



Sustainability report 2018

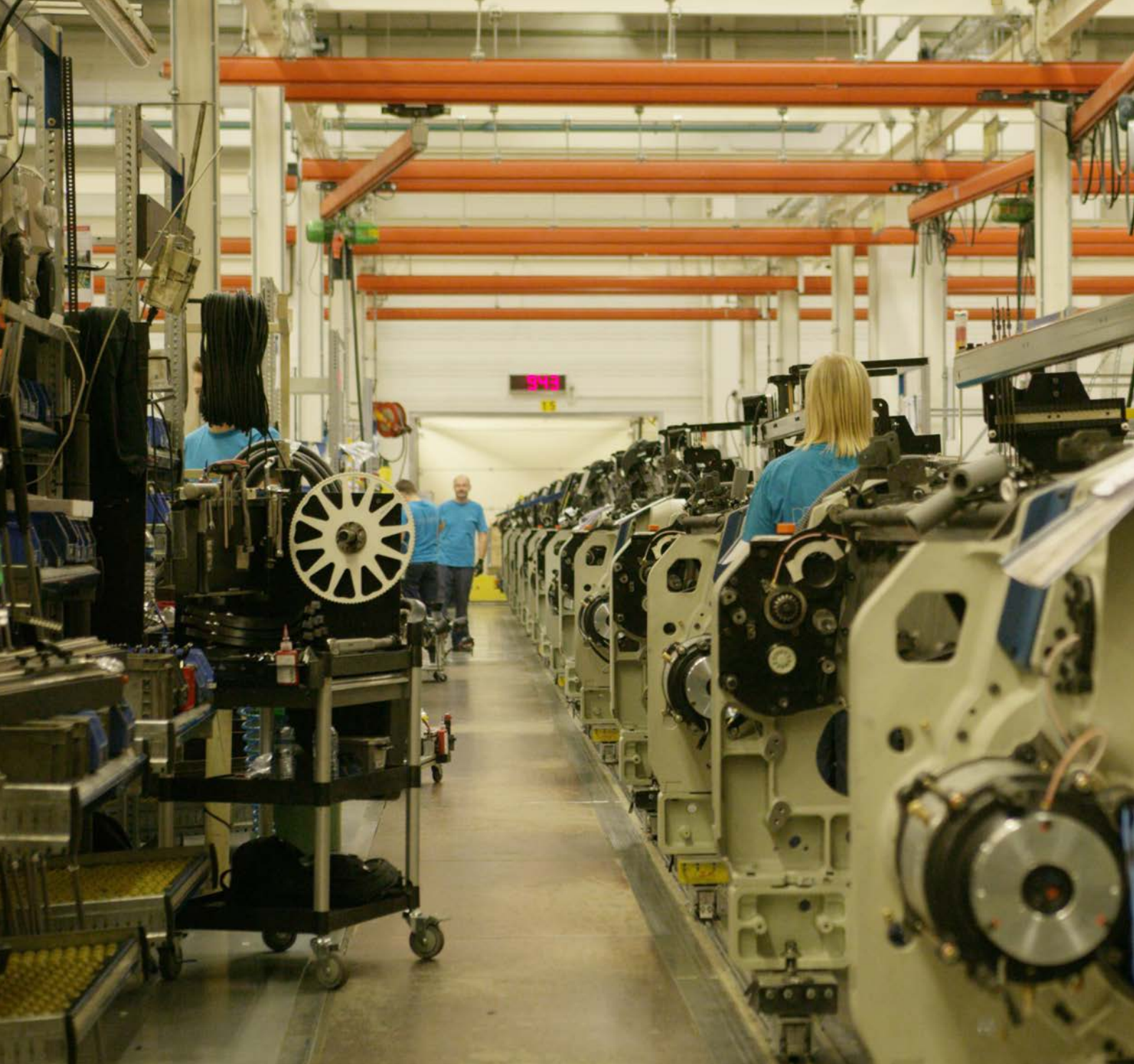




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Preface

When you think of Picanol, you immediately think of weaving machines. Over the past few decades, we have continually pushed our limits in the field of weaving machines and with our customers, which has made us the world's top manufacturer of weaving machines. However, Picanol is more than weaving machines. For instance, in our foundry and mechanical finishing department, Proferro, we produce, among other things, compressor and agricultural machinery components as well as parts for Picanol weaving machines. At PsiControl, solutions are developed regarding controllers for textile machines, compressors and fleet management, and at Melotte, innovative product solutions are developed and produced for customers from various sectors.

Founded in 1936, the Picanol Group has evolved from a traditional weaving machine manufacturer into an international, customer-focused group that specializes in the development, production and sale of high-tech weaving machines, engineered casting solutions and custom-made controllers. Sustainability and a long-term focus have been a recurring theme in our story for the past 83 years.

This sustainability manifests itself primarily in our products and processes; for example, the use of simulations for the design of more energy efficient weaving machines, the conversion of old iron into high-tech castings, durable mechanical components and advanced electronics that ensure the optimum quality of fabrics and less waste, etc. Nowadays, sustainability is interwoven in all processes and products of the Picanol Group, from development to production.

We also try to integrate our sustainability efforts into other business processes, from our ambition of being a good employer to limiting our impact on the environment. In our processes, for instance, we systematically consider the environment and we try to limit the impact of our activities by also constantly and closely paying attention to issues such as emissions and water consumption, as well as energy consumption and waste management. The health and safety of our employees also receive a great deal of attention from the Picanol Group, as well as protection in the workplace, ergonomics and prevention.

The world of tomorrow is changing rapidly, both in terms of technology and expectations, with more and more data and connectivity posing plenty of challenges. Our ambition is to translate these challenges into future opportunities. We are fully convinced that if we combine our commitment with the huge opportunities that lie ahead, then we can prepare for 2020 and beyond. Therefore, we are continuing to work on our Let's Make it Together campaign, which we are jointly building around a future-oriented machine park, effective processes and a place where it is pleasant and fun to work. We are fully committed to digitization and new technology, as well as investing in our employees, because only together can we make a difference.



Luc Tack
Managing director

The Picanol Group also plays an important social role. We make a positive contribution to society, the economy and the environment. We achieve this through our products and services, the creation of employment, social involvement and the responsible use of raw materials. It is our ambition to continue our efforts in the future to be a responsible and sustainable company that strengthens the relationship with our stakeholders through consultation and dialogue and recognizes the value creation throughout the chain.

