

CONSOLIDATED NON-FINANCIAL STATEMENT

This consolidated non-financial statement was prepared in accordance with the Austrian Sustainability and Diversity Improvement Act (NaDiVeG), which implements EU Directive 2014/95/EU. It deals with the material sustainability issues of PALFINGER.

Pursuant to Section 267a of the Austrian Business Code (UGB), certain topics must be addressed in the non-financial statement if they are relevant to an understanding of the impact of the Company's activities. In this report, these topics are covered in the following chapters: E1 and E5 (environmental matters), S1 and S2 (employee matters), as well as S1 and S2 (respect for human rights) and G1 (anti-corruption and bribery).

The consolidated sustainability report was prepared in accordance with Article 29a of the Accounting Directive (B-RL) and complies with the European Sustainability Reporting Standards (ESRS) and the EU Taxonomy Regulation.

1. GENERAL INFORMATION

1.1 ESRs 2 GENERAL DISCLOSURES

1.1.1 Basis for preparation

1.1.1.1 BP-1 – General basis for preparation of sustainability statements

(ESRS 2-BP-1.5a):

The consolidated sustainability statement was prepared in compliance with the European Sustainability Reporting Standards (ESRS) and the Austrian Sustainability and Diversity Improvement Act (NaDiVeG, section 267a of the Austrian Business Code). In the reporting year 2024, PALFINGER is not yet required to report according to ESRS, as the implementation of the Corporate Sustainability Reporting Directive (CSRD) into Austrian law has not yet taken place. However, it is already applying it voluntarily.

(ESRS 2-BP-1.5b):

The sustainability statement includes all consolidated companies in the PALFINGER Group, as shown in the list of shareholdings.

(ESRS 2-BP-1.5c):

The analysis of the significance of impacts, risks and opportunities also took into account the upstream and downstream value chain. In the upstream value chain, the focus was on steel production and steel processing with regard to emissions, resource use and labor in the value chain. In the downstream value chain, the analysis encompassed both dealers and end customers, focusing on the impacts, risks and opportunities arising from product use, circular business models and the workforce in the value chain.

Policies, measures and targets are pertinent to the organization and not to the entire value chain, with the exception of the Code of Conduct for Business Partners, which applies to all of PALFINGER's business partners.

Apart from Scope 3 emissions, key figures relate only to the PALFINGER Group.

1.1.1.2 BP-2 – Disclosures in relation to specific circumstances

(ESRS 2-BP-2.9):

The standard definitions of short-, medium- and long-term defined by ESRS 1 section 6.4 are applied. Short-term describes a time horizon of up to one year. Medium-term refers to a time horizon of between one and five years. A long-term time horizon is defined as a period of more than five years.

(ESRS 2-BP-2.10 and 11):

In cases where no real data is available, well-founded estimates and assumptions are used. The actual values may differ from these estimates.

For determining Scope 3 emission values, secondary data and estimates based on expenditure-related emission factors, as well as operating times and product lifespans, are used (see E1-6). For determining the circular economy metrics (E5-4 and E5-5), estimates of weight and recycling rates were used if no primary data was available. A detailed explanation of any estimates is provided directly with the relevant metrics.

Estimates were also applied in the preparation of the climate risk analysis, resulting in outcome uncertainties (for details, see E1 SMB-3).

(ESRS 2-BP-2.13):

Due to the first-time implementation of ESRS reporting standards, there is limited comparability with the previous year.

(ESRS 2-BP-2.14):

Inaccuracies were identified in the reporting of Scope 2 emission levels for 2022 and 2023. The consumption of renewable energy could not be verified for the reported values of one location. A retrospective correction of these calculations has been made. The revised figures and further details can be found in section E1-6.

(ESRS 2-BP-2.16):

PALFINGER makes use of the option to incorporate information by reference in accordance with section 9.1 of ESRS 1. The table below lists the disclosure requirements that are included by reference.

Disclosure Requirement	Data point	Reference
GOV-1 – The role of the administrative, management and supervisory bodies	ESRS 2-GOV-1.21a&b ESRS 2-GOV-1.21c ESRS 2-GOV-AR 5 G1-GOV 1.5b	Corp. Governance Report on page 157 ff. Consolidated Financial Statement on page 242-243
GOV-5 – Risk management and internal controls over sustainability reporting	ESRS 2-GOV-5.36a	Management Report (Risk report) on page 38
SBM-1 – Strategy, business model and value chain	ESRS 2-SBM-1.42a ESRS 2-SBM-1.42b	Management Report (Procurement and Supply Chain Management, Strategy) on page 12-15 and 26-27
IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	ESRS 2-IRO-1.53e	Management Report (Risk report) on page 38
S1-1 – Policies related to own workforce	S1-1.24a & b	Corp. Governance Report on page 162

1.1.2 Governance

1.1.2.1 GOV-1 – The role of administrative, management and supervisory bodies

(ESRS 2-GOV-1.21a&b):

The composition and diversity of the members of the Executive Board and Supervisory Board is disclosed in the Corporate Governance Report in the “Executive Board and Supervisory Board” section as well as in Note (59) of the Consolidated Financial Statement.

After expiration of the term of office of two employee representatives, only one Supervisory Board member was delegated by the works council between the end of March 2023 and mid-August 2023. Additional members were delegated with effect from August 16, 2023, bringing the total number of members delegated by the works council back to three. Hubert Palfinger is the Chairman of Supervisory Board; Gerhard Rauch and Hannes Palfinger have been appointed as Deputy Chairmen.

Further details on the number of executive and non-executive members can be found in the Corporate Governance Report.

(ESRS 2-GOV-1.21c):

The composition of the members of the Supervisory Board is structured by functions.

Name	Executive / Supervisory Board	Sector expertise	Product expertise	Geographical expertise
Andreas Klauser	Chief Executive Officer	mechanical engineering and industry	entire product range	Global, previously EMEA, USA
Felix Strohbichler	Chief Financial Officer	mechanical engineering and industry	entire product range	Global, previously EMEA
Alexander Susanek	Chief Operating Officer	mechanical engineering and automotive industry	entire product range	Global
Maria Koller	Chief Human Resources Officer	automotive industry	entire product range	Global
Hubert Palfinger	Chairmen of the Supervisory Board	industry, real estate	entire product range	Global
Gerhard Rauch	First Deputy Chairmen	bodywork and automotive construction	entire product range	Austria and Switzerland
Hannes Palfinger	Second Deputy Chairmen	industry, real estate	entire product range	Global

Further functions of members of the Supervisory Board are outlined in the Corporate Governance Report.

(ESRS 2-GOV-1.21d):

With Maria Koller, the Executive Board of PALFINGER now has a female member since January 2024, bringing the female representation to 25 percent. The Supervisory Board had three female members in 2024, making up 33 percent of its composition.

(ESRS 2-GOV-1.21e):

Based on the criteria for the Supervisory Board’s independence as stipulated by Annex 1 of the Corporate Governance Code, C-Rules no. 39 and no. 53 (independence of the Supervisory Board and independence of committee members) have not been fulfilled. In 2024, 78 percent of the members of the Supervisory Board were independent.

(ESRS 2-GOV-1.22a):

The Executive Board and the Supervisory Board are responsible for monitoring the impacts, opportunities and risks relating to sustainability issues. As stipulated by the Supervisory Board’s rules of procedure, the Supervisory Board can form committees from among its members to address specific tasks. The Audit Committee is responsible for monitoring sustainability reporting as a component of the Management Report.

(ESRS 2-GOV-1.22b):

Sustainability is the overall responsibility of the Executive Board. As stipulated by the Executive Board's rules of procedure, sustainability management is the responsibility of the Chief Executive Officer, while sustainability reporting is the responsibility of the Chief Financial Officer.

(ESRS 2-GOV-AR 5):

Regarding the expertise of the Executive Board and the Supervisory Board, reference is made to the profiles of the Executive Board and the Supervisory Board in the Corporate Governance Report.

(ESRS 2-GOV-1.22c):

A Sustainability Council has been established as an interdisciplinary steering committee for sustainability to manage the topic of sustainability and its effects, risks and opportunities across all areas of the organization. This council includes the heads of the global and corporate functions People Development, Product Line Management & Engineering, Marketing and Communications, Process & Quality Management, Strategy & Sustainability, and GRC/Group Accounting & Taxes. The Sustainability Council reports directly to the Executive Board. The Executive Board informs the Supervisory Board on a quarterly basis about current sustainability issues and the progress of sustainability activities. The Supervisory Board thereby fulfills its control function.

The Sustainability Council's core tasks are: developing the sustainability strategy, which is closely interwoven with the business strategy; defining targets; determining measures; and tracking measures. The resolutions of the Sustainability Council form the basis for the decisions proposed to the Executive Board. The respective global and corporate functions are responsible for implementing the defined measures.

(ESRS 2-GOV-1.22d):

Based on the proposals of the Sustainability Council, the Executive Board decides on the definition of targets with respect to key impacts, opportunities and risks. The Executive Board is briefed quarterly by Sustainability Management and the sustainability reporting team about the activities and resolutions of the Sustainability Council and about the progress made in achieving these targets.

(ESRS 2-GOV-1.23):

The Sustainability Council reports directly to the Executive Board. By approving the sustainability strategy, corporate policies and targets, the Executive Board ensures that impacts, risks and opportunities are addressed accordingly. The Executive Board receives ongoing advice from experts in sustainability management and reporting, engages in continuous dialogue with external stakeholders on sustainability issues and receives regular information from internal and external experts on sustainability topics, standards and best practices.

The Audit Committee is responsible for monitoring the sustainability reporting process and receives information and updates on sustainability matters from external consultants.

(G1-GOV 1.5a)

The Executive Board manages the operational responsibilities for the individual segments, product lines, business areas, and functions. Additionally, the Executive Board is represented in the management of various Austrian and German PALFINGER holding companies. The Supervisory Board of PALFINGER AG oversees the management and advises the Executive Board on significant decisions. The foundation for corporate governance that adheres to the principles of good corporate governance is formed by open discussions between the Executive Board and the Supervisory Board, as well as within these bodies, which have a long tradition at PALFINGER.

The establishment of an adequate internal control and risk management system is the responsibility of the Executive Board of PALFINGER AG. To this end, it has adopted group-wide binding guidelines and installed a corresponding internal control system. The Audit Committee of the Supervisory Board is responsible for monitoring the accounting process and the effectiveness of the internal control and risk management system. The Executive Board presents the most important developments, findings, and optimization measures in the regular meetings of the Supervisory Board.

Corporate Internal Audit is an important tool for the Executive Board to monitor corporate processes. It audits and evaluates internal controls and governance processes as part of a risk-oriented audit plan. Corporate Internal Audit reports directly to the Executive Board and helps identify weaknesses and propose improvements.

The Executive Board ensures that the company complies with all relevant legal regulations and internal guidelines. This includes the implementation of a compliance management system aimed at preventing legal violations and minimizing potential liability risks. The Executive Board is also responsible for fostering a corporate culture based on integrity and ethical behavior. As a global company, PALFINGER ensures through its Code of Conduct that all its business activities adhere to the same code of conduct. Further group guidelines specify the Code of Conduct on selected topics.

(G1-GOV 1.5b)

Tables and descriptions of the Executive Board and Supervisory Board can be found in the Corporate Governance Report.

1.1.2.2 GOV-2 – Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

(ESRS 2-GOV-2.26a):

The Sustainability Council reports quarterly to the Executive Board on material impacts, risks and opportunities, the implementation of due diligence in the area of sustainability and the results and effectiveness of the policies, actions, metrics and targets adopted to address them. The Executive Board also reports to the Supervisory Board on the above-referenced matters on a quarterly basis.

Further details in this regard can be found in section GOV-1.22c.

(ESRS 2-GOV-2.26b):

In the process of making decisions on important transactions, Corporate Strategy & Sustainability conducts a due diligence review that has been expanded to incorporate the specific consideration of sustainability requirements. The impacts are assessed and discussed with the administrative and management bodies. As part of the annual risk management process, the financial opportunities and risks are assessed and reported to the Executive Board.

(ESRS 2-GOV-2.26c):

In the reporting period under review, the Executive Board mainly addressed the following material impacts, risks and opportunities:

- Greenhouse gas (GHG) emissions from the use of energy sources for captive consumption
- GHG emissions from the use of fossil primary energy sources to generate electricity and heat for production processes
- GHG emissions from the use of products sold
- Energy consumption in the organization’s operational activities
- Creation of attractive employment opportunities through training and development options
- Creation of attractive employment opportunities by embracing diversity in the workforce and integrating it into corporate culture
- Working conditions that may cause physical health problems
- Ensuring health and safety in the workplace (occupational health and safety system, protective equipment)
- Avoiding accidents through preventive measures
- Contribution to corporate culture through mission statement and code of conduct
- Preventive measures to avoid violations of rules (e.g., compliance management)

1.1.2.3 GOV-3 – Integration of sustainability-related performance in incentive schemes

(ESRS 2-GOV-3.29a):

The monetary remuneration of the Executive Board comprises multiple different components. In addition to the fixed remuneration (basic salary), there is a short-term variable performance bonus (short-term incentive; STI) and a long-term variable performance bonus (long-term incentive, LTI).

The remuneration of the Supervisory Board is composed of a basic remuneration for Supervisory Board activities and membership in committees, and an attendance fee for participation in Supervisory Board and committee meetings.

(ESRS 2-GOV-3.29b, 29c, 29d):

The Executive Board's long-term incentive (LTI) is based on financial and non-financial performance criteria. In 2024, the financial performance criterion was weighted at 80 percent and the non-financial performance criterion (sustainability target) at 20 percent, with two indicators (accident rate and Scope 1 and 2 emissions) being defined. The remuneration criteria of the Supervisory Board are not tied to non-financial performance criteria.

(ESRS 2-GOV-3.29e):

The remuneration policy was approved by the Annual General Meeting.

(E1-GOV-3.13):

PALFINGER has established a GHG emission reduction target for Scope 1 and 2 and incorporated this target into the remuneration structure for its Executive Board members. Ten percent of the long-term variable performance bonus is linked to climate considerations. Performance evaluation was based on the GHG emission targets reported under E1-6. More details on the targets can be found in section E1-4.

1.1.2.4 GOV-4 – Statement on due diligence

(ESRS 2-GOV-4.30; 32):

Core elements of due diligence	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies ESRS 2 SBM-2: Interests and views of stakeholders ESRS 2 IRO-1: Beschreibung des Verfahrens zur Ermittlung und Bewertung der wesentlichen Auswirkungen, Risiken und Chancen ESRS 2 MDR-P: Konzepte zum Umgang mit wesentlichen Nachhaltigkeitsaspekten
Identifying and assessing adverse impacts	ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model
Taking actions to address those adverse impacts	ESRS 2 MDR-A: Actions and resources in relation to material sustainability matters
Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-M: Metrics in relation to material sustainability matters ESRS 2 MDR-T: Tracking effectiveness of policies and actions through targets

1.1.2.5 GOV-5 – Risk management and internal controls over sustainability reporting

(ESRS 2-GOV-5.36a):

The risks and opportunities arising from the sustainability reporting are integrated into the company's operations as well as the existing risk management processes and structures. Information on risk management systems and processes is described in the risk report.

The internal control system defines risks and controls for the following sub-processes:

- Collecting and processing ESG data
- Validating data for completeness and accuracy
- Calculating metrics
- Validating metrics calculations
- Preparing draft report
- Preparing external ESG reporting

(ESRS 2-GOV-5.36b, c and d):

To address the process risks associated with sustainability reporting, control mechanisms are implemented for both quantitative and qualitative data points by applying the dual control principle throughout the sub-processes outlined above. Local data experts provide the relevant ESG data. Data quality assurance is conducted by the relevant function through the Group Key Performance Indicator (KPI) Officer at group level. The functions then validate the data, prepare variance analyses as needed or request documentation for substantiation. The Group KPI Officer subsequently confirms that the data is complete and free of errors.

There is a risk that significant ESRS topics may become insignificant due to changes in business operations or the business environment, which could lead to incorrect information and misrepresentations. To prevent this, the materiality analysis is reviewed and adjusted annually. Additionally, there is a risk that incorrect or inappropriate ESRS subtopics may be identified. This risk is minimized by the review and approval of the materiality analysis by the Sustainability Council and the Executive Board. Furthermore, there is a risk that ESG concepts do not cover the impacts, risks, and opportunities defined in the materiality analysis. To prevent this, ESG concepts, measures, and goals are regularly reviewed. Finally, there is a risk that concepts, measures, and goals are disclosed that do not meet all minimum disclosure requirements. Incorrect qualitative and quantitative data points could also be included in the sustainability reporting, leading to the risk of misrepresentation of report contents. Regular reviews ensure that these are correct and appropriate.

To continuously improve the ESG Internal Control System (ICS), subprocesses (including the steps formulated in § 36a) have been defined and the associated process risks identified. On this basis, improvement measures will be defined in the 2024/2025 financial year, and the project will be complemented with complete process documentation.

(ESRS 2-GOV-5.36e):

The findings from the internal controls conducted during the external ESG reporting process are communicated by Group Accounting & Non-Financial Reporting to the head of the GRC/Group Accounting & Taxes function.

1.1.3 Strategy

1.1.3.1 SBM-1 – Strategy, business model and value chain

(ESRS 2-SBM-1.40a):

PALFINGER organizes its operations into two segments: Sales and Service, and Operations. The Sales & Service segment includes the sales and service units. The Operations segment consists of the production sites and the respective production share of a company.

PALFINGER operates globally across various markets, segmented into the regions of EMEA, NAM, LATAM, CIS and APAC. With sales of 57.8 percent, EMEA emerged as the most important region in 2024. The Marine sector operates independently of these regional divisions, serving a global market.

There were no changes to products or product bans in the reporting year. PALFINGER offers the following product lines and services:

- **Loader crane**

PALFINGER's main product is the hydraulic loader crane. In this segment, PALFINGER is the world market leader with more than 100 models.

- **Timber and recycling cranes**

PALFINGER EPSILON cranes are high-performance products for the forestry, recycling and construction industries. They are mainly characterized by their exceptional working speeds and wide range of functionalities.

- **Hooklifts and skiploaders**

PALFINGER is a manufacturer of container handling systems. Mounted on trucks, hooklifts and skiploaders facilitate the efficient and non-abrasive loading and unloading of containers.

- **Tail lifts**

Tail lifts facilitate the safe loading and unloading of trucks and are synonymous with cost efficiency, flexibility and a high level of operating comfort for users.

- **Aerial work platforms**

With a working height ranging from 13 to 90 meters, PALFINGER aerial work platforms offer versatility for a broad range of applications, including leasing and rental operations, local authorities, landscaping/gardening, energy supply, the cleaning of structures and buildings and the maintenance and repair of wind turbines.

- **Truck-mounted forklifts**

PALFINGER's truck mounted forklifts are special forklifts that can be taken along on trucks.

- **Railway systems**

The wide range of PALFINGER's railway systems is used for the construction and maintenance of railway tracks and catenary systems. Special cranes, access platforms and positioners operate with utmost precision and meet the highest safety standards.

- **Passenger lifts**

PALFINGER develops and manufactures access systems. This means accessibility in public transport for people with reduced mobility in wheelchairs. PALFINGER passenger lifts are installed in buses, trams and trains worldwide.

- **Marine cranes**

PALFINGER offers a comprehensive range of foldable knuckle boom, stiff boom and telescopic boom cranes for various applications. PALFINGER's products are designed to withstand extremely high strain in order to meet the safety standards and extreme environmental conditions of the marine industry.

- **Winches and offshore equipment**

PALFINGER MARINE produces deck winches, lifting and handling equipment, bulk and bunker handling equipment for the oil and gas industry and the marine sector.

- **Offshore cranes**

PALFINGER MARINE has a longstanding tradition of providing customized marine and offshore cranes to the oil, gas and offshore industries and the marine sector on a worldwide scale.

- **Davit systems**

Davit systems are designed for long-time operation under especially harsh conditions in a demanding marine environment.

- **Boats**

All PALFINGER boats and outboard engines are designed as part of a complete rescue system, taking davit, access and launching procedures into consideration.

- **Wind cranes**

PALFINGER produces wind cranes for nacelles, platforms, substations and transformer stations.

- **Service**

For customers and dealers, the service sector, along with price and product quality, is the decisive competitive factor.

(ESRS 2 SBM-1.40a):

Headcount of employees by geographical regions:

Number of employees (headcount)	2023	2024	%
EMEA	7,258	6,734	54.5%
NAM	1,092	1,005	8.1%
LATAM	754	744	6.0%
APAC	315	128	1.0%
CIS	1,620	1,536	12.4%
MARINE	1,120	1,368	11.1%
HOLDING	569	843	6.8%
PALFINGER Group	12,728	12,358	100.0%

(ESRS 2-SBM-1.40e):

There are no sustainability targets related to products and services. All sustainability targets are established at the corporate level.

SUSTAINABILITY STRATEGY

(ESRS 2-SBM-1.40f):

The sustainability strategy is part of the overall corporate strategy. PALFINGER has defined specific goals and measures to achieve its sustainability targets on a global scale. One target is to reduce its own Scope 1 and 2 emissions by an annual rate of one percent relative to the reference year of 2022. A target in respect of employees is to reduce the Total Recordable Incident Rate (TRIR) to a level of 10.2 by 2030. At this time, the sustainability targets do not extend to products, customer categories, geographical regions or stakeholder relationships.

(ESRS 2-SBM-1.40g):

Sustainability is of significant importance in the vision and strategy for 2030. The most important foundations of the sustainability strategy are the analysis of the value chain and the most significant effects, risks and opportunities identified in the materiality analysis. The sustainability strategy is part of PALFINGER's strategic pillars and is articulated in the "Lifting Positive Impact" program. The narrative of the sustainability strategy is outlined below.

LIFTING POSITIVE IMPACT

In terms of sustainability, PALFINGER focuses its efforts where they can achieve the most significant impact. Based on the materiality analysis, PALFINGER has defined five strategic fields of action. The sustainability program "Lifting Positive Impact" is a critical component of the corporate strategy and PALFINGER's ongoing transformation. It is PALFINGER's responsibility to anchor sustainable practices across all of its business processes in order to minimize environmental impacts and promote social progress.

CIRCULAR VALUE CHAINS (CIRCULAR ECONOMY)

Thinking and acting in value chains and cycles is a key approach that PALFINGER follows. This applies to research and development, procurement, production, and the use and disposal phases of the products. The objective is to support customers throughout the entire lifecycle of a product. Achieving this requires a high degree of networking with partners across the global value chain and a keen understanding of the customer's practical applications on-site. Transitioning towards a circular economy is a fundamental task for PALFINGER, given the need to continuously reduce its consumption of resources. Circular economy and supplier management are two important focal points.

The topic of circular economy has been newly incorporated into the sustainability strategy. Specific goals and measures are to be developed next year (see E5-1, E5-2, and E5-3). Challenges exist both in the complexity of the value chain and in product design and technological requirements.

PRODUCT SAFETY AND PROTECTION

PALFINGER solutions must be the safest worldwide. This claim is pursued with dedication and determination, prioritizing the protection of the people working with PALFINGER products above all else. Product safety also encompasses efforts to ensure that the products have no harmful environmental impacts. Numerous measures and policies have already been implemented to ensure product safety (see S2-1 and S2-4).

With its "Go Digital" strategy, PALFINGER is driving digitalization along its entire production and value chain, merging physical and digital solutions into smart, interconnected machinery. This underscores the close relationship between sustainability and digitalization. Protecting the digital information of users, employees and processes is becoming increasingly important. Security measures are comprehensively designed to safeguard information against unauthorized access, data manipulation or theft.

PEOPLE, VALUES AND CULTURE

PALFINGER's work culture is characterized by a commitment to respectful and healthy workplaces. This culture thrives on teamwork and the collective ambition for long-term success. Attracting and retaining passionate talent enables PALFINGER to push boundaries, unleash creativity and enhance productivity.

PALFINGER is convinced that diverse teams, supported by inclusive and equitable work practices, make the company stronger. By promoting women and individuals from various backgrounds, PALFINGER enhances its organizational strength, better supports its customers, and fosters a sense of appreciation and belonging.

To implement the strategy, policies in the areas of corporate culture, health and safety, working conditions, equal treatment, learning, and development have been implemented, and measures and goals have been set (see S1-1, S1-4, S1-5, and G1-1). Challenges and risks exist particularly in connection with the lack of availability of qualified employees (see S1-SBM3).

CLIMATE CHANGE MITIGATION

PALFINGER's responsibility for reducing GHG emissions extends beyond factory gates. PALFINGER aims to reduce not only its direct emissions, such as those from manufacturing processes, but also indirect emissions caused by the extraction of raw materials and the use of products. By identifying additional opportunities for reduction, PALFINGER aims to further decrease its carbon footprint.

The global community can slow down the climate change that is already taking place, a reality underscored by the increasing frequency of extreme weather events. It is essential that PALFINGER prepares for changing climate conditions and continues to enhance the resilience of its infrastructure, technologies and value chains. In doing so, PALFINGER proactively addresses the opportunities and risks associated with climate change, ensuring the long-term viability of its business models. Measures to reduce emissions have already been initiated or implemented (see E1-3). Challenges particularly exist in reducing Scope 3 emissions in the upstream and downstream value chain, as cooperation with customers and suppliers is essential here. Additionally, clear demand signals are not yet evident in the market environment.

GOVERNANCE AND COMPLIANCE

Governance and compliance in sustainability management means that PALFINGER complies with applicable standards and regulations, including those for the protection of the environment, society and the economy. Governance and compliance are considered a fundamental prerequisite for "good corporate governance" in terms of transparency, decision-making, organizational structure and risk management across the entire group.

Understanding the legal framework surrounding sustainability is crucial. This includes regulations on waste reduction, the use of renewable energy sources and sustainable procurement practices, as well as maintaining transparency in reporting.

Another target is to establish binding guidelines that define roles, responsibilities and processes at PALFINGER. In this way, PALFINGER creates clear structures that support the implementation of its sustainability strategy within the organization.

To implement the strategy, the policies and measures described in Chapter G1 have been implemented.

Value Chain

(ESRS 2-SBM-1.42a):

Key inputs at PALFINGER include raw materials (primarily steel and aluminum) and purchased parts such as cylinders, control systems & mechatronics, hydraulic components and equipment, DIN and standard parts, electronics and cables, vehicle bodies, mechanical parts, motors and pumps. The procurement process is standardized through strategic suppliers (strategic partners) and other supplier groups.

The upstream value chain comprises the following segments:

- 1. Raw material extraction:**
 - Mining of metals and other raw materials
- 2. Raw material processing:**
 - Machining, shaping and refining of raw materials
 - Production of components
- 3. Procurement logistics:**
 - Transportation and delivery of raw materials and components

The internal value chain comprises the following segments:

1. Research and development (R&D):

- Market research: identifying market needs and technological trends
- Product management and development: developing new machinery and technologies based on research findings

2. Procurement

- Purchasing: selecting and qualifying suppliers for raw materials and components. Negotiating and acquiring the necessary materials and parts
- Inbound logistics: receiving and storing raw materials and components

3. Production:

- (Component) manufacturing and assembly: manufacturing and assembling the components and products
- Quality inspection: ensuring that machines meet the relevant quality standards
- Installation: internal assembly of the products

4. Marketing and sales:

- Sales promotion: promoting products and acquiring business customers
- Contract negotiations: concluding contracts and agreements with dealers and end customers

5. Distribution logistics:

- Packaging and shipping: preparing products for transport

6. Service:

- Installation and commissioning: support during installation of the products at end customer locations
- Maintenance and repair: providing services for the upkeep of the machinery

More details on the value chain can be found in the section “Procurement and Supply Chain Management” of the Management Report.

