

PROGRESS REPORT FOR THE UN GLOBAL COMPACT 2015

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 its ten principles and undertakes to make all efforts to implement them to the best of its abilities. Thus potential negative impacts should be avoided.

“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 Global Reporting Initiative Index contains all material GRI indicators that are in accordance with the principles of the UNGC. The environmental aspects of water, biodiversity, compliance, transport, overall and environmental grievance mechanisms, and the aspects of 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.

Further information about the measures program can be found in the Integrated Annual Report 2015 of the PALFINGER AG in the chapter “Further GRI and sustainability information” (www.palfinger.ag/en/newsroom/financial-reports).

HUMAN RIGHTS

Principle 1:

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

Principle 2:

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

Under its Code of Conduct (retrievable at www.palfinger.ag/en/Pages/code-of-conduct), 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.

Measures:

- **Human rights in investment agreements:**
A description of PALFINGER's activities with regard to human rights in investment agreements is contained in the chapter "Strategy and value management" of the Integrated Annual Report 2015 on p. 16.
- **Human rights in the supply chain:**
PALFINGER supports the protection of human rights on the part of its strategic suppliers. Further information can be found in the chapter "Sustainability among suppliers" in the Integrated Annual Report on p. 54.
- **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 "Safe and efficient products" chapter on p. 85 in the Integrated Annual Report.

⊕ GRI G4-LA 14; GRI G4-LA 15; GRI G4-HR 1; GRI G4-HR 2; GRI G4-HR 10; GRI G4-HR 11

LABOUR

Principle 3:

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

Principle 4:

Businesses should ensure the elimination of all forms of forced and compulsory labour.

Principle 5:

Businesses should support the effective abolition of child labour.

Principle 6:

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

PALFINGER is committed to active communications across all levels and to the internal organization of bodies for the representation of employees and works councils, and rejects any kind of repression of the freedom of assembly. Based on the Group's values, which also encompass an open-door policy, PALFINGER attaches great importance to enabling active exchange at all times and to treating the articulated needs of its staff members with respect. Details on the legal situation at the Asian sites and the measures taken in order to safeguard these rights are presented in the "Attractive jobs for employees with individual responsibility" chapter on p. 78 of the Integrated Annual Report 2015.

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.

Furthermore, 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.

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, skin colour, disability, union membership, political convictions, national origin, religion, age or sexual orientation.

Measures:

- **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 the PALFINGER Group's Asian sites may be found in the "Attractive jobs for employees with individual responsibility" on p. 78.
- **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 chapter "Sustainability among suppliers" on p. 54.
- **Equal opportunity and prevention of discrimination of own staff:**
PALFINGER is committed to the issues of equal opportunity and diversity. This is also reflected in the Group-wide PALiversity initiative. For the relevant indicators and measures, please see chapter "Attractive jobs for employees with individual responsibility" on p. 78.

⊕ GRI G4-10; GRI G4-11; GRI G4-LA 12; GRI G4-LA 14; GRI G4-LA 15; GRI G4-HR 4; GRI G4-HR 5; GRI G4-HR 6; GRI G4-HR 10; GRI G4-HR 11

ENVIRONMENTAL PROTECTION

Principle 7:

Businesses should support a precautionary approach to environmental challenges.

Principle 8:

Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9:

Businesses should encourage the development and diffusion of environmentally friendly technologies.

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.

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 a negative impact on the environment.

Additionally, 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.

Measures:

- **Eco-efficiency in production:**
PALFINGER continuously optimizes its own production. For more details, please see the Integrated Annual Report 2015 and the chapter “Eco-efficiency in production” on p. 89 of the Integrated Annual Report.
- **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. More details may be found in the chapter “Safe and efficient products” on p. 85 of this Integrated Annual Report.

⊕ GRI G4-14; GRI G4-EN 1; GRI G4-EN 3; GRI G4-EN 4; GRI G4-EN 5; GRI G4-EN 6; GRI G4-EN 7; GRI G4-EN 15; GRI G4-EN 16; GRI G4-EN 17; GRI G4-EN 18; GRI G4-EN 23; GRI G4-EN 27; GRI G4-EN 32; GRI G4-EN 33

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/en/Pages/integrity-line.

Measures:

- Details on corporate ethics and corruption prevention may be found in the “Corporate ethics and corruption prevention” chapter in the Integrated Annual Report 2015 on p. 103.

⊕ GRI G4-56; GRI G4-57; GRI G4-58; GRI G4-SO 3; GRI G4-SO 4; GRI G4-SO 5