For any questions, please do not hesitate to contact us at sustainability@picanol.be. The sustainability report of the Picanol Group is also available in a digital version on www.picanolgroup.com/en/sustainability.



Stefaan Haspeslagh
Chairman

About the Picanol Group

The Picanol Group is an international, customer-focused group that specializes in the development, production and sale of weaving machines, cast iron parts and controllers.

The Weaving Machines division (Picanol) develops, manufactures and sells high-tech weaving machines, based on air (airjet) or rapier technology. Picanol has played a pioneering role worldwide for more than 80 years and is today one of the world's top weaving machine manufacturers.

In addition, the Industries division bundles all non-weaving machine-related activities: Proferro comprises the foundry activities and the

mechanical finishing activities of the group. It produces cast iron parts for compressors, pumps and agricultural machinery, as well as parts for Picanol weaving machines. Via PsiControl, the group specializes in the design, development, production and support of custom-made controllers for original equipment manufacturers in various sectors. Melotte is a high-precision producer of metal components, molds and reconditioned molds. It has also played a leading role in the 3D printing of components for a number of years.

Since 2013, the Picanol Group has also had a reference interest in the Tessenderlo Group (Euronext: TESB).



Global presence

In addition to the headquarters in Ypres (Belgium), the Picanol Group has production facilities in Asia and Europe, which are linked to our own global service and sales network.



Belgium

Picanol (Ypres):
headquarters and **R, P, M, S**
Proferro (Ypres): **P, M, S**
PsiControl (Ypres): **R, P, M, S**
Melotte (Zonhoven): **R, P, M, S**

R: Research & development
P: Production
M: Marketing
S: Service

Europe

France
Burcklé (Bourbach-le-Bas): **P, M, S**

Romania
PsiControl Srl (Brasov): **R, P, S**

Turkey
Picanol Tekstil Makinalari: **M, S**

America

Brazil
Picanol do Brasil: **M, S**

Mexico
Picanol de Mexico: **P, M, S**

United States
Picanol of America: **M, S**

Asia

India
Picanol India: **M, S**

Indonesia
PT. Picanol Indonesia: **M, S**

People's Republic of China
Picanol SIP Textile Machinery: **R, P, M, S**
Picanol (Suzhou) Trading Company: **M, S**
Picanol Guangzhou Sales Office: **M**

Sustainability & corporate social responsibility at the Picanol Group

Sustainability and corporate social responsibility are inextricably part of the strategy and daily actions of the Picanol Group. This includes continuously acting, deciding and investing with the sustainable future in mind for the company and its stakeholders.

We are convinced that sustainability efforts help us to establish a strong relationship with our employees, our customers, our suppliers and other stakeholders. It helps us to attract and retain new talent, while at the same time it also provides a strong impetus to innovation. Within the Picanol Group, we want to act according to the expectations of both our current and future stakeholders and create value for our company in the long term.

Therefore, the Picanol Group resolutely opts for a sustainable production process that shows respect for people, the planet and the community.

This is why the Picanol Group focuses on three important pillars in this report:

Our people

Within the Picanol Group, we continuously invest and take good care of our greatest strength: our people.

Our planet

At the Picanol Group we limit the impact of our activities on our planet by thinking, deciding and acting in a sustainable way.

Our community

From the Picanol Group, we work actively together with the environment in which we live and work in order to meet the expectations of our stakeholders.

Within this framework, the Picanol Group has a number of rules of conduct that apply to all employees and which must be adhered to by everyone. These rules of conduct describe our relationship with shareholders, customers, suppliers, colleagues, the press and society. These generally applicable policies, which include the Business Ethics Code or Professional Conduct, the Social Media Policy, the Communication Policy, the whistleblowing procedure and the IT Policy, are made available in Dutch and English on the Picanol Group Intranet.

Business ethics

The company has drawn up a Corporate Governance Charter as well as a code of ethics.

All Picanol Group subsidiaries and employees worldwide comply with the laws and regulations of the countries in which they operate and are guaranteed to comply with their obligations. They trade in a fair and equitable manner, and they demand the same from their partners. The

group's business practices comply with generally accepted international standards, which form the basis for their worldwide activities and relationships. For those who hold a position of authority in the Picanol Group, this means, among other things, that they:

- enforce “zero tolerance” for the violations of local/international laws, rules and regulations, and for violations of business ethics;
- continuously ensure that all business transactions within the Picanol Group are correctly recorded in line with accounting principles.

Bribery and corruption

The Picanol Group complies with the basic principles of the Rules of Conduct to Combat Extortion and Bribery of the International Chamber of Commerce (ICC), 1999 revised edition, and the OESD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 1997. Employees of the

Picanol Group may never financially or otherwise bribe a party in order to obtain or retain contracts in violation of the law, rules and regulations by which the other party is bound. They are also not allowed to accept bribes in any form whatsoever.

Insider trading

As a listed company, the Picanol Group is obliged to comply with various reporting obligations. The laws and regulations aim to ensure the integrity of the securities market and to guarantee public confidence in this market as a result thereof, and they apply in a variety of countries. The Picanol Group has a strict insider trading policy and stringent procedures for disseminating information that may affect the market value of its shares. For further details, we refer you to the Corporate Governance Charter of the Picanol Group (www.picanolgroup.com).

Fair competition

The Picanol Group adheres to rules for fair, free competition in markets all around the world. The Picanol Group employees must not engage

in unfair competition such as illegal price fixing, market fixing or any action that would distort, limit or prevent fair competition and thus violate antitrust laws.

Disclosure of business transactions

All business transactions of the Picanol Group are recorded in full in accordance with internal accounting rules and legislation. The Picanol Group is firmly against false and fraudulent information and reporting.

Care for people and the environment

Social and environmental protection are an important part of the group policy. All companies and employees of the Picanol Group worldwide respect the fundamental human rights. The Picanol Group explicitly does not permit child labor. In the field of human relations, the group does not tolerate discrimination or harassment based on race, color, sex, religion, origin, marital status, family circumstances, emotions, sexual orientation, disabilities or age. The Picanol Group is committed to the well-being of its employees,

customers and neighbors by ensuring that its activities and products do not harm either people or the environment. The ecological programs result from an active, forward-looking research & development policy based on prevention, a source-oriented approach and continuous improvement. The protection of employees, customers and neighbors against unacceptable risks takes precedence over economic interests and must not be compromised. In case of doubt, caution will prevail. The welfare policy is integrated into existing processes, activities and systems and takes into account the entire life cycle of products. Waste and waste products are minimized and optimally reused and recycled.