(ESRS 2-SBM-1.42b):

PALFINGER’s mission statement is Lifting Value – Creating Momentum. PALFINGER offers its customers future-oriented solutions at the highest level; responsibly and with a sustainable impact on people, the planet and the success of PALFINGER. As an innovative technology company, PALFINGER creates added value for its customers from the specific challenges they face. The business model is described in closer detail in the section “Strategy” of the Management Report. More information on outputs can be found in section SBM-1.40a.

The downstream value chain comprises the following segments:

1. **Distribution logistics:**
 - **Delivery:** delivery to dealers and end customers
2. **Installation:**
 - **External assembly** of the products
3. **Customer training:**
 - **Training:** educating customers on how to use the products
 - **Support:** providing technical support and advice
4. **Service:**
 - **Installation and commissioning:** support during installation of the products at customer locations
 - **Maintenance and repair:** providing services for product upkeep
5. **Recycling and waste management:**
 - **Returns:** coordinating the take-back of end-of-life or defective products
 - **Recycling and waste management:** environmentally responsible disposal or repurposing of products and components

(ESRS 2-SBM-1.42c):

PALFINGER classifies 700 of its 7,000 suppliers worldwide as strategic partners. The procurement principle “local for local” is implemented by using local partnerships, preferably with globally operating suppliers. In this way, PALFINGER also reduces its ecological footprint and contributes to local value creation.

Distribution is carried out by PALFINGER Group’s sales representatives as well as independent general agents and dealers. PALFINGER’s global sales and service partner network comprises around 200 general importers and dealers as well as a comprehensive sales and service network in more than 130 countries.

Sales & Service’s goal is to provide the best possible customer care, from the first contact with PALFINGER to after-sales service for the products.

Customer segments and markets

CONSTRUCTION INDUSTRY

PALFINGER offers products for structural and civil engineering applications, scaffolding and road construction. PALFINGER’s product portfolio includes solutions for the building materials trade, for roofing and stonemasonry work and for window and glass applications.

AGRICULTURE AND FORESTRY

PALFINGER offers customized solutions for fertilizer handling, landscaping or timber processing.

INDUSTRY

PALFINGER offers bespoke solutions for the hydraulic engineering, mining and mechanical engineering segments.

INFRASTRUCTURE

Industrial cleaning is a field of work that often comes with substantial risks. For this reason, PALFINGER’s products are engineered with a focus on safety, complying with the strictest standards and offering special work platforms.

RAILWAY

PALFINGER supplies a range of products for bridge inspection, railroad construction and maintenance, including bridge inspection units, aerial work platforms and market-leading railway systems.

GOVERNMENT ORGANIZATIONS

With many years of experience in working together with regional authorities, PALFINGER offers tailored solutions that meet the specific requirements of the public sector.

TRANSPORT AND LOGISTICS

Heavy-duty PALFINGER cranes are designed for the fast and secure transportation of heavy load cargo and are also an optimum choice for efficient container loading.

WASTE MANAGEMENT

PALFINGER's recycling cranes, hooklifts, skiploaders and truck mounted forklifts are used across all areas of waste management.

OFFSHORE | OIL AND GAS

PALFINGER MARINE has a wide range of deck equipment and handling solutions for all types of vessels and fixed and floating installations related to offshore extraction of oil and gas.

MERCHANT | CARGO

PALFINGER MARINE offers a diverse range of products for merchant and service vessels.

PASSENGERS | CRUISE

PALFINGER MARINE offers a wide range of products that are specially designed for the cruise, ferry and yachting markets, including cranes, lifesaving appliances, handling solutions, fenders and global services.

WIND

PALFINGER Marine has been supplying the wind sector for many years with a range of products for wind turbines, transformer stations and wind farm support vessels, offering customized lifting and handling solutions especially for the wind industry.

AQUACULTURE

PALFINGER offers marine cranes for the aquaculture sector.

(ESRS 2-SBM-1.AR 14):**KEY ACTIVITIES, RESOURCES, DISTRIBUTION CHANNELS AND CUSTOMER SEGMENTS**

PALFINGER is an innovative technology company specializing in the development, production and sale of lifting and handling solutions. Its key activities include research and development, procurement, production, marketing and sales, distribution logistics and services such as installation, maintenance and repair. The main resources include raw materials such as steel and aluminum as well as various purchased parts, including cylinders, control systems, hydraulic components and electronics. Sales are conducted through a global network of general agents and dealers in more than 130 countries, supported by a comprehensive sales and service network. PALFINGER serves a diverse range of customer segments, including construction, agriculture and forestry, industry, infrastructure, railroads, government organizations, transport and logistics, waste management, offshore oil and gas, merchant shipping, passenger and cruise ships, wind industry and aquaculture.

KEY BUSINESS RELATIONSHIPS AND THEIR MAIN CHARACTERISTICS, INCLUDING RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

Key business relationships exist with around 7,000 suppliers worldwide, 700 of which are classified as strategic partners. PALFINGER also reduces its ecological footprint and fosters local partnerships through the procurement principle "local for local". Customer relations are characterized by comprehensive customer care, from the first contact with PALFINGER to after-sales service for the products, supported by an extensive sales and service network.

1.1.3.2 SBM-2 – Interests and views of stakeholders

(ESRS 2-SBM-2.45a&b):

Stakeholders are legal entities or natural persons affected by the company's activities or whose activities influence PALFINGER. Their individual interests and needs are taken into account in a way that is as balanced as possible. For this purpose, PALFINGER maintains an ongoing dialogue with stakeholders. The interests of senior management and employees at PALFINGER are identified in the course of employee interviews and surveys, performance & development reviews, regular meetings with line managers, etc. Continuous and transparent communication with shareholders and lenders is maintained at events and in meetings. Contact with customers and dealers is maintained at international dealer conferences and trade fairs as well as through surveys and direct dialogue. They are also kept up to date via newsletters and included in the continuous improvement process. Dialogue with suppliers, OEMs and strategic cooperation partners is conducted at conferences and through direct contact. Delivery and quality management agreements are concluded with them and their sites are inspected. In return, they are invited to visit PALFINGER sites. PALFINGER maintains a lively exchange with the local community through local media activities as well as through events, plant tours, and other forms of regular direct contact. Additional information as well as the purpose and results of the involvement of the various stakeholder groups can be found in the disclosures on the specific topics in E1, S1 and S2.

The interests and views of PALFINGER's key stakeholders as they relate to the strategy and business model were determined in addition to the ongoing dialogue by means of a stakeholder survey. First, a stakeholder analysis was conducted to identify and prioritize PALFINGER's key stakeholders.

Based on an analysis of driving factors, the relevant topics were identified and defined along the entire value chain, taking account of legal requirements, global trends and benchmarks and identifying the key impacts, risks and opportunities. On that basis, qualitative interviews together with an online survey were conducted with representatives of internal and external stakeholders to ascertain and evaluate the significance of the topics from their perspective. During this process, additional topics, impacts, risks and opportunities were reported. The Executive Board, Supervisory Board, top management and employees, shareholders and debt investors, customers and dealers, suppliers and OEMs were surveyed.

(ESRS 2-SBM-2.45c):

The evaluation of the 2023 stakeholder survey identified the circular economy and product lifecycle responsibility as additional material topics for further consideration. Social issues and the responsible use of IT were considered increasingly important. The findings from the survey were incorporated into the development of the new fields of action "Circular value chains (circular economy)" and "People, value and culture" of the sustainability strategy. Based on the stakeholder survey, the "Circular value chains" field of action was newly implemented, with particular focus placed on product lifecycle responsibility and circular design. The topics of fair pay and employee engagement were added to the "People, value and culture" field of action. For these newly identified fields of action, targets and action will be defined in 2025.

(ESRS 2-SBM-2.45d):

The Sustainability Council reported the findings of the stakeholder survey and their impact on the sustainability strategy to the Executive Board. Additionally, the Audit Committee was briefed on the outcomes.

(S1-SBM 2.12):

PALFINGER products and services are based on the commitment of many people. PALFINGER's success depends on healthy and fairly treated employees. PALFINGER protects the rights of its employees and follows the principles of the United Nations Global Compact initiative and the International Labor Organization (ILO). Both in its Code of Conduct and its group policy on human rights, PALFINGER is committed to safeguarding the interests, views and rights of its employees, including respect for their human rights. This commitment is underscored by the explicit right to freedom of assembly, membership in trade unions and the establishment of works councils.

Employee participation in PALFINGER's business development and strategy is encouraged through various initiatives such as employee surveys, the Innovation Challenge, or the European works council. More information on processes for workforce engagement can be found in section S1-2.

(S2-SBM 2.9):

PALFINGER recognizes that the interests, views and rights of employees within the supply chain are integral part of its business operations and sustainability targets. PALFINGER identifies value chain employees as a key group of stakeholders who could be significantly influenced by PALFINGER's activities. These employees contribute to the various stages of the supply chain, from the extraction of raw materials to the sale of products. Their well-being is essential for long-term business success.

In alignment with its commitment to respect and uphold internationally recognized human rights, including the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, PALFINGER incorporates considerations for value chain employees into its sustainability strategy. This integration mainly occurs within the framework of the "strategic fields of action" for sustainability, particularly in the field of governance.

Value chain employees can be significantly impacted by PALFINGER in several ways, especially when it comes to their working conditions, rights and general well-being. These impacts may result from PALFINGER's decisions and practices related to suppliers, production processes, and market requirements.

1.1.3.3 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

(ESRS 2-SBM-3.48a-c):

Material impacts, risks and opportunities (IROs) identified in the course of the materiality analysis are described in the table below. Positive impacts are indicated by (+), negative impacts by (-). The symbol (↗) is used for opportunities and the symbol (↘) for risks.

Sustainability matter	Impact, risk and opportunity (IRO)	Type of IRO		Value chain			Time horizon			
		Actual	Potential	Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term	
E1 - Climate change mitigation										
Climate change mitigation	(-) Greenhouse gas (GHG) emissions from the use of energy sources for captive consumption (e.g., heating and ventilation of own buildings)	x			x		x	x	x	
	(-) GHG emissions from the use of fossil primary energy sources to generate electricity and heat for production processes	x			x		x	x	x	
	(-) GHG emissions due to changes in land use (e.g., new real property developments)	x			x		x	x	x	
	(-) GHG emissions from the use of fossil primary energy sources for employee mobility	x			x		x	x	x	
	(-) GHG emissions from the use of products sold	x				x	x	x	x	
	(↗) Opportunity to establish a reputation as a provider of solutions with above-average sustainability by reducing the CO2 footprint	x	x		x					x
	(↘) Regulatory and stakeholder requirements regarding carbon footprint reduction (economic and reputational risk)	x	x		x					x
Energy	(-) High level of energy consumption in own operations (e.g., production)	x			x		x	x	x	
	(-) High level of energy consumption in the supply chain due to the use of energy-intensive semi-finished products	x		x			x	x	x	
E5 - Circular economy										
Resource inflows, including resource use	(-) Consumption of natural resources in operations and in the supply chain	x		x	x	x	x	x	x	
	(+) Integration of circularity in product design and innovation development	x			x		x	x	x	
	(+) Use of recycled and resource-efficient products and materials in operations and in the supply chain	x		x					x	
	(+) Adapting to circularity opens up and fosters opportunities for new business models	x		x	x	x		x	x	
Resource outflows related to products and services	(+) Business activities that directly support the circular economy (e.g., sharing, reuse, repair services, leasing)	x		x	x	x		x	x	

Sustainability matter	Impact, risk and opportunity (IRO)	Type of IRO		Value chain			Time horizon		
		Actual	Potential	Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
S1 - Own workforce									
Health and safety (working conditions)	(-) Working conditions that may cause mental health problems	x			x		x	x	x
Health and safety (working conditions)	(-) Working conditions that may cause physical health problems	x			x		x	x	x
Health and safety (working conditions)	(+) Ensuring health and safety in the workplace (e.g., occupational H&S system, protective equipment)	x			x		x	x	x
Health and safety (working conditions)	(+) Avoiding accidents through preventive measures (e.g., training)	x			x		x	x	x
Work-life balance (working conditions)	(-) Demotivation of employees, e.g., due to inflexible working conditions and schedules	x			x		x	x	x
Freedom of association (working conditions)	(+) Provision of safe workplaces through freedom of association and trade unions	x			x		x	x	x
Collective bargaining (working conditions)	(+) Provision of safe workplaces through collective bargaining	x			x		x	x	x
Social dialogue (working conditions)	(+) Provision of safe workplaces by facilitating social dialogue, the existence of works council, and ensuring information, consultation and participation rights of employees				x		x	x	x
Training and skills development (equal treatment and opportunities for all)	(+) Creation of attractive employment opportunities through training and development options	x			x		x	x	x
	(-) Shortage of qualified personnel		x		x				x
Training and skills development (diversity)	(+) Creation of attractive employment opportunities by embracing diversity in the workforce and integrating it into corporate culture	x			x				x
Employment and inclusion of persons with disabilities (equal treatment and opportunities for all)	(-) Discrimination against specific groups of employees (e.g., persons with disabilities)	x			x		x	x	x
Measurements against violence and harassment at the workplace (equal treatment and opportunities for all)	(-) Work environment that leads to violence and/or harassment in the workplace	x			x		x	x	x
Adequate wages (working conditions)	(+) Ensuring fair wages (e.g., compliance with statutory minimum wages or collective bargaining agreements)	x			x		x	x	x

Sustainability matter	Impact, risk and opportunity (IRO)	Type of IRO		Value chain			Time horizon		
		Actual	Potential	Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
S2 - Workers in the value chain									
	(-) Working conditions that may cause mental or physical health problems	x		x		x	x	x	x
Health and safety (working conditions)	(-) Physical harm to customers due to inadequate product safety (downstream)	x				x	x	x	x
	(+) Access to (quality) information (labeling and active information) (downstream)	x				x	x	x	x
Child labor (other work-related rights)	(-) Violation of employees' human rights in the value chain (upstream & downstream)	x		x		x	x	x	x
Forced labor (other work-related rights)	(-) Violation of employees' human rights in the value chain (upstream)	x		x			x	x	x
G1 - Business conduct									
	(+) Contribution to corporate culture through joint values, mission statement and code of conduct	x				x	x	x	x
	(+) Preventive measures to avoid violations of rules (e.g., compliance management)	x				x		x	x
Corporate culture	(+) Commitment to established standards and principles (e.g., SBTi, ISO, SASB, UNGC, SDGs, etc.)	x			x		x	x	x
	(+) Transparent and accessible information to foster good stakeholder relationships	x		x			x		
	(-) Risks arising from compliance violations	x		x				x	x
Management of relationships with suppliers	(+) The positive impacts of fair business relationships on innovation, efficiency, and sustainability	x				x		x	x

(ESRS 2 SBM-3.48b)

Within the framework of PALFINGER's sustainability strategy, material impacts, risks and opportunities have been identified that influence the company's business model, value chain, strategy and decision-making processes. These findings have led to a series of adjustments and planned actions, which are discussed in more detail in the topic-specific chapters. In this manner, PALFINGER is able to respond to impacts, risks and opportunities, and leverage new business opportunities.

New business opportunities related to sustainability

In PALFINGER's estimation, the transformation of the economy and society towards greater sustainability and climate change mitigation opens up market opportunities through new technologies, innovative ideas and new ways of working. The demand for sustainable solutions and services gives rise to development potentials that PALFINGER intends to use, based on its strategic fields of action and the existing business model.

Adjustments and measures

To embrace these opportunities, PALFINGER is working on adapting its strategy and business model accordingly. This includes the integration of sustainability aspects into all business processes and the implementation of initiatives to reduce PALFINGER's own emissions, such as hybrid drive systems or eco-efficiency scoping for products. Additionally, with the continuous exploration and adoption of new technologies and innovative approaches PALFINGER aims to achieve its sustainability targets and simultaneously strengthen its competitiveness.

(ESRS 2-SBM-3.48d & f):

Based on an analysis of the short-, medium-, and long-term impact of climate risks and the company's own climate goals, as well as the risk of a shortage of qualified employees and compliance violations, no significant risks or major future assumptions with uncertainties were identified that would affect the accounting and valuation of individual financial statement items, the resilience of the strategy, or the business model. These findings stem from the climate risk and vulnerability analysis of physical risks and transition risks, as well as from the company's business model and strategic orientation. The methodological approach and outcomes of the scenario analysis are detailed further in sections ESRS 2-E1-IRO-1 and E1-SBM-3.

(ESRS 2-SBM-3.48h):

All identified impacts, risks, and opportunities are covered by the ESRS disclosure requirements. In S2, there are company-specific metrics.

1.1.4 Management of risks, impacts and opportunities

1.1.4.1 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

GENERAL

(ESRS 2-IRO-1.53a and b):

The identification, assessment, and prioritization of potential and actual impacts on people and the environment were carried out across the group for all activities and geographic areas. In the upstream value chain, special focus was placed on the steel industry, as there is an increased risk of adverse impacts. This was determined as part of the materiality analysis based on expert assessments and research.

IDENTIFICATION OF IMPACTS

As part of the materiality analysis, PALFINGER first identified the actual and potential impacts related to environmental, social, and governance issues in its own operations and in its upstream and downstream value chain.

The starting point for identifying the impacts was the list of topics and subtopics summarized in ESRS 1 paragraph AR 16, as well as the results of previous materiality analyses according to GRI. Based on a driver analysis, impacts, risks, and opportunities were identified along the entire value chain, taking into account legal requirements, global trends, and benchmarks.

The involvement of affected stakeholders is an important part of the materiality assessment. For this purpose, the results of an internal stakeholder survey were used (see SBM-2).

When identifying the impacts, those involving participation through own activities or business relationships were also considered.

The result is a long list of impacts for further evaluation and analysis.

ASSESSMENT OF IMPACTS

The identified impacts were assessed according to the criteria for the severity of the impacts. The criteria include the extent, scope, and remediability of actual negative impacts. For potential negative impacts, the company also estimates the likelihood of the impact occurring. For actual positive impacts, the criteria are extent and scope, while for potential positive impacts, the company additionally estimates the likelihood of occurrence. The assessment is conducted separately for the short-, medium-, and long-term time horizons. The evaluation scale for the overall assessment ranged from 0 to 4, with a value of 2.5 defined as the materiality threshold.

For the assessment, workshops were conducted with the respective internally responsible Global Functions and, if necessary, with regional management. Additionally, the results of conducted analyses (climate risk analysis, water stress analysis), internally available data and metrics, reports via the Integrity Line, and online research were used for the assessment.

A prioritization of the highest-rated impacts is carried out as part of the implementation of the sustainability strategy.

MONITORING OF IMPACTS

The results of the materiality analysis regarding impacts were reviewed and approved by the Sustainability Council, then released by the Executive Board and presented to the Audit Committee. The significant impacts are monitored by the respective functions.

(ESRS 2-IRO-1.53c):**IDENTIFICATION OF RISKS AND OPPORTUNITIES**

The identification of risks and opportunities was carried out analogously to the impacts (see IRO-1.53b). Risks and opportunities were only identified in areas where impacts are also present. Additionally, a comparison and mapping of the sub-topics to the existing risk inventory and the results of the Compliance Risk Assessment were conducted. PALFINGER understands risk as the possibility of a positive or negative deviation from planned results. All significant strategic and operational risks are discussed between the Governance, Risk & Compliance (GRC) department and the responsible management as well as experts, and identified risks are documented in a standardized catalog.

ASSESSMENT OF RISKS AND OPPORTUNITIES

The assessment of risks is carried out in consultation with global and central functions as well as experts in the respective areas. The assessment dimensions for short- and medium-term risks and opportunities include the potential financial impact on the group's results and the likelihood of occurrence. Long-term risks and opportunities are qualitatively assessed based on their likelihood of occurrence and their potential significant impact on the following criteria: strategy, reputation, operational operations, and business partners. All long-term risks whose impacts were classified as significant in at least three of the four criteria were defined as material. Based on this, the relevance of individual risks for the PALFINGER Group is determined.

MONITORING OF RISKS AND OPPORTUNITIES

The results of the materiality analysis regarding risks and opportunities were reviewed and approved by the Sustainability Council, then released by the Executive Board and presented to the Audit Committee.

All risks are considered equally at PALFINGER, regardless of whether they are general risks or risks related to sustainability issues. The responsible management, together with the GRC department, defines the necessary mitigation measures.

(ESRS 2-IRO-1.53d):

The control procedure consists of the decision and approval by the Executive Board. Additionally, the Supervisory Board receives a report on the overall risk position four times a year as part of its control function.

(ESRS 2-IRO-1.53e):

The identification, assessment, and management of risks and opportunities have been fully integrated into the general existing risk management process.

Further information can be found in the chapter 'Risk Management System' in the Management Report.

(ESRS 2-IRO-1.53f):

The process for identifying, assessing, and managing opportunities is analogous to the risk process.

(ESRS 2-IRO-1.53g):

Input metrics for the materiality analysis include all metrics from the existing ESG reporting and their impact on the group's results, such as energy and emission values, waste and water metrics, HR and compensation metrics, legal reporting metrics, accident reports, and Integrity Line reports.

(ESRS 2-IRO-1.53h):

The materiality analysis was conducted for the first time in 2024 according to ESRS and determined according to the evaluation categories of ESRS 1. The materiality analysis is reviewed annually and renewed in case of significant deviations.

REPORTING ON IMPACTS, RISKS, AND OPPORTUNITIES

The impacts, risks, and opportunities identified as material were assigned to the sub-(sub-)topics of the ESRS, and based on this, the data points to be reported from the topic-specific standards were determined.

CLIMATE CHANGE MITIGATION

PROCESS FOR IDENTIFYING SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES

(E1-IRO-1.20a):

Significant impacts on climate change in Scope 1 and 2 at PALFINGER primarily arise from the use of fossil fuels for heating and production, as well as fuel consumption of the vehicle fleet. For Scope 1 and 2, GHG emissions for 2022, 2023, and 2024 have been published. In Scope 3, the significant impacts come from purchased goods and services (mainly steel and aluminum), the use of sold products, and upstream transportation and distribution. All Scope 3 categories were also published in 2022, 2023 and 2024.

(E1-IRO-1.AR 9):

Activities were reviewed to identify actual and potential future GHG emission sources and, if applicable, causes of other climate-related impacts by calculating the GHG balance for Scope 1, 2, and 3. For Scope 1 and 2, the following steps were taken for calculation:

1. Definition of the system boundary
2. Determination of relevant energy uses at the site level
3. Monthly reporting of energy uses at the site level
4. Plausibility checks and sampling at the central level

The associated GHG emissions were assessed through calculations. Further information can be found in the GHG accounting under E1-6.

Actual impacts were assessed using the GHG Protocol. For potential impacts, assumptions regarding impacts from climate risks and the availability and demand for low-emission raw materials were made as part of the materiality analysis. These are continuously evaluated.

CLIMATE RISK ANALYSIS

(E1-IRO-1.20b and E1-IRO-1.AR 11):

As part of a climate risk analysis, PALFINGER identified climate-related physical hazards for both its own sites and those of business partners in the upstream and downstream value chain using scenario analysis over one year, five years, and 30 years. The Representative Concentration Pathway (RCP) scenarios RCP 2.6, RCP 4.5, RCP 6.0, and RCP 8.5 were used, with RCP 8.5 representing a high-emission scenario. The mid-range RCP scenarios, RCP 4.5 and RCP 6.0, were weighted with double the probability, as PALFINGER considers these scenarios more likely to occur based on internal expert opinions. The climate risk analysis covers most of the climate risks listed in Annex A of the EU Taxonomy. The data used comes from publicly accessible and recognized sources such as Copernicus, the World Bank, ISIMIP, and the World Resource Institute.

As part of a vulnerability analysis, the susceptibility of PALFINGER's physical assets and operational business units, including office buildings and production facilities, was assessed by experts in workshops. In these workshops, PALFINGER experts evaluated whether the various climate risks could potentially cause material damage to PALFINGER's assets and operations without already implemented adaptation solutions. The following physical climate risks were identified as increasingly occurring at PALFINGER sites and relevant to the physical assets at these sites:

- River flooding
- Coastal flooding
- Heavy rainfall
- Snowfall
- Hail
- Cyclones
- Heat stress
- Heatwaves
- Water stress

As part of the climate risk analysis, PALFINGER identified climate risks across different time horizons: one year, five years and thirty years. The longest of these periods aligns with the expected lifespan of the company's assets, and the medium- and long-term timeframes are relevant for PALFINGER's strategic planning. As the thirty-year analysis exposes the most significant climate risks, the results of this long-term projection were used as the basis for the vulnerability assessment and for the identification of requisite adaptive measures. The long-term assessment of climate risks over the next thirty years is also in line with the going concern principle and ensures PALFINGER's continued resilience against future climate challenges. Based on this forward-looking planning approach, PALFINGER is well-positioned to implement proactive measures that mitigate the impact of climate risks and secure the sustainability of its operations.

The data underlying the climate risk analysis assess climate risks based on probability of occurrence and severity, with at least one of the two parameters being stressed. The risk of hail, for example, is assessed by considering the probability of occurrence and the severity of the event, and stressed based on the probability of occurrence. The risk of wind, for example, is assessed based on the anticipated wind speed.

To mitigate the impacts of these climate risks on business operations at PALFINGER's sites, a majority of the identified climate risks have already been addressed through the implementation of adaptive measures. The solutions implemented include, for example, air conditioning systems in buildings to counteract heat stress and the use of hail nets to protect buildings and assets from hail damage. For individual locations that are not yet sufficiently protected against the physical climate risks identified, further adaptive measures are being explored. These are mainly locations facing risks associated with heat stress.

The same methodology was used to identify physical climate risks in the upstream and downstream value chain, particularly at the locations of suppliers and customers. Initially, the focus centered on suppliers with the largest purchasing volumes and customers generating the most revenue. Plans are in place to expand this analysis in the forthcoming years. The vulnerability of physical assets and the adaptive solutions already put in place were analyzed by the business partners.

The analysis of physical climate-related risks for PALFINGER's own sites and those of selected key customers and suppliers was conducted using location-specific geographical coordinates, while the analysis of the upstream and downstream value chain was based on more generalized data at the national or regional level.

(E1-IRO-1.20c):

In the context of a climate risk analysis, PALFINGER identified climate-related transition risks within its own operations. The upstream and downstream value chain was not covered by the analysis of transition risks. For the identification and assessment of these risks, the scenarios provided by the International Energy Agency were taken into account, leading to the compilation of a long list of potential political and legal risks, technological risks, market risks, socioeconomic risks and reputational risks. The assessment of the extent to which PALFINGER's assets and business operations might be exposed to these climate-related transitional events in terms of the emergence of transition risks or opportunities was conducted by experts from the respective functions and product lines.

(E1-IRO-1.AR 12):

The transition risks were assessed for short-, medium-, and long-term time horizons. The long-term horizon refers to the year 2050, while the short- and medium-term horizons refer to 2030 and 2040, respectively. The following scenarios from the International Energy Agency were considered in the assessment:

Stated Policies Scenario (STEPS):

This scenario reflects energy policy frameworks and commitments that governments have already announced or are actively pursuing. Under the STEPS scenario, global energy demand continues to increase, but progress towards net zero emissions is slow and fossil fuels remain an important part of the energy mix.

Announced Pledges Scenario (APS):

In this scenario, all climate pledges and targets announced globally, including net-zero emissions targets, are implemented in full and on time. This leads to a much faster transition to clean energy, a reduction in the use of fossil fuels and an increased use of renewable energy. However, despite a significant reduction in emissions, achieving the Paris Agreement's target to cap global warming at 1.5°C remains a challenge.

