

1.3.3. Stakeholder Management



GRI G4-24: List of stakeholders; G4-25: Selection of stakeholders; G4-26: Stakeholder engagement; G4-27: Results of stakeholder engagement

To PALFINGER, sustainability management means exchanging ideas about sustainability management with its stakeholders and learning together. Based on this principle, the internal stakeholder matrix was updated in the current reporting period and developed further with a team composed of selected national and international members. The results are shown in the following stakeholder map.

STAKEHOLDER MAP



Description of stakeholders

PALFINGER places great emphasis on responsible communications, focusing on entrepreneurial spirit, respect and learning in line with PALFINGER’s House of Values. The major stakeholders as well as PALFINGER’s continuous communication with them, following a normative-critical approach, as well as stakeholder engagement are briefly described in the following.

By means of an online stakeholder survey, PALFINGER has asked the listed stakeholders to state their requirements and expectations and combined its own central topics with those raised by the stakeholders in order to be able to act accordingly in the future. The most important issues included the following:

- At its sites, PALFINGER should avoid waste and potentially hazardous substances or ensure their safe storage and disposal.
- PALFINGER should protect its employees against accidents and promote their health.
- PALFINGER’s products should be distinguished by utmost safety; the prevention of accidents during use should go beyond statutory requirements.
- PALFINGER should openly inform customers, suppliers and employees and engage them in the development of the Company.

An analysis of the stakeholders’ interest in and influence on the Company was carried out. On the basis of this analysis, the most important stakeholders were identified, and are listed in the following.

Human resources and works councils

The core success factor of PALFINGER is its staff of well-trained and highly motivated employees, who make a significant contribution towards the achievement of the Group's goals. As a consequence, PALFINGER strives to offer existing as well as potential employees attractive jobs. PALFINGER's corporate culture is conducive to a high level of self-responsibility and provides the employees with broad opportunities to contribute their own ideas to the continuous improvement process and to take part in adequate training measures. Means of communications include, apart from the regular appraisal interviews, the Intranet, the corporate blog and the staff magazine – the PALFINGER INTERNATIONAL NEWSLETTER (PIN) – which, due to great demand, is now published three times a year in eleven languages. The international Green Initiative campaign for raising and enhancing awareness (in the USA including an employee suggestion system) was rolled out internationally at the end of 2013. Its objective is to achieve environmental protection and energy savings through small measures that can easily be implemented during working hours. As PALFINGER regards the personal exchange of experience as particularly influential in this connection, the focus is on direct, authentic communication and high-quality social interaction among the staff. Friends and family of the employees are also integrated, for instance on the occasion of family days. A continuous exchange with the Works Council, which is involved in all important matters, is guaranteed.



See: [Communication with employees p. 24](#)



See: [Occupational health management p. 19 et seq.](#)

Suppliers and partners

PALFINGER maintains long-term relations with its suppliers, which contributes to continuously increasing the development of components and hence also the competitiveness of its products. This objective is supported by quality assurance agreements entered into with around 130 strategic suppliers. The quality of the Group's supplier relations is enhanced by including ecological and social issues as well as corruption prevention. This helps reduce, at an early stage, any image and default risks that might be caused, for instance, by suppliers' failure to comply with environmental requirements.

Every two years, an international supplier meeting is held to further improve the suppliers' involvement. On these occasions, current topics and planned developments are presented and discussed. This targeted integration measure and the critical discourse as such have substantially contributed to the positive feedback regarding sustainability aspects and have been enhancing awareness for the importance of social responsibility.



[Integrated Annual Report: Suppliers and purchasing – Sustainability among suppliers pp. 56-57](#)

Customer and dealer network

PALFINGER products are distributed in more than 130 countries all over the world, primarily through some 200 independent dealers and the Group's distributing companies. Together with more than 4,500 service centres, this forms a comprehensive network for the end customers.

Dealers, who are the prime link to the Group's end customers, are thus PALFINGER's most important group of customers. Active dealer engagement is promoted at the annual dealer conferences. At the 2012 dealer conference, positive feedback on sustainability was received. As a rule, communications with dealers take place in the form of dialogue and reflective discourse.

Shareholders

PALFINGER attaches great importance to giving the Group's investors continuous and transparent information; this is particularly important in an uncertain economic and stock-exchange environment marked by high volatilities.

In the period under review, the Management Board and the IR team of PALFINGER AG attended many investors' conferences. Moreover, personal conversations were held with stakeholders, also on the occasion of roadshows. Sustainability matters are communicated via newsletters and press releases. Two-way communications, also at Supervisory Board meetings, make it possible for stakeholders to voice their needs and suggestions and for PALFINGER to implement them.