Professional behavior

In an increasingly competitive economic environment, the Picanol Group values the capabilities, know-how and experience of its employees. The Picanol Group considers its employees to be its most valuable strength and that the employees are the reason for its current market position. Therefore, employment with the

Picanol Group is subject to a strict professional code of conduct. This code describes the various obligations inherent to employment that are aimed at protecting the market position of the Picanol Group and enabling the company to grow and expand.

Employment at the Picanol Group is not only subject to the professional code of conduct, but also to a non-competition clause and agreement for the protection of intellectual property, which is drawn up in accordance with local and international labor law.

Risks relating to social, personnel and environmental affairs

Picanol periodically analyzes the risks associated with its activities. All key employees are interviewed about their risk assessment, and an evolution is assigned to the various risk factors. The various risks are assessed according to their impact on and the vulnerability of the company. Based on this, action plans are drawn up and evaluated on an annual basis by the Management Committee and the Audit Committee.

Picanol may not be able to recruit or retain key personnel

In order to develop, support and sell its products, Picanol must recruit and retain skilled employees with specific expertise. The implementation of Picanol's strategy may be undermined by Picanol's inability to recruit or retain key personnel, or by the unexpected loss of experienced personnel. Picanol's success also depends on its ability to maintain a good relationship with its employees. A significant majority of Picanol's employees in several of its activities are affiliated to a

trade union. Work stoppages or strikes, which usually occur in the renegotiation of collective agreements, may adversely affect Picanol's ability to carry out its activities. It is impossible to guarantee that an increase in labor costs would not have an adverse impact on Picanol's activities, its operating results and financial situation.

Picanol's activities are subject to environmental regulations, compliance with which could incur substantial costs and also give rise to disputes on environmental issues

The activities of Picanol are subject to environmental regulations of national, state and local authorities; in some cases even regulations that impose strict liability. As a result, Picanol may be held liable, which can have an adverse impact on its activities. Environmental regulations in the markets in which Picanol operates are becoming increasingly stringent, with more and more emphasis on enforcement. Although Picanol has included a budget for compliance with environmental laws and regulations in its future investment and operating expenses, there can

be no assurance that Picanol will not be subject to significant environmental liability or that applicable environmental laws and regulations will not change or become stricter in the future.

For a complete overview of the risks related to the activities of the company, we refer you to the 2018 annual report of the Picanol Group.

Reporting method and period

In this sustainability report of the Picanol Group we are providing an overview of the most relevant objectives, efforts and results in terms of sustainability for the year 2018. This sustainability report contains data from the GRI Guidelines on reporting on sustainable development (version 'core criteria') and was not subject to an external audit. The follow-up table is included in this report. The GRI indicators used in this report are indicated for each theme. The Picanol Group will publish an annual update of this report.

The KPIs in this report were drawn up on the basis of the figures from the production sites in Belgium, Romania and China (which together comprise more than 90% of the total number of employees), unless stated otherwise.

For any questions or comments regarding the sustainability report of the Picanol Group, you can contact us by writing to sustainability@picanol.be.





Our people

At the Picanol Group, we are convinced that our employees make the difference and are decisive for the competitiveness of the company.

Therefore, we want to develop the Picanol Group into an organization where committed employees are given room for creativity and initiative, and in which they are actively supported and continuously trained in order to further develop their talents and to deliver added value.

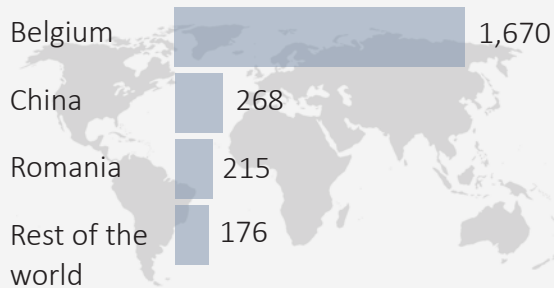
Employment

The Picanol Group employs more than 2,300 employees worldwide, who together comprise more than 35 different nationalities.

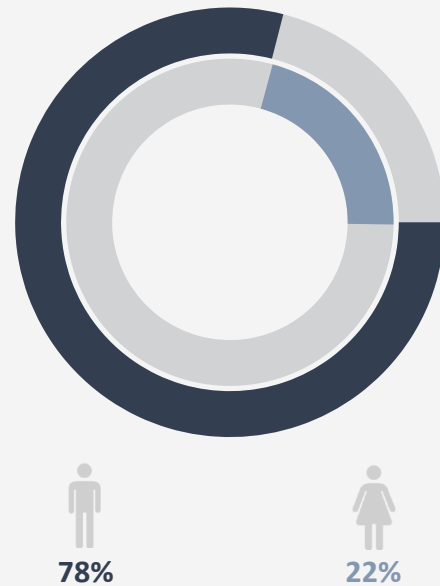
Number of employees worldwide *



Geographical distribution



Employees by gender



* headcount



Training

Today, the Picanol Group is a global leader. And we can only maintain this position in the future if we continue to invest in our employees. Within the Picanol Group, we therefore help our employees to develop their talents to the maximum.

We offer training, personal coaching and support from the group in the workplace, thus investing in sustainable employability. We are committed to providing people with the knowledge and training they need to carry out their work thoroughly.

This ensures that every new employee receives a personal training and development plan at the start, as well as a basic training in which the rules and regulations of the company are explained. In addition, and depending on the job to be performed, extra training courses are organized, such as ERP systems, CAD/CAM software, welding training, ESD training, safety training, etc.



1,460

employees followed
a training in 2018.

Or



59,184

hours of training in total.

In 2018, 40% of the Picanol Group employees completed at least 8 hours of training. The Picanol Group will continue to focus on this in 2019 with the aim of giving every employee at least 8 hours of training.



The Cube, a place to discover new technologies

In 2018, we continued to invest in supporting all our employees, including by continuing to focus on technological awareness and training. An important initiative in this respect is The Cube, a place where everyone can become acquainted in an accessible way with a number of new technologies, and the associated challenges and opportunities. In 2018, we started with information sessions in The Cube. In the meantime, we have already given 150 information sessions to some 750 colleagues. During each session, four new technologies are presented: exoskeletons, Virtual and Augmented Reality, 3D printing and the cobot. In addition to the theoretical explanation, everyone gets the chance to try out the different technologies.