„Net Zero Emissions by 2050“ Scenario (NZE):

This scenario presupposes a drastic and immediate global response to achieve net-zero emissions by 2050. It requires rapid deployment of profound changes, including a significant cutback in fossil fuel usage, substantial investments in renewable energy, and a transition to cleaner technologies across all sectors. This trajectory aligns most closely with limiting the global temperature rise to 1.5°C, demanding an unparalleled level of cooperation and policy change.

The transition risk analysis was started in 2024 and is an ongoing process. Based on the assumption that the entire economy – including PALFINGER's customers and suppliers – is collectively striving towards achieving climate-neutrality by 2050, the analysis has not yet identified any activities that are incompatible with the transition towards a climate-neutral economy. The move towards a climate-neutral economy is anticipated to prompt shifts in demand across customer segments, particularly within the marine sector, which will, however, lead to a certain degree of rebalancing. The analysis will be continued in 2025, and a detailed analysis of the transition risks will be prepared.

(E1-IRO-1.21):

A scenario analysis was used to identify physical climate risks against several time horizons and climate scenarios, employing the Representative Concentration Pathway (RCP) scenarios RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5. All climate risks were assessed over periods of one, five and thirty year to gain an understanding of how climate risks evolve and their potential impact on PALFINGER's long-term business operations.

(E1-IRO-1.AR 15):

The climate scenarios used are consistent with the critical climate-related assumptions in the financial statements (see ESRS 2-SBM-3.48d). Refer also to the chapter "Use of Estimates and discretionary decisions" in the Consolidated Financial Statements.

ENVIRONMENTAL POLLUTION

(E2-IRO 1.11)

For the analysis of impacts, risks, and opportunities related to environmental pollution, a preliminary analysis of data on emissions and pollutants for air, water, and soil pollution was initiated for PALFINGER. In the coming years, it is planned to continue the analysis of impacts, risks, and opportunities related to environmental pollution. Individual PALFINGER locations were not analyzed in this regard, as the issue was deemed non-essential at a consolidated level. Therefore, no consultations with affected communities were conducted.

WATER AND MARINE RESOURCES

(E3-IRO 1.8)

For the analysis of impacts, risks, and opportunities related to water and marine resources, the WWF Water Risk Filter was applied. Water consumption and discharge are recorded at all PALFINGER production sites. An analysis of precipitation patterns and extreme events such as floods and droughts was conducted as part of climate risk analyses and revealed no significant risks for PALFINGER or within the value chain. The analyses found no significant negative impacts on surrounding communities from PALFINGER's business activities. No direct surveys of the affected communities were conducted.

BIODIVERSITY AND ECOSYSTEMS

(E4-IRO 1.17)

For the analysis of impacts, risks, dependencies, and opportunities in the area of biodiversity, a site analysis was initiated. In the first step, companies identify locations and facilities that are in or near biodiversity-sensitive areas. An initial pilot project to analyze geographic data to determine where biodiversity risks are greatest was started at some PALFINGER locations. The analysis is conducted using a GIS dataset that integrates biodiversity-sensitive areas. The company's dependencies on biodiversity and ecosystem services were not initially identified. In the future, however, the process is to be supported by more robust analyses. Physical risks and opportunities related to biodiversity and ecosystems are analyzed based on identified impacts and dependencies, while risks and opportunities arising from changes in ecosystems are included. Systemic risks and other significant risks and opportunities have not been identified at this time, but continuous monitoring and evaluation of potential developments that could affect business activities are ongoing. No direct surveys of the affected communities were conducted.

RESOURCE USE AND CIRCULAR ECONOMY

(E5-IRO 1.11a & AR7):

PROCESS FOR IDENTIFYING MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The process for identifying material impacts, risks and opportunities related to resource use and the circular economy comprises the analysis of resource inflows and outflows as well as waste streams along the entire value chain. Key business areas identified as having material impacts include production with high energy and resource consumption levels, logistics with emissions from transportation and packaging waste, and distribution with the use of retail packaging and the take-back of end-of-life products.

Review of assets and business activities

PALFINGER conducted a review of its business activities (primarily procurement, production, research and development, logistics and distribution) to identify material impacts, risks and opportunities related to the use of resources and the circular economy. This review incorporated both PALFINGER's own activities and the value chain, including Tier 1 suppliers and customers.

Methods and risks

- **Risk assessment framework:** in the course of the materiality analysis a structured assessment approach was employed to assess potential risks stemming from resource scarcity, regulatory changes and market changes.
- **Stakeholder engagement:** to validate the results and supplement the analysis, key stakeholders such as Tier 1 suppliers, customers, and internal and external industry experts were involved via stakeholder interviews.

Assumptions

- **Increasing regulatory requirements:** PALFINGER assumed a continuous increase in regulatory requirements in respect of resource efficiency and waste management.
- **Market trends:** The analysis incorporated market trends towards sustainable products, assuming that the trend towards refurbishment in the consumer goods industry will also gain momentum in the industrial goods sector.
- **Scarcity of resources:** It is assumed that water resources will become scarce in various parts of the world as global warming increases. Based on current findings, there are no indications of a scarcity of steel and aluminum resources in the future.

KEY FINDINGS

The review identified opportunities for improving resource efficiency in production processes, potentially leading to cost savings and a reduction in environmental impact, such as lower resource use and the associated reduction in emissions.

Resource use and negative impacts in the upstream value chain are predominantly concentrated in the steel and aluminum production. A high level of raw material consumption is also evident in PALFINGER's own production activities.

Business areas with material impacts

1. Production: high level of energy and resource consumption
2. Distribution: take-back of end-of-life products

Material impacts of resource use and the circular economy affect all hydraulic crane and lifting technology products for both the land and maritime sectors, as well as the associated service business

PRIORIZATION OF RESOURCES USED

Energy has the highest priority, as it is essential for all business areas. Raw materials have the second highest priority, as they are essential for product development.

The majority of PALFINGER's products are made of steel, with aluminum also playing a significant role. Consequently, these raw materials were prioritized in the assessment. In addition to steel and aluminum, PALFINGER uses hydraulic oils, lubricants and glass-reinforced plastics as raw materials.

The stages of the value chain where resource use, risks and negative impacts are concentrated are outlined below:

1. Raw material procurement: dependence on suppliers and raw material quality
2. Production: resource use efficiency
3. Distribution and use: transport and product life cycle
4. End-of-life: recycling and disposal of products

(E5-IRO 1.11b):

No consultations with affected communities were held during the analysis.

BUSINESS CONDUCT

(G1-IRO 1.6):

The impacts, risks and opportunities related to business conduct (ESRS G1) were determined using the findings from the stakeholder analysis, a driver and benchmark analysis and the analysis of internal information. The assessment of IROs was conducted by GRC, Procurement and Sustainability Management and was performed centrally at group level. Internally available legal reporting data on legal incidents and data on reports in the “Integrity Line” whistleblowing system were used as the basis for the assessment. The whistleblowing system is a web-based application where reporters have the option to submit their reports either anonymously or by name. Reports are investigated objectively and independently, following a clearly defined internal process.

Additionally, the assessment process was supported by insights from PALFINGER’s due diligence processes, a review of internal policies and procedures, supplier management, and the ERM system’s risk inventory.

The findings from the compliance risk assessment, which identifies the most significant compliance risks by region in annual workshops led by GRC in conjunction with local points of contact, were also factored into the assessment. In addition, PALFINGER’s sites were analyzed using the Corruption Perception Index.

1.1.4.2 IRO-2 – Disclosure requirements in ESRS covered by the undertaking’s sustainability statement

(ESRS 2-IRO-2.56):

List of material disclosure requirements	Page reference
ESRS 2 – General Disclosures	
BP-1 General basis for preparation of the sustainability statement	page 46
BP-2 Disclosures in relation to specific circumstances	page 46
GOV-1 The role of the administrative, management and supervisory bodies	page 48
GOV-2 Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	page 50
GOV-3 Integration of sustainability-related performance incentive schemes	page 50
GOV-4 Statement of due diligence	page 51
GOV-5 Risk management and internal controls over sustainability reporting	page 52
SBM-1 Strategy, business model and value chain	page 53
SBM-2 Interests and views of stakeholders	page 60
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	page 62
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	page 66
IRO-2 Disclosure requirements in ESRS covered by the undertaking’s sustainability statement	page 74
ESRS E1 – Climate Change	
E1-1 Transition plan for climate change mitigation	page 88
ESRS 2 SBM-3-E1 Material impacts, risks and opportunities and their interaction with strategy and business model	page 88
ESRS 2 IRO-1-E1 Description of the processes to identify and assess material impacts, risks and opportunities	page 68
E1-2 Policies related to climate change mitigation and adaption	page 89
E1-3 Actions and resources in relation to climate change policies	page 90
E1-4 Targets related to climate change mitigation and adaption	page 97
E1-5 Energy consumption and mix	page 98
E1-6 Gross Scopes 1, 2, 3 and total GHG emissions	page 100
ESRS E5 – Resource Use and Circular Economy	
ESRS 2 IRO-1-E5 Description of the processes to identify and assess material impacts, risks and opportunities	page 71
E5-1 Policies related to resource use and circular economy	page 102
E5-2 Actions and resources related to resource use and circular economy	page 102
E5-3 Targets related to resource use and circular economy	page 103
E5-4 Resource inflows	page 103
E5-5 Resource outflows	page 104
ESRS S1 – Own Workforce	
ESRS 2 SBM-3-S1 Material impacts, risks and opportunities and their interaction with strategy and business model	page 106
S1-1 Policies related to own workforce	page 107
S1-2 Processes for engaging with own workforce and workers’ representatives about impacts	page 116
S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns	page 118
S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	page 119
S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	page 127
S1-6 Characteristics of the undertaking’s employees	page 130
S1-7 Characteristics of non-employees in the undertaking’s own workforce	page 131
S1-8 Collective bargaining coverage and social dialogue	page 131
S1-9 Diversity metrics	page 132
S1-10 Adequate wages	page 132
S1-11 Social protection	page 133
S1-13 Training and skills development metrics	page 133
S1-14 Health and safety metrics	page 134
S1-15 Work-life balance metrics	page 134
S1-16 Remuneration metrics (pay gap and total remuneration)	page 135
S1-17 Incidents, complaints and severe human rights impacts	page 135

List of material disclosure requirements	Page reference
ESRS S2 – Workers in the value chain	
ESRS 2 SBM-3-S2 Material impacts, risks and opportunities and their interaction with strategy and business model	page 136
S2-1 Policies related to value chain workers	page 138
S2-2 Processes for engaging with value chain workers about impacts	page 140
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	page 140
S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	page 141
S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	page 145

ESRS G1 – Business Conduct	
ESRS 2 GOV-1-G1 The role of the administrative, management and supervisory bodies	page 49
ESRS 2 IRO-1-G1 Description of the processes to identify and assess material impacts, risks and opportunities	page 73
G1-1 Business conduct policies and corporate culture	page 146
G1-2 Management of relationships with suppliers	page 150
G1-3 Prevention and detection of corruption and bribery	page 152
G1-4 Incidents of corruption or bribery	page 154
G1-6 Payment practices	page 154

Disclosure Requirement and related datapoint	material / not material	page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	material	page 48
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	material	page 48
ESRS 2 GOV-4 Statement on due diligence paragraph 30	material	page 51
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	not material	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	not material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	not material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	not material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	material	page 88
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	material	page 88
ESRS E1-4 GHG emission reduction targets paragraph 34	material	page 97
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	material	page 98
ESRS E1-5 Energy consumption and mix paragraph 37	material	page 98
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	material	page 99
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	material	page 100
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	material	page 101
ESRS E1-7 GHG removals and carbon credits paragraph 56	not material	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	not material	

Disclosure Requirement and related datapoint	material / not material	page
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	not material	
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	not material	
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69	not material	
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	not material	
ESRS E3-1 Water and marine resources paragraph 9	not material	
ESRS E3-1 Dedicated policy paragraph 13	not material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	not material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	not material	
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	not material	
ESRS 2 – SBM-3 – E4 paragraph 16 a i	not material	
ESRS 2 – SBM-3 – E4 paragraph 16 b	not material	
ESRS 2 – SBM-3 – E4 paragraph 16 c	not material	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	not material	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	not material	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	not material	
ESRS E5-5 Non recycled waste paragraph 37 (d)	not material	
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	not material	
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	material	page 107
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	material	page 107
ESRS S1-1 Human rights policy commitments paragraph 20	material	page 107
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	material	page 107
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	material	page 108
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	material	page 108
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 ©	material	page 118
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	material	page 134
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	material	page 134
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	material	page 135
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	material	page 135
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	material	page 135
ESRS S1-17 Nonrespect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	material	page 136
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	material	page 136

Disclosure Requirement and related datapoint	material / not material	page
ESRS S2-1 Human rights policy commitments paragraph 17	material	page 138
ESRS S2-1 Policies related to value chain workers paragraph 18	material	page 138
ESRS S2-1 Nonrespect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	material	page 138
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	material	page 138
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	material	page 143
ESRS S3-1 Human rights policy commitments paragraph 16	not material	
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	not material	
ESRS S3-4 Human rights issues and incidents paragraph 36	not material	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	not material	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	not material	
ESRS S4-4 Human rights issues and incidents paragraph 35	not material	
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	not material	
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	not material	
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	material	page 154
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	material	page 154

(ESRS 2-IRO-2.59):

Once the material topics had been identified, the material sustainability aspects were aligned with the qualitative and quantitative disclosure requirements in section 3.2 of ESRS 1 through a gap analysis. Information specific to the company is disclosed in accordance with the structure of the ESRS, detailing policies, actions and targets.

2. ENVIROMENTAL INFORMATION

2.1 TAXONOMY DISCLOSURES

2.1.1 Introduction

The EU Taxonomy Regulation establishes a classification system for defining “environmentally sustainable” business activities. It is a cornerstone of the European Commission’s action plan aimed at redirecting capital flows towards a more sustainable economy. As part of the broader strategy to achieve carbon neutrality by 2050, this regulation plays a central role in aligning economic activities with the EU’s environmental objectives.

PALFINGER is a non-financial company that is subject to sustainability reporting under the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) and is therefore required to report on certain performance indicators in accordance with the EU Taxonomy Regulation. The following section details the disclosures mandated by Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

2.1.2 Activities

The EU taxonomy is intended to achieve the following six environmental goals: (1) climate change mitigation (CCM), (2) climate change adaptation (CCA), (3) sustainable use and protection of water and marine resources (WTR), (4) transition to a circular economy (CE), (5) pollution prevention and control (PPC) and (6) protection and restoration of biodiversity and ecosystems (BIO).

A taxonomy-eligible economic activity refers to an economic activity that is described in the Delegated Regulations supplementing the Taxonomy Regulation under the respective environmental objectives, regardless of whether it meets one or all of the technical screening criteria.

An economic activity is taxonomy-compliant if it meets the defined technical screening criteria and complies with the minimum safeguards with regard to human and employee rights, consumer rights, anti-corruption and bribery, taxation and fair competition.

To meet the technical screening criteria, an economic activity must make a substantial contribution to one or more of the environmental objectives under the Taxonomy Regulation without significantly harming any of the other objectives.

Non-taxonomy-eligible economic activities are activities conducted by the company that are not described in the Delegated Regulations.

PALFINGER is a company specializing in technology and mechanical engineering. The company’s product lineup is dominated by hydraulic cranes and lifting equipment for both the land and maritime sectors. PALFINGER’s main business model is not covered by the Taxonomy Regulation.

PALFINGER does not engage in any economic activities related to natural gas or nuclear energy.

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

2.1.2.1 Taxonomy-eligible activities

During the preparations for reporting in accordance with the Taxonomy Regulation, potentially taxonomy-eligible economic activities were identified. The assessment of taxonomy eligibility was based on an impact analysis and the collection of key figures for each activity together with the respective departments.

No economic activities with which external revenue was generated were identified for either of the environmental objectives (1) "Climate change mitigation" and (2) "Climate change adaptation".

Economic activities in the environmental objective "Transition to a circular economy" were identified for environmental objectives (3) to (6) in the 2024 financial year, with which external revenue was generated. The relevant revenue is attributed to the economic activities "5.1 Repair, refurbishment and remanufacturing", "5.2 Sale of spare parts" and "5.5 Product-as-service and other circular use- and result-oriented service models" and reported as taxonomy-eligible in the 2024 financial year. Taxonomy-eligible revenue in the environmental objective "Circular economy" accounts for 15 percent (2023: 13,6 percent) of the consolidated group revenue of EUR 2,359,843 thousand in the 2024 financial year (2023: EUR 2,445,852.49 thousand).

There is no double counting between environmental goals because economic activities are only ever reported in one environmental objective. No measures were identified that could make a significant contribution to more than one environmental objective.

Taxonomy activity	Description	PALFINGER business activity
CE 5.1 Repair, refurbishment and remanufacturing	Repair, refurbishment and remanufacturing of goods that have been used for their intended purpose before by a customer (physical person or legal person)	Repair and servicing of PALFINGER products
CE 5.2 Sale of spare parts	Sale of spare parts	Sale of spare parts
CE 5.5 Product-as-service and other circular use- and result-oriented service models	Providing customers (physical persons or legal persons) with access to products through service models, which are either use-oriented services, where the product is still central, but its ownership remains with the provider and the product is leased, shared, rented or pooled; or result-oriented, where the payment is pre-defined and the agreed result (i.e., pay per service unit) is delivered	PALFINGER product rentals

For environmental objective (1) "Climate change mitigation", the group-wide reporting system was used to record taxonomy-eligible investments. The taxonomy-eligible CapEx individual measures are attributable to the following economic activities: "7.3 Installation, maintenance and repair of energy-efficient equipment"; "7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings"; "7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings", and "7.6 Installation, maintenance and repair of renewable energy technologies". For environmental objective (4), taxonomy-eligible investments from cross-sectional activities (CapEx c) in activity CE 1.2 "Manufacture of electrical and electronic equipment" were reported in the 2024 reporting year. No CapEx-relevant economic activities were identified for environmental objectives (3), (5) and (6) in the 2024 financial year.

In the reporting year, suitable taxonomy-eligible investments from individual measures in property, plant and equipment amounted to EUR 4,535 thousand (2023: EUR 1,969 thousand), which corresponds to 2.73 percent (2023: 1.09 percent) of the group's total additions to property, plant and equipment and intangible assets including leases in accordance with IFRS 16. The change compared to the previous year is due to an increase in the investment volume with regard to individual measures.

Taxonomy activity	Description	PALFINGER business activity
CCM 7.3 Installation, maintenance and repair of energy efficiency equipment	Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment	Local refurbishment measures on and in buildings, i.e., expenditure on windows, doors, replacement of building insulation, lighting and heating or heating pipes
CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	Expenses for newly installed charging stations in Austria, Germany, Slovenia, Sweden
CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Expenses for new air filter and ventilation systems as well as control elements to achieve energy savings
CCM 7.6 Installation, maintenance and repair of renewable energy technologies	Installation, maintenance and repair of renewable energy technologies on-site	Installation of new PV systems in Bulgaria and Croatia
CE 1.2	Manufacture of electrical and electronic equipment	Purchase of electrical and electronic equipment (cross-sectional activity, CapEx c)

2.1.2.2 Assessment for taxonomy conformity

The conformity of economic activities depends on the specific characteristics and nature of the activities conducted. Conformity is assessed based on the technical screening criteria defined in the Taxonomy Regulation and its supplementary Delegated Regulations, with particular consideration of an activity's significant contribution to environmental objectives and compliance with the principle of "Do No Significant Harm" (DNSH).

The respective potentially taxonomy-eligible sales, CapEx and OpEx were collected from employees in the countries where PALFINGER operates for the purpose of assessing taxonomy conformity, and were then analyzed at group level to determine whether taxonomy eligibility actually exists. In a further step, they were assigned to one of the environmental objectives, and compliance with the technical screening criteria and "Do No Significant Harm" criteria was verified at group level with the support of the respective departments.

A "Do No Significant Harm" criterion required for all relevant activities is the performance of a climate risk and vulnerability analysis as defined in Annex A of the relevant Delegated Regulations. PALFINGER has conducted a climate risk and vulnerability analysis based on the RCP 8.5 (worst-case) and the RCP 4.5 climate scenarios. No material risks were identified for the present economic activities that would require plans for remedial solutions.

Finally, group-wide compliance with the minimum protection was analyzed together with the existing due diligence process. To ensure compliance with the minimum safeguards as defined in Article 18 (EU) 2020/852, the standard due diligence process implemented at PALFINGER was analyzed. The processes already described in the Corporate Governance Report and the non-financial statement were applied within the company. A multi-stage process was introduced to ensure compliance with the minimum level of protection in the supply chain. Pursuant to PALFINGER's General Terms and Conditions of Purchase ("EKB"), suppliers are contractually obliged to adhere to the Code of Conduct published on the PALFINGER website. Additionally, PALFINGER has established a whistleblower system ("Integrity Line") on its website, which can also be used by third parties to report any shortcomings along the supply chain. The information received is subsequently evaluated by Corporate GRC or investigated by Corporate Internal Audit. PALFINGER regularly carries out supplier audits on the basis of an annual risk-based audit plan, in which aspects such as the environment, human rights and occupational safety are examined in addition to quality and procurement issues. Supplier audits are also carried out on an ad hoc basis. With the package of measures described above, PALFINGER ensures compliance with the minimum level of protection within the company and along the entire supply chain. In the year under review, no violations of the minimum social safeguards were identified within the group.

Taxonomy conformity could not be achieved for economic activity CE 5.1 "Repair, refurbishment and remanufacturing", and for economic activity CE 1.2 "Manufacture of electrical and electronic equipment", due to a lack of the necessary evidence of compliance with the criteria for the significant contribution to environmental objectives. Taxonomy conformity could not be achieved for economic activity CE 5.2 "Sale of spare parts" and CE 5.5 "Product-as-service and other circular use- and result-oriented service models" due to a lack of the necessary evidence of compliance with the technical screening criteria, particularly with regard to compliance with the principle of "Do No Significant Harm" (DNSH).

The criteria for the significant contribution to environmental objectives were met for economic activities CCM 7.4, CCM 7.5 and CCM 7.6. The site-specific climate risk and vulnerability analyses required to avoid significant impairment of the second environmental objective were also carried out. Additional "Do No Significant Harm" criteria were not required for economic activities CCM 7.4, CCM 7.5 and CCM 7.6, as no corresponding requirements are specified in Delegated Regulation (EU) 2021/2139.

Taxonomy conformity could not be achieved for economic activity CCM 7.3 due to a lack of the necessary evidence of compliance with the technical screening criteria (significant contribution and DNSH).

2.1.3 Metrics and reporting forms

2.1.3.1 Revenue

No economic activities were identified with which external sales were generated that make a significant contribution to either of the environmental objectives (1) and (2). Therefore, as in the previous year, no taxonomy-compliant or taxonomy-eligible sales were reported for the 2024 reporting year.

Economic activities in environmental objective (4) "Transition to a circular economy" were identified for environmental objectives (3) to (6) in 2024, with which external revenue was generated. The group-wide reporting system was used to record taxonomy-eligible revenue. Taxonomy-eligible revenue in environmental objective (4) "Circular economy" accounts for 15.0 percent (2023: 13.6 percent) of the consolidated group revenue of EUR 2,359,843 thousand in the reporting year (2023: EUR 2,445,852.49 thousand). No taxonomy-compliant revenue was reported in environmental objective (4).

Based on the requirements of the Taxonomy Regulation, revenue from taxonomy-eligible business activities is reported as a percentage of total group sales in accordance with IAS 1.82a (see note (16) Revenue in the 2020 consolidated financial statements).

2.1.3.2 Investments (CapEx)

For calculating the CapEx indicator, the total additions (before depreciation, amortization, impairment losses and revaluations) in accordance with the statement of intangible assets and property, plant and equipment, including additions of rights of use in accordance with IFRS 16, are included in the denominator (see notes 29 to 32 in the 2024 consolidated financial statements). Additions connected with business combinations are included in CapEx. In addition to capitalized expenditures for assets from taxonomy-compliant sales, the numerator also includes expenditures for the purchase of products from taxonomy-compliant economic activities and individual measures to reduce GHG emissions that were implemented and put into operation within 18 months. A CapEx plan in accordance with Delegated Regulation (EU) 2021/2178, Annex I, section 1.1.2.2. was not available in the 2024 reporting period. The existing group-wide reporting system was expanded to determine the CapEx numerator.

For environmental objective (1), the group-wide reporting system was used to record taxonomy-eligible and taxonomy-compliant investments. All taxonomy-eligible and taxonomy-compliant CapEx are additions to property, plant and equipment. No taxonomy-eligible or taxonomy-compliant investments are reported for the environmental objective (2) "Climate change adaptation". Taxonomy-eligible investments are reported for the environmental objective (4) "Transition to a circular economy".

No CapEx-relevant economic activities were identified for environmental objectives (3), (5) and (6) in the 2024 financial year.

In the reporting year, compliant investments from individual measures exclusively in property, plant and equipment (IAS 16) amounted to EUR 1,330 thousand (2023: EUR 1,125 thousand), which corresponds to 0.8 percent (2023: 0.62 percent) of the group's total additions to property, plant and equipment and intangible assets including leases in accordance with IFRS 16. The change compared to the previous year is due to an increase in the investment volume with regard to individual measures

2.1.3.3 Operating expenses (OpEx)

When determining the OpEx indicator, non-capitalized direct expenses for research and development, building renovations, short-term leases, maintenance and repairs and all other direct expenses related to the day-to-day maintenance of property, plant and equipment were included. The figure is determined in the same way as that for CapEx for non-capitalized expenses.

According to the EU taxonomy, operating expenses that are irrelevant to the company's business model should not be taken into account. Based on the very narrow definition of OpEx, it was determined that the relevant operating expenses according to the EU taxonomy amount to 1.5 percent of the total consolidated expenses for 2024, amounting to EUR 2,218 million. A calculation of the numerator per economic activity was therefore omitted pursuant to the materiality exemption provided by the Taxonomy Regulation, as OpEx is not material for PALFINGER's business model as defined by the EU taxonomy.

The OpEx denominator of EUR 27,013 thousand relates to expenses for maintenance and repair and EUR 6,759 thousand for research and development.

2.2 ESRS E1: CLIMATE CHANGE

2.2.1 Strategy

2.2.1.1 E1-1 – Transition plan for climate change mitigation

Given the special nature of PALFINGER's value chain, i.e., most emissions occur either upstream or downstream of the production process, a transition plan has not been submitted so far. This notwithstanding, the company is systematically driving the process forward, leveraging insights already obtained to actively exploit all savings potentials identified. A project focusing on transition risks and a transition plan will be launched in 2025.

2.2.1.2 ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

(E1-SBM-3.18):

PALFINGER has identified a material climate-related risk in the course of its materiality analysis: regulatory and stakeholder requirements regarding CO₂e emissions (economic and reputational risk). This risk is a transition risk. Regulatory requirements (particularly in the EU), alongside increasing demands from certain stakeholder groups (e.g., investment funds, banks and certain customer segments) are amplifying the pressure to reduce CO₂e emissions of PALFINGER's own production and throughout the entire value chain. The risk describes the long-term uncertainty regarding the extent to which PALFINGER's efforts will fall short of these expectations, thereby leading to financial and reputational damage.

(E1-SBM-3.19a.; AR 6, E1-SBM-3.19b; AR 7):

A resilience analysis of the strategy, business model and PALFINGER's own operations was initiated in 2024 and will be continued and refined in 2025. This analysis is an ongoing process. The starting point was the analysis of PALFINGER's impact attributable to CO₂e emissions and physical climate risks using a climate-related scenario analysis (for details, see ESRS 2-IRO-1). An analysis of transition risks was also launched and is set to be refined in 2025. Initial findings from that analysis were used as the basis for the resilience analysis, employing the following time horizons: short-term (one year), medium-term (one to five years) and long-term (more than five years). The scenarios and critical assumptions used are detailed in ESRS 2-IRO-1.