[Integrated Annual Report: Stakeholder and investor relations p. 38 et seq.](#)

Local surroundings

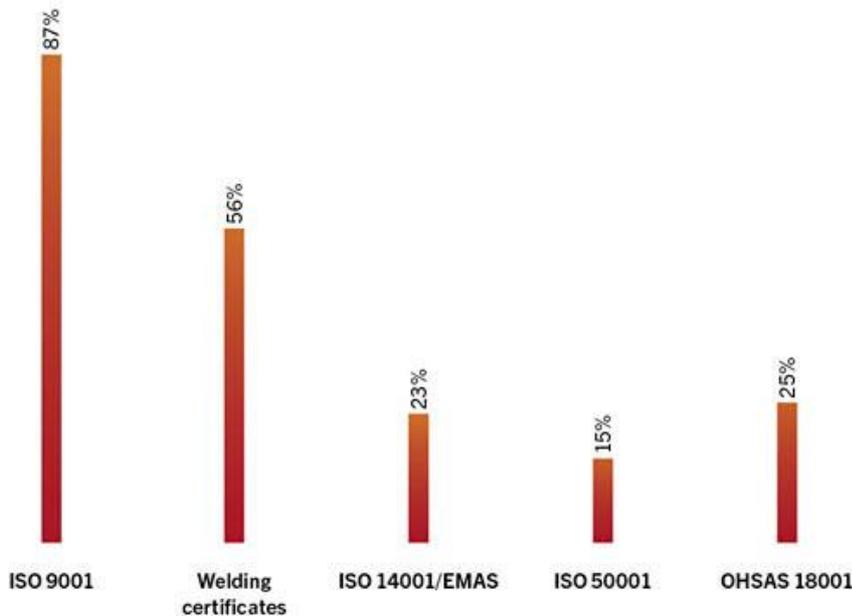
Through responsible action, PALFINGER positions itself as a reliable partner and an attractive employer in the respective regions, thus making a sustainable contribution to society through its business activities and social commitment.

In a first step, an adequate dealer and sales network is built up in new markets. Only when demand for products has reached a certain level in a country or an area does PALFINGER start to consider creating value locally – starting with assembly, later proceeding to assembly and manufacturing. As a consequence, an increasing amount of business is given to local suppliers and partners. The objective of this strategy is to cater to different customer requirements by providing products adjusted to local needs and to optimize costs in an international competitive environment. Moreover, any dependence on foreign-exchange fluctuations is minimized through this “natural hedge”.

Dialogue with sponsoring partners is transparent, situational and takes place on an equal footing. Local decision-makers communicate directly, always adhering to the four-eyes principle. Primary communication measures also include first-rate media relations and participation in and/or the hosting of events.

1.3.4. Management Systems in Use

MANAGEMENT SYSTEMS IN USE IN PER CENT OF HEADCOUNT



PALFINGER's priorities include the continuous improvement of the management of quality, environmental and safety aspects, in particular at the level of the production sites. External certifications may be obtained to this end, but they are not a must. As a result of the extensive acquisition efforts pursued in recent years, the share of ISO certifications has been declining. Approx. 87 per cent of all employees work at sites with an ISO 9001 quality management system in place.

PALFINGER's quality standards for welding processes are equally high, which is why approx. 56 per cent of all employees work at sites that have obtained country-specific welding certificates.

Many aspects of the quality management system are also relevant for environmental protection. In contrast to quality management systems, relatively few employees (23 per cent) work at plants that have been certified under ISO 14001 or EMAS. In any case, all PALFINGER sites meet at least the minimum criteria required for an environmental management system. The management systems are operated on the basis of a generally valid process; quality assurance and central quality management are controlled by the production site in Lengau. The Lengau and Köstendorf sites recently even obtained certification under ISO 50001 – energy management. Every business unit is responsible for establishing its management system as well as additional systems (certified welding system, environmental management, etc.) in line with local requirements. The parameters that have been laid down for the system (responsibility, process, evaluation, etc.) determine the form of the management of the system. Moreover, Group-wide quality management guidelines define the settlement of warranty payments, Group-wide minimum standards for quality, definitions of warranty cases and warranty expenses.