Training on coaching leadership

As part of the Let's Make it Together campaign, we have launched several initiatives within the Picanol Group to coach and support managers in the performance of their duties. In 2018, for instance, we organized the first training course for French-speaking foremen on coaching leadership. This training course focuses on the coaching of and communication with employees on the shop floor. It taught the foremen how to either respond to or deal with certain situations and how they can grow further in their role as managers.



Learning network for foremen

Every quarter we organize a so-called Pit Stop Supervisors in Ypres. This is a learning network for foremen within the Picanol Group. In 2018, this Pit Stop was redesigned to make it more interactive. The focus is now even more on learning from each other. During the Pit Stop meetings, a host department welcomes the fellow foremen and highlights a specific theme, such as safety, new investments or improvement projects. In this way, ideas and suggestions are exchanged among the foremen and across departments, because there is an enormous amount of knowledge that we can share with each other.





PICANOL

Seminars in Ypres: a meeting place for employees throughout the world

Every year, Picanol organizes a number of technical seminars, which involve field technicians from all over the world coming to Ypres in order to receive machine training. In December, we welcomed some 115 Field Technicians from over 25 different countries in Ypres. In addition to these technical seminars, a large sales seminar is organized for all sales teams worldwide as well as several small (technical) seminars.

Exchanging knowledge and experience

In 2018, we organized several mutual visits between our departments in Ypres with a view to exchanging knowledge and experience. As part of this initiative, various colleagues from PsiControl visited the niche area in our assembly department of Picanol. During this visit, they were introduced to digital work instructions. These visits to other departments make it clear that there is not always a need to leave your own factory to find good practical examples. It is therefore important to regularly exchange information, knowledge and experiences.



A colleague explains

Many people within our organization seek (and find) solutions to a problem that they are struggling with, both at work and in their private lives. This has led us to launch a new initiative under the name “lifelong learning” in order to share possible solutions with each other, learn from them and perhaps come to different or better solutions together. In this context, we have organized a first afternoon session, during which a colleague talks about how he or she solved a particular problem or explains an idea on a particular topic. In the first session, one of our colleagues explained how he tries to manage the flow of digital information.





Introduction day for new employees

Every year, Picanol organizes a number of introduction days for all new employees in Ypres. The new colleagues are invited to a company presentation and a tour around the company premises, which is then followed with a presentation by the members of the management team in which they provide information about their departments and future plans.

Top evenings

In 2018, we organized several top evenings, during which renowned speakers spoke in detail about a certain theme. These speakers included Arnout Van den Bossche, who we invited to talk about mental health at work. With his charismatic performance, he had all of the room hanging on to his every word, while simultaneously giving practical tips to prevent a burnout. We also invited trend watcher and expert in European youth trends, Tom Palmaerts, for a top evening

on Generation Z. He told us how we as a company can best prepare for Generation Z, the first “digital natives” to grow up with technology. The last speaker to visit us was Peter Hinssen, entrepreneur, teacher, technology evangelist and author of *The Day After Tomorrow*, who explained how we as a company can keep our heads above water with the high-tech digital innovations that are coming our way. Each of these top evenings was attended by some 150 colleagues.



Technology forums

As part of Let's Make it Together, we organized several technology visits to recent investment projects in our company in 2018. During these technology forums, the operation of recently installed machines is explained by colleagues who work with or are closely involved in the operation of the machine every day.

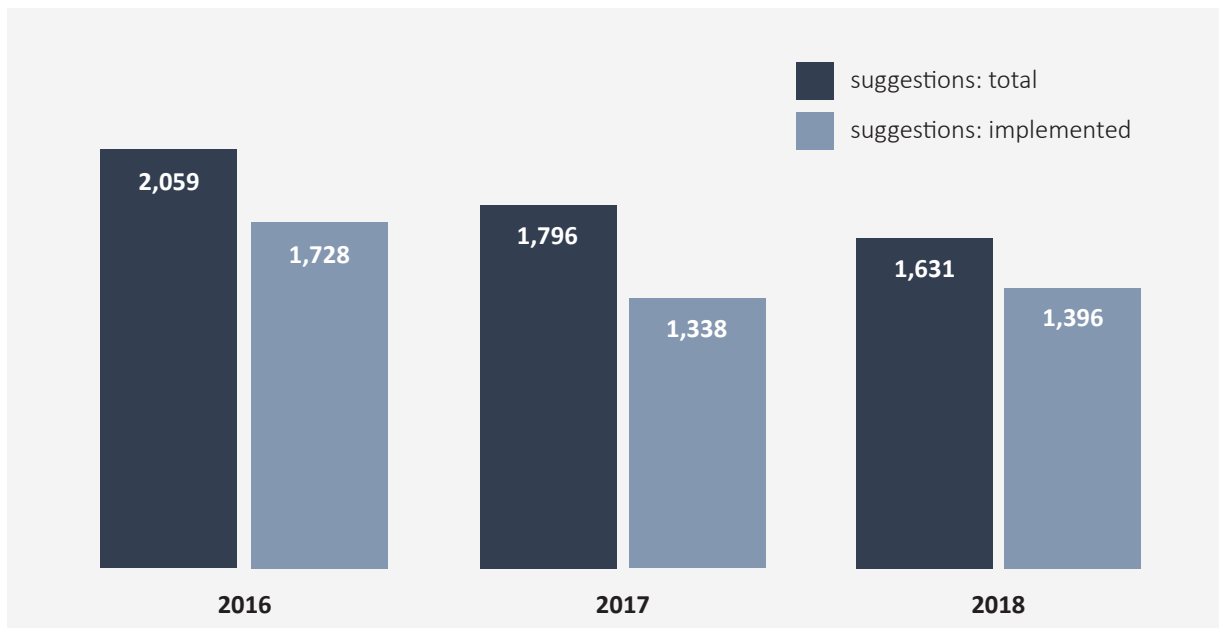
In these one hour forums, employees from all departments – in small groups of 12 people each – are taught about how the latest machines work and the benefits of recent investments through a presentation and a visit to the production sites.



Suggestions

For the Picanol Group, it is an ongoing goal to remain a world class company. To this end, the commitment of everyone within the company is of crucial importance; it is only if we strive together for a better organization that we can guarantee the future for all of us. This is why we have developed a suggestion system within the Picanol Group through which we are looking

for constructive proposals that achieve a real improvement of our activities. Suggestions can be submitted via suggestion boxes that are available in all departments of the factory, or via our electronic suggestion system. This way, we want to work with our employees on building an even stronger company for the future.





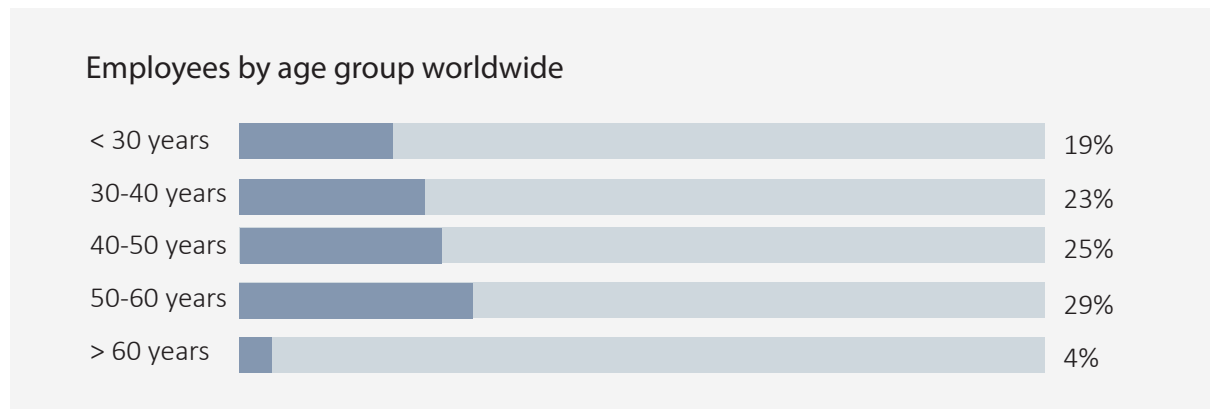
Best Suggestion

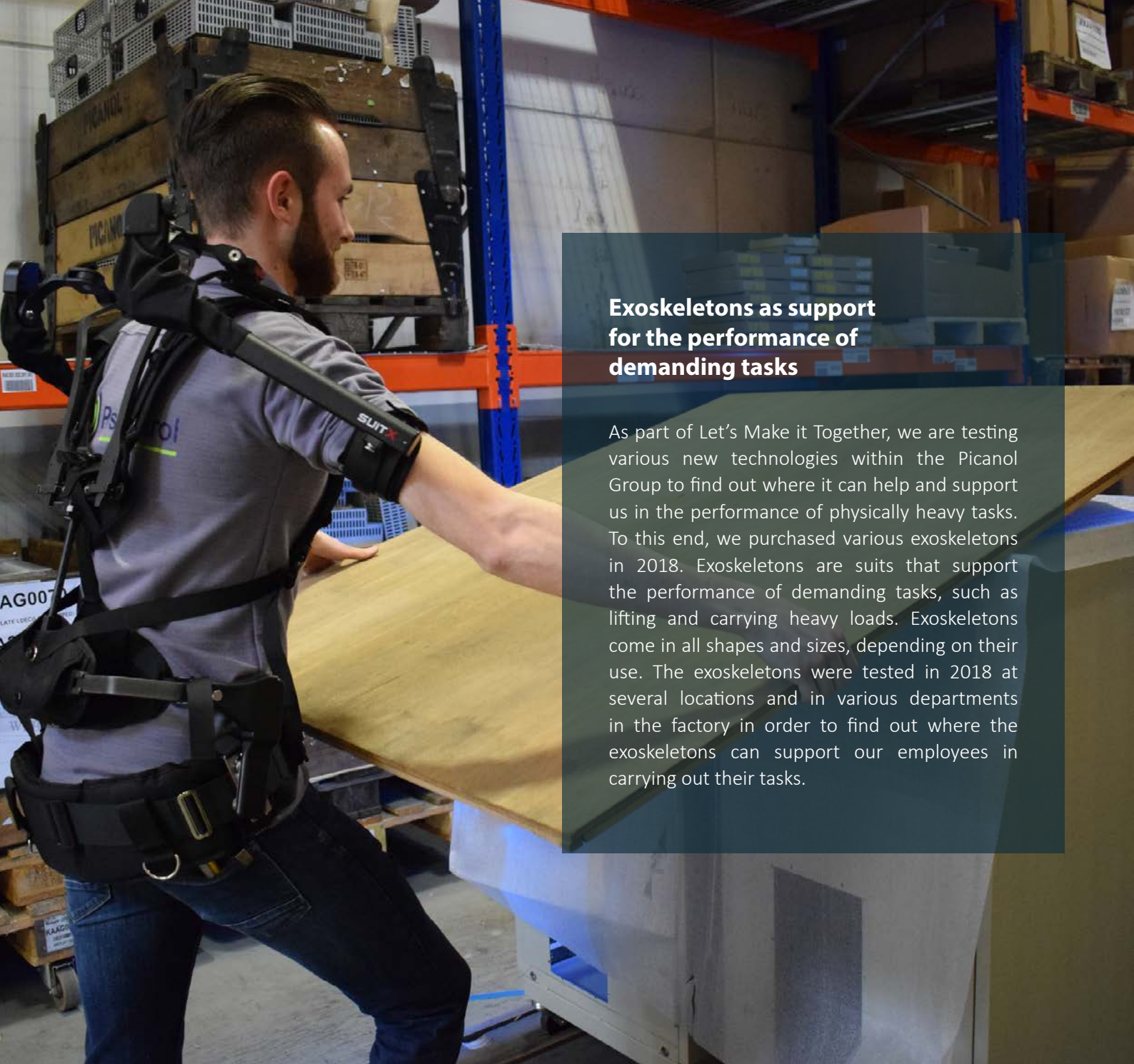
Every year, the Picanol Group gives out three awards for the best suggestions that were submitted during the year by our own employees. In the selection of the Best Suggestion, various improvement criteria, including time, costs, safety, quality, ergonomics, stock, surface area and order and tidiness are all taken into account. In 2018, the award for Best Suggestion was presented to a colleague from the Thermal Treatment department, who submitted a suggestion for a different approach to the packaging of our lance wheels. Among other things, his suggestion had a positive effect on the environmental impact, the cost price of the packaging and the space in the department.

Sustainable employment

The Picanol Group focuses strongly on sustainable employment and employability by creating a work environment in which ambition and enthusiasm are stimulated and made possible, for both young and older employees. We are convinced that efforts in the area of health, safety, development and support create challenges, less work stress and higher labor productivity. Thereby, we want to support our employees both physically and

cognitively. However, in addition to physical and mental well-being, we also want to continue to focus on talent development, involvement and the personal development of our employees. Sustainable employment therefore requires attention for, among others, ergonomics, anti-burnout programs, active relaxation and motivation for healthy living.





Exoskeletons as support for the performance of demanding tasks

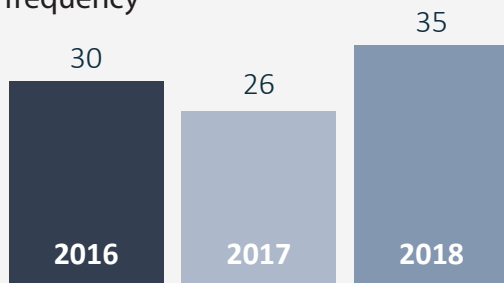
As part of Let's Make it Together, we are testing various new technologies within the Picanol Group to find out where it can help and support us in the performance of physically heavy tasks. To this end, we purchased various exoskeletons in 2018. Exoskeletons are suits that support the performance of demanding tasks, such as lifting and carrying heavy loads. Exoskeletons come in all shapes and sizes, depending on their use. The exoskeletons were tested in 2018 at several locations and in various departments in the factory in order to find out where the exoskeletons can support our employees in carrying out their tasks.

Safety and health

The safety and health of our employees is an area we give high priority to at the Picanol Group. Safety rules such as a framework for day-to-day operations are a must; however, safety goes much further than rules alone. We want to create a safe work environment for all of our employees and we can only achieve that if everyone actively cooperates. We therefore strive to deeply embed

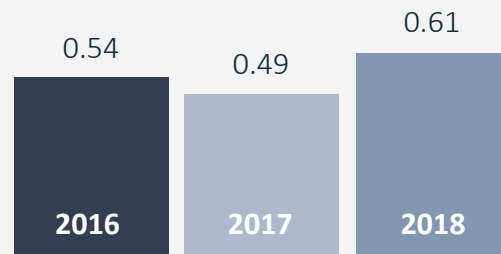
the concept of safety in our daily activities and way of thinking. We encourage our employees to confidently deal with the health and safety aspects of each job and to take the appropriate precautions. The Picanol Group provides the necessary training, coaching and support. The Picanol Group has set a target of maximum 30 lost time accidents per 1 million hours worked.

Lost time accidents: frequency *



* number of lost time accidents per 1 million hours worked

Lost time accidents: degree of severity *



* number of days off work per 1,000 hours worked

In 2018, we saw an increase in the frequency of lost time accidents. This increase occurred in most departments within the Picanol Group in Ypres. Some striking observations:

- the increase in the number of accidents is the same (and sometimes greater) in departments with fewer risks;
- a large proportion of accidents is not due to the use of machinery or the operation of installations, but instead to other operations such as, for instance, moving around or manually manipulating objects.

In 2019, the focus will therefore be on the safe behavior of all our employees. This is because safety must be our first priority at all times and everywhere. We expect everyone, at every level of the organization, to commit to paying the necessary attention to safety. Every employee should consciously consider the safety and health aspects of each task and take appropriate precautions.

Specific actions are set up for each department, with extra attention being paid to:

- targeted safety training;
- raising awareness of general safe behavior and correct adherence to existing safety procedures;
- coaching of managers.



AED training

Every year, 10,000 to 15,000 Belgians are affected by cardiac arrest, which accounts for 30 patients a day. A cardiac arrest is difficult to predict and it can happen to anyone, regardless of age. Immediately starting chest compressions in such a scenario will double the chances of survival and could save thousands of lives every year. In the event of a cardiac arrest, the first few minutes are literally a matter of life or death. That is why the Picanol Group installed a number of AED devices or Automatic External Defibrillators on

the company premises in 2018. In this context, we have also organized short and practical basic courses for resuscitation and the use of an AED device for all employees in Ypres in collaboration with the Flemish Cross (Het Vlaamse Kruis). This course focused on practical exercises. Colleagues learned the basics of resuscitation and about how to use an AED. With the help of this practical training it is possible to act decisively in the event of a cardiac arrest and thus bridge the period until professional help arrives at the scene.



Health

As an organization, we want to fully commit to fitness at work. We are convinced that efforts in the field of physical and mental health, exercise and support result in less stress, more energy and higher labor productivity. The well-being of our employees is extremely important, because healthy employees lead to a healthy company.

Sport events

As has been the case in previous years, we also participated in various sports events in 2018. These included the McBride run, a half marathon between Ypres and Poperinge, and the Great Peace Run & Walk, which is an international running and walking event along one of the front lines of the First World War. Some 25 colleagues participated in each of these runs.

In 2018, we also organized our annual football match between the Weaving Machines division (Picanol) and the Industries division (Proferro and PsiControl), as well as a walking and cycling tour in and around Ypres.

Social activities

The Picanol Group was convinced at an early stage that you can't do it alone. Without solidarity and cooperation, the chances of success are not great – neither as a company nor as a private individual. That is an idea which our founder Charles Steverlynck had always fostered. He had an eye for the social dimension in and around his factory. He was the great promoter of several associations which have continued to this very day. A pleasant working environment is important in order to feel good about ourselves and (continue) to enjoy and remain enthusiastic about our work. We place enormous value on building strong team spirit and capitalize on

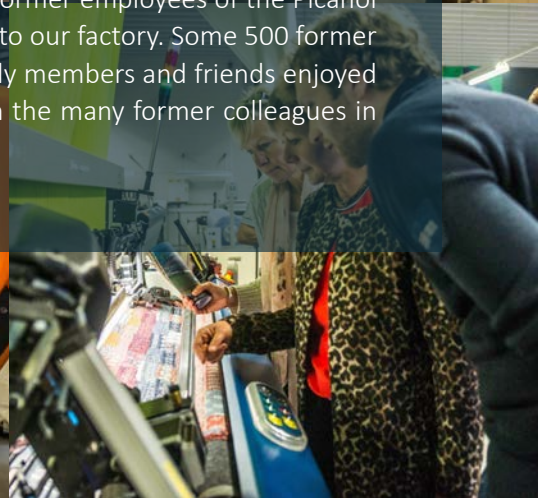
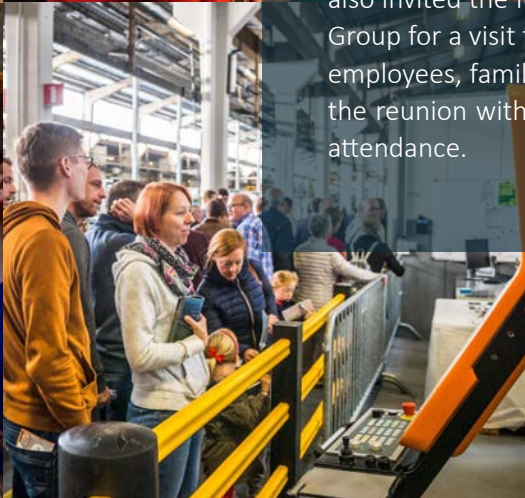
every opportunity to take part in activities with colleagues outside of normal working hours. We are constantly coming up with new initiatives. Activities for everyone such as Picanol's 75th and 80th anniversary celebrations were accompanied with a grand festival, the New Year's reception and information evenings with famous guest speakers, etc. Every year, we organize a St Martin's celebration, the St Nicholas celebration of the region, for the youngsters. Meanwhile, events are also regularly organized at the local branches, such as the Chinese New Year, a big party for the 10th anniversary of PsiControl in Romania and team building activities.





Open Day, visiting opportunity for employees, friends, family and former colleagues

On Saturday, September 29, 2018, we opened our doors in Ypres for a new Open Day at the Picanol Group. And there was a lot of interest: more than 4,000 employees, family members and friends visited Picanol, Proferro and PsiControl. We were very pleased to present our activities as well as the investments that we have made in recent years in Ypres. On Saturday December 1, 2018, we also invited the former employees of the Picanol Group for a visit to our factory. Some 500 former employees, family members and friends enjoyed the reunion with the many former colleagues in attendance.







Our planet

Care for our planet is an essential part of the company policy of the Picanol Group. In our product design and our processes, for instance, the Picanol Group systematically considers the environment and tries to limit the environmental footprint of our activities by constantly and closely paying attention to issues such as energy consumption, emissions and waste management.

We strive to remain world leaders and to use innovations and new technologies in a sustainable manner in order to respond to current and future social and environmental challenges. For example, consider the use of simulations for the design of energy efficient weaving machines. The Picanol Group is already taking a lot of environmental protection measures, but we want to take responsibility and make even more efforts in the future, together with all of our employees worldwide.

Sustainable designs and products

As a manufacturer of weaving machines, Picanol realizes that consciously dealing with energy is an inseparable part of product design and product development. In addition, more and more customers are opting for a machine that offers the best conditions in terms of total cost of ownership: they take into account not only the initial purchase price but also the maintenance and operational costs for the entire life-cycle of the machine. This is why Picanol considers energy efficiency and sustainability as important performance requirements. We start with a sustainable design and strive to deliver a sustainable product.

Sustainable designs

Platform design

In the platform design, attention is paid to:

- the optimization of product complexity through modular platform design;
- the reduction of stock and non-added value;
- avoiding surplus stock when phasing out products.

ESTOMAD

Picanol was involved in the European ESTOMAD project (Energy Software Tools for Sustainable Machine Design), during which a design method was developed for the model-based ecodesign of drive trains in machines. This design method allows the energy efficiency of a drive train along with the functional behavior to be modeled during the design of a machine. This allows machines to be physically modeled and simulated.

The Picanol R&D Engineers succeeded in modeling the energy flows of the main drive train of a rapier weaving machine, together with its functional behavior. This enabled Picanol to optimize the machine design from an early design stage, with a focus on energy efficiency. The results achieved will also help to improve development processes for machines in the future.

Life-cycle analysis

Picanol is in close contact with suppliers of IT tools to allow for life-cycle analyses of the weaving machines, using CAD tools and product configurators.



Sustainable materials

In the selection of production materials and technologies, systematic attention is paid to the recyclability of the various components.

For the design of the electronics for the weaving machines, the following matters are taken into account:

- materials are ROHS compatible (Restriction of Hazardous Substances);
- materials are REACH compatible;
- conflict minerals are avoided;
- ...

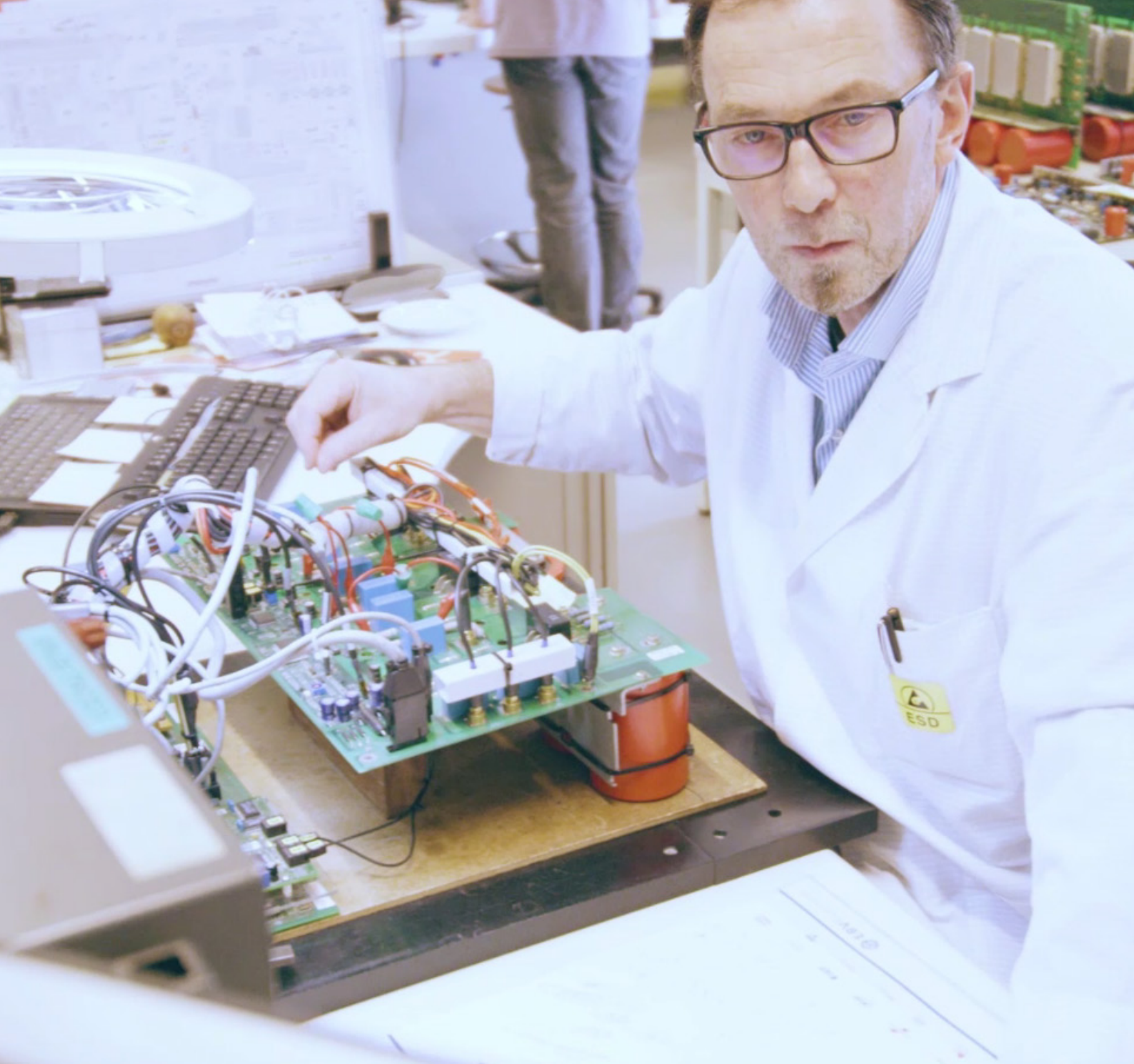
Supplier Code of Conduct

The Supplier Code of Conduct forms an integral part of the contract that PsiControl concludes with its suppliers. This allows PsiControl to ensure compliance with all applicable laws and regulations of the countries in which business activities are carried out, in order to act in a fair and ethical manner. As a condition for doing business with PsiControl, all suppliers are expected to comply with the standards and laws relating to respect for human rights, environmental protection and product and service safety, as specified in the

Supplier Code of Conduct. Suppliers must also comply with the rules as described in the REACH Regulation. REACH is a system for registration, evaluation, authorization and restriction of chemical substances that are produced in or imported into the European Union. REACH stands for Registration, Evaluation and Authorization of CHemicals.

Energy consumption

For more than 20 years, Picanol has mainly used proprietary SR (Switched Reluctance) motors for its airjet and rapier weaving machines. These motors are characterized by their high performance and energy efficiency, without the use of rare (magnetic) materials.



We are also working on topology optimization. This means that our engineers further optimize the geometry and design of oscillating parts, or parts that move back and forth around a fixed point of the weaving machine. The aim of this optimization is that the weaving machine needs to move less mass and therefore consumes less energy and material.

Waste

In addition to the basic fabric, a weaving machine also produces some waste, which is necessary to make the main process function efficiently. Through new developments, Picanol strives to systematically reduce or even avoid this kind of waste.

Total cost of ownership

In the development of our products, Picanol always strives to further optimize the real total cost of ownership of our customers. In addition to various projects aimed at dealing with the available energy as efficiently as possible and to

convert the available raw materials as efficiently as possible into quality fabrics (avoiding second choice and waste), we also offer the customer products and concepts to optimize the weaving mill as a whole. The aim thereby is always generating more output with the same resources.

From scrap to high-tech

The Picanol Group is a fully integrated company: scrap is transformed into high-tech. For example, all steel scrap from poor quality parts or processing waste is reused during casting and the production of cast iron parts in the foundry.



Launch of the new weaving machine GTMax-i 3.0

In the fall of 2018, Picanol launched its latest rapier weaving machine, the GTMax-i 3.0. The GTMax-i 3.0 builds on the success of the GT-Max and the GTMax-i. The GTMax-i 3.0 is equipped with the highly energy-efficient Sumo motor. The combination of this Sumo motor with direct drive of the main shaft and weaving frame drive results in a power saving of more than 10% compared to conventional configurations with a clutch and brake. The energy costs for air conditioning are also lower since the Sumo motor emits less heat in the weaving mill during the weaving process. Moreover, all of the functions of the weaving machine are connected in one integrated unit. The speed of the motor is electronically controlled – without a frequency converter – reducing energy consumption, while increasing the flexibility of the machine.

Energy

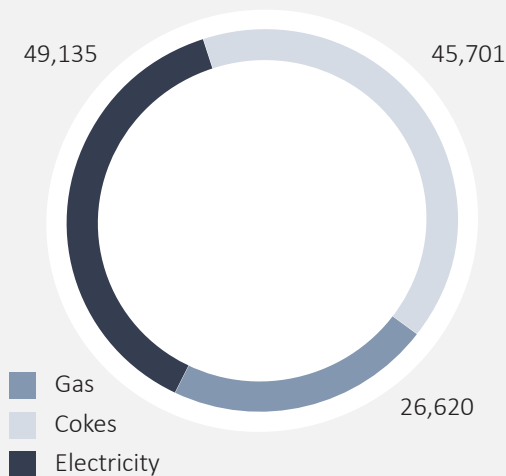
An important pillar in the environmental policy of the Picanol Group is the efficient use of energy to limit the ecological footprint.

EBO

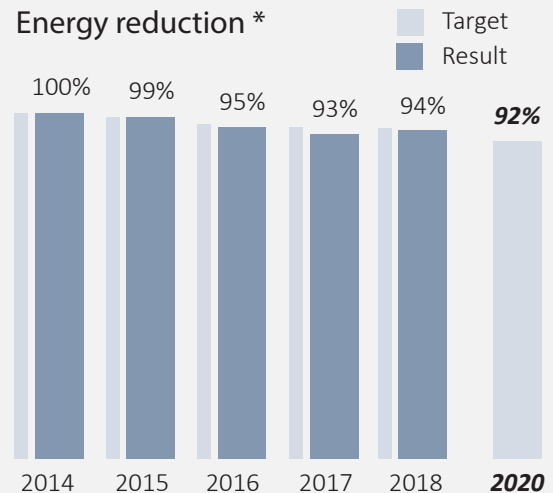
The Picanol Group has endorsed the Energy Policy Agreement (EBO in Dutch) of the Flemish Government. This is an agreement between industrial companies and the Flemish Government aimed at contributing towards the realization of the European CO₂ equivalