

### 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
<b>App for service partner search</b> This service is already available in Germany and is now to be extended to France and England.	
Research and development, product safety	Status
<b>HPSC</b> The development of PALFINGER's electronic stability control system has already been launched on the market.	Completed
<b>Automated crane movements</b> This safety mechanism is to be pursued in 2014, in research and development as well as in implementation.	
<b>Safety systems SRC and RTC</b> 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.	
<b>PALcom 7</b> 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
<b>Web 2 Print</b> Following the launch of Media Asset Management in 2013, all product information is now being provided digitally.	
<b>Online product configurator</b> 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
<b>Projekt Carbon Footprint</b> 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
<b>Prototype of a fully automated wheelchair access system for mobility-handicapped passengers</b> EU research project for MBB access systems in rail transport	Completed

<p><b>Enhanced inclusion of industries in e-claim projects</b></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>	<b>Deferred</b>
<p><b>New website: environmentally friendly and safe products</b></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>	<b>In preparation *</b>
<p><b>Sustainability at the dealer meeting in June 2012</b></p> <p>Environmental and safety aspects related to PALFINGER products were priority topics at the dealer meeting 2012.</p>	<b>Completed</b>
<p><b>Environmental criteria for product development</b></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>	<b>Completed</b>

## HUMAN RESOURCES

<b>Economic and social security: remuneration and freedom of assembly</b>	<b>Status</b>
<p><b>Boosting of local management teams</b></p> <p>The focus on strengthening local management continues to be a measure pursued by PALFINGER to reinforce intercultural skills.</p>	<b>In preparation *</b>
<p><b>Living Wages project</b></p> <p>Selection of potential methods to calculate living wages and application under a pilot project at one of the Group's sites.</p>	<b>Completed</b>
<p><b>Continuation of Living Wages project</b></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><b>Group-wide communication regarding freedom of association</b></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>	
<b>Occupational health and safety</b>	<b>Status</b>
<p><b>Uniform global definition of accidents and uniform reporting</b></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>	<b>In preparation *</b>
<p><b>Group-wide minimum safety standard</b></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>	<b>In preparation *</b>

<b>Local officers for health and safety</b>	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>	
<b>Best-practice pool for health initiatives</b>	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>	
<b>Expansion of PALfit</b>	
<p>The occupational health management scheme PALfit is to be expanded to the sites in Ganderkesee (Germany) and Delnice (Croatia).</p>	
<b>Assessment of mental stress</b>	
<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>	
<b>First aid training</b>	
<p>This is to be offered at the PALFINGER College.</p>	
<b>“Healthy leadership”</b>	
<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>	
<b>Kick-off “fit2work” at the Lengau site</b>	
<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>	
<b>Education and training</b>	Status
<b>Introduction of Group-wide staff reviews talks for indirectly productive staff</b>	In preparation *
<p>This measure is to be reinforced in the current reporting period.</p>	
<b>HR review 2014</b>	
<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>	
<b>Employer branding</b>	
<p>The promotion of employer branding, for example through the increased use of social media, is to be a priority in 2014.</p>	
<b>Minimum standards for exit interviews</b>	
<p>Well-structured exit interviews are to be conducted with employees leaving the Company.</p>	
<b>Coaching for executives</b>	
<p>Coaching for executives is to be more firmly established and actively communicated.</p>	
<b>Environment in the PALFINGER House of Values</b>	
<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><b>Women in executive training</b></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><b>HR marketing for women</b></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><b>Diversity Circle</b></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><b>Screening to identify job opportunities</b></p> <p>Analysis by experts: In which fields can staff with disabilities be employed?</p>	Completed
<p><b>Raising the percentage of employees with disabilities</b></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><b>Stepping up internal communication</b></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><b>Expansion of the Diversity Circle</b></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><b>Promotion of women</b></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><b>Cooperation projects</b></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><b>Business class flights</b></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.

<b>Expansion of energy-efficiency initiative to cover North and South America</b>	<b>Completed</b>
<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>	
<b>Best-practice pool of energy efficiency</b>	<b>In preparation *</b>
<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>	
<b>Sustainability certificate for new headquarters</b>	<b>Deferred</b>
<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>	
<b>Development of environmental standards for PALFINGER plants in various regions and for the entire Group</b>	<b>Completed *</b>
<b>Group-wide environmental reporting system</b>	<b>Completed</b>
<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>	
<b>Local environmental protection officers</b>	<b>Completed *</b>
<p>Every regional management ensures that local officers promote energy efficiency and environmental protection. Teams at all companies control a continuous improvement process.</p>	
<b>PALFINGER environmental standards – including environmental aspects in the Group guidelines</b>	<b>In preparation *</b>
<b>Environmental guideline</b>	
<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>	
<b>On-site consultation within the Facility Management programme at the following sites</b>	
<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>	
<b>Optimization of travel impacts</b>	
<p>Within the Lean Administration project, video conferencing systems are to be increasingly used throughout the Group to help further reduce travel impacts.</p>	
<b>Green building concept for new building in South America</b>	
<p>Green-building standards are to be integrated into the construction and implementation of a training centre in Sao Paulo.</p>	
<b>Energy cooperation with Sany Heavy Industry</b>	

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**

**Completed**

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

**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**

**Sustainability in strategy development**

**Completed**

Ecological and social aspects were priority issues of the 2012 strategic corporate development process.

**Introduction of a human capital management system**

**Completed**

**Certified environmental management systems at additional sites**

**Deferred**

Environmental management systems certified under ISO 14001 will be introduced at the sites in Madal (Brazil), Tenevo (Bulgaria) and Shenzhen (China).

**Centralized sustainability reporting system**

**Completed**

Ecological and social indicators will be increasingly integrated into software-based reporting systems in order to accelerate and further standardize the reporting process.

**Group conference for environmental and health officers**

**In preparation \***

All local officers for the environment, health and safety will exchange their experience and ideas. Objective: team building, answering questions on reporting systems and system boundaries, exchange of best practices.

The Group conference 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.

**Continuous improvement of data quality**

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 CO<sub>2</sub> 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**

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

**Completed**

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.