Integrated Annual Report: Environmental management p. 88

OVERVIEW OF PRODUCTION AND ASSEMBLY SITES WITH MANAGEMENT SYSTEMS

CERTIFICATIONS				QUALITY		ENVIRONMENT		SAFETY
Company	Site or registered office	Region	Headcount (Dec 2013)	ISO 9001	Welding certificates*	ISO 14001/EMAS	ISO 50001	OHSAS 18001
Epsilon Kran GmbH.	Elsbethen (AT)	Western Europe	73	yes				
Fast RSQ B.V.	Barneveld (NL)	Western Europe	14	Plan 2014				
Guima Palfinger S.A.S	Caussade (FR)	Western Europe	206	yes		yes		
MBB Inter S.A.S.	Silly en Gouffern (FR)	Western Europe	15	yes				
MBB Palfinger GmbH	Ganderkesee (DE)	Western Europe	237	yes	yes			
PALFINGER AG	Salzburg (AT)	Western Europe	262	yes				
Palfinger Dreggen AS	Bergen (NO)	Western Europe	85	yes				
Palfinger Europe GmbH	Lengau (AT)	Western Europe	875	yes	yes	yes	yes	yes
Palfinger GmbH	Ainring (DE)	Western Europe	153	yes	yes			
Palfinger GmbH	Merklingen (DE)	Western Europe	15	yes				
Palfinger GmbH	Halle/Saale (DE)	Western Europe	5	yes				
Palfinger GmbH	Pfaffenhofen an der Ilm (DE)	Western Europe	3	yes				
Palfinger GmbH	Abstatt (DE)	Western Europe	10	yes				
Palfinger GmbH	Hamburg (DE)	Western Europe	30	yes				
Palfinger GmbH	Ebersbach (DE)	Western Europe	11	yes				
Palfinger GmbH	Bestensee (DE)	Western Europe	0	yes				
Palfinger Gru Idrrauliche S.r.l.	Cadelbosco di Sopra (IT)	Western Europe	69	yes				
Palfinger Marine- und Beteiligungs-GmbH	Köstendorf (AT)	Western Europe	49	yes		yes	yes	yes
Palfinger Ned-Deck B.V.	Barneveld (NL)	Western Europe	71	yes				
Palfinger Platforms GmbH	Krefeld (DE)	Western Europe	140	yes	yes			
Palfinger Platforms GmbH	Bison (Löbau) (DE)	Western Europe	185	yes				
Palfinger Platforms GmbH	Seiffennersdorf (DE)	Western Europe	56	yes	yes			
Ratcliff Palfinger Ltd.	Welwyn Garden City (GB)	Western Europe	121	yes				
Madal Palfinger S.A.	Caxias do Sul (BR)	South America	393	yes				
INMAN ZAO	Ischimbai, Salavat (RU)	Eastern Europe	457	yes				
Nimet Srl	Lazuri (RO)	Eastern Europe	363	yes		yes		yes
Palfinger Marine d.o.o., Maribor	Maribor (SI)	Eastern Europe	74	yes				
Palfinger Platforms Italy s.r.l.	Modena (IT)	Eastern Europe	12					
Palfinger Produktionstechnik Bulgaria EOOD	Tenevo (BG)	Eastern Europe	511	yes	yes			
Palfinger Produktionstechnik Bulgaria EOOD	Cherven Brjag (BG)	Eastern Europe	400	yes	yes			
Palfinger Proizvodna Tehnologija Hrvatska d.o.o.	Delnice (HR)	Eastern Europe	85	yes	yes			
Palfinger Proizvodnja d.o.o.	Maribor (SI)	Eastern Europe	438	yes	yes			
Omaha Standard, LLC	Council Bluffs (US)	North America	315		yes			yes
Omaha Standard, LLC	Trenton (US)	North America	72					
Palfinger Liftgates, LLC	Cerritos (US)	North America	66					
Palfinger, Inc.	Niagara Falls (CA)	North America	66		yes			
PalFleet Truck Equipment Company, LLC	Tiffin (US)	North America	216		yes			
Ned-Deck Marine Vietnam Co. Ltd.	Hanoi (VN)	Asia	72	Plan 2014				
Palfinger (Shenzhen) Ltd.	Shenzhen (CN)	Asia	82	yes	yes			
Palfinger Cranes India Pvt. Ltd.	Chennai (IN)	Asia	55	yes				
Total headcount			6,362	5,521	3,566	1,493	924	1,602
Percentage of headcount using certificate				87%	56%	23%	15%	25%

* According to the following certifications: ZL EN729, EN3834-2, Schweiß-ZL GL, B5 4872 or EN287 issued to individuals; at American sites certification by TSSA, ASTM A36, A514 T1 or HNSI/AWS D1.1 issued to individuals.

1.3.5. Sustainability Programme 2014

The following table lists all measures that form PALFINGER's sustainability programme for the next year. In addition, it provides an overview of the progress in implementing the measures announced by PALFINGER in the Sustainability Report 2010/2011.

Grey passages indicate measures from the previous Sustainability Report (2010/2011)

SUSTAINABLE PRODUCTS

Product quality, customer satisfaction	Status
App for service partner search This service is already available in Germany and is now to be extended to France and England.	
Research and development, product safety	Status
HPSC The development of PALFINGER's electronic stability control system has already been launched on the market.	Completed
Automated crane movements This safety mechanism is to be pursued in 2014, in research and development as well as in implementation.	
Safety systems SRC and RTC 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.	
PALcom 7 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.	
Product information, fair marketing	Status
Web 2 Print Following the launch of Media Asset Management in 2013, all product information is now being provided digitally.	
Online product configurator 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
Projekt Carbon Footprint Logistical advantages of light-weight PALFINGER products. Within the scope of the Best Price Deal initiative, the advantages of energy-efficient products throughout the entire life cycle were advertised. The carbon footprint was not communicated separately.	Deferred
Prototype of a fully automated wheelchair access system for mobility-handicapped passengers EU research project for MBB access systems in rail transport	Completed

<p>Enhanced inclusion of industries in e-claim projects</p> <p>Optimization of the entry of industries in which end customers supplied with PALFINGER products operate.</p> <p>The share of sustainable special products, expressed as a percentage of revenue, was selected as a key performance indicator, which renders the evaluation of all end customers superfluous.</p>	Deferred
<p>New website: environmentally friendly and safe products</p> <p>On the new website, the products will be the centre of the attention. For all product groups, environmental and safety advantages will be highlighted.</p> <p>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.</p>	In preparation *
<p>Sustainability at the dealer meeting in June 2012</p> <p>Environmental and safety aspects related to PALFINGER products were priority topics at the dealer meeting 2012.</p>	Completed
<p>Environmental criteria for product development</p> <p>It is to be ensured that environmental criteria, such as the reduction of hazardous substances, reparability, separability/recyclability are embedded in all PALFINGER product development processes.</p>	Completed

HUMAN RESOURCES

Economic and social security: remuneration and freedom of assembly	Status
<p>Boosting of local management teams</p> <p>The focus on strengthening local management continues to be a measure pursued by PALFINGER to reinforce intercultural skills.</p>	In preparation *
<p>Living Wages project</p> <p>Selection of potential methods to calculate living wages and application under a pilot project at one of the Group's sites.</p>	Completed
<p>Continuation of Living Wages project</p> <p>PALFINGER is committed to being a responsible employer and is continuing this project. On the basis of the findings from 2013, awareness will be raised in all local management teams Group-wide in 2014 and further initiatives will be taken.</p>	
<p>Group-wide communication regarding freedom of association</p> <p>PALFINGER acknowledges active exchange between and the internal organization of bodies for the representation of employees and works councils and rejects any kind of repression of the freedom of assembly.</p>	
Occupational health and safety	Status
<p>Uniform global definition of accidents and uniform reporting</p> <p>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.</p>	In preparation *
<p>Group-wide minimum safety standard</p> <p>The introduction of a PALFINGER standard for health and safety is to be continued in 2014. In this process, Group-wide potentials are to be analyzed.</p>	In preparation *