The anticipated future financial effects were omitted due to the possible transitional provision in 2024 and therefore were not taken into account in the resilience analysis. In addition, no necessary mitigation measures have been identified to date that conflict with a 1.5-degree target.

(E1-SBM-3.19c, AR 8):

Despite the fact that the materiality analysis identified a climate-related transition risk, this risk has no significant impact on PALFINGER's strategy, business model and own operations. This is predicated on the assumption that the entire economy – including PALFINGER's customers and suppliers – is collectively striving towards achieving a climate-neutral economy by 2050. Throughout the ongoing process, no activities have yet been identified that are incompatible with the transition towards a climate-neutral economy. Investments in transitioning towards renewable energy sources are anticipated to pay off and improve PALFINGER's capability to address the above-referenced risks. The climate risk analysis likewise did not identify any physical risks that have a material impact on PALFINGER's strategy, business model and own operations. The resilience analysis was first launched in 2024 and is therefore still subject to degree of uncertainty. A comprehensive resilience analysis is planned for 2025.

2.2.2 Management of risks, impacts and opportunities

The disclosures regarding the description of the process to identify the impacts, risks and opportunities related to E1 can be found in ESRS 2.

2.2.2.1 E1-2 – Policies related to climate change mitigation and adaptation

POLICY 1: GROUP POLICIES ON ENERGY MANAGEMENT AND ENVIRONMENTAL PROTECTION

(MDR-a):

Policy 1 summarizes the following group policies which apply globally:

- Group Policy Energy Management
- Group Policy Environmental Protection
- Group Policy Certification Requirements

The policy outlining certification requirements for PALFINGER sites mandates, among other requirements, the implementation of a certified energy and environmental management system in accordance with the ISO 14001 (Environmental Management) and ISO 50001 (Energy Management) standards. Excluding CIS, 59 percent of employees worked at locations with ISO 14001 and/or ISO 50001 certification (2023: 53 percent) in 2024.

The group policies on energy management and environmental protection mandate, among other requirements, the roll-out of global programs (HSE action plan) with local targets. The following targets focusing on energy efficiency and reducing CO₂e emissions were set in 2024:

- Implementing efficiency measures to reduce electricity consumption by at least one percent of the previous year's absolute consumption
- Implementing efficiency measures to reduce heating energy consumption by at least two percent of the previous year's absolute consumption
- Implementing measures to reduce CO₂e emissions by at least one percent of the previous year's absolute emissions

The action plan's target values are applied on a site-specific basis. The actions contribute to reducing energy consumption and the associated greenhouse gas (GHG) emissions. A centralized approach is used for monitoring, with actions being documented in the HSE management software.

The policy addresses the following material impacts, risks and opportunities:

- GHG emissions from the use of energy sources for captive consumption
- GHG emissions from the use of fossil primary energy sources to generate electricity and heat for production processes
- GHG emissions from the use of fossil primary energy sources for employee mobility
- GHG emissions from the use of products sold
- GHG emissions due to changes in land use
- High level of energy consumption in the organization's operational activities
- Regulatory and stakeholder requirements regarding CO₂e footprint reduction (economic and reputational risk)

(E1-2.25a):

The group policies address climate change mitigation directly by establishing and monitoring local targets for reducing energy consumption and decarbonization (for details, see E1-3, action 3, "Actions aimed at reducing electricity and heat consumption and CO₂e emissions"). Additionally, climate change mitigation is addressed indirectly through the obligation to obtain ISO 14001 and/or ISO 50001 certification. This requirement encourages sites to continuously improve their energy and environmental performance, thereby cutting down on CO₂e emissions.

(E1-2.25b):

Climate change adaptation is not an area addressed by the policy.

(E1-2.25c):

PALFINGER's Group Policy Energy Management addresses climate change mitigation with the two targets outlined above: reducing the consumption of electricity and heating energy by implementing efficiency measures. This primarily involves measures to enhance efficiency (for details, see E1-3, action 3, "Actions aimed at reducing electricity and heat consumption and CO₂e emissions").

(E1-2.25d):

The target of reducing CO₂e emissions is achieved through energy conservation measures and by implementing measures to integrate renewable energy sources into the company's energy mix, along with the acquisition of green electricity in accordance with the procurement policy. The policy does not address any other topics.

(MDR-b):

The group policies on energy management and environmental protection, and the policy outlining certification requirements apply throughout the entire group. The scope of application of the site-specific programs is the respective site unit. Action plans are formulated for all production sites and larger sales & service organizations globally by regions (EMEA, APAC, CIS, NAM, LATAM). The upstream and downstream value chain is not covered. The focus is on production-related energy use.

(MDR-c):

The site managers are responsible for implementation. Corporate HSE Management is responsible for monitoring target achievement. The policy has been approved by the Executive Board.

2.2.2.2 E1-3 – Actions and resources in relation to climate change policies

GENERAL INFORMATION ON ACTIONS

Actions to prevent or mitigate material negative impacts:

- Reduction of electricity and heat consumption and of CO₂e emissions
- Eco-efficiency scoping for products
- Load sensing rollout
- Concepts and systems for optimizing hydraulic efficiency
- Hybrid drive systems
- Policies for electric drive
- Electric FLx range truck mounted forklift

Actions with the purpose of delivering positive impacts:

- Implementation of the energy efficiency analysis
- Expansion of PV systems
- Concepts and systems for optimizing hydraulic efficiency
- Hybrid drive systems
- Policies for electric drive
- Electric FLx range truck mounted forklift

At this time, it is not possible to provide a presentation by decarbonization levers.

ACTION 1: IMPLEMENTATION OF ENERGY EFFICIENCY ANALYSES

(MDR-a):

One of the key initiatives in the year under review was the execution of energy efficiency analyses at PALFINGER's production sites and at the larger sales & service units. This is an action that was implemented in the financial year under review.

Site analyses provide the following results:

- Energy assessment of major energy users
- Illustration of energy flow
- Identification and evaluation of energy efficiency potentials
- Identification and evaluation of potentials for integrating renewable energy sources

The initiative is led by Corporate HSE. It was launched in 2023 at four sites in EMEA in collaboration with external experts and subsequently continued at five additional sites in that region utilizing internal resources. In 2024, the analysis was expanded to include six additional locations across EMEA and North America (NAM). This ongoing and recurring analysis of the sites will be continued in subsequent years, including all global production and larger sales & service units. As part of the initiative, potentials are identified and assessed. Decisions regarding the implementation of selected measures are made in subsequent stages.

By spotlighting energy efficiency potentials, this action significantly contributes to achieving the targets and objectives of the group policies "Energy Management" and "Environmental Protection" and promotes the achievement of the GHG emission reduction target.

(E1-3.29a&b):

The focus of the site analyses is to identify and assess energy efficiency potentials. This action is an analysis tool, the results of which were used to derive further actions with GHG reduction potential (see actions 2 and 3). The identification and assessment of actions for integrating renewable energy sources (such as PV systems) into the existing energy mix to effectively replace fossil fuels, for example, is another result of the site analyses. The site analyses are dependent upon human and technical resources.

(E1-3.29c):

No significant monetary amounts of CapEx and OpEx are required to implement the action. The materiality threshold for this and all further actions was set at EUR 5 million.

(MDR-b):

The action currently covers 13 sites in EMEA and 2 locations in NAM. The upstream and downstream value chain is not covered.

(MDR-c):

This is a continued annual initiative that is consistently carried forward.

ACTION 2: EXPANSION OF PV SYSTEMS

(MDR-a):

This action is currently in the process of implementation. The following PV systems were installed in 2023 and 2024:

2023:

- Tenevo, hall I, 550 kWp
- Ainring: 96 kWp
- Lengau: 500 kWp

2024:

- Cherven Brijag, hall 1 & warehouse, 1,000 kWp
- Delnice: 100 kWp

This action significantly contributes to the implementation of the internal requirements and realization of the objectives of PALFINGER's group policies "Energy Management" and "Environmental Protection".

(E1-3.29a&b):

PALFINGER has continuously invested in photovoltaic systems (PV systems) in recent years to generate renewable electricity for its production facilities. At this time, PALFINGER operates PV systems with a total peak output of around 9.3 megawatts. The amount of self-generated electricity from these PV plants accounted for just under 7.5 percent of PALFINGER's total electricity consumption in 2024. Any surplus electricity is fed into the local grid.

As all systems installed in 2023 and 2024 are located at sites supplied with green electricity, no reduction in GHG emissions can be reported using the market-based approach. The use of green electricity and the feeding of surplus PV electricity into the public grid contribute to reducing carbon emissions. The continuous expansion of these capacities is a key priority.

(E1-3.29c):

The action does not involve any significant CapEx and OpEx monetary amounts.

(MDR-b):

In 2024, the action is directed at sites in Bulgaria and Croatia. The upstream and downstream value chain is not covered.

(MDR-c):

The PV systems expanded in 2024 were put into operation in the same year.

ACTION 3: ACTIONS RELATING TO ELECTRICITY AND HEAT CONSUMPTION AND CO₂e EMISSIONS

(MDR-a):

Action plans were rolled out for 33 locations globally (EMEA, NAM, LATAM, APAC) in 2024. This is an action that has already been adopted, with plans for further individual actions forthcoming.

In the reporting year, the sites reported the following actions as part of the action plan:

- 33 individual actions reported as part of the "Reduction of electricity consumption" target
- 31 individual actions reported as part of the "Reduction of heating energy consumption" target
- 31 individual actions reported as part of the "Reduction of CO₂e" target, with actions from the first two targets contributing towards achieving this target

(E1-3.29a&b):

Site-specific actions aimed at reducing the consumption of electricity, natural gas, heating oil, district heating and fuels were implemented, leading to a decrease in energy consumption and, consequently, a reduction in CO₂e emissions. This significantly contributes to achieving the target values derived from the energy policy. The target values reported for the actions implemented as part of the HSE action plan result from the energy reductions outlined under MDR-a and amount to:

- decrease of 1,083 MWh in electricity consumption
- decrease of 1,052 MWh in heat consumption
- decrease of 235 tons in CO₂e emissions through energy efficiency and decarbonization measures

Key actions include the introduction of new, more efficient painting processes in North America, the retrofitting of adiabatic factory conditioning, replacing air compressors, renewing the stock of machinery, optimization of control systems (such as heating controls), upgrading factory lighting (LED, enhanced controls) and the modernization of the forklift fleet, along with the phased conversion to electric drive. The stated reductions in energy consumption and emissions represent the annual potential identified.

(E1-3.29c):

Costs were not recorded centrally in 2024. The overall financial impact can be considered insignificant, because these costs are attributable to multiple small-scale individual actions.

(MDR-b):

All PALFINGER sites worldwide are included in the scope of the HSE action plan. The upstream and downstream value chain is not covered.

(MDR-c):

The HSE action plan for energy and emission reduction is reviewed and adapted annually across the group, initiating continuous improvements at production sites through yearly efficiency and decarbonization measures. Target values are set at site level; target achievement is monitored globally. The local sites are responsible for identification, implementation and evaluation.

(MDR-e):

The action was rolled out for the first time in 2024. It is subject to annual re-evaluation and will be continued if required.

ACTION 4: PRODUCT ECO-EFFICIENCY SCOPING**(MDR-a):**

This action is implemented on a continuous basis. To reduce GHG emissions, PALFINGER invests in product research and development and offers state-of-the-art technologies. Research and development as well as innovations and digital solutions are aimed at increasing the efficiency of PALFINGER's products. Separate work programs were established to bundle all activities in the field of new mechatronic and digital products and product functions.

As part of eco-efficiency scoping, PALFINGER introduced a structured process to reduce the impact of products on the environment, which was set up in accordance with the principles of Scope 3 "product in use". After a thorough analysis of the past years, the results will be integrated into the product development strategy in order to optimize the portfolio step by step. This will support customers in reducing their carbon footprint and therefore their total cost of ownership.

Carbon emissions in the "Purchased goods and services" category are another significant leverage point along the value chain. A significant proportion of these emissions are generated in steel production. The potential of green steel is being evaluated in development to reduce these emissions. There are, however, still no clear signs of demand from the market.

(E1-3.29a&b):

The focus of product eco efficiency scoping is to identify and assess product-related decarbonization levers and actions. This action therefore serves exclusively as an analysis tool, the results of which were used to derive further actions with GHG reduction potential (see actions 5 through 9 below).

(E1-3.29c):

Implementation of the action does not require significant CapEx and OpEx.

(MDR-b):

The action is a global initiative of PALFINGER that extends to all product lines. The upstream and downstream value chain is not covered.

(MDR-c):

The action was rolled out for the first time in 2022. Since then, it is re-evaluated and adapted annually.

ACTION 5: LOAD SENSING ROLLOUT

(MDR-a):

PALFINGER has integrated the load sensing technology for hydraulic systems in numerous lifting solutions (about 23 percent of loader cranes sold in 2024 and 17 percent of timber and recycling cranes) in order to optimize energy consumption based on actual energy requirements. Expanding the use of load sensing hydraulic pumps in lifting solutions helps to reduce energy consumption, thereby mitigating the environmental impact. This technology adjusts hydraulic power output to match the demand placed on the system, thereby preventing energy waste. As a result, the truck's fuel consumption is lowered and GHG emissions are decreased. The load sensing technology is rolled out across PALFINGER's entire product portfolio. At this time, the action is not attributable to an overarching target or policy.

(E1-3.29a&b):

The action leads to a substantial decrease in CO₂e emissions in operation per product sold. The actual extent of emission reduction is contingent upon the specific diesel-powered truck model equipped with the lifting solution and how it is used throughout the year – particularly in terms of hours of operation, the type of lifting tasks, and the types of lifting operations executed. For instance, a loader crane with a maximum lifting capacity of 20 mt achieves an average CO₂e reduction of 3 t per year of operation when compared to models equipped with a constant pump. For a 50 mt crane with a similar service life, the average saving is 4 t CO₂e per year of operation.

(E1-3.29c):

Implementation of the action does not require significant CapEx and OpEx.

(MDR-b):

This action is implemented on a global scale and encompasses the following products: loader cranes (KBC) and timber and recycling cranes (T&R). The reduction in Scope 3 CO₂e emissions is achieved through decreased energy consumption in the downstream value chain. The upstream value chain is not covered by this action.

Affected stakeholder groups:

- End users: Businesses and private individuals operating truck-mounted lifting solutions benefit from load sensing technology as it leads to improved fuel efficiency, lower carbon emissions and reduced operating costs.
- Communities/society: Local communities benefit from better air quality and reduced vehicular emissions due to an overall decrease in carbon emissions from crane operations. Benefits for society include the advancement of environmental targets, the promotion of sustainability initiatives and economic development driven by advances in green technology.

(MDR-c):

This action is implemented on an ongoing basis, with a completion target set for 2030.

ACTION 6: CONCEPTS AND SYSTEMS FOR OPTIMIZING HYDRAULIC EFFICIENCY

(MDR-a):

Improving the hydraulic efficiency of products reduces energy losses in their hydraulic systems, enabling lifting solutions to perform the same tasks with less energy input. This results in lower fuel consumption and reduces CO₂e emissions during operation. Optimizing hydraulic performance helps to minimize environmental impacts and fosters more sustainable industrial practices. At this time, the action is not attributable to an overarching target or policy.

(E1-3.29a&b):

Depending on the model and concept, different impacts are expected, enabling a reduction in carbon emissions ranging from 10 to 40 percent for mobile lifting solutions mounted on diesel-powered trucks.

(E1-3.29c):

The measure does not include significant monetary amounts of CapEx and OpEx.

(MDR-b):

The global measure encompasses the following products: loader crane (KBC) and timber and recycling crane (T&R), aerial work platforms (AWP). The Scope 3 CO₂e emission savings result from a reduction in energy consumption in the downstream value chain. The upstream value chain is not covered by this measure

Affected stakeholder groups:

- End users: Businesses operating truck-mounted lifting solutions benefit from the concepts and systems for increasing hydraulic efficiency as they lead to improved fuel efficiency, lower carbon emissions and reduced operating costs. Additionally, they improve their public sustainability profile.
- Communities/society: Local communities benefit from better air quality and reduced vehicular emissions due to an overall decrease in carbon emissions from lifting solutions. Benefits for society include the advancement of environmental targets, the promotion of sustainability initiatives and economic development driven by advances in green technology.

(MDR-c):

The action was launched in 2022 and is scheduled for completion by 2030.

ACTION 7: HYBRID DRIVE SYSTEMS**(MDR-a):**

Hybrid solutions merge conventional fuel-driven systems with electric or battery-powered alternatives. Modular electric energy systems are used as a bridging technology to power the hydraulic pump of the lifting solutions, allowing for the operation of the lifting solution with clean energy where possible. This in turn reduces fuel consumption and CO₂e emissions. At this time, the action is not attributable to an overarching target or policy.

(E1-3.29a&b):

The action leads to a reduction in GHG emissions by 75 to 100 percent during operation of the lifting solution.

(E1-3.29c):

The measure does not include significant monetary amounts of CapEx and OpEx.

(MDR-b):

The global measure applies to the following products: loader crane (KBC) and aerial work platform (AWP). The Scope 3 CO₂e emission savings result from a reduction in energy consumption in the downstream value chain. The upstream value chain is not covered by this measure.

Affected stakeholder groups:

- End users: Businesses operating lifting solutions with hybrid drive systems benefit from reduced carbon emissions and lower operating costs.
- Communities/society: Local communities benefit from better air quality and reduced CO₂e emissions as the operation of lifting solutions utilizing hybrid technology results in an overall decrease in carbon emissions. Benefits for society include the advancement of environmental targets, the promotion of sustainability initiatives and economic development driven by advances in green technology.

(MDR-c):

The first hybrid solutions will be developed between 2023 and 2025, with additional versions and roll-outs subject to further assessment thereafter.

ACTION 8: ELECTRIC DRIVE CONCEPTS**(MDR-a):**

Electrically driven hydraulic pumps are powered by the battery of the electric truck they are mounted on, enabling the lifting solution to operate continuously on cleaner energy sources. This eliminates fuel consumption and reduces GHG emissions. At this time, the action is not attributable to an overarching target or policy.

(E1-3.29a&b):

The use of this technology results in a reduction of emissions by up to 100 percent (depending on the source of the electricity used) during the use phase of the lifting solution, compared to conventional diesel-powered trucks.

(E1-3.29c):

The measure does not include significant monetary amounts of CapEx and OpEx.

(MDR-b):

The global measure relates to the following products: loader crane (KBC) and aerial work platform (AWP). The Scope 3 CO₂e emission savings result from a reduction in energy consumption in the downstream value chain. The upstream value chain is not covered by this measure.

Affected stakeholder groups:

- End users: Businesses operating cranes via e-truck interfaces benefit from reduced carbon emissions and lower operating costs.
- Communities/society: Local communities benefit from better air quality and reduced GHG emissions as electrically powered lifting solutions enable low-emission operation. Benefits for society include the advancement of environmental targets, the promotion of sustainability initiatives and economic development driven by advances in green technology.

(MDR-c):

The action is scheduled to run from 2022 through 2030, or until such time as new non-diesel truck solutions are introduced to the market.

ACTION 9: ELECTRIC FLX RANGE TRUCK MOUNTED FORKLIFT**(MDR-a):**

This action comprises the series development and introduction of a modular concept for the electric drive of FLx series truck-mounted forklifts. The development of this product series offers an alternative to combustion-based mobility. At this time, the action is not attributable to an overarching target or policy.

(E1-3.29a&b):

The use of this technology results in a reduction of emissions by up to 100 percent during the use phase (depending on the source of the electricity used; definition of use phase in accordance with the GHGP's Scope 3.11 category) compared to combustion-based vehicles.

(E1-3.29c):

The measure does not include significant monetary amounts of CapEx and OpEx.

(MDR-b):

The measure will be implemented globally. The Scope 3 CO₂e emission savings result from a reduction in energy consumption in the downstream value chain. The upstream value chain is not covered by this measure.

Affected stakeholder groups:

- End users: Businesses operating truck mounted forklifts benefit from reduced carbon emissions and lower operating costs.
- Communities/society: Local communities benefit from better air quality and reduced GHG emissions as electric forklift operation produces up to 100 percent less carbon emissions during use. Benefits for society include the advancement of environmental targets, the promotion of sustainability initiatives and economic development driven by advances in green technology..

(MDR-c):

The action is implemented from 2022 through 2025 or until the initial market release, with additional policies and systems to be developed thereafter.

2.2.3 Metrics and targets – ESRS E1

2.2.3.1 E1-4 – Targets related to climate change mitigation and adaptation

TARGET 1: EMISSION REDUCTION TARGET

(E1-4.34a-e):

PALFINGER has established a GHG emission reduction target for Scope 1 and 2 and incorporated this target into the remuneration structure for its Executive Board. The base year is 2022 with 31,578 tCO₂e before retroactive error correction and 37,155 t CO₂e after retroactive error correction (for details, see ESRS 2-BP-2.14). The target value for 2030 is an absolute emission reduction of 2,668 t CO₂e (500 t CO₂e in Scope 1 and 2,168 t CO₂e in Scope 2) to 29,091 t CO₂e in 2030. This results in a target value of 8,136 t CO₂e per billion EUR in revenue for 2030. The target is not compatible with limiting global warming to 1.5°C, and it was not determined based upon science-based principles. The calculation was made using a market-based approach. There is currently no target for Scope 3.

(E1-4.34f):

Expected decarbonization levers are a shift towards increased use of renewable energy sources and savings potentials through enhanced energy efficiency. The expected reduction of 2,168 t CO₂e in Scope 2 is mainly attributable to renewable energy sources. The expected lever for the reduction in Scope 1, amounting to 500 t CO₂e, is largely due to improvements in energy efficiency. At this time, the determination of GHG emission reduction targets does not take into account any climate scenario.

For the overall quantitative contribution to the GHG emission reduction potential, see E1-4.34a-e.

(MDR-a):

The reduction of CO₂e emissions in Scope 1 and 2 contributes to meeting the objectives of the group policy on environmental protection. For more details regarding the objectives of that policy, see E1-2.

(MDR-b):

The target is an absolute target, expressed in t CO₂e.

See E1-4.34a-e): The target value for 2030 specifies an absolute reduction in emissions of 2,668 t CO₂e to 29,091 t CO₂e by 2030.

(MDR-c):

The scope of the target comprises the PALFINGER Group and its consolidated companies. The upstream and downstream value chain is not covered.

(MDR-d):

Progress is measured in relation to 2022 as the base year with 31,758 t CO₂e before retroactive error correction and 37,155 t CO₂e after retroactive error correction. For more information, see E1-4.34a-e.

(MDR-e):

The target applies to the period 2024–2030.

(MDR-f):

The definition of the target is based on internal analyses (e.g., energy efficiency, see E1-3) of the decarbonization levers. An analysis of further decarbonization levers is planned.

(MDR-g):

The targets are not based on scientific evidence. The target is potential-based, taking into account the principles of the Science Based Target Initiative (SBTi).

(MDR-h):

The stakeholders were not involved in target setting.

(MDR-i):

No changes or adjustments have been made to the target to date.

(MDR-j):

The target is continuously monitored in the context of emissions reporting and the annual update of the CO₂e balance sheet; the status is reported to the Sustainability Council, Executive Board and Supervisory Board. In 2024, emissions were already well below the target of 31,377 t CO₂e.

2.2.3.2 E1-5 – Energy consumption and mix

(E1-5.37a-c und 38.a-3):

Total energy consumption from fossil sources

in MWh	2023	2024
Fuel consumption from coal and coal products	-	-
Fuel consumption from crude oil and petroleum products	19,860	18,392
Fuel consumption from natural gas	58,196	61,744
Fuel consumption from other fossil sources	8,081	7,385
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	46,346	24,041
Total fossil energy consumption	132,483	111,562
Share of fossil sources in total energy consumption (%)	61.8%	52.0%
Consumption from nuclear sources	n.b.	5,700
Share of consumption from nuclear sources in total energy consumption (%)	n.b.	2.7%
Fuel consumption for renewable sources, including biomass	-	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	75,456	88,373
Consumption of self-generated non-fuel renewable energy	6,368	8,907
Total renewable energy consumption	81,824	97,280
Share of renewable sources in total energy consumption (%)	38.2%	45.3%
Total energy consumption	214,307	214,542

Absolute energy consumption totaled around 214.5 million kWh in the reporting year (2023: 214.3 million kWh), virtually unchanged from the previous year. The EMEA region accounted for the largest share of energy consumption at 61 percent.

The main energy consumers at PALFINGER's production sites include the painting and electroplating plants as well as facilities for conditioning production halls. The fuel consumption of the vehicle fleet is also included in energy consumption and accounts for around 8 percent of total consumption. The majority of production-related transportation is outsourced to logistics companies (Scope 3), with transportation occurring mainly by trucks and ships. The share of green electricity in total electricity consumption was 80 percent in 2024. PV systems accounted for around 7.5 percent of total electricity consumption.

(E1-5.39):

Non-renewable energy production and renewable energy production

in MWh	2023	2024	in %
Generation of non-renewable energy.	-	-	
Generation of energy from renewable sources	6,368	8,907	39.9%

(E1-5.40 & 42):

Energy intensity based on net revenue

in MWh / million EUR	2023	2024	in %
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	87.6	91.0	3.9%

(E1-5.43; AR 38)

Reconciliation of net revenue from activities in high climate impact sectors

EUR thousand	2023	2024	in %
Net revenue from activities in high climate impact sectors used to calculate energy intensity	2,445,852	2,359,842	-3.5%
Net revenue (other)	-	-	
Total net revenue (Financial statements)	2,445,852	2,359,842	

2.2.3.3 E1-6 – Gross Scope 1, 2 and 3 and total GHG emissions

(E1-6.AR 48); (E1-6.44-52):

Total GHG emissions disaggregated by Scope 1, Scope 2 and significant Scope 3 emissions

in tonnes of CO ₂ e	Base year 2022	2023	2024	% N/N-1
Scope-1-GHG emissions				
Gross Scope-1- GHG emissions	18,850	19,019	18,885	-0.7%
Percentage of Scope 1 GHG emissions from regulated emissions trading schemes (%)	-	-	-	
Scope-2-GHG emissions				
Gross location-based Scope 2 GHG emissions	n.k.	n.k.	33,978	
Gross market-based Scope 2 GHG emissions	18,305	17,676	11,365	-35.7%
Significant scope-3-GHG emissions				
Total Gross indirect (Scope 3) GHG emissions	3,685,055	3,551,875	3,042,731	-14.3%
1 Purchased goods and services	1,171,672	909,262	762,692	-16.1%
2 Capital goods	11,662	11,662	11,662	-
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	13,509	13,509	13,509	-
4 Upstream transportation and distribution	69,022	59,866	60,279	0.7%
5 Waste generated in operations	65,246	65,246	65,246	-
6 Business traveling	2,029	2,029	2,029	-
7 Employee commuting	9,425	9,425	9,425	-
9 Downstream transportation	6,902	5,989	6,028	0.7%
11 Use of sold products	2,315,918	2,455,217	2,090,085	-14.9%
12 End-of-life treatment of sold products	16,473	16,473	16,473	-
15 Investments	3,197	3,197	5,303	65.9%
Total GHG emissions				
Total GHG emissions (location-based)	n.k.	n.k.	3,095,594	
Total GHG emissions (market-based)	3,722,210	3,588,570	3,072,981	-14.4%

n.k. = not known

(E1-6.AR 43c); (E1-6.AR 45e); (E1-6.AR 46 j) :

There are no biogenic emissions of CO₂e from the combustion or biodegradation of biomass in Scope 1 and 2. For Scope 3 emissions, it is likewise assumed that biogenic emissions are minimal to non-existent, given the nature of the industry.

(E1-6 AR 39 b); (MDR-M):

Calculation of Scope 1 and Scope 2:

The calculation and emission factors are determined annually and updated as required. Emissions data include carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), as well as the correction value for import and export. The remaining Kyoto gases are not produced during direct combustion; therefore, the figures can be considered complete.

The conversion of direct and indirect CO₂ equivalents and of the shares of renewable and nuclear electricity sources is based on various databases, such as IEA & Ecoinvent (2020), Climate Transparency, and Electricity Maps (2023). The direct emission factors (Scope 1) of gasoline, diesel, liquefied petroleum gas, propane/butane, district heating and heating oil are sourced from the Austrian Federal Environment Agency (UBA) and from the Swiss Association for Liquefied Gas (FVF). Scope 1 and Scope 2 emissions are calculated in the HSE software for the energy consumption reported by the sites. The calculation is carried out by energy source, multiplying the site data reported by the respective emission factor.

The emission values for marked-based Scope 2 emission levels in 2022 and 2023 were reported incorrectly. One site was unable to provide documentation for the consumption of renewable energy. A retrospective correction of these calculations was made as follows:

in tonnes of CO ₂ e	2022	2023
Scope 2 GHG emissions (reported)	12,908	12,894
Error correction	5,397	4,782
Scope 2 GHG emissions (corrected)	18,305	17,676

Calculation of Scope 3:

Scope 3 emissions are calculated using a spreadsheet program. Emission factors and reference values for calculating Scope 3 emissions were taken from scientific data sources:

- Austrian Federal Environment Agency (UBA AT): 2022 data for the upstream energy chain and for public transportation
- Ecoinvent database (version 3.9.1, 2022) for the upstream energy chain, transportation and waste treatment
- Department for Environment, Food and Rural Affairs, United Kingdom (DEFRA 2019), for purchased goods and capital goods
- European Environment Agency (2021), CO₂ emission factor for diesel engines
- GHG Protocol_Emission_Factors_For_Cross_Sector_Tools_V2.0_0 (March 2024)

Significant Scope 3 categories that are a priority for the company are category 3.1 “Goods and services purchased” and category 3.11 “Use of products sold”.

Scope 3 emissions in category 3.1 “Goods and services purchased” were calculated using a cost-based method, where the volume of goods and services purchased was multiplied by a cost-based emission factor. Inherent limitations of this method result from its reliance on secondary data. The data relating to purchasing volumes were sourced from the local ERP systems for base metals and processed metals, electrical and optical devices, machinery and equipment, motor vehicles, rubber and plastics, chemicals and chemical products, postal and telecommunications services and other community, social and personal services. Data collection was centralized at group level..

The emissions in category 3.11 “Use of products sold” are calculated by multiplying the quantities of products sold per product line. Product activity data (e-pump mech per operating hour, powertrain) and sales records derived from internal data systems served as the basis for the calculation. For some products, such as the loader crane, a distinction between load sensing and constant pump technology is taken into account in the calculation. The emission factor for diesel and the energy consumption required during the use phase were used to calculate the emissions. As a final point, assumptions regarding hours of operation and product service life (standardized use cycle) were made to extrapolate the results.

(E1-6 AR 46 g):

Around 1.24 percent of Scope 3 emissions are calculated using primary data from suppliers or other partners in the value chain.

(E1-6.53-55):

GHG intensity based on net revenue

tonnes CO ₂ per million euro	2023	2024	
GHG intensity per net revenue			
Total GHG emissions (location-based) per net revenue	-	1,312	
Total GHG emissions (market-based) per net revenue	1,467	1,302	-11.2%

Net revenues correspond to the sales revenues in the consolidated financial statements.

2.3 ESRS E5 : RESOURCE USE AND CIRCULAR ECONOMY

2.3.1 Management of risks, impacts and opportunities

The disclosures regarding the description of the process to identify the impacts, risks and opportunities related to E5 can be found in ESRS 2.

2.3.1.1 E5-1 – Policies related to resource use and circular economy

(MDR-62):

The responsible use of resources and the longevity of materials used are firmly embedded in PALFINGER's operating activities in economic terms. However, no overarching policy on this topic is in place at this time. In the forthcoming years, PALFINGER will work on developing an overarching policy addressing resource use and circular economy.

2.3.1.2 E5-2 – Actions and resources in relation to resource use and circular economy

ACTION 1: EXTENDING THE SERVICE LIFE AND INCREASING THE USE INTENSITY OF PRODUCTS THROUGH REPAIR AND MAINTENANCE AND PROVISION OF SPARE PARTS

(MDR-a):

Actions to extend product life include preventive maintenance, inspections, repairs and spare parts management. Spare parts and repair services are made available through a worldwide service network and advanced technologies such as the "Smart Inspection" app, thereby providing long-term repair and maintenance support for customers.

This package of actions is intended to minimize environmental impacts during the use and maintenance of products, delivering the following results:

- Extension of product lifespan: The efficient use of spare parts, coupled with regular maintenance and repairs, extends the service life of products.
- Conservation of resources: Optimizing the use of spare parts reduces resource consumption.
- Circular economy: Promotion of reuse

(E5-2.20):

The actions contribute to the application of circular business practices, particularly value retention through maintenance, repair, refurbishment and remanufacturing. The goal of repair activities is to extend the lifespan of products. The action does not cover the topics "use of recycled materials" or "circular design", as the focus is primarily on extending product life.

(MDR-b):

Maintenance, repairs and spare parts are offered through the global service network by either PALFINGER itself or its business partners. The upstream value chain is not covered by this action.

(MDR-c):

This is an ongoing action.

2.3.2 Metrics and targets – ESRS E5

2.3.2.1 E5-3 –Targets related to resource use and circular economy

(ESRS 2.81):

The circular economy was identified as a new material topic in the current materiality analysis and integrated into the sustainability strategy as a separate field of action in 2024. Targets will be established in the next financial year, along with the development of corresponding actions and the implementation of a process for assessing their effectiveness.

2.3.2.2 E5-4 –Resource inflows

(E5-4.30):

Key inputs include raw materials (primarily steel and aluminum) and purchased parts such as cylinders, control systems & mechatronics, electronics and cables, hydraulic components and equipment, as well as motors and pumps, DIN and standard parts and mechanical parts. In addition, PALFINGER reduces its ecological footprint and contributes to local value creation through the procurement principle “local for local” by using local partnerships preferably with globally operating suppliers. For more information on the PALFINGER value chain, see SBM-1 in ESRS 2.

(E5-4.31a):

Overall total weight of products and materials used

in tons	2024
Raw material	114,207
Hydraulic components & equipment	1,653
Cylinders	4
Control systems & mechatronics	117
DIN & standard parts	565
Total weight	116,546

The overall total weight was determined on the basis of recorded goods received during the reporting year. For companies that do not have weight data stored in the local ERP system, the weight was estimated based on the goods received in EUR.

(E5-4.31c):

Weight of secondary reused or recycled components, products and materials

EUR thousand	2024
Total weight of secondary, reused, or recycled components, intermediate products, or materials used during the reporting period	46,450
Amount of secondary, reused, or recycled materials in %	39.9%

The percentage share of secondary reused or recycled materials was determined on the basis of inquiries made to suppliers. In cases where values for certain components or materials could not be determined, estimates were derived from similar products or suppliers.

2.3.2.3 E5-5 - Resource outflows

(E5-5.35):

PALFINGER's resource outflows relate to manufactured products. Those products include loader cranes, timber and recycling cranes, hooklifts and skiploaders, tail lifts, aerial work platforms, truck mounted forklifts, railway systems, passenger lifts, marine cranes, winches and offshore equipment, offshore cranes, davit systems, boats and wind cranes.

In alignment with circular economy principles, PALFINGER carries out maintenance and repairs to ensure the longevity of its products. For more information on PALFINGER products, see SBM-1 in ESRS 2.

(E5-5.36a):

Durability of the products placed on the market by the undertaking

Durability of products in years	2024
Loader crane	10-15
Forestry and recycling cranes	11-12
Roll-off and hook-lift trucks	15-16
Tail lifts	10
Small aerial work platforms	12
Large aerial work platforms	20
Truck-mounted forklifts	10
Marine and wind cranes	15
Winches and offshore equipment	20
Offshore cranes	25
Davit systems	20
Boats	20

As no industry data on the durability of comparable products is available at this time, no comparisons can be reported yet.

The specified durability in years is estimated based on the specified number of load cycles at a certain percentage of the maximum load capacity over the products' lifetime. Actual durability may vary based on usage, environmental conditions and other factors. The figures stated herein are the result of internal testing and are provided for informational purposes only. They do not constitute a warranty or guarantee of any kind.

(E5-5.36b):

Repairability of products

The repairability of the products was assessed based on the recommendations of EN 45554:2020 "General methods for the assessment of the ability to repair, reuse and upgrade energy-related products". Prioritized parts and components were identified and assessed according to the following criteria: total repair time, required tools, required work environment, repair personnel's skill level and availability of spare parts. The rating scale ranged from A (very easy repair) to E (very difficult repair). All PALFINGER products were rated B or C, indicating good repairability. Most parts and components are easy to repair, and only some parts require more complex repair efforts.

(

E5-5.36c):

Rates of recyclable content in products and their packaging

in tons	2024
Total weight of products and packaging	116,546
Weight of the recyclable portion of the product and packaging	112,952
Recyclable portion in products and packaging in %	96.9%

The share of recyclable products was determined on the basis of inquiries made to suppliers. In cases where values for certain components or materials could not be determined, estimates were derived from similar products or suppliers.

3. SOCIAL INFORMATION

3.1 ESRS S1: OWN WORKFORCE

3.1.1 Strategy

3.1.1.1 ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

(S1-SBM 3.13a):

The impacts in the area of health and safety are sector-specific. As a manufacturing company, there are inherent risks arising from the production process, which influence the sustainability strategy in the “People, Values and Culture” field of action, where “health and safety” is a key area of focus.

The risk associated with a shortage of qualified personnel has a significant impact on PALFINGER’s strategy. A number of long-term trends are affecting this strategic risk – the competition for talent; manual labor jobs becoming less attractive; retirement of the baby boomer generation. Measures such as employer branding activities, expanding training programs, a standardized assessment process, offering benefits programs (e.g., PALfit), and ongoing skills development efforts are implemented to reduce this risk. Additionally, strategic succession planning will be established as a key management tool in the medium term.

(S1-SBM 3.13b):

The risk associated with a shortage of qualified personnel is closely linked to the impacts related to training and development, working hours, diversity and fair pay. Providing an attractive workplace environment is an essential factor for both the risk and the impacts.

(S1-SBM 3.14a):

PALFINGER’s workforce is comprised of two main groups termed direct and indirect employees. Direct employees are individuals working directly on PALFINGER products. To manage surges in demand, the company supplements this group with leased personnel from external agencies. Direct employees are particularly affected by possible negative impacts on their physical health and demotivation due to inflexible schedules. Targeted preventive measures are in place for this occupational group, aimed at reducing workplace accidents and ensuring a safe work environment. Indirect employees typically work in office settings. Due to the nature of their work, these employees are more likely to be affected by working conditions that can lead to mental health problems. Initiatives aimed at enhancing workplace appeal, for example through professional development and training opportunities, have demonstrated positive impacts on this segment of the workforce.

(S1-SBM 3.14b):

Being a manufacturing company, the sector in which PALFINGER operates is inherently affected by negative impacts on a global scale, due to inflexible working conditions and schedules as well as mental and physical stress. The negative impacts can therefore be considered widespread and systemic.

The negative impacts related to violence, discrimination and harassment in the workplace pertain to specific, isolated incidents.

(S1-SBM 3.14c)

As a general principle, the positive impacts related to freedom of association, collective bargaining, social dialogue, equal treatment and fair pay are accessible to all PALFINGER employees.

(S1-SBM 3.14d):

The risk associated with a shortage of qualified personnel stems, in part, from the impacts related to inflexible working conditions and schedules, as well as a lack of diversity, which can impair the appeal and success of the company.

(S1-SBM 3.14e)

There are no material impacts on PALFINGER's own workforce that arise from transition plans for reducing negative impacts on the environment.

(S1-SBM 3.14f)

There are no operations at significant risk of incidents of forced labor among PALFINGER's own workforce.

(S1-SBM 3.14g)

There are no operations at significant risk of incidents of child labor among PALFINGER's own workforce.

(S1-SBM 3.15)

PALFINGER's many years of experience and understanding of its internal operational workings have led to an awareness of the diverse requirements and challenges faced by various occupational groups within its workforce. Direct employees, in particular, are exposed to increased physical stress due to the nature of their work. Other groups potentially more vulnerable to negative impacts include women, younger employees (under the age of 30), older employees (over the age of 50), employees with disabilities, ethnic minorities and LGBTQ+ employees. Examples of material negative impacts for women include harassment and discrimination and/or difficulties in balancing professional and family responsibilities.

(S1-SBM 3.16):

There are no material risks and opportunities for PALFINGER that relate to specific groups of people rather than to all of its own workforce.

3.1.2 Management of risks, impacts and opportunities

3.1.2.1 S1-1 – Policies related to own workforce

General information on policies

(S1-1.19):

For the most part, the policies apply only to PALFINGER's own employees. This is due to the fact that access to PALFINGER's proprietary systems is required to review and act upon the policies. Such access is reserved to individuals actively employed by PALFINGER. The occupational health and safety policies and the Code of Conduct for employees also apply to contingent staff.

(S1-1.20a & 21):

Beyond complying with all legal requirements regarding respect for human rights, PALFINGER aligns its practices with international standards and conventions, a commitment enshrined in its Code of Conduct. PALFINGER has supported the UN Global Compact since 2013 and is committed to its ten principles on human rights, working conditions, the environment and anti-corruption measures. PALFINGER is committed to the OECD Guidelines for Multinational Enterprises and follows the principles of the International Labor Organization (ILO).

The United Nations' 2030 Agenda for Sustainable Development contains 17 global Sustainable Development Goals (SDGs). PALFINGER incorporates these SDGs into all aspects of its business operations. The direct and indirect impacts of PALFINGER's operations on the 17 SDGs were evaluated. PALFINGER has identified four development goals as being most relevant to the strategic orientation of sustainability management: SDG 5 – gender equality; SDG 8 – decent work and economic growth; SDG 12 – sustainable consumption and production; SDG 13 – climate action.

(S1-1.20b):

The HR department participated in the steering committee tasked with drafting the Code of Conduct to represent the members of PALFINGER's own workforce. In the other policies, the company's own employees were involved in the forms described in sections S1-2. Details can be found in the information provided for the respective policies.

(S1-1.20c):

The processes to remediate negative impacts and channels for own workforce to raise concerns as outlined in ESRS S1-3 can also be used to provide remedy for human rights impacts, where required.

(S1-1.22):

Human trafficking or slavery are illegal. Any indication of such practices will be followed up promptly, with measures taken to ensure that they are stopped immediately. PALFINGER ensures that employees and business partners do not directly or indirectly promote or support these crimes. Child labor is strictly prohibited. PALFINGER adheres to the conventions of the International Labor Organization on the minimum age for employment. This age limit guarantees children and adolescents their full physical and mental development. Forced or compulsory labor is illegal. Employees at PALFINGER can terminate their employment at any time with reasonable notice.

(S1-1.23):

Occupational safety is a top priority for PALFINGER. For this reason, PALFINGER has established a management system for occupational health and safety and the policies resulting therefrom. Occupational health and safety management at PALFINGER is regulated according to ISO 45001, Occupational Health and Safety Management. With the introduction of the new Group Policy Certification Requirements for PALFINGER Sites and Audit Management, all locations with more than 100 employees are required to implement an ISO 45001 occupational health and safety management system.

(S1-1.24a & b):

PALFINGER does not tolerate any form of discrimination, harassment or bullying related to ethnic or social origin, nationality, skin color, gender, sexual orientation, age, religion, political beliefs, affiliation with legal entities or other personal characteristics. PALFINGER is dedicated to providing equal opportunities and fair treatment to all individuals. Everyone is entitled to a workplace environment that is secure and respectful. This is also stated in the Code of Conduct. The diversity strategy for the Supervisory Board and the Executive Board was defined as a policy for the promotion of equal opportunities. Details of this strategy are provided in the "Diversity plan" section of the Corporate Governance Report.

(S1-1.24c):

In Austria, PALFINGER is required to meet a statutory quota for employing individuals with disabilities, a measure established to bolster job market inclusivity for disabled persons. Failure to meet this quota triggers compensatory payments. Furthermore, PALFINGER strictly adheres to legal requirements in all countries in which it operates, demonstrating its commitment to upholding legal and ethical standards globally.

(S1-1.24d):

The prevention of discrimination is ensured at PALFINGER group-wide through policies such as the Code of Conduct, the Anti-Harassment & Anti-Discrimination Policy, and the Recruiting Policy. Harassment or bullying based on ethnic or social origin, national descent, skin color, gender, sexual orientation, age, religion, political orientation, membership in legal associations, or other personal characteristics is not tolerated.

Policy 1: Code of Conduct

(MDR-a):

KEY CONTENTS & GENERAL OBJECTIVES:

The current version of PALFINGER's Code of Conduct defines the essential legal and ethical principles for doing business. Violations of the laws and the Code of Conduct are subject to sanctions and may result in criminal prosecution. The Code of Conduct addresses the following contents related to human rights and working conditions:

- Prohibition of slavery and human trafficking
- Prohibition of child labor
- Free choice of employment
- Health and safety
- Prohibition of weapons, alcohol and drugs
- Freedom of association
- Protection against discrimination, harassment and bullying
- Compliance with working hours and minimum wage

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES

The Code of Conduct addresses all material impacts, risks and opportunities relating to the sustainability topics of working conditions, equal treatment and equal opportunities.

MONITORING PROCESS

To facilitate compliance with the Code of Conduct, PALFINGER has established measures and processes, such as targeted trainings, to ensure that the applicable legal requirements are known and met. These trainings are mandatory for all PALFINGER employees.

Any misconduct can be reported to the manager, the HR department and the Integrity Line. Reported violations of the Code of Conduct or other group policies are continuously evaluated. Where suspicious cases are substantiated, they are investigated by GRC and Corporate Internal Audit, and appropriate improvement measures are defined with the responsible management.

(MDR-b):

The implementation of the Code of Conduct's standards and compliance with them is expected of all employees and contracted staff. It applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence.

(MDR-c):

The Executive Board has signed the Code of Conduct and is responsible for its implementation. Governance, Risk & Compliance (GRC) is responsible for the preparation, monitoring processes and implementation of training sessions regarding the Code of Conduct.

(MDR-d):

PALFINGER's success depends on healthy and fairly treated employees. PALFINGER therefore protects their rights and follows the principles of the United Nations Global Compact initiative and the International Labor Organization (ILO).

(MDR-e):

A steering committee, composed of members from GRC, Human Resources, Purchasing and Dealer Network Development, was set up to prepare the Code of Conduct, ensuring that the Code's three key addressees were included in the process. The Executive Board was involved in the establishment of the Code of Conduct during the final approval stage.

As part of the materiality analysis, surveys of PALFINGER's key stakeholders were conducted (see ESRS 2 SBM-2.45a), the findings from which were taken into account in drafting of the Code of Conduct.

(MDR-f):

Employees can access the Code of Conduct through the group policy system on the intranet or on PALFINGER's corporate website.

Policy 2: Health Management Policy

(MDR-a):

KEY CONTENTS & GENERAL OBJECTIVES:

The implementation of health management principles and preventive occupational health care to ensure the health of employees and a safe work environment is addressed in the Health Management Policy.

A group-wide Health Management Policy regulates the scope of occupational health care according to the number of employees at each location and defines the range of services and deployment times. This ensures that all PALFINGER employees worldwide receive standardized occupational health care independent of national legal requirements.

The Health Management Policy also mandates regular meetings of the Health & Safety Committee and the inclusion of employee representatives, promoting a comprehensive approach to health management. It emphasizes a coordinated strategy across the three areas of occupational safety, reintegration after prolonged illness and preventive workplace health promotion (PALfit program). PALFINGER's approach is guided by the World Health Organization's definition of health as a "state of complete physical, mental and social well-being". Additionally, significant emphasis is placed on mental health to promote employees' ability to work against the backdrop of increasing mental stress.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES

- Working conditions that may cause physical health problems
- Working conditions that may cause mental health problems

MONITORING PROCESSES:

To ensure standardized, regular reporting and tracking of site-specific activities, detailed information on the measures must be submitted to the Health & Safety Committee.

Corporate Internal Audit has the authority to conduct audits to assess the design and effectiveness of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board. Upon request, all pertinent information must be provided to Corporate Internal Audit.

(MDR-b):

This policy applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence.

(MDR-c):

The Chief Human Resources Officer (CHRO) and Global Human Resources (HR) are responsible for implementing the policy. The policy has been approved by the Executive Board.

(MDR-e):

PALFINGER maintains an ongoing dialogue with stakeholders, and Human Resources maintains ongoing communication with employees. In 2024, a PALfit health survey using the Work Ability Index Plus (WAI+) questionnaire was conducted for all employees at the Austrian and German sites. Safety experts, occupational physicians, Human Resources and the works council are involved in mandatory annual health & safety committee meetings to represent the interests of employees and ensure their participation.

(MDR-f):

Employees can access the Health Management Policy through the group policy system on the intranet.

Policy 3: Group Policy Certification Requirements for PALFINGER Sites and Audit Management

(MDR-a):

KEY CONTENTS & GENERAL OBJECTIVES:

The new Group Policy Certification Requirements for PALFINGER Sites and Audit Management mandates that all sites with more than 100 employees must adopt and certify an ISO 45001 occupational safety management system. As a result, the proportion of sites having such a system in place will increase significantly over the next three years. Based on this group policy, PALFINGER introduced the Global PALFINGER Management System (GPMS) at the Bergheim site in 2024, which integrates the areas of quality, occupational safety, environment and energy (QHSE). The external certification audit in December 2024 was successfully completed and resulted in the award of ISO certifications for ISO 45001, 14001 and 50001.

Excluding CIS, 39 percent of employees worked at locations with ISO 45001 certification in 2024 (2023: 36 percent).

The GPMS will be rolled out globally throughout the PALFINGER organization in the coming years in accordance with the group policy certification requirements.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES

- Working conditions that may cause physical health problems
- Working conditions that may cause physical health problems
- Ensuring health and safety in the workplace
- Avoiding accidents through preventive measures

MONITORING PROCESS:

The policy is monitored by the Process & Quality Management function by means of a defined implementation plan and reporting mechanisms.

Corporate Internal Audit has the authority to conduct audits to assess the design and effectiveness of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board.

(MDR-b):

The PALFINGER HSE management system and the internal employee protection standards contained therein apply globally to all employees. The requirement for external ISO 45001 certification applies to sites with more than 100 employees.

(MDR-c):

The Process & Quality Management function, together with Corporate HSE Management, is responsible for implementing the policy. The policy has been approved by the Executive Board.

(MDR-d):

In the course of implementing the policy, the company has undertaken to comply with the ISO 45001 standard.

(MDR-e):

When defining the policy, the interests of employees as well as those of suppliers, customers, insurers and banks were taken into account, following inquiries and discussions with these stakeholders, who expect PALFINGER to have a certified employee protection management system in place.

(MDR-f):

Employees can access the Group Policy Certification Requirements for PALFINGER Sites and Audit Management through the group policy system on the intranet.

Policy 4: Group Policy Occupational Health & Safety Management and PALFINGER occupational health & safety policies

(MDR-a):

KEY CONTENTS AND OBJECTIVES:

The objective of the Group Policy Occupational Health & Safety Management is to introduce and maintain a global standard for occupational health and safety management in order to ensure legal security in matters of employee protection, minimize occupational health and safety risks, prevent work-related accidents and reduce hazards and stress, thereby fostering safe and healthy workplaces.

The policy outlines the group's occupational safety management system, including legal security management, occupational safety organization, HSE audits and measures for improvement.

Additionally, it provides references to the globally applicable PALFINGER occupational health & safety policies, which regulate the following areas of workplace safety in detail:

- Occupational safety management
- Occupational safety organization
- Legal security in employee protection
- Emergency management
- Fire and explosions
- Hazardous substance management
- Machinery and plant safety
- PALfit health management
- Personal protective equipment
- Safe working practices
- Recurring safety-related inspections and measurements
- Occupational medicine and health protection

Each site assesses compliance with country-specific employee protection laws by means of a globally available legal information system for employee protection laws and regulations, thus ensuring legal certainty in matters of employee protection.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES

- Working conditions that may cause physical health problems (such as burnout or depression)
- Working conditions that may cause physical health problems (injuries such as fractures, cuts, lacerations, hematomas, sprains, bruises, traumatic amputations, etc. and work-related illnesses)
- Ensuring health and safety in the workplace
- Avoiding accidents through preventive measures

MONITORING PROCESSES:

The sites and their occupational safety managers assess the implementation, compliance and enforcement of these occupational health and safety policies annually in the form of internal occupational safety audits. Corporate and regional HSE management conduct supplementary HSE audits. The results are documented in audit reports, and any areas for improvement or deviations identified are addressed through corrective actions, thereby ensuring both continuous improvement and compliance with the occupational health and safety policies.

Corporate Internal Audit has the authority to conduct audits to assess the design and effectiveness of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board.

(MDR-b):

This policy applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence (according to IFRS reporting).

(MDR-c):

Corporate HSE Management is responsible for implementing the policy. The group policy has been approved by the Executive Board.

(MDR-d):

In the course of implementing the policy, the company has undertaken to comply with the ISO 9001 and ISO 45001 standards.

(MDR-e):

When defining the policy, the interests of employees as well as those of suppliers, customers, insurers and banks were taken into account. These stakeholders expect PALFINGER to implement appropriate global occupational health and safety management standards.

(MDR-f):

Employees can access the Group Policy Occupational Health & Safety Management through the group policy system on the intranet. The occupational health & safety policies are updated daily and can be accessed online at all PALFINGER sites in the HSE management software

Policy 5: Group Policy Learning

(MDR-a):

KEY CONTENTS & GENERAL OBJECTIVES:

At PALFINGER, training and continued education is an important part of securing all the necessary technical and social skills for the future. Learning is one of PALFINGER's core values, underscoring the company's commitment to the continuous training and development of its workforce in order to foster the personal development of all employees and the growth of the company. The objective of the Group Policy Learning is to establish a universal framework for all formal educational and developmental measures and to provide guidance for decision-making processes.

To strategically embed learning at a global level and to manage cross-functional cooperation, each global and corporate function has its own learning guide. This role supports the ongoing assessment of training needs within their respective function. PALFINGER aims to promote a company-specific learning culture and to strengthen PALFINGER as a digital learning organization.

The Learning Policy grants employees the autonomy to dedicate up to two hours of their working time per month to digital learning resources covering both job-related and supplementary subjects. If required, the senior functional manager can increase the number of hours per month.

The development of global standards and tools for training and development measures promotes a company-specific learning culture and strengthens PALFINGER as a digital learning organization.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES:

- Creation of an attractive work environment through training and further development options
- Shortage of qualified personnel

MONITORING PROCESSES:

Evaluations and analyses of completed training and development measures are the responsibility of Learning & Development, which is part of Human Resources. Corporate Internal Audit has the authority to conduct audits to assess the design and actual implementation of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board.

(MDR-b):

This policy applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence.

(MDR-c):

The Center of Excellence People Development & Culture, which is part of Global Human Resources, is responsible for implementing the policy and taking appropriate measures. The group policy has been approved by the Executive Board.

(MDR-e):

PALFINGER maintains an ongoing dialogue with stakeholders regarding the Group Policy Learning. The interests of senior management and employees at PALFINGER are identified in the course of employee interviews and surveys, performance & development reviews, regular meetings with line managers, etc.

(MDR-f):

Employees can access the Group Policy Learning through the group policy system on the intranet.

Policy 6: Recruiting Policy**(MDR-a):****KEY CONTENTS AND OBJECTIVES:**

PALFINGER's employees are vital to the company's success. In recognition of this, PALFINGER cultivates a work environment that fosters both professional growth and personal advancement. PALFINGER strives to attract talented and qualified employees and offers opportunities for development and career progression by building and preserving expertise within the organization. PALFINGER aims to offer attractive employment opportunities and encourages employees to shape their own work environments and long-term career prospects. The recruitment process is designed to ensure equal opportunities for all candidates, emphasizing transparency, communication, fairness, diversity, quality and confidentiality.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES:

- Creation of attractive employment opportunities by embracing diversity in the workforce and integrating it into corporate culture
- Creation of attractive employment opportunities through training and development options
- Avoiding discrimination against specific groups of employees (e.g., persons with disabilities)
- Ensuring fair wages
- Shortage of qualified personnel

A standardized recruitment process ensures that every application is met with equal opportunities and transparency during the application process. This approach enables PALFINGER to foster a workforce characterized by diversity and inclusion. Paying adequate salaries that correspond to the skills and qualifications of employees is important to PALFINGER and ensures that the salary level aligns with statutory requirements and collective bargaining agreements.

MONITORING PROCESSES:

Evaluations and analyses of the Group policy are the responsibility of Global HR, which is part of Human Resources, in 2024, increased training sessions were conducted for this purpose. Corporate Internal Audit has the authority to conduct audits to assess the design and actual implementation of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board.

(MDR-b):

This policy applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence. The current Recruiting Policy is effective in its present form. Efforts are underway to develop it further, adding more detailed specifications on roles, procedures and approval processes.

(MDR-c):

The respective functional management is responsible for implementing the group policy, complying with the standards set out therein and bringing them to the employees' attention. Global HR is responsible for establishing, maintaining and adapting the Group Policy. The policy has been approved by the Executive Board.

(MDR-f):

Employees who are the stakeholders affected by this policy can access the Recruiting Policy through the group policy system on the intranet. External stakeholders do not have access to the Recruiting Policy.

Policy 7: Anti-Harassment & Anti-Discrimination Policy

(MDR-a):

KEY CONTENTS AND OBJECTIVES:

Harassment and discrimination in the workplace not only violate fundamental human rights and cause serious health problems, but also disrupt productivity, diminish morale and may result in severe legal consequences for both individuals and the company. This policy therefore aims to create and maintain a workplace that is free from harassment, bullying and discrimination, ensuring that all employees are treated with dignity and respect. It is essential for upholding PALFINGER's ethical standards, promoting a safe work environment and complying with legal requirements globally and regionally.

This policy is in alignment with international labor laws and other applicable laws in the regions where PALFINGER operates. Beyond legal obligations, respect, integrity and cooperation are core values of PALFINGER.

This policy is in alignment with the PALFINGER Code of Conduct and emphasizes a zero-tolerance attitude to any form of harassment or discrimination. It covers all forms of harassment, including, but not limited to, sexual harassment, bullying and discrimination.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES:

This group policy contributes to mitigating the negative impacts of discrimination and workplace violence on employees. Curbing harassment prevents the emergence of a toxic work environment, declining morale and increased absenteeism.

For PALFINGER, fostering teamwork and trust is particularly important, given that harassment can compromise safety standards, ultimately leading to accidents and injuries. Compliance with this group policy therefore positively impacts employee well-being by enhancing occupational safety and preventing workplace accidents.

MONITORING PROCESSES:

Employees who experience or witness harassment or discrimination are encouraged to report the incident to their line manager, the HR department or to the Integrity Line – PALFINGER's anonymous whistleblower reporting system. At PALFINGER, all individuals in management roles have an additional duty of due diligence and care when it comes to containing, reporting and eliminating any form of harassment and/or discrimination in the workplace.

(MDR-b):

This policy applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence.

Violations of this group policy will incur appropriate disciplinary measures, up to and including termination of employment. Retaliatory actions against individuals who report harassment and/or discrimination, or against individuals participating in the investigation of harassment and/or discrimination cases, are strictly prohibited and will be met with disciplinary measures.

(MDR-c):

CHRO is responsible for establishing and maintaining this group policy and its underlying processes. Compliance with the standards contained in the policy is required of all employees within the organization. The policy has been approved by the Executive Board.

(MDR-f):

Employees can access this group policy through the group policy system on the intranet. Additionally, all employees received an email newsletter in December 2024 briefing them on the new policy.

3.1.2.2 S1-2 – Processes for engaging with own workforce and workers' representatives about**(S1-2.27 und 27a):**

PALFINGER incorporates the perspectives of its own workforce into its decisions and activities both directly and indirectly by engaging with employee representatives through a variety of well-established formats. PALFINGER is aware of the critical contribution of its workforce to the company's future development, encourages an active dialogue with management and, as a result, fosters positive impacts such as ensuring health and safety at work through the Health & Safety System, creating and promoting safe workplaces as well as facilitating freedom of association, trade unions and collective bargaining, social dialogue and works councils.

Additionally, PALFINGER seeks to identify and mitigate potential negative impacts on employees at an early stage. These include working conditions that may cause mental and physical health problems, discrimination against specific groups of employees, as well as violence and harassment at the workplace.

(S1-2.27b):

Engagement with employees occurs at both the organizational level and at site level. The level at which engagement occurs depends on the forms of engagement outlined below:

Site level:

- Works meetings

Group level:

- Dialogue between managers and employees
- Employee surveys
- Employee representation on the Supervisory Board

DIRECT FORMS OF ENGAGEMENT::

- Regular dialogue between employees and managers (performance & development reviews, opportunities for regular exchange). There is a standard operating procedure for the performance & development reviews which mandates at least three meetings annually. Feedback from these meetings is recorded in HR system, thereby ensuring accessibility at any time.
- Works meetings: These are forums for addressing issues that affect the workforce and require direct exchange between employees, the works council and the employer. Works meetings are held site-specific on an as-needed basis to address specific issues.
- Employee survey: Employees are afforded the opportunity to provide open, anonymous feedback, which serves as a source of actionable insights for enhancing employer performance. The results of the employee survey also serve as a basis for the regular talks between employees and managers. The last employee survey took place in 2024 for Austria and Germany. A global employee survey is planned.

INDIRECT FORMS OF ENGAGEMENT:

- Employee representation on the Supervisory Board: The guaranteed representation of employees on the Supervisory Board ensures that employees' needs and concerns are taken into account and actively integrated into the decision-making process regarding the company's future direction and strategies. Supervisory Board meetings are held multiple times throughout the year on specific dates and are aligned with the company's financial year.
- Regular exchange between Executive Board and works council multiple times throughout the year or as needed for the development and adoption of works agreements.

(S1-2.AR24-b&c)

The individual interests and needs of PALFINGER's own workforce are taken into account in a way that is as balanced as possible. In this context, PALFINGER maintains an ongoing dialogue with stakeholders. Policies and actions should not favor or disadvantage any particular group of employees.

Feedback is gathered using the formats outlined in section S1-2.27b, with opportunities for direct engagement playing a particularly important role. PALFINGER aims to foster a culture of continuous feedback through the established formats. The feedback collected is discussed and analyzed in various meetings or designated committees. Depending on its relevance and feasibility, this feedback is then integrated into decision-making processes. When employee suggestions are implemented, this is communicated directly to the originator of the respective idea.

(S1-2.AR24-d):

Internal resources, both human and financial, are allocated in the course of evaluating and planning individual engagement actions. In this context, efforts are made to ensure that sufficient resources are available to successfully implement such measures. If there is a need for external support, this is also taken into account on a case-by-case basis.

Dialogues between managers and employees, as well as works meetings, rely exclusively on in-house resources. Internal and external resources are used for employee surveys. The process is managed and implemented internally. External resources are used to provide the survey tool and any subsequent analyses.

(S1-2.AR24-e):

At present, PALFINGER's workforce experiences no impacts from the reduction of carbon emissions or the transition towards greener and climate-neutral operations. However, to involve employees in the development of measures to mitigate climate change, the "Innovation Challenge" initiative was launched, allowing employees to submit proposals aimed at reducing the carbon footprint and increasing energy and resource efficiency.

(S1-2.27c):

The Executive Board has overall responsibility for the engagement of all employees; the Human Resources department manages and supports the process.

(S1-2.27d):

PALFINGER has supported the UN Global Compact since 2013 and is committed to its ten principles on human rights, working conditions, the environment and anti-corruption measures. PALFINGER is also committed to the OECD Guidelines for Multinational Enterprises (for details, see S1-1.20a).

The primary objective of all agreements negotiated and concluded between employer and employee representatives is to improve working conditions and ensure that human rights are respected. The engagement of employee representatives ensures that such agreements reflect the perspectives and interests of PALFINGER's employees.

(S1-2.27e):

Based on PALFINGER's experience, the dialogue formats outlined in section 27 b) are effective instruments for incorporating the perspectives and requirements of employees into the company's decisions and activities.

3.1.2.3 S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns**(S1-3.32a):**

The current version of PALFINGER's Code of Conduct defines the essential legal and ethical principles for doing business. Possible violations of laws and internal policies can be reported using the "Integrity Line". This allows for the voicing of concerns and complaints related to negative impacts such as working conditions that may cause physical and mental health problems, as well as violence and harassment at the workplace and discrimination, and the implementation of appropriate remedial action. Corrective measures range from discussions and raising awareness to appropriate disciplinary measures, up to and including termination of employment. Details on specific actions are provided in section S1-4.

In PALFINGER's opinion and experience, the formats for the direct and indirect engagement of employees outlined in section 27 b) are effective procedures for identifying potential negative impacts on PALFINGER's employees and initiating appropriate actions to reduce or prevent them.

(S1-3.32b):

The following channels have been established by PALFINGER itself:

- Direct reporting through managers or regional HR officers
- "Integrity Line"
- Contacting GRC directly
- Works council consultation hours

(S1-3.32c):

Possible violations of laws and internal policies can be reported using the "Integrity Line". Reported violations of the law, the Code of Conduct or other group policies were continuously evaluated. Where suspicious cases were substantiated, they were investigated by Corporate Internal Audit and appropriate improvement actions were defined with the responsible management.

(S1-3.32d):

Assess to training and technical support is available to ensure that all employees are equipped to effectively utilize the above-referenced channels.

(S1-3.32e):

The channels and formats available for employees to voice their concerns and needs, such as the Integrity Line, outlined in section G1 under MDR-P e) and f) of the policy for the prevention and detection of corruption and bribery, are established tools that are also made known to employees through trainings and/or other internal communication measures. Additionally, there are opportunities for dialogue between managers and employees, which follow a defined rhythm. This regularity ensures that the problems raised are addressed and that employee interests are taken into account. Feedback loops in the form of internal communication platforms, newsletters or meetings ensure that stakeholders are updated on the status of the issues they submitted and that transparency is maintained.

(S1-3.33):

Every PALFINGER employee must complete mandatory training on the Code of Conduct. This training points out the different channels available for reporting concerns or complaints. In this way, PALFINGER ensures that all employees are aware of these channels and that their effectiveness is guaranteed.

Protection from retaliation against individuals is ensured by providing the means for anonymous reporting through the Integrity Line. This enables employees to report misconduct or complaints without fear of retribution.

Every allegation of reported misconduct is investigated. By employing a defined process and maintaining transparency, it is demonstrated to employees that every report is taken seriously and investigated with due diligence and care. Where suspicious cases are substantiated, they are investigated by Internal Audit and appropriate improvement measures are defined with the responsible management.

3.1.2.4 S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

GENERAL INFORMATION ON ACTIONS

(S1-4-38a):**Actions to prevent or mitigate material negative impacts:**

- Mobile Work Group Policy
- PALfit Active Moments
- Global accident reporting and investigation system

(S1-4-38b):**Actions to provide remedy in relation to actual material impacts:**

Code of Conduct and the reporting and complaint procedure described therein.

(S1-4-38c):**Actions with the purpose of delivering positive impacts:**

- Health & safety initiative
- European works council and employee engagement
- Performance & development reviews
- Health & safety trainings
- Global accident reporting system
- Learning management system

(S1-4-38d):**Effectiveness monitoring:**

The effectiveness of the actions and initiatives is tracked and assessed by the responsible department in the context of standard operating procedures.

(S1-4-39):

PALFINGER has a deep-rooted and extensive understanding of the company's business model and the existing industry standards. The respective departments and the communication channels used by employees facilitate the implementation, continuous assessment and tracking of appropriate actions.

There is no standardized process for developing actions, as not all actions relate to the same material impacts. Actions are therefore formulated on the basis of significant impacts.

(S1-4-40):**Actions planned or underway to mitigate material risks for the undertaking:**

The risk associated with a shortage of qualified personnel is addressed by the Recruiting Policy and the Learning and Anti-Harassment & Anti-Discrimination Policy. To achieve the target of a voluntary staff turnover of six percent, PALFINGER is implementing various actions, such as mobile working options, a learning management system or performance & development reviews.

(S1-4-41):

The continuous exchange with employees, coupled with the knowledge of PALFINGER's business model and processes, ensures that the actions minimize the negative impacts for employees as much as possible. There are reports on topics such as staff turnover, performance and development reviews, training and further education and accidents, which provide inside into ESG metrics.

(S1-4-43):

Each action is assessed against its projected target. Human and financial resources are made available for this purpose, which ensures successful implementation of the action. Human resources are provided by Health Management, Safety, Learning & Development and the works council, which are impacted by the actions.

ACTION 1: HEALTH & SAFETY INITIATIVE**(MDR-a):**

The health & safety initiative was carried out jointly by PALfit and Corporate HSE Management. Its objective was to raise awareness about potential hazards and the underlying causes of health issues and to achieve a preventive effect with regard to negative impacts related to physical health. The Health & Safety Initiative contributes to the compliance with the objectives of the Health Management Policy, the Group Policy Occupational Health & Safety Management, and the PALFINGER Occupational Safety Guidelines. The initiative served as a preventive measure and included two focus programs:

The program "2 Hands 10 Friends", organized by Corporate HSE, aimed at preventing hand and finger injuries, which represent nearly half of all workplace accidents at PALFINGER.

PALfit's "Power Up" program focused on musculoskeletal disorders and the prevention of associated back problems.

(MDR-b):

The program was rolled out globally at all production sites and at the larger sales & service sites, targeting all employees. Site management employed a mix of posters, video content and instructions to ensure that all employees were reached.

(MDR-c):

The two global health & safety initiatives were launched in 2023. They were continued in 2024, but no longer as a primary focus. Videos and information materials continue to be used for training and other purposes.

ACTION 2: PALFIT ACTIVE MOMENTS**(MDR-a):**

The global campaign "PALfit Active Moments" is designed to promote employee health. PALFINGER employees are made aware of the action by email and on the intranet. Throughout the month of October, employees worldwide accumulated minutes of physical activity, thus heightening awareness about health among employees for one whole month. The measure contributes to the compliance with the objectives of the Health Management Policy.

The methodology for developing the action described above is based on the recommendations of the WHO, the OHS and the Workplace Health Promotion Network.

The target set for 2024 – 1,000 participants and more than 1.1 million minutes of physical activity accumulated – was surpassed. In recognition of this achievement, PALFINGER donated EUR 10,000.00 to Doctors Without Borders. A total of 1,119 employees from 47 different nations worldwide took part in the campaign, collectively accumulating a total of 1,153,596 minutes of physical activity to boost their health. Furthermore, the health information provided during the campaign (e.g., on taking breaks for movement, training plans for walking and running, core stability programs and nutrition tips) is intended to foster a better understanding of the beneficial impacts of regular physical activity among employees.

(MDR-b):

There are no geographical limits for this action. All PALFINGER employees worldwide can participate in PALfit Active Moments.

(MDR-c):

PALfit Active Moments is an action that takes place annually.

(MDR-d):

PALfit Active Moments is a preventive action exclusively for PALFINGER's own operations.

(MDR-e):

The action has already taken place five times. The number of participants has increased from 600 in 2020 to 1,119 in 2024.

In 2024, a total of over one million minutes of physical activity were accumulated, thereby surpassing the World Health Organization's recommended weekly exercise goal of 150 minutes per participant.

ACTION 3: HEALTH & SAFETY TRAININGS

(MDR-a):

At present, PALFINGER has a library of around 750 online safety videos and safety instructions in 15 languages. These resources are available for use by all employees at all sites at any time to meet specific needs as they arise. The determination of which trainings are mandatory or optional for employees is made at site level, based on the nature of the respective activities and/or hazards.

Online safety trainings are mainly intended to enhance employees' ability to assess hazards and risks and to cultivate a heightened awareness of safety practices in order to prevent accidents at work. The measure contributes to the compliance with the objectives of the Health Management Policy, the Group Policy Occupational Health & Safety Management, and the PALFINGER Occupational Safety Guidelines. Additionally, the measure leads to the achievement of the Group Policy Certification Requirements for PALFINGER Sites and Audit Management. The trainings cover the following key safety topics:

- Personal protective equipment
- Hazardous materials
- Fire safety
- Physical, chemical and mechanical hazards
- Machinery safety
- Hazards and stress factors in the metalworking industry

(MDR-b):

The safety trainings are used globally; their primary purpose is to instruct employees, but also visitors and contractors.

(MDR-c):

Online safety trainings have been offered since 2022, with new content being added on an ongoing basis.

(MDR-d):

The primary target group for safety trainings consists of employees at the production sites who perform manual activities and are most frequently affected by accidents.

(MDR-e):

In the reporting period, 126 global training videos were produced, and 422 site-specific trainings were uploaded to the system and made accessible for instructional purposes.

ACTION 4: GLOBAL ACCIDENT REPORTING SYSTEM**(MDR-a):**

Workplace accidents and near misses are tracked on a daily basis through a global accident reporting system, with accident rates being statistically analyzed.

Every accident is documented and subjected to a cause analysis. Based on these analyses, improvement and prevention measures are developed and implemented to avoid future accidents, and hazard analyses are updated accordingly. The measure contributes to the compliance with the objectives of the Health Management Policy, the Group Policy Occupational Health & Safety Management, and the PALFINGER Occupational Safety Guidelines. Additionally, the measure leads to the achievement of the Group Policy Certification Requirements for PALFINGER Sites and Audit Management.

The ultimate goal is to better understand the causes of accidents, thereby enabling the adoption of targeted measures to keep the number of accidents as low as possible.

(MDR-b):

The accident reporting system encompasses all PALFINGER sites.

(MDR-c):

The action was initiated in 2022 and has been continued on an ongoing basis since then.

(MDR-d):

The accident reporting system and investigations serve as a basis for formulating measures aimed at protecting the affected employees from future accidents.

(MDR-e):

In 2024, a total of 138 accident detail investigations were conducted for 203 accidents.

ACTION 5: WORKING TIME: MOBILE WORK GROUP POLICY**(MDR-a):**

Contemporary information and communication technologies have paved the way for work being performed away from PALFINGER's physical locations. Embracing a flexible and practical approach to work organization, mobile work is deemed beneficial and conducive in certain cases, but requires a culture of mutual trust between employer and employee.

Mobile work should offer employees the opportunity to better reconcile professional commitments with family life and private interests, while also encouraging a greater degree of autonomy in task execution. These measures are aimed at increasing job satisfaction among employees and enhancing PALFINGER's appeal on the labor market.

Mobile work therefore serves as a supplementary component of work performed on-premise, which can be used up to a maximum specified and mutually agreed amount of time. This intentionally imposed time limit is designed to further promote the company's social structure, which is essential both for the quality of work and for the social integration of employees.

The global principles for mobile work stipulate the following aspects:

- Employees must have the option of up to ten days of mobile work per month
- A framework for hybrid collaboration must be agreed between manager and team
- Employees are responsible for setting up an appropriate mobile workspace
- Employees are responsible for complying with PALFINGER's information security policies

The home office agreement minimizes negative impacts, particularly employee demotivation due to inflexible schedules or excessively long working hours.

The action helps to enhance employee retention and satisfaction. Satisfied employees are more loyal and committed, which in turn positively influences corporate culture.

Furthermore, mobile work promotes diversity and inclusion, by enabling employees with caregiving responsibilities, those caring for relatives or individuals with disabilities, to participate in the workforce.

(MDR-b):

In general, the principles for mobile work apply to the entire PALFINGER organization and must be implemented unless adjustments are required by local laws or regulations. The local HR managers are required to ensure implementation at the sites. Local adjustments or specifications are documented in local policies.

The local HR managers, in consultation with the regional HR managers, evaluate the necessity of adjusting the defined principles for the sites within their area of responsibility. This coordination with the regional HR managers is intended to ensure a consistent approach across a country and in the individual regions. Mobile work requires an additional agreement between employee and manager. For certain occupational groups, mobile work is either not possible or only possible to a very limited extent due to the nature of the respective job.

Adjustments may be needed and documented in a local policy based on factual circumstances in the following cases:

- Local legal requirements related to mobile work (e.g., labor laws)
- Market-specific requirements (e.g., regulations for differentiation from competitors)
- Other relevant requirements (e.g., common practices in a country)

(MDR-c):

This is an ongoing action.

(MDR-d):

The Mobile Work Group Policy was introduced during the Covid-19 pandemic to minimize negative impacts.

ACTION 6: SOCIAL DIALOG: EUROPEAN WORKS COUNCIL AND EMPLOYEE ENGAGEMENT

(MDR-a):

A European works council was established in 2022 to amplify the interests of the PALFINGER Group's employees. The European works council promotes an annual exchange of delegates with the members of PALFINGER's Executive Board. In addition, working groups comprising members of the European works council and the global HR departments have been established.

The European works council fosters social dialogue and also facilitates more intensive knowledge sharing between the individual countries, which contributes to elevating social standards at the different sites. The European works council serves as a conduit for employees to indirectly influence corporate decisions and as an additional platform for exchanging information about PALFINGER's business development and strategic direction. Therefore the measure contributes to the adherence to the principles of the Code of Conduct.

At the annual meetings of the European works council, different work packages are assessed and analyzed for their impact on the workforce. Examples of specific initiatives of the European Works Council include:

- Standardization of PALFINGER's training standards for all occupational groups (see action "Performance & Development Reviews", currently implemented for indirect employees only)
- Harmonization of roles and pay across genders
- Standardization and reorientation of bonus schemes

(MDR-b):

The initiatives of the European works council generally relate to cross-site topics on which, depending on the respective action, multiple sites collaborate. The core element of all European works council initiatives is the dual goal of fostering positive outcomes for employees and avoiding any negative impacts.

Based on their scope, the work packages are grouped into the following categories:

- All employees are affected
- Production or administration
- Topics concerning the Marine segment

(MDR-c):

The European works council is an implemented action with a set of standard operating procedures. Initiatives of the European works council have different time horizons which usually range from six to 36 months.

(MDR-d):

The action to establish a European works council was initially conceptualized as a preventive measure to give employees another opportunity to influence decision-making processes. Specific activities of the European works council encompass both preventive and remedial actions. After their implementation, outcomes are evaluated and compared. This process is tailored to each specific initiative undertaken by the European works council. All actions are coordinated with the Executive Board, with a regular exchange taking place.

ACTION 7: PERFORMANCE & DEVELOPMENT REVIEWS (PDR)**(MDR-a):**

PALFINGER focuses on staff development and comprehensive training and continued education measures to retain employees in the long term and recruit new talent. Individual development targets are agreed in addition to annual targets. These are reviewed at the end of the year as part of a globally standardized Performance & Development Review (PDR).

Ensuring consistent performance and its continued advancement are critical prerequisites for the company's long-term success. To promote both of these areas, the implementation of the PDR process was a first step towards establishing a global performance and talent management framework within the PALFINGER organization. The development and updating of individual skills and the planning and evaluation of individual performance are the two core elements of the annual PDR process.

The goal of the PDR is to manage individual performance and promote the development of each and every individual. The measure contributes to the Anti-Harassment & Anti-Discrimination Policy and indirectly to the Recruiting Policy by creating an attractive work environment. The standardized process supports:

- Fairness: Individual performance undergoes evaluation and discussion based on uniform criteria across the entire PALFINGER Group.
- Developing strengths: Discussing development measures and steps is a key part of the PDR. The focus should be on enhancing individual strengths.
- Feedback and cooperation: Regular feedback exchanges occurring three times per year enhance teamwork between employees and managers and promote employee retention.

The target and development agreement is the first step in the annual PDR cycle. It sets job-related targets and identifies which leadership and initiative behaviors are to be emphasized. The mid-year review primarily serves to assess progress toward these job and development targets. The year-end appraisal focuses on evaluating and discussing the achievement of the targets and leadership/initiative behaviors set out in the agreement. It also provides an opportunity for mutual feedback and a conclusive status review of the development measures planned at the outset.

(MDR-b):

The target group for the PDR comprises all indirect employees throughout the PALFINGER Group who are in an active employment relationship. The following groups are not included in the process:

- Direct employees (employees working in production or in production-related areas)
- Apprentices, trainees, interns, employees with fixed-term contracts and contingent staff

However, clear targets and feedback are deemed essential for these groups as well and are thus ensured through mechanisms outside the PDR process. Direct employees are regularly provided with feedback and opportunities for job-specific development and training. Apprentices and trainees follow a structured curriculum with regular feedback throughout their training period. Interns receive feedback from their line managers at the end of their internship. Contingent staff, being employed by an external company, do not fall under PALFINGER's direct supervisory authority. They nevertheless receive ongoing feedback in the context of their daily work.

This action relates solely to PALFINGER's own operations, excluding any consideration of the upstream and downstream value chain.

(MDR-c):

The annual PDR process must be executed in compliance with the relevant deadlines. This is an annually recurring action.

(MDR-e):

The annual PDR process was completed in full at the end of March 2024 and recorded in the system. The completion rate was 86.4 percent (2023: 82.8 percent).

ACTION 8: LEARNING MANAGEMENT SYSTEM**(MDR-a):**

The introduction of a global learning management system creates the framework for digital learning, but also requires uniform and standardized processes. Serving as a technical basis, the global learning management system bundles all learning and development measures into one system environment. A dedicated platform supports the development, administration and documentation of training measures within the PALFINGER Group. The following training formats can be provided through this platform:

- In-person classroom training
- Webinars (training in virtual classrooms)
- E-learning (digital content for independent study)

To ensure appropriate documentation, it is mandatory that all trainings are offered and conducted on this platform. The measure contributes to the compliance with the objectives of the Group Policy Learning

Additionally, employees have access to the learning platform that offers over 14,000 e-learning courses.

(MDR-b):

The target group for the learning management system comprises all PALFINGER employees globally. This action relates solely to PALFINGER's own operations, excluding any consideration of the upstream and downstream value chain.

(MDR-c):

This is an action that has been implemented. The Learning Management System was implemented in 2021. PALFINGER is continuously working on expanding the range of trainings on offer.

(MDR-e):

People Development & Culture conducts evaluations of the completed trainings on a regular basis. These evaluations provide insights into the training dynamics at PALFINGER, including participant engagement and the total number of trainings undertaken. Based on these insights, conclusions can be drawn as to which trainings are of particular interest for certain areas, guiding the development of new and relevant training options. Additionally, these evaluations are used to set specific priorities for leadership training or expert masterclasses, ensuring that training offerings are tailored to meet organizational needs.

3.1.3 Metrics and targets – S1 Own workforce

3.1.3.1 S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

TARGET 1: VOLUNTARY STAFF TURNOVER NO MORE THAN SIX PERCENT

(S1-5-46):

PALFINGER has set itself the group-wide target of keeping voluntary staff turnover at around six percent on a rolling average over the last twelve months.

Actions addressing working time and work-life balance, such as the home office agreement, have been implemented to counteract the negative impacts of demotivation among employees and the risk of a shortage of qualified workers. The actions PDR and learning management system also contribute to greater job satisfaction and support the target of reducing staff turnover.

(S1-5-47):

Staff turnover is calculated monthly based on available data and can be viewed and analyzed at both the regional and functional level using the HR reporting tool. This facilitates the tracking of progress towards target achievement and allows for the initiation of amendatory actions, if required. Employees and their representatives were not involved in setting the goal.

(MDR-a):

To reduce staff turnover and/or keep it at the intended target level, the recruiting policy in its current form is designed to identify suitable candidates through a standardized and transparent process, thereby keeping staff turnover as low as possible.

Additionally, the Code of Conduct helps to ensure that, alongside economic factors, social and ethical workplace aspects are also taken into account. This contributes to creating a work environment that positively impacts staff turnover.

(MDR-b):

The defined target level is six percent voluntary staff turnover on a rolling average over the last twelve months.

(MDR-c):

The target is defined for the entire PALFINGER Group. The calculation of the staff turnover rate incorporates data from all sites.

(MDR-d):

The baseline value is always the previous year's figure. At PALFINGER, the staff turnover rate is analyzed monthly, comparing it against the figures from the same month in the prior year/the preceding month.

(MDR-e):

The target applies permanently; target achievement is reviewed annually.

(MDR-f):

The target is based on experience-based figures developed by PALFINGER internally from the analysis of past data and a degree of leverage to reduce employee turnover.

(MDR-h):

The target was defined in consultation between Human Resources and the Executive Board and presented to the Supervisory Board for acknowledgement.

(MDR-i):

The target definition was changed in 2024 to specifically focus on voluntary staff turnover as this is considered more relevant for control purposes. Previously, the target definition was based on general turnover and was 15 percent.

(MDR-j):

Staff turnover is calculated monthly based on available data and can be viewed and analyzed at both the regional and functional level using the HR reporting tool.

In 2024, the turnover target was once again met and stood at 5.0 percent.

TARGET 2: PROPORTION OF WOMEN IN TOP MANAGEMENT**(S1-5-46):**

PALFINGER is committed to measurable diversity targets and abides by the relevant indicators. The target is to align the proportion of women in top management (global management team) with the general proportion of women within the PALFINGER Group. The Global Management Team comprises the Executive Board, the heads of global and corporate functions, the heads of product lines, the heads of purchasing categories and the regional function heads. The overall current proportion of women in 2024 was 14.9 percent.

(S1-5-47):

The percentage of women in management positions is calculated monthly based on available data and can be viewed and analyzed at both the regional and functional level using the HR analysis reporting tool. Employees and their representatives were not involved in setting the goal.

(MDR-a):

The target of the diversity plan – achieving a balance according to professional and diversity-related aspects – as outlined in the Corporate Governance Report is reflected in the target for the proportion of women in top management.

(MDR-b):

The target is to align the proportion of women in top management with the general proportion of women within the PALFINGER Group. This means that the proportion of women in top management is equal to the proportion of women in the overall workforce, which stood at 14.9 percent in 2024. This target was defined as an ongoing target.

(MDR-c):

The target is defined for the entire PALFINGER Group. The calculation of the proportion of women in management positions incorporates data from all regions.

(MDR-d & e):

The target is an annual target that has no specific end date. The baseline value is the general proportion of women within the PALFINGER Group.

(MDR-f):

PALFINGER determined the target internally. Given the historical context, PALFINGER operates in a male-dominated sector and the Executive Board and top management (one to two levels below the Executive Board level) are predominantly male. PALFINGER appreciates the enormous advantages of an increasingly diverse workforce and therefore also promotes this diversity at the top management levels.

(MDR-h):

The target was defined in consultation between Human Resources and the Executive Board and presented to the Supervisory Board for acknowledgement.

(MDR-i):

No changes were made to the target definition in 2024.

(MDR-j):

The percentage of women in management positions is calculated monthly based on available data and can be viewed and analyzed at both the regional and functional level using the HR reporting tool.

At the end of 2024, 7.8 percent of positions in the global management team were held by women (2023: 6.2 percent). This is below the 14.9 percent overall proportion of women at PALFINGER in 2024 (2023: 12.9 percent). Currently, there are no targeted global measures in this regard. However, this is planned for the coming years, and preparations are being made.

TARGET 3: REDUCTION OF WORKPLACE ACCIDENT RATE**(S1-5-46):**

With regard to occupational safety, PALFINGER has set itself the goal of successively reducing work-related accidents with injuries to a minimum. Control is based on the Total Recordable Injury Rate (TRIR), which measures work-related accidents with injuries per million hours worked. The TRIR calculation already takes into account minor medical treatment cases with a downtime of one hour or more, as well as all injuries and downtime in excess of this.

(S1-5-47):

The TRIR accident rate is continuously tracked globally and on a site-specific basis. If accident rates exceed the target value or negative trends emerge, actions are implemented, such as additional health & safety training, safety inspections or the health & safety initiative. Employees and their representatives were not involved in setting the goal.

(MDR-a):

Reducing the accident rate contributes to meeting the targets set forth in the Group Policy Occupational Health & Safety Management and in the PALFINGER safety policies.

(MDR-b):

The TRIR target for 2024 was 11.1 accidents per million hours worked. The TRIR target value for 2030 was defined as 10.2.

(MDR-c):

The TRIR target value is a global target value for the entire PALFINGER Group. Additionally, targets are set for regions and sites, which are monitored through monthly reports submitted to the regional operations and HSE managers, as well as the Executive Board member responsible for development and production.

(MDR-d & e):

The TRIR baseline value is the year 2018 with 26.7 accidents per million hours worked. The TRIR targets and target path have been set until 2030 and will be adjusted at appropriate times for subsequent years.

(MDR-f):

The TRIR accident rate measures the status quo of accident frequency and the effectiveness of accident prevention measures. It is therefore the most important metric for minimizing the number of accidents. According to the U.S. Bureau of Labor Statistics, the manufacturing sector reported an average TRIR of 15.5 in 2020, and the machinery manufacturing sector an average TRIR of 13. This metric, and the comparison with the US, are therefore relevant for setting targets. Further information on the calculation method of the TRIR can be found in the section Key Figures at S1-14.88a-e.

(MDR-h):

The Executive Board, Global Operations, HSE Management, GRC, Sustainability Management and financial entities were involved in setting the target.

(MDR-i):

No changes were made to the target definition in 2024.

(MDR-j):

At PALFINGER, TRIR is continuously recorded as part of a global accident reporting and investigation system and calculated globally, regionally and by location. TRIR can be called up on a daily updated basis, and the rolling twelve-month trend is also monitored in order to facilitate the timely implementation of countermeasures in response to an increasing accident rate.

The TRIR for 2024 of 8.43 (2023: 11.56) was significantly below the target set for that year. This is attributable to the actions implemented such as the Health & Safety trainings or the global accident reporting system, as well as the low production capacity utilization.

3.1.3.2 S1-6 – Characteristics of the undertaking's employees

The number of employees is always given in headcount and as of the reporting date in the following tables. The only exception is turnover, which is calculated in relation to the average number of employees during the reporting period.

S1-6.50a):**Total number of its employees by head count and breakdowns by gender and country**

Number of employees	2024
Gender	
Male	10,517
Female	1,841
Other	0
Not reported	0
Total employees	12,358

The number of employees in countries where PALFINGER has at least 50 employees, who make up at least 10 percent of the total number of employees, is presented as follows:

Number	2023	2024
Country		
Austria	2,833	2,707
Russia	1,620	1,536
Bulgaria	1,591	1,414

(S1-6.50b):**Total number of employees by type of employment contracts**

Number					2024
	Male	Female	Other	None	Total
Number of employees	10,517	1,841	-	-	12,358
Number of permanent employees	10,289	1,768	-	-	12,057
Number of temporary employees	228	73	-	-	301
Number of non-guaranteed hours employees	-	-	-	-	-

Typically, PALFINGER employs staff on a permanent basis, with fixed-term employment contracts (beyond a locally defined probationary period) being an exception, reserved mainly for a limited amount of project work and professional internships.

(S1-6.50c):

Employee departures and turnover

Number and percent	2024
Total number of departures	2,383
Employee turnover rate	19.0%

Staff turnover takes into account all employee departures (in number of persons) over the course of a year, including voluntary departures, dismissals, retirements and deaths. This metric represents the percentage of departures relative to the average number of employees during the same reporting period. It does not take into account employees joining the company.

3.1.3.3 S1-7 – Characteristics of non-employees in the undertaking's own workforce

(S1-7.55a):

Non-employees within the own workforce (leased personnel)

Number	2023	2024	%
Type of employment			
Contingent staff	346	207	-40.2%
Independent contractors	-	-	
Total number of non employees within the own workforce	346	207	

(S1-7.55b und c):

At PALFINGER sites, contingent staff (leased personnel) is used primarily in the production processes. The headcount is stated as of December 31, 2024.

3.1.3.4 S1-8 – Collective bargaining coverage and social dialogue

(S1-8.60a):

Collective bargaining coverage

Percent	2023	2024	%
Percentage of all employees covered by collective bargaining agreements.	56.7%	61.8%	5.1%

Interns and contingent staff are not included in the calculation.

(S1-8.60b-c):

Collective bargaining coverage (European Economic Area)

	2024
Collective bargaining coverage Employees – EEA (for countries with >50 employees, making up >10% of the total number)	Social dialogue Workplace representation (EEA only) (for countries with >50 employees, making up >10% of the total number)
0-19%	Bulgaria
20-39%	
40-59%	
60-79%	
80-100%	Austria

(S1-8.63a):

Coverage by workers' representatives

PALFINGER has a European works council, providing representation for 63.9 percent of its employees in the following countries: Romania, Bulgaria, Croatia, Slovenia, Italy, Austria, Germany, Slovakia, Czech Republic, Poland, Norway, Denmark, Sweden, France, Spain, Portugal and Serbia.

3.1.3.5 S1-9 – Diversity metrics

(S1-9.66a):

Gender distribution at top management

	2023		2024	
	Number of employees at top management level	Share of employees at top management level in %	Number of employees at top management level	Share of employees at top management level in %
Male	61	93.8%	65	92.9%
Female	4	6.2%	5	7.1%
Other	-	-	-	-
Not reported	-	-	-	-
Total	65	100.0%	70	100%

The top management level at PALFINGER AG is the Global Management Team, which comprises the Executive Board, the heads of global and corporate functions, the heads of product lines, the heads of purchasing categories and the regional function heads.

(S1-9.66b):

Distribution of employees by age group

Number and percent	2024	
	Number of employees	Share of employees in %
under 30 years	2,069	16.7%
30-50 years	7,430	60.1%
over 50 years	2,859	23.1%
Total	12,358	100.0%

3.1.3.6 S1-10 – Adequate wages

(S1-10.69 & 70):

All employees are paid an adequate wage in line with applicable benchmarks. The basis for calculation is the contractually agreed monthly gross base salary (exclusive of variable components such as overtime and incentive pay, and exclusive of bonuses). The benchmark is the lowest wage group (excluding apprentices/interns) of the minimum wage as defined by law or collective bargaining agreement. For Singapore, Norway and the United Arab Emirates, where there is no applicable minimum wage determined by legislation or collective bargaining, wage benchmarks were used in accordance with ESRS S1-10.

3.1.3.7 S1-11 – Social protection

(S1-11.74):

	2024	
	YES/NO	Share of coverage in %
Are all employees socially insured against loss of earnings through public programs or company-provided benefits?		
a) Sickness	NO	99.8%
b) Unemployment from the time the employee starts working for the company	NO	94.8%
c) Work accidents and disability	NO	98.0%
d) Parental leave	NO	99.2%
e) Retirement	YES	100.0%

(S1-11.75):

Countries where employees do not have social protection:

		2024
Country	Type of employee	Type of event
India	all employees	Sickness, Unemployment, Parental leave
Servia	all employees	Unemployment
Singapore	all employees	Unemployment
UAE	all employees	Unemployment
Qatar	direct employees	Unemployment, Employment injury
USA	all employees	Parental leave

3.1.3.8 S1-13 – Training and skills development metrics

(S1-13.83a):

Employees participating in regular performance & development reviews

Percent	2023	2024
Male	n.k.	27.8%
Female	n.k.	54.4%
Other	-	-
Not reported	-	-
Total of employees	24.3%	31.7%

In 2024, 31.7 percent of the group's total workforce took part in the PDR process, which is implemented for indirect employees only. The annual PDR process was completed in full at the end of March 2024 and recorded in the system. The completion rate was 86.4 percent (2023: 82.8 percent) of the employees falling within the scope of the process.

(S1-13.83b):

Training hours per employee

Average number of training hours per gender	2024
Male	7.3 hours
Female	8.9 hours
Other	-
Not reported	-
Average training hours per employee	7.5 hours

3.1.3.9 S1-14 – Health and safety metrics

(S1-14.88a-e):

Number and percent	2023	2024	%
Percentage of the company's workforce covered by the company's health and safety management system	-	34.0%	
Number of fatalities as a result of work-related injuries and work-related ill health	-	-	
Number of recordable work-related accidents	284	203	-28.5%
Rate of recordable work-related accidents (Total Recordable Injury Rate – TRIR)	11.6	8.4	-27.1%
Number of cases of recordable work-related ill health, subject to legal restrictions on the collection of data	12	2	-83.3%
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	6,197	3,400	-45.1%

The Total Recordable Injury Rate (TRIR) quantifies the number of work-related accidents with injuries (TRI) per million hours worked. The total number of recordable injuries is the number of work-related accidents resulting in injuries (fatalities, accidents with days away from work, accidents requiring medical treatment, accidents affecting the ability to work).

The total number of hours worked corresponds to the scheduled work hours (regular work hours per employee). If the number of hours worked cannot be calculated directly, estimates are derived from standard hours of work based on full-time equivalents, taking into account paid leave and public holidays.

The number of days away from work is counted from the first full day to the last day of absence. The calculation is based on calendar days, i.e., days on which the affected individual was not scheduled to work (weekends, public holidays) are counted as days away from work.

The reduction in the number of accidents and the accident rate is attributable to the implementation of the actions and a lesser degree of production capacity utilization.

In 2024, 39 percent (2023: 36 percent) of employees - excluding CIS - worked at locations with an ISO 45001 certification; including CIS it was 34 percent.

3.1.3.10 S1-15 – Work-life balance metrics

(S1-15.93a):

Employees entitled to take family-related leave

Percent	2024
Gender	
Male	96.0%
Female	96.0%
Other	-
Not reported	-
Total percentage of employees	96.0%

The metric includes all employees entitled to take family-related leave (maternity leave, paternity leave, parental leave and caregiving leave). Interns and contingent staff are not part of the scope of this metric.

3.1.3.11 S1-16 – Remuneration metrics (pay gap and total remuneration)**(S1-16.97a):****Gender pay gap**

Percent	2024
Gender pay gap	13.9%

The average gross hourly pay level of female employees is 13.9 percent lower than that of male employees. This metric represents the unadjusted gender pay gap. At this point, no statements on gender-based discrimination in pay for work of equal value can be articulated. This will become possible once the global job architecture is fully implemented.

In addition to the base wage or salary, the remuneration includes other contractually agreed types of remuneration in the form of benefits in cash or in kind that the employee receives directly or indirectly in respect of the employment.

The metric is calculated per country, broken down by direct and indirect employees, and then aggregated to a global level by headcount-based statistical weighting. External or inactive employees, apprentices and interns are not considered in the calculation.

(S1-16.97b):**Total remuneration ratio of the highest paid individual to the median of all employees**

Ratio	2024
Remuneration ratio / ratio of total remuneration	68:1

The annual total remuneration of the highest paid individual stands at a ratio of 68:1 compared to the median of the annual total remuneration of all own employees. The metric does not consider external or inactive employees, apprentices and interns.

In addition to the base wage or salary, the annual total remuneration includes all other contractually agreed types of remuneration in the form of benefits in cash or in kind that the employee receives directly or indirectly in respect of the employment. Part-time employees are extrapolated to full-time equivalents.

3.1.3.12 S1-17 – Incidents, complaints and severe human rights impacts**(S1-17.103a-c):****Reported incidents of discrimination**

Number	2024
Total number of incidents of discrimination (including harassment) reported	14
Total number of complaints filed through all channels available for raising concerns	10
Total amount of material fines, sanctions and compensation for damages as a result of the above incidents in TEUR	66

(S1-17.104a-b):

Reported human rights incidents

Number	2024
Total number of sever human rights incidents reported	-
Thereof number of incidents of non-compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises	-
Total amount of fines, sanctions and compensation for damages as a result of the above incidents	-

3.2 ESRS S2: WORKERS IN THE VALUE CHAIN

3.2.1 Strategy

3.2.1.1 ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

(S2-SBM 3.10a):

PALFINGER’s strategy and business model may result in actual and potential impacts on value chain employees, particularly with regard to decisions and practices related to suppliers, production processes and market requirements. These impacts may affect working conditions, wages and rights throughout the entire supply chain.

Recognizing the material significance of these impacts has guided PALFINGER’s approach, resulting in the identification of “value chain employees” as a material topic. Consequently, PALFINGER has integrated this topic into its sustainability strategy. Moving forward, PALFINGER intends to deepen its understanding of the actual and potential impacts on value chain employees and leverage these insights to adapt its strategy and ensure that operations are more aligned with ethical labor practices and contribute to the well-being of employees throughout the entire value chain.

(S2-SBM 3.10b):

Value chain employees have been identified as a material topic and incorporated into the sustainability strategy accordingly. PALFINGER is actively engaged in establishing specific goals and KPIs related to this topic. The sustainability strategy is an integral part of the overall corporate strategy, reflecting the commitment to ethical supply chain practices and long-term value creation.

(S2-SBM 3.11a):

The value chain employees who could be materially impacted by PALFINGER also include individuals employed by companies in the upstream value chain. This group is mainly composed of workers in the mining industry who are involved in raw material extraction and workers in the steel value chains who are responsible for the processing and manufacturing of key materials. Given the nature of their industries, these workers are particularly exposed to risks related to working conditions, safety and labor rights. This makes them a key group potentially affected by PALFINGER’s business activities.

Additionally, workers in the downstream value chain, particularly those using PALFINGER products, could be materially impacted. The nature of PALFINGER’s product applications inherently carries a risk of accidents, which cannot be entirely mitigated or prevented through technical means.

(S2-SBM 3.11b):

Regions for which there is a significant risk of child labor, forced labor or compulsory labor are China, Brazil, Turkey, India, Russia, Ukraine, Bosnia and Herzegovina; predominantly in connection with the raw materials iron ore and steel.

(S2-SBM 3.11c):

Forced labor, child labor, and other human rights violations, particularly those associated with hazardous and exploitative working conditions, are prevalent problems in the mining industry. Accidents involving PALFINGER products are isolated incidents. This means that accidents involving PALFINGER products do not occur frequently and are not a systemic or recurring issue.

(S2-SBM 3.11d):

As part of its sustainability and procurement strategy, PALFINGER mandates that key strategic suppliers comply with specific sustainability criteria, including robust human rights standards. To support this, PALFINGER has started issuing comprehensive sustainability guidelines to its suppliers that contain detailed, actionable steps for addressing human rights issues. PALFINGER actively engages with its suppliers to ensure compliance with these criteria and offers support in their practical implementation. In doing so, PALFINGER promotes a cooperative approach aimed at achieving positive outcomes for all parties involved.

In 2024, PALFINGER initiated a collaborative effort with its partners in the steel value chain, conducting site visits to examine the working conditions of on-site workers, engaging in talks about addressing challenges and promoting improvements and discussing the changes and impacts associated with a just transition for workers at steel production sites. This was operationalized through the launch of a pilot. Looking ahead to 2025, PALFINGER plans to expand this engagement to further improve the working conditions of value chain employees.

(S2-SBM 3.11e):

There are no material risks and opportunities arising from impacts and dependencies on value chain employees.

(S2-SBM 3.12):

The main types of employees who could be negatively affected are employees in the steel value chain, particularly those in the mining industry. Both customers and suppliers were integrated into the materiality analysis.

The understanding was mainly developed through desktop research, drawing on studies and reports from organizations such as the Business & Human Rights Resource Centre, Human Rights Watch, the International Federation for Human Rights and other sources.

(S2-SBM 3.13):

Workers in the steel value chain, especially in the mining industry in the countries listed under 11b, are particularly affected. The materiality analysis conducted in 2024 did not reveal any significant risks or opportunities arising from impacts and dependencies associated with value chain workers. In the coming years, the topic of labor in the value chain will be developed further, including the analysis of impacts that may exclusively affect certain groups of workers. PALFINGER used the locations of its key steel suppliers to research the countries of their raw material sourcing. These countries were then prioritized based on indices such as the ITUC Global Rights Index 2024, the Global Slavery Index 2023 (prevalence) and the Global Slavery Index 2023 (vulnerability).

3.2.2 Management of risks, impacts and opportunities

3.2.2.1 S2-1 – Policies related to value chain workers

ALLGEMEINE ANGABEN ZU KONZEPTEN

(S2-1.17 und 18):

The Code of Conduct is part of the contracts agreed with PALFINGER's business partners. It specifically addresses human trafficking, forced and compulsory labor, and child labor. PALFINGER follows the principles of the United Nations Global Compact initiative and the International Labor Organization (ILO). In addressing this issue, PALFINGER aligns its practices with the guiding principles on human rights established by the United Nations, OECD and ILO.

Because S2-2 Stakeholder Engagement is not taken into account at this time, PALFINGER, with the exception of the Integrity Line, does not have any processes in place for direct collaboration with workers in the value chain or measures to remedy human rights impacts.

As described in SBM 3.13, a comprehensive analysis centered on the topic of workers in the value chain will be conducted in the coming years. For this reason, no measures to enable remedy for human rights impacts have yet been implemented.

(S2-1.19):

The Code of Conduct for Business Partners mandates compliance with the ILO's core labor standards and endorsement of the principles of the UN Global Compact initiative. Both ILO and the UN Global Compact follow the International Bill of Human Rights.

To date, the Integrity Line has not received any reports of violations concerning these principles that impact value chain employees.

POLICY 1: CODE OF CONDUCT FOR BUSINESS PARTNERS

(MDR-a):

Objectives, contents and monitoring processes:

By following the rules and principles set out in its Code of Conduct, PALFINGER actively sets the basic standards for its behavior.

Violations of these regulations or PALFINGER's codes of conducts are subject to sanctions and may result in criminal prosecution. PALFINGER conducts itself with integrity and acts in compliance with all relevant laws. This policy describes, among other aspects, human rights and working conditions.

More details on contents and monitoring processes can be found in disclosure G1-1 MDR-P a).

Material risks, impacts and opportunities:

- Working conditions that may cause mental or physical health problems
- Physical harm to customers due to inadequate product safety
- Violation of the human rights of value chain employees

(MDR-b):

The scope of the policy extends to all suppliers and dealers whose contractual agreements require them to comply with the PALFINGER Code of Conduct.

(MDR-c):

The head of the global function Procurement and the head of Dealer Network Development are responsible for the implementation of this policy. The policy has been approved by the Executive Board.

(MDR-d):

As part of the implementation of this policy, PALFINGER commits to comply with ILO standards and the UN Global Compact initiative.

(MDR-f):

The Code of Conduct for Business Partners is published on PALFINGER's corporate website.

POLICY 2: S2 – SAFE WORK ENVIRONMENTS FOR WORKERS IN THE VALUE CHAIN**(MDR-a):****Health & safety**

The policy focuses on compliance with the highest health and safety requirements for business partners and end users. The objective is the rigorous implementation of all relevant standards, laws and machinery directives, in addition to achieving ISO certifications. PALFINGER's products and processes are designed to meet minimum legal requirements. All applicable standards and laws of the respective countries and regions are taken into account during the development of PALFINGER products.

- **Machinery directives & market surveillance**

The EU Machinery Directive 2006/42/EC is a central component of the policy and ensures that all machinery meets essential safety requirements. PALFINGER ensures compliance with the minimum requirements of the EU Machinery Directive 2006/42/EC through a structured framework of policies and actions, which is part of the PALFINGER development process (PDP, stage gate process) for product development. Risk assessments and safety checks are performed in each stage before progression to the next stage is approved. This approach guarantees a systematic integration of safety requirements. In addition to the EU Machinery Directive, PALFINGER also takes into account all relevant international standards and regulations that apply in the countries and regions where PALFINGER's products are used. This includes a mandatory market surveillance protocol, which systematically reviews all incidents reported by dealers. This market feedback is analyzed, evaluated and used to derive appropriate responsive measures, ranging from product improvements to market campaigns and even recalls in critical instances. The committees of the product line-specific Q circles convene at regular intervals, ensuring the ongoing integration of feedback from customers and suppliers into product development and the prompt identification, analysis and resolution of any non-conformities. The work of these Q circles follows the 8D methodology and is documented and tracked digitally. The 8D methodology is a structured problem-solving approach with eight specific steps, ranging from problem identification to implementing and validating long-term corrective actions.

- **Standards and ISO certifications**

The company observes the following international standards and certifications to ensure product quality and safety:

- Internal P standards: group-wide relevant standards for product development and safety
- ISO 9001: quality management to ensure process reliability

These standards are part of PALFINGER's commitment to fully comply with applicable laws and regulatory standards worldwide and even exceed their requirements. This commitment extends beyond international regulations and encompasses all relevant laws, norms and standards that are mandatory for businesses. PALFINGER ensures that regional laws and standards applying in the respective countries where PALFINGER products are distributed and sold are respected and complied with.

MATERIAL RISKS, IMPACTS AND OPPORTUNITIES:

This policy ensures that physical harm caused by inadequate product safety is avoided to the maximum extent possible. In addition, it provides access to quality information (labeling and active information) on product use and safety.

MONITORING PROCESSES:

Continuous market surveillance and feedback on incidents from dealers regarding incidents are integral components of the monitoring processes. Incidents are assessed in quality circles in accordance with the “Q circle” group policy, and appropriate actions are taken to ensure safety. The Process and Quality Management (PQM) function is responsible for orchestrating these Q circles. The measures adopted by the Q circles are implemented and accounted for by the responsible functions. Recall procedures are clearly defined by a group-wide “Recall” group policy. Training activities are reviewed at regular intervals to ensure that all partners and end users comply with safety requirements.

Corporate Internal Audit has the authority to conduct audits to assess the design and effectiveness of this group policy, thereby supporting the monitoring function of the Executive Board and Supervisory Board.

(MDR-b):

This policy applies group-wide to all PALFINGER sites. The CE certification and the machinery directive apply in the EU and are adapted to align with the respective local regulations of other countries. The upstream and downstream value chain is not covered by the policy.

(MDR-c):

Process and Quality Management (PQM) is responsible for implementing the policy. The policy has been approved by the Executive Board.

(MDR-d):

As part of the implementation of this policy, PALFINGER commits to comply with the ISO 9001 standards.

(MDR-e):

The interests of business partners and end users were taken into account through surveys and direct dialogue with dealers, as well as information gathered from the global PALFINGER service network.

3.2.2.2 S2-2 – Processes for engaging with value chain workers about impacts**(S3-2.24):**

At this time, there are no processes for the direct engagement of workers in the value chain.

3.2.2.3 S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns**(S2-3.27a):**

Value chain employees, along with other stakeholder groups and third parties, can submit reports via the Integrity Line on PALFINGER’s corporate website, either anonymously or with their identity disclosed. The reports are processed internally, prompting investigations to gather facts in order to determine whether the concerns raised are substantiated. More details can be found in section S1-3.32a. The effectiveness of these channels cannot yet be evaluated, as no reports relating to value chain workers have been received yet.

Irrespective of the question of fault, PALFINGER investigates all incidents involving PALFINGER products in which persons are injured that are reported by business partners. A good network and an understanding of safety awareness in the countries concerned are prerequisites for ensuring that PALFINGER is notified of these incidents. All accident-relevant information is evaluated internally.

(S2-3.27b):

The Integrity Line is an external tool implemented and operated by PALFINGER.

(S2-3.27c):

The Code of Conduct refers to the Integrity Line as a channel for raising concerns. There is no specific communication relating to workers in the value chain.

(S2-3.27d):

Reported potential violations are subject to ongoing evaluation. Where suspicious cases are substantiated, they are investigated by Corporate Internal Audit and improvement measures are defined with the responsible management. For effectiveness monitoring, see S2-3.27a.

(S2-3.28):

If a problem is reported, the information provided is only shared with those individuals who require knowledge of it to either investigate or resolve the problem. Reports can be submitted anonymously or non-anonymously. PALFINGER strictly prohibits any retaliatory actions towards individuals who, in good faith, voice concerns or participate in an investigation. This is also stated in the Code of Conduct. Acts of retaliation are a violation of the Code of Conduct and result in disciplinary action. At this time, there are no measures in place to ensure that value chain workers have confidence in these processes.

3.2.2.4 S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

ACTION 1: SUSTAINABILITY CRITERIA AND GUIDELINES FOR SELECTED STRATEGIC SUPPLIERS

(MDR-a):

- **Code of Conduct:**

The Code of Conduct is part of the supplier contract and must be signed by PALFINGER's suppliers. Its implementation contributes to compliance with human rights and the standards for working conditions.

- **Sustainability criteria and guidelines for selected strategic suppliers:**

The touchpoints and guidelines ensure the effective implementation of human rights practices.

(S2-4-32):

The Code of Conduct, the sustainability criteria and the guidelines for selected strategic suppliers are intended to minimize negative impacts in the upstream value chain. These are, on the one hand, violations of the human rights of value chain employees and, on the other, working conditions that may cause mental or physical health problems.

Actions implemented:

1. Code of Conduct: The Code of Conduct is part of the supplier contract. Its implementation contributes to compliance with human rights and the standards for working conditions.
2. Sustainability criteria and guidelines for key strategic suppliers

Additionally, as part of its sustainability and procurement strategy, PALFINGER mandates that selected strategic suppliers comply with specific sustainability criteria, including robust human rights standards. The action was launched with a pilot project in 2024 and is set to be extended to other strategic suppliers. To support this, PALFINGER issues comprehensive sustainability guidelines to its suppliers that contain detailed, actionable steps for addressing human rights issues. PALFINGER has started to actively engage with its suppliers to ensure compliance with these criteria and offers support in their practical implementation. PALFINGER promotes a cooperative approach aimed at achieving positive outcomes for all parties involved. The sustainability criteria and guidelines ensure the effective implementation of human rights practices.

Assessment of effectiveness:

Effectiveness is assessed on a case-by-case basis, as it is based on the collaboration between PALFINGER and the respective supplier. In instances where a supplier requires assistance with implementation or finds the provided guidelines to be insufficient, PALFINGER actively engages to offer the necessary support. Effectiveness is assessed by a variety of methods, including self-assessments, on-site visits to suppliers, desktop research and requests for supporting documentation, to name only a few.

(S2-4-33):

These actions are intended to help prevent working conditions that may cause mental or physical health problems. Additionally, PALFINGER is committed to preventing human rights violations among employees in the upstream value chain. The actions intended to minimize the two negative impacts in the upstream value chain as described above follow a phased approach, which is based on cooperation and mutual respect. In its interactions with suppliers, PALFINGER adheres to the following principles:

- **Promoting transparency**

PALFINGER values openness and promotes transparency. Suppliers are not penalized for failing to meet all criteria. Instead, PALFINGER appreciates an honest dialogue during the evaluation process. This commitment to transparency extends to PALFINGER's communication with its dealers in the downstream supply chain.

- **Offering opportunities for improvement**

PALFINGER works in partnership with its suppliers, providing them with opportunities to align their practices with PALFINGER's sustainability standards.

- **Supporting suppliers with resources**

To facilitate improvements, PALFINGER provides its suppliers with detailed guidelines that outline actionable steps for addressing relevant criteria and the associated risks. Where possible, PALFINGER shares additional resources or offers direct support to assist suppliers in making the necessary improvements.

- **Termination as a last resort**

If a supplier is unwilling to implement remedies, PALFINGER reserves the right to take appropriate steps. These may take the form of measures aimed at supplier improvement or, ultimately, termination of the business relationship.

Because no severe incidents have been reported to PALFINGER to date, no actions have yet been implemented to assess the effectiveness of any remedies.

(S2-4-34):

There are no actions in place that address the risks and opportunities in relation to value chain employees.

(S2-4-35):

As described in the last paragraph of S2-4.33, no actions have yet been implemented as no severe incidents have been reported to date.

(S2-4-36):

No such issues have been reported to PALFINGER to date.

(S2-4-38):

To address material impacts, PALFINGER employs dedicated resources through its sustainability management and the purchasing department.

This cross-functional approach facilitates the management of these impacts across the entire value chain.

(MDR-b):

PALFINGER's key actions for sustainability in the value chain include:

Code of Conduct: The implementation of the Code of Conduct's standards and compliance with them is important to PALFINGER and is also expected of all employees and business partners.

Sustainability criteria: These are applied specifically to selected strategic suppliers. A pilot project has recently been launched in this regard.

(MDR-c):

The time horizons for PALFINGER's key actions are ongoing and continuous. When new suppliers are included in the scope of application and business requirements change, these actions are regularly updated and adapted. The sustainability criteria are updated on a regular basis as their implementation progresses. This continuous process enables PALFINGER to effectively manage the material impacts over time, respond to changes in the value chain and incorporate new stakeholders as needed.

(MDR-d):

With regard to access to remedies, PALFINGER aligns its practices with the United Nations Guiding Principles on Business and Human Rights (UNGPs). To date, no instances necessitating remediation have been identified. Remedial actions will be implemented as required in the future.

ACTION 2: ACCESS TO INFORMATION AND TRAINING FOR BUSINESS PARTNERS AND END CUSTOMERS**(MDR-a):**

The provision of safety-related documentation, technical information and training for dealers and end customers serves as a preventative measure aimed at avoiding accidents involving PALFINGER products..

(S2-4.32 & 35):

1. Access to information for end customers and partner companies: PALFINGER's network server functions as a central source of information for partner companies, offering them access to safety-relevant documentation and technical information at any time. End customers are provided with all requisite information through their dealers, who are obligated to pass on operating instructions, CE certificates and service booklets
2. Trainings
 - Dealer and end customer training: Product and process training for dealers and service partners is mandatory. End customers receive training through the dealers, based on content provided by PALFINGER. This ensures that end users are informed about the safe handling of the products.
 - Self-directed training and videos: Training videos for self-directed training via Paldesk are currently available to registered users.
3. Operating instructions and handover training: Each machine is delivered with an operating manual, CE certification and a service booklet. It is a statutory requirement for dealers to provide these documents to the customer and to conduct a training session on the safe operation of the machine. Compliance with this obligation is monitored to ensure that all legal requirements are met.

By providing comprehensive information and training on the use of PALFINGER products, it is possible to mitigate negative impacts on operators' physical health. The majority of accidents involve operating errors, which can be prevented through targeted training and information.

Training activities are reviewed at regular intervals to ensure that all partners and end users comply with safety requirements.

(S2-4-33):

The product line-specific quality circles meet at regular intervals, typically on a monthly basis. The composition of the quality circles ensures that any non-conformities from the perspective of customers, suppliers and the internal value chain are promptly identified, analyzed and rectified. The measures adopted by the Q circles are implemented and accounted for by the responsible functions.

(S2-4-34):

There are no actions in place that address the risks and opportunities in relation to value chain employees.

(S2-4-36):

To date, no such cases of severe human rights issues or incidents related to its upstream and downstream value chain have been reported to PALFINGER.

(S2-4-38):

PALFINGER allocates internal resources to the management of material impacts, both in its product line quality management and in the sales and service department. This cross-functional approach facilitates the comprehensive management of material impacts across the entire value chain.

(MDR-b):

This action covers all dealers and end customers (downstream value chain).

(MDR-c):

This is an ongoing and continuous action.

(MDR-d):

Compensation for product-related defects is provided on a monetary basis in confirmed individual cases as part of claims for damages. This applies equally to business partners and value chain employees.

3.2.3 Metrics and targets related to S2 – Workers in the value chain

3.2.3.1 S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

(ESRS 2.81):

At this time, PALFINGER has not defined any measurable targets in this area and is currently assessing available possibilities.

3.2.4 Information specific to the company

Accidents involving PALFINGER products

Accidents involving PALFINGER products	2022	2023	2024
Reported accidents	13	7	8
Fatalities ¹⁾	6	1	2
Injuries of varying severity ¹⁾	11	8	9
Legally binding penalties imposed by court due to accidents	-	-	-
Pending complaints (in negotiation) due to accidents involving products (as at 31 Dec)	6	6	6
Legally binding convictions	-	-	-

¹⁾ Irrespective of fault

All accidents known to the company in which PALFINGER products were involved are included in the corresponding metric if the accident caused personal injury (excluding accidents at work). These are recorded without regard of any question of fault. There were 8 accidents in the field with PALFINGER products in the reporting year (2023: 7). These resulted in 9 injuries of varying degrees (2023: 8) and 2 accidents resulting in death (2023: 1).

4. GOVERNANCE INFORMATION

4.1 ESRS G1: BUSINESS CONDUCT

4.1.1 Management der Auswirkungen, Risiken und Chancen

4.1.1.1 G1-1– Corporate culture and business conduct policies

POLICY 1: CODE OF CONDUCT FOR EMPLOYEES

(MDR-a):

Key contents and general objectives:

PALFINGER's employees live the company values of "entrepreneurship, respect and learning" every day. The current version of PALFINGER's Code of Conduct defines the essential legal and ethical principles for doing business. In order to do justice to social change, the requirements of sustainable business apply. To this end, PALFINGER applies high reporting standards and a transparent approach to business.

The Code of Conduct addresses the following contents related to business ethics:

- Anti-corruption
- Economic crime
- Conflicts of interest
- Prohibition of advertising for political parties
- Sponsorship and donations
- Anti-money laundering and terrorist financing
- Data protection
- Artificial intelligence
- Protection of confidential information
- Protection of intellectual property
- Antitrust and competition law
- Product compliance
- Export law and sanctions
- Protection of company property
- Capital market compliance

Monitoring processes:

To facilitate compliance with the Code of Conduct, PALFINGER has established measures and processes to ensure that the applicable legal requirements are known and met. Trainings are mandatory for PALFINGER employees. Any misconduct can be reported to the manager, the HR department and the Integrity Line. Reported violations of the law, the Code of Conduct or other group policies are continuously evaluated. Where reported suspicious cases are substantiated, they are investigated by Corporate Internal Audit and appropriate improvement measures are defined with the responsible management.

Material risks, impacts and opportunities:

Compliance with legal and ethical requirements is a top priority. The Code of Conduct, as the primary framework, addresses the following impacts, risks and opportunities (for more information on impacts, risks and opportunities, see SBM-3 in ESRS 2):

- Contribution to corporate culture through a comprehensive code of conduct
- Preventive measures to avoid violations of rules
- Commitment to established standards and principles
- Established reporting processes for the detection and efficient handling of corruption and bribery incidents
- Transparent and accessible information to foster good stakeholder relationships
- Risks arising from compliance violations

(MDR-b):

Integrity is paramount in all of PALFINGER's activities. The implementation of the Code of Conduct's standards and compliance with them is important to PALFINGER and is also expected of all employees. It applies to all divisions, sites and companies belonging to the PALFINGER Group worldwide, including those over which the group exercises a controlling influence.

(MDR-c):

The Executive Board has signed the Code of Conduct and is responsible for its implementation. The formulation of the Code of Conduct, defining its processes and providing training related to the Code of Conduct is the task of Governance, Risk & Compliance (GRC).

(MDR-d):

PALFINGER's success depends on healthy and fairly treated employees. PALFINGER therefore protects their rights and follows the principles of the United Nations Global Compact initiative and the International Labor Organization (ILO).

(MDR-e):

A Steering Committee, composed of members from GRC, Human Resources, Purchasing and Dealer Network Development, was set up to formulate the Code of Conduct, ensuring that the Code's three key addressees were included in the process. The approval was issued by the Executive Board.

As part of the materiality analysis, stakeholder surveys were conducted. The insights gathered from those surveys were taken into account in the formulation of the Code of Conduct.

(MDR-f):

Contracts contain binding references to the PALFINGER Code of Conduct. The Code of Conduct is published on PALFINGER's corporate website.

(G1-1.9):

PALFINGER supports and encourages its employees in accordance with the tagline: "We value people. People create value." PALFINGER's core values, which apply universally throughout the organization and must be upheld by all of its members, are: entrepreneurship, respect and learning. At PALFINGER, the following leadership principles apply to the Executive Board as well as to all executives: DRIVE. FOCUS. INSPIRE. EMPOWER. DEVELOP. DELIVER.

(G1-1.10a):

Potential violations of laws and internal policies or instances of misconduct can be reported using the "Integrity Line". The Integrity Line is also available to external stakeholders for whistleblowing purposes.

(G1-1.10c):

PALFINGER has established internal reporting channels to ensure that all employees can report potential violations of laws, the Code of Conduct or other group policies. These channels include the “Integrity Line”, direct communication with Governance, Risk & Compliance (GRC), works council consultation hours and pathways for reporting through managers or HR officers in the individual regions. To ensure that these channels operate effectively, all employees are required to take part in targeted training sessions to ensure that they are aware of and comply with the applicable legal requirements. These training sessions also include information on the use of the reporting channels and the importance of reporting misconduct. Employees who receive reports undergo specialized training to ensure they can process these reports appropriately while maintaining the confidentiality of the whistleblowers.

Additionally, PALFINGER has implemented safeguards to protect whistleblowers from any form of retaliation. Reports can be made anonymously via the “Integrity Line”, which enables employees to report misconduct or complaints without fear of retribution.

Protection against retaliation is a central component of PALFINGER’s Code of Conduct. Retaliatory actions against individuals who submit a report in good faith or participate in an investigation are strictly prohibited, with violations of this prohibition resulting in disciplinary action.

Furthermore, all reported incidents are investigated and it is ensured that the identity of whistleblowers remains protected. These actions align with the applicable legislation implementing Directive (EU) 2019/1937 of the European Parliament and of the Council.

(G1-1.10e):

Reported violations of the law, the Code of Conduct or other group policies were evaluated on an ongoing basis. Where suspicious cases were substantiated, they were investigated by GRC and Corporate Internal Audit, and appropriate improvement measures were defined with the responsible management.

(G1-1.10g):

All employees are assigned to essential trainings on governance and compliance, with particular emphasis on groups of persons identified through a risk-based selection process. For direct employees who do not have access to the IT system, a training policy is being developed, scheduled for implementation in 2025. Training sessions are held on an ongoing basis, thereby ensuring that employees receive training on compliance-relevant topics multiple times throughout the year. The scope of the training varies depending on the topic and target group. Completion of these trainings is documented and used for reporting purposes.

(G1-1.10h):

There is an increased risk for individuals in management positions and employees in the global functions Sales & Service and Procurement.

POLICY 2: CODE OF CONDUCT FOR BUSINESS PARTNERS

(MDR-a):

Key contents and general objectives:

The current version of PALFINGER's Code of Conduct for Business Partners defines the essential legal and ethical principles for doing business with suppliers and dealers. In order to do justice to social change, the requirements of sustainable business apply. To this end, PALFINGER applies high reporting standards and a transparent approach to business.

The Code of Conduct for Business Partners addresses the following contents:

- Human rights & working conditions (prohibition of slavery and human trafficking, prohibition of child labor, free choice of employment, discrimination, harassment and bullying, diversity, equity and inclusion, freedom of association, health and safety at work, working hours and minimum wage, reporting processes, use of security forces, training, adequate accommodation, safe working conditions, protection of privacy, prohibition of disciplinary pay reduction)
- Business ethics (anti-corruption, economic crime, conflicts of interest, anti-money laundering and terrorist financing, data protection, artificial intelligence, protection of intellectual property, protection of confidential information, antitrust and competition law, product compliance, export law and sanctions, protection of company property, capital market compliance, transparency in the supply chain)
- Environmental standards (biodiversity, resource efficiency, circular economy and waste management, sustainable resources, GHG emissions, pollution, water consumption, energy efficiency and renewable energies, forestry and water rights, forced eviction, testing on animals)

Monitoring processes:

Reported violations of the law or the Code of Conduct for Business Partners are evaluated. Where suspicious cases are substantiated, they are investigated by Corporate Internal Audit and appropriate improvement measures are defined with the responsible management. Additionally, PALFINGER reserves the right to periodically review compliance with the Code of Conduct for Business Partners. PALFINGER can conduct audits or take other suitable measures to ensure that its business partners fulfill their obligations.

Material risks, impacts and opportunities:

The materiality analysis revealed that governance topics are of significant importance for PALFINGER. Compliance with legal and ethical requirements is a top priority, and the Code of Conduct for Business Partners, as an essential framework, addresses the associated material impacts and risks in the value chain:

- Positive impacts of fair business relationships on innovation, efficiency, and sustainability
- Positive impacts resulting from business relationships with strict social and environmental criteria for suppliers
- Risks arising from compliance violations

(MDR-b):

The implementation of the standards contained in the Code of Conduct for Business Partners and compliance with them is important to PALFINGER and is also expected of all employees and business partners. Contracts contain binding references to the PALFINGER Code of Conduct.

(MDR-c):

The head of the global function Procurement and the head of Dealer Network Development are responsible for the operational implementation of this policy. The policy has been approved by the Executive Board.

(MDR-d):

The Code of Conduct for Business Partners refers to compliance with the ILO's core labor standards and endorsement of the principles of the UN Global Compact initiative.

(MDR-e):

A Steering Committee, composed of members from GRC, Purchasing and Dealer Network Development, was set up to formulate the Code of Conduct for Business Partners, ensuring that the Code's two key addressees were included in the process. As part of the materiality analysis, stakeholder surveys were conducted. The insights gathered from those surveys were taken into account in the formulation of the Code of Conduct for Business Partners.

(MDR-f):

The Code of Conduct for Business Partners is published on PALFINGER's corporate website.

(G1-1.9):

For details, see the description of corporate culture in G1-1.9, Policy 1.

(G1-1.10a):

Potential violations of laws, the Code of Conduct for Business Partners, or instances of misconduct can be reported using the "Integrity Line".

(G1-1.10e):

Reported violations of the law and the Code of Conduct for Business Partners were evaluated. Where suspicious cases were substantiated, they were investigated by GRC and Corporate Internal Audit, and appropriate improvement measures were defined with the responsible management.

(G1-1.10g):

Training within the organization is not relevant in respect of the Code of Conduct for Business Partners.

(G1-1.10h):

Internal groups of persons are not relevant in respect of the Code of Conduct for Business Partners.

4.1.1.2 G1-2 – Management of relationships with suppliers

POLICY FOR MANAGING RELATIONSHIPS WITH SUPPLIERS

(MDR-a):**General objectives:**

The Code of Conduct for Business Partners defines the essential legal and ethical principles suppliers must comply with.

Additionally, internal policies define the guiding principles as well as the duties, responsibilities and the "source-to-pay" process for all materials, services and investments. Setting this framework mitigates the associated risks and also allows for the leveraging of synergies, potentials and consolidation opportunities globally in the area of procurement. In addition, quality requirements can be ensured in the long term, and delivery capabilities guaranteed.

Material impacts:

- Positive impacts of fair business relationships on innovation, efficiency, and sustainability
- Positive impacts resulting from business relationships with strict social and environmental criteria for suppliers

Monitoring processes:

The process for monitoring compliance with the policy is comprised of several steps and principles designed to ensure that all procurement activities are carried out correctly and efficiently. One central aspect is bidirectional matching as a verification step during invoice processing. This involves a comparative analysis of two key documents, the purchase order and the invoice, to verify their accuracy and validity before payment is approved. In instances of discrepancies between the invoice and the purchase order, the discrepancy must be approved in accordance with the delegation of authorities (DoA) and the dual control principle.

(MDR-b):

The scope of the policy includes direct suppliers in the upstream value chain.

(MDR-c):

The head of the global function Procurement is responsible for implementation of this policy. The policy has been approved by the Executive Board.

(MDR-e):

There is a regular dialogue with suppliers, ensuring that requirements are aligned on an ongoing basis.

(G1-2.14):

PALFINGER uses standardized payment terms and has also introduced a reverse factoring program for suppliers meeting specific annual volume criteria, which enables them to finance their receivables from PALFINGER. This arrangement enables suppliers to get paid for their invoices early under an agreement between PALFINGER and a contractual bank. This program is also open to SMEs and contributes to the prevention of late payments.

(G1-2.15a):

The policy describes a number of key principles and processes aimed at ensuring effective and transparent collaboration:

- Early involvement of Purchasing: The policy emphasizes that Purchasing should be involved in innovation and development processes at an early stage, thereby enabling strategic sourcing considerations to be taken into account.
- Documentation of sourcing decisions: All decisions related to sourcing inquiries or contracts must be documented transparently.
- Contract criteria and documentation: At the very least, price agreements covering all relevant terms must be concluded with suppliers.
- Supplier qualification and approval: Before any confidential information is shared, a non-disclosure agreement must be signed. Suppliers must agree to the Code of Conduct and undergo mandatory initial supplier audits before being registered in the ERP system.
- Supplier evaluation: A supplier evaluation must be performed quarterly for all strategic direct material suppliers in order to ensure a high level of quality, timely delivery and competitive pricing.
- Claims management and reimbursement: All supplier-related quality claims must be documented and discussed with local quality management. The supplier lead buyer is responsible for ensuring that the supplier reimburses all accepted claims costs.

(G1-2.15b):

Before an initial order is placed, mandatory supplier audits of defined suppliers must be performed and documented. These supplier audits review not only quality and procurement criteria, but also take into account sustainability aspects such as environmental practices, human rights and occupational safety.

4.1.1.3 G1-3 – Prevention and detection of corruption and bribery

(MDR-a):

PALFINGER considers the prevention of corruption an important priority and therefore explicitly addresses this topic in its Code of Conduct. In addition, a dedicated group policy defines detailed rules regarding this matter. The core elements of the Anti-Corruption Group Policy are the prohibition of illegal payments, gifts and kickbacks, as well as conflicts of interest.

General objectives:

- PALFINGER has defined a catalog of multi-stage actions to prevent corruption or, if need be, investigate any violations.

Material risks, impacts and opportunities:

PALFINGER exports to a large number of countries worldwide, including transactions with numerous public sector entities. This inherently carries a certain risk of corruption, a concern corroborated by the results of the materiality analysis. This policy is designed to counteract this risk. The policy covers the following material impacts, risks and opportunities:

- Preventive measures to avoid violations of rules (e.g., compliance management)
- Established and encouraging reporting processes for the detection and efficient handling of corruption and bribery incidents
- Risk of fines due to compliance violations

Monitoring processes:

- A report on anti-corruption measures is submitted to the Supervisory Board annually, enabling it to fulfill its control obligations.
- Reported violations of the law, the Code of Conduct or other group policies were continuously evaluated. Where suspicious cases were substantiated, they were investigated by Corporate Internal Audit and improvement measures were defined with the responsible management.

(MDR-b):

The implementation of the Code of Conduct's standards and compliance with them is important to PALFINGER and is also expected of all employees and business partners. All employees of the PALFINGER Group are required to comply with the group policy for the prevention and detection of corruption and bribery.

(MDR-c):

The Executive Board has signed the Code of Conduct and is responsible for its implementation. Governance, Risk & Compliance (GRC) is responsible for developing, implementing and monitoring training sessions regarding the Code of Conduct and the Anti-Corruption Group Policy.

(MDR-d):

The basis for the internal rules designed to prevent corruption is the applicable law. Additionally, PALFINGER supports the UN Global Compact.

(MDR-e):

Complaints can be made about any perceived instances of misconduct. The mechanism for raising complaints is available to employees, as well as suppliers, dealers, end customers, investors and lenders, along with all other internal and external stakeholders. This is also stated in the Code of Conduct.

When a report is made, it undergoes central processing by GRC in collaboration with Corporate Internal Audit as a first step. The nature of the allegations then determines whether the subsequent processing is undertaken by GRC, Internal Audit or Human Resources.

(MDR-f):

The whistleblowing system is available to all persons inside and outside the company, thereby covering all potentially affected stakeholder groups. The system can be accessed through the corporate website and the intranet.

(G1-3.18a):

PALFINGER has defined a catalog of multi-stage actions to prevent corruption or, if need be, investigate any violations:

1. An internal compliance risk assessment was conducted to identify potential compliance risks.
2. Mandatory training programs are developed and implemented.
3. Communication campaigns are conducted within the company to enhance employee awareness.
4. Potential violations of laws and internal policies can be reported using the "Integrity Line".
5. Reported violations of the law, the Code of Conduct or other group policies were continuously evaluated. Where suspicious cases were substantiated, they were investigated by Corporate Internal Audit and appropriate improvement measures were defined with the responsible management.
6. A specific corruption prevention metric is included in the quarterly sustainability reporting.

(G1-3.18b):

The process is designed to prevent conflicts of interest by implementing delegation protocols. It ensures that those tasked with the investigation remain independent from the management chain involved in the issue.

(G1-3.18c):

A report on anti-corruption measures is submitted to the Supervisory Board annually, enabling it to fulfill its control obligations.

(G1-3.20):

Contracts contain binding references to the PALFINGER Code of Conduct. This Code of Conduct is published on PALFINGER's corporate website.

(G1-3.21a):

No significant anti-corruption and anti-bribery training activities took place in the reporting year. A mandatory training program will be introduced in 2025. This program is based on an e-learning approach, focusing on the contents of the Anti-Corruption Group Policy. It addresses behaviors that may be perceived as corruption and the legal consequences of policy violations. Additionally, the training discusses approaches to effectively prevent corruption in actual practice.

(G1-3.21b):

The number of trainings completed by employees was not systematically recorded in the reporting year, but is set to be recorded in 2025 after roll-out of the mandatory e-learning requirement.

(G1-3.21c):

Members of the Executive Board receive regular briefings from GRC on corruption-related risks, and reports are also submitted to the Supervisory Board. In the course of this reporting, current focal points are addressed and questions are answered by the Executive Board and Supervisory Board. There was no training for the Executive Board and Supervisory Board in 2024. This will take place in 2025 jointly with the roll-out of the mandatory e-learning requirement.

4.1.2 Metrics and targets related to G1 – Business conduct

4.1.2.1 G1-4 – Incidents of corruption or bribery

(G1-4.24):

Incidents of corruption or bribery

Cases of corruption or bribery	2023	2024
Number of final convictions for violations of anti-corruption and anti-bribery laws	-	-
Amount of fines for violations of anti-corruption and anti-bribery laws	-	-

For information on anti-corruption actions, see G1-3.18a.

4.1.2.2 G1-6 – Payment practices

(G1-6.33):

	2024
Average number of days until payment of an invoice from the start of the contractual or statutory payment period	56
Number of court proceedings currently pending against PALFINGER for late payment	0