Local officers for health and safety	In preparation *
<p>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.</p>	
Best-practice pool for health initiatives	Completed
<p>Successful measures are to be exchanged electronically among the local responsible officers throughout the Group, with the objective of achieving more widespread health initiatives within the Group as quickly as possible.</p>	
Expansion of PALfit	
<p>The occupational health management scheme PALfit is to be expanded to the sites in Ganderkesee (Germany) and Delnice (Croatia).</p>	
Assessment of mental stress	
<p>This assessment will be carried out at all Austrian sites as required by law; the “Health and Safety” document is to provide ideas for PALFINGER’s health and safety standards.</p>	
First aid training	
<p>This is to be offered at the PALFINGER College.</p>	
“Healthy leadership”	
<p>Industrial psychologists (focus: crisis communication) will give presentations to raise employees’ awareness; as a follow-up, measures will be implemented. The Austrian project is to be expanded to the Krefeld site (Germany).</p>	
Kick-off “fit2work” at the Lengau site	
<p>This project will subsequently be rolled out to all Austrian sites and contribute to the positive development of the crisis intervention team, also through training programmes.</p>	
Education and training	Status
Introduction of Group-wide staff reviews talks for indirectly productive staff	In preparation *
<p>This measure is to be reinforced in the current reporting period.</p>	
HR review 2014	
<p>Review of top management with regard to several criteria (e.g. values, flexibility, technical know-how); this is to be rolled out to lower management levels.</p>	
Employer branding	
<p>The promotion of employer branding, for example through the increased use of social media, is to be a priority in 2014.</p>	
Minimum standards for exit interviews	
<p>Well-structured exit interviews are to be conducted with employees leaving the Company.</p>	
Coaching for executives	
<p>Coaching for executives is to be more firmly established and actively communicated.</p>	
Environment in the PALFINGER House of Values	
<p>Respect for the environment is a significant concern of PALFINGER. Therefore, this concept is to be included in the House of Values and communicated to all employees.</p>	

Diversity and equal opportunity	Status
<p>Women in executive training</p> <p>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.</p> <p>Continuing emphasis is to be placed on this measure.</p>	In preparation *
<p>HR marketing for women</p> <p>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.</p> <p>Continuing emphasis is to be placed on this measure.</p>	In preparation *
<p>Diversity Circle</p> <p>Women at PALFINGER draft suggestions for a gender-appropriate corporate culture. The results of the income report in Austria are also discussed.</p>	Completed
<p>Screening to identify job opportunities</p> <p>Analysis by experts: In which fields can staff with disabilities be employed?</p>	Completed
<p>Raising the percentage of employees with disabilities</p> <p>Various measures will be taken to raise the percentage of employees with disabilities, e.g. better communication of equal opportunities and a more intensive policy of inclusion.</p> <p>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.</p>	In preparation *
<p>Stepping up internal communication</p> <p>Based on the Management Board's commitment, the benefits of diversity are to be more strongly communicated within the Group; a central statement will be integrated into the HR guideline.</p>	
<p>Expansion of the Diversity Circle</p> <p>The international character of the Diversity Circle is of central significance to PALFINGER. Based on the kick-off of the Diversity Circle in 2013, this scheme will be given continuity through an increased exchange of opinion, also through guest lecturers, and its results will be translated into specific measures.</p>	
<p>Promotion of women</p> <p>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 reflected mainly in executive programmes (GLP).</p>	
<p>Cooperation projects</p> <p>Together with the European Women's Management Development programme and the Federation of Austrian Industries, active communication and an exchange of know-how are to be promoted via best-practice examples from other member companies.</p>	
<p>Business class flights</p> <p>Regardless of their employment level, all employees may fly business class on flights longer than six hours.</p>	

ENVIRONMENT

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.

This Facility Management initiative is still being pursued as explained below.

Expansion of energy-efficiency initiative to cover North and South America	Completed
<p>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.</p>	
Best-practice pool of energy efficiency	In preparation *
<p>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.</p>	
<p>Communication via SharePoint will continue to be promoted in the current reporting period.</p>	
Sustainability certificate for new headquarters	Deferred
<p>The planned new PALFINGER headquarters are to be so constructed as to achieve the "DGNB Silver" sustainability certificate.</p>	
<p>The new headquarters will be a state-of-the-art building; external certification will, however, no longer be obtained.</p>	
Development of environmental standards for PALFINGER plants in various regions and for the entire Group	Completed *
Group-wide environmental reporting system	Completed
<p>Every site reports specific environmental indicators via a PALFINGER reporting system. In their reports, the individual sites also present specific indicators that give a uniform overview of the progress achieved in terms of efficiency.</p>	
Local environmental protection officers	Completed *
<p>Every regional management ensures that local officers promote energy efficiency and environmental protection. Teams at all companies control a continuous improvement process.</p>	
PALFINGER environmental standards – including environmental aspects in the Group guidelines	In preparation *
Environmental guideline	
<p>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.</p>	
On-site consultation within the Facility Management programme at the following sites	
<p>Additional lighthouse projects will be established at the sites in Lengau, Maribor, Omaha, Löbau, Guima and Ganderkese.</p>	
<p>Measures will be derived and a network set up on PALFINGER's SharePoint between the plants to facilitate a best-practice transfer.</p>	
Optimization of travel impacts	
<p>Within the Lean Administration project, video conferencing systems are to be increasingly used throughout the Group to help further reduce travel impacts.</p>	
Green building concept for new building in South America	
<p>Green-building standards are to be integrated into the construction and implementation of a training centre in Sao Paulo.</p>	
Energy cooperation with Sany Heavy Industry	

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

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.

Promotion of sustainable projects

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.

Group-wide awareness raising for environmental commitment at PALFINGER by continued promotion of the energy saving manual, the Green Initiative and the environmental guideline

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.

SUSTAINABLE AND FAIR BUSINESS OPERATIONS

Corporate ethics and corruption prevention

Status

Training in corporate ethics for new employees

Various aspects of corporate ethics are to become part of the training programme for new employees: Integrity Line, rules on acceptance of gifts, general values, Code of Conduct. Training documents will be adjusted accordingly.

In preparation *

As of now, this topic is to be primarily communicated via executives; cf. the measure indicated below.

Round table on corporate ethics

Cases well known from the media will be discussed internally in order to strengthen ethical behaviour within the Group. Employees from the distribution, purchasing, payment and human resource departments will be invited to attend.

In preparation *

Shift in focus: Awareness for the Code of Conduct is to be primarily raised through integration into training via the corporate functions.

Integration of sustainability management into risk management

A workshop to identify ecological and social opportunities, risks and impacts is going to be held. Comprehensive know-how gained from this workshop is to be included in the risk matrix in purchasing. This aspect is also to be incorporated into strategic corporate planning as a central topic.

Sustainability in the supply chain

Status

CSR in tenders

Modification of decision matrix: Tenders of a certain volume will have to meet CSR aspects.

Completed

More detailed assessment of environmental/social aspects in supplier audits

Completed

Further refinement of social and environmental criteria in the supplier audit checklist. This is to ensure a more detailed sustainability check of the 130 strategic suppliers. The checklist will be adjusted to include various ecological/social risks, depending on the country of origin, as well as critical production processes (e.g. electroplating, painting).

Advantage for suppliers committed to CSR **Completed**

Points will be awarded for ecological and social aspects (e.g. existence of an environmental management system) when assessing suppliers.

Communicating the importance of CSR for suppliers **Completed**

Suppliers will be more clearly informed – e.g. at the supplier meeting on 20 September 2012 – of the benefits of a commitment to CSR with respect to inclusion in PALFINGER's preference list.

Investment guideline

Significant sustainability aspects (technical minimum standards for investments in electroplating plants, paint shops and other plants) are to be added to the Group purchasing guideline.

Expansion of the supplier audit checklist

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

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.

CSR

Sustainability management	Status
<p>Sustainability in strategy development</p> <p>Ecological and social aspects were priority issues of the 2012 strategic corporate development process.</p>	Completed
<p>Introduction of a human capital management system</p>	Completed
<p>Certified environmental management systems at additional sites</p> <p>Environmental management systems certified under ISO 14001 will be introduced at the sites in Madal (Brazil), Tenevo (Bulgaria) and Shenzhen (China).</p>	Deferred
<p>Centralized sustainability reporting system</p> <p>Ecological and social indicators will be increasingly integrated into software-based reporting systems in order to accelerate and further standardize the reporting process.</p>	Completed
<p>Group conference for environmental and health officers</p> <p>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.</p> <p>The Group conference 2014 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.</p>	In preparation *
<p>Continuous improvement of data quality</p>	

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

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

A workshop is to be held to identify and involve PALFINGER's stakeholder groups, based on which measures for the specific control of communication strategies will be developed.

Carbon Disclosure project

The aim of this initiative is the software-based integration of sustainability data.

Distinguishing scope 1, 2, 3

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

In preparation *

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.

Re-alignment of social project Pescar

Completed

In Brazil, the training project for socially disadvantaged young people is being re-designed, adding, for example, a training programme for welders.

In 2013, eight socially disadvantaged adolescents started this programme in accordance with legal provisions, and another eight joined them in February 2014. For internal reasons, the training programme for welders can no longer be pursued. In Brazil, the focus is on the inclusion of employees with disabilities.

Continuity in donation and sponsoring partners

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.

* Measures from the sustainability programme 2010/11 were re-defined in the course of review and/or processing, and were then incorporated in their new form into the current programme.

1.4. Commitment



GRI G4-15: Self-commitment to voluntary initiatives; G4-16: Active memberships

As a matter of principle, PALFINGER assumes an active role in shaping standards and guidelines, including those for products, and also through its memberships in various associations. For many years now, the Company has been a member of the Austrian Working Group for Corporate Governance.

PALFINGER has been included in the Austrian Sustainability Index (VÖNIX) ever since this share index was established by VBV Pensionskasse. It is a capitalization-weighted price index of Austrian stock-listed companies that are leaders in social and environmental achievements. The owner of VÖNIX is VINIS Gesellschaft für nachhaltigen Vermögensaufbau und Innovation m.b.H., while responsibility for the sustainability analysis lies with Mag. Friesenbichler Unternehmensberatung; daily calculation is done by Wiener Börse AG. PALFINGER is also listed as an above-average stock in sustainable funds according to the FER SRI AG Ratio.

Numerous awards in this field as well as international ratings bear witness to PALFINGER's commitment to sustainability. Here you will find a condensed version of the oekom corporate rating.

For many years, PALFINGER has cooperated with local educational organizations and institutes and is a long-standing partner of AMREF and ICEP – the Institute of Cooperation for Development Projects – as well as its corporAID initiative. Moreover, PALFINGER is a member of the Austrian CSR network respACT. Since 2000, PALFINGER has been an ordinary member in the Cercle Investor Relations Austria (C.I.R.A.) and plays an active and participatory role in this voluntary interest group of publicly-traded companies. Moreover, PALFINGER is one of the voluntary members of the Public Relations Association of Austria (PRVA).

PALFINGER AG is committed to embracing and supporting the ten principles of the UN Global Compact and thus undertakes to adhere to the UNGC's core values in the areas of human rights, labour, the environment and anti-corruption. PALFINGER's Code of Conduct contains precise rules that are in accordance with the UNGC. The ten principles of the UNGC determine the dealings of PALFINGER AG with its internal and external stakeholders. The progress report for the UN Global Compact is available at the end of this web report.

1.5. Sustainability Reports

The PALFINGER sustainability reports are made available to all interested parties on PALFINGER's corporate website (<https://www.palfinger.ag/en/sustainability>).

1.6. Contact ⁸

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GRI G4-31: Contact to sustainability management

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⁸ Minimal arithmetic differences may arise from the application of commercial rounding to individual items and percentages in this Report.

The English translation of the PALFINGER Report is for convenience. Only the German text is binding.

This Integrated Annual Report contains forward-looking statements made on the basis of all information available at the date of its preparation. Forward-looking statements are usually identified by the use of terminology such as "expect", "plan", "estimate", "believe", etc. Actual outcomes and results may be different from those predicted.

Published on 19 February 2014.

No liability is assumed for any typographical or printing errors.

A. ANNEX

I. SASB reconciliation statement

SASB #	Topics	Short description of contents	Stage of the value-creation chain			Material aspect acc. to GRI	GRI KPI (specific standard disclosure acc. to GRI)	Intensity of reporting
			Supply chain	Within the Company	Product use			
12	Customer satisfaction	Customer satisfaction should be accorded highest priority at PALFINGER.				Product and service labelling	Survey measuring customer satisfaction (PR 5)	Qualitative description of measurement of satisfaction and survey results
28	Research and development	PALFINGER should continue to invest in research and development.				No GRI aspect	No GRI indicator available	Qualitative description of research and development
20	Education and training	PALFINGER should invest in the further training of its employees.				Training and education	Hours of training per employee (LA9), Programmes for skills management (LA 10), Employees receiving regular reviews (LA 11), Anti-corruption communication (SO 4)	Quantitative indicator and qualitative description of the training programme
13	Product safety	PALFINGER's products should be distinguished by utmost safety.				Customer health and safety	Products for which health and safety impacts are assessed (PR 1), Incidents of non-compliance with safety provisions (PR 2)	Quantitative presentation of accidents, if any, and description of safety innovations for products
41	Demand for raw materials	In production, PALFINGER should use raw materials efficiently.		Production and assembly sites	Dealers for mounting operations	Materials	Materials used by weight (EN 1)	Quantitative presentation of waste cuttings
33	Product quality	The products should be made to last and be low in maintenance.		Production and assembly sites		Product and service labelling	Product information (PR 3)	Qualitative description of product innovations for quality enhancement
34	Compliance with legal provisions	PALFINGER should comply with legal provisions.				Compliance	Significant fines (SO 8), Incidents of non-compliance with safety provisions (PR 2)	Presentation of violations, if any, and compliance management
18	Products for ecological and social purposes	PALFINGER should strive for successful product innovations for use in the environmental and social fields, e.g. cranes for wind energy plants and access systems for people with disabilities.				No GRI aspect	No GRI indicator available	Qualitative description of product innovations, quantitative presentation of market share

SASB #	Topics	Short description of contents	Supply chain	Within the Company	Product use	Material aspect acc. to GRI	GRI KPI (specific standard disclosure acc. to GRI)	Intensity of reporting
24	Occupational health and safety	PALFINGER should protect its employees against accidents and promote their health.				Occupational health and safety	Occupational health and safety programmes (LA 5), Industrial accidents, occupational diseases and lost days (LA 6)	Quantitative presentation of accidents and employee absence in Company's own production process and description of initiatives
26	Viability of the core business	PALFINGER should see to it that its business model remains viable in the long term.				Economic performance	Direct economic value generated and distributed (EC 1), Financial assistance received from government (EC 4)	Presentation in the context of the management report, risk management, economic performance, description of organizational profile
7	Avoiding waste	At its sites, PALFINGER should avoid waste and potentially hazardous substances or ensure their safe storage and disposal.		Production and assembly sites		Total weight of waste by type and disposal method	Total weight of waste (EN 23)	Presentation of waste cuttings rate and development of hazardous waste
36	Corporate ethics and competition law	PALFINGER should act in an ethically correct manner: comply with competition law, avoid corruption, pay taxes as required.			Dealers	Ethics and integrity, anti-corruption, anti-competitive behaviour	Code of Conduct (G4-56), Competition law (S07), Operations assessed (SO3), Anti-corruption communication (SO 4), Incidents of corruption (SO 5)	Presentation of violations, if any, and description of initiatives regarding corporate ethics
38	Independence of the Supervisory Board	The Company should be governed properly – for instance by ensuring the independence of the Supervisory Board.				Governance	Governance structure and governance bodies, sustainability committees (G4-34), G4-35 – G4-41 partly reported on	Reporting in the corporate governance report
19	Diversity and equal opportunity	PALFINGER should offer all employees the same opportunities – irrespective of age, gender and personal background.				Diversity and equal opportunity	Diversity and equal opportunity (LA 12)	Quantitative presentation of the percentage of women, generations and employees with disabilities and qualitative presentation of initiatives taken.
35	Code of Conduct	PALFINGER should commit itself to clear values and objectives and act accordingly.			Dealers	Ethics and integrity	Code of Conduct (G4-56)	Qualitative description

SASB #	Topics	Short description of contents	Supply chain	Within the Company	Product use	Material aspect acc. to GRI	GRI KPI (specific standard disclosure acc. to GRI)	Intensity of reporting
2	Avoiding discharge of hazardous substances	No hazardous waste or substances from production should be discharged into the environment. There should not be any discharge of hazardous substances during product use.		Production and assembly sites, supply chain		No GRI aspect	No GRI indicator available	Quantitative development of hazardous waste, description of the status quo of electroplating and paint shops, description of product innovations for the substitution of hazardous substances
42	Sustainability in the supply chain	PALFINGER should take an interest in whether suppliers pay attention to environmental protection and social responsibility. PALFINGER should give preference to suppliers who show commitment in these fields.				Investments, Supplier human rights assessment, supplier assessment for labour practices and supplier environmental assessment	Human rights in investment agreements (HR 1), Human rights in the supply chain (HR 11), Occupational health and safety in the supply chain (LA14, LA 15), Environmental protection in the supply chain (EN 32, EN 33)	Number of supplier assessments and their results
30	Efficient and environmentally friendly products	PALFINGER products and truck-bodies should be low in weight. The products should stand out due to their low need for energy and operating supplies when in operation. Hazardous substances should be avoided, for instance by the use of halogen-free hydraulic tubes or components without chrome VI coatings. Operating supplies such as hydraulic oils or lubricants should have minimal environmental impact. It should be easy to recycle the products at the end of their lifecycles.				Products and services	Mitigation of environmental impacts of products (EN 27)	Qualitative description of product innovations, quantitative presentation of percentage of biodegradable hydraulic oil

SASB #	Topics	Short description of contents	Supply chain	Within the Company	Product use	Material aspect acc. to GRI	GRI KPI (specific standard disclosure acc. to GRI)	Intensity of reporting
32	Optimum lifecycle costs	Measured over their life cycles, PALFINGER products should be the most economical solution available.				No GRI aspect	No GRI indicator available	Qualitative description
	Attractive employer ⁹	PALFINGER should attract the best employees in the labour market and keep employee turnover low.				Employment, Supplier assessment for labour practices	Total number of employees and employee turnover (LA 1), Labour practices in the supply chain (LA 15)	Qualitative description
	Energy efficiency ¹⁰	PALFINGER should optimize energy consumption in production continuously, thus reducing costs and emissions.				Energy	Materials used by weight (EN 1), Energy consumption and -intensity (EN 3-7)	Qualitative description

⁹ In addition to the stakeholder analysis, the following aspects were identified as material and therefore reported on: attractive employer and energy efficiency.

¹⁰ In addition to the stakeholder analysis, the following aspects were identified as material and therefore reported on: attractive employer and energy efficiency.

II. Progress Report for the UN Global Compact

Since 2013, PALFINGER has supported the UN Global Compact, the world's largest initiative on CSR and sustainable development. With its accession to the UN Global Compact (UNGC), PALFINGER has committed itself to embracing and supporting the ten principles and undertakes to make all efforts to implement them to the best of its abilities.

“In the following reporting period, PALFINGER will continue its support of the Global Compact and renew the ongoing obligation of the Company to the initiative and its principles.”
Herbert Ortner, CEO of PALFINGER AG

The GRI Index contains all material GRI indicators that are in accordance with the principles of the UNGC. Aspects of the environmental category (water, biodiversity, compliance, transport, overall, environmental grievance mechanisms), labour/management relations, non-discrimination, local communities as well as public policy are not reported because they are classified as being of no material relevance.

Human Rights

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and



GRI G4-HR 1

Principle 2:

make sure that they are not complicit in human rights abuses.

Under its Code of Conduct (at www.palfinger.ag/en/sustainability), PALFINGER is committed to embracing and supporting human rights and asks all its stakeholders for the same commitment. PALFINGER has set itself the targets of global, sustainable, profitable growth and social responsibility.



GRI G4-LA 14; G4-LA 15



GRI G4-HR 11

Measures and indicators

- Human rights in investment agreements:
A description of PALFINGER's activities with regard to human rights in investment agreements is contained in the integrated Annual Report 2013.
 **Integrated Annual Report: Strategy and value management, Long-term Group strategy p. 18 et seq.**
- Human rights in the supply chain:
PALFINGER supports the protection of human rights on the part of its strategic suppliers.
 **Integrated Annual Report: Customers and suppliers pp. 52-53**
- Human rights regarding the use of products:
For a description of where and how PALFINGER's products are used and the relevant indicators and measures, please go to the Company's website.



www.palfinger.ag/en/sustainability/aspects/human-rights

Labour

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Under its Code of Conduct, PALFINGER is committed to embracing and supporting the freedom of association: Employees must be able to communicate openly with corporate management about working conditions without fear of reprisal in any form whatsoever. They must have the right to organize, to join a labour union, to designate a works council and to be elected as a member thereof.



GRI G4-10, G4-11: Number of employees covered by collective bargaining agreements



GRI G4-HR 4



GRI G4-LA 14; G4-LA 15

→ PALFINGER is aware of the divergence in legislation at its Asian sites and has disclosed the measures taken in protection of these rights on its website:



www.palfinger.ag/en/sustainability/aspects/human-rights

Principle 4:

the elimination of all forms of forced and compulsory labour;

Under its Code of Conduct, PALFINGER is committed to embracing and supporting free choice of employment:

Forced or compulsory labour is not permitted. Employees must have the freedom to terminate their working relationship with reasonable notice. Employees must not be required to deliver their identification documents, passports, or work permits as a precondition of employment.



GRI G4-LA 14; G4-LA 15

Principle 5:

the effective abolition of child labour; and

Under its Code of Conduct, PALFINGER is committed to embracing and supporting the prohibition of child labour: Child labour must not be used in any phase of the production process. The stakeholders are mandated to adhere to the recommendations of ILO Convention No. 138 on the minimum age for admission to employment and work. This minimum age should not be less than the age at which compulsory school attendance ends, and in any case not less than 15 years.



GRI G4-LA 14; G4-LA 15

Principle 6:

the elimination of discrimination in respect of employment and occupation.

Under its Code of Conduct, PALFINGER is committed to embracing and supporting the elimination of discrimination: Discrimination against employees, in any form, is not permitted. This applies to discrimination, for example, on the basis of sex, race, caste, skin colour, disability, union membership, political convictions, national origin, religion, age, pregnancy or sexual orientation.



GRI G4-LA 12; G4-LA 14; G4-LA 15

Measures and indicators

- Freedom of association and collective bargaining:

An overview of the principle of freedom of association and collective bargaining as well as the divergence in legislation at PALFINGER's Asian sites may be found at the Company's website.



www.palfinger.ag/en/sustainability/aspects/human-rights

- Labour standards in the supply chain:
Efforts taken to integrate labour standards at PALFINGER's strategic suppliers as well as the relevant indicators and measures may be found in the integrated Annual Report 2013.



[Integrated Annual Report: Customers and suppliers pp. 52-53](#)

- Equal opportunity and prevention of discrimination of own staff
PALFINGER is committed to the issues of equal opportunity and diversity. For the relevant indicators and measures, please see the integrated Annual Report 2013; additional details may be found on PALFINGER's website.



[Integrated Annual Report: Human resources, Diversity pp. 94-95](#)



www.palfinger.ag/en/sustainability/aspects/employer

Environment

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Under its Code of Conduct, PALFINGER is committed to embracing and supporting environmental responsibility:

The stakeholders follow the precautionary principle when dealing with environmental problems, institute initiatives to increase environmental responsibility, and promote the development and dissemination of environmentally friendly technologies.



GRI G4-14: Precautionary principle



GRI G4-EN 1, 3, 4, 5, 6, 7, 23, 32, 33

Principle 8:

undertake initiatives to promote greater environmental responsibility; and

Under its Code of Conduct, PALFINGER is committed to embracing and supporting environmentally friendly production:

The stakeholders ensure appropriate environmental protection in all phases of production. This includes a proactive approach in order to prevent or minimize the effects of accidents that could have negative impact on the environment.



GRI G4-EN 1, 3, 4, 5, 6, 7, 23, 32, 33

Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

Under its Code of Conduct, PALFINGER is committed to embracing and supporting environmentally friendly products: All products manufactured along the supply chain meet the environmental standards of their respective market segments. This includes all materials and substances used in production. Chemicals and other materials that could present a hazard to the environment if released must be identified. A management system for hazardous materials must be established for their use, so that they can be safely handled, transported, stored, recycled or reused, and disposed of with suitable methods.



GRI G4-EN 27

Measures and indicators

- Eco-efficiency in production:
PALFINGER continuously optimizes its own production. For more details, please see the integrated Annual Report 2013 and PALFINGER's website.
 [Integrated Annual Report: Value creation strategy p. 83 et seq.](#)
 www.palfinger.ag/en/sustainability/aspects/production
- Environmentally friendly PALFINGER products:
Product innovations use new, environmentally friendly technologies. They reduce potentially hazardous substances as well as the consumption of resources and energy during use.
 www.palfinger.ag/en/sustainability/aspects/products
- Products used for ecological and social purposes:
PALFINGER's products support industries in the fields of renewable energy and recycling. An overview may be found in the integrated Annual Report 2013.
 [Integrated Annual Report: Industry review p. 47 et seq.](#)

Anti-Corruption

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

Under its Code of Conduct, PALFINGER is committed to embracing and supporting anti-corruption measures:

The highest level of integrity is expected in all business activities and relationships. Any form of corruption, bribery, extortion, and embezzlement is strictly prohibited, and can be reported anonymously using the Integrity Line at www.palfinger.ag.



GRI G4-56: Code of Conduct



GRI G4-57; G4-58: Reporting concerns about integrity



GRI G4-SO 3, 4, 5

Measures and indicators

- Details on corporate ethics and corruption prevention may be found in the integrated Annual Report 2013.
 [Integrated Annual Report: Fair business pp. 33-34](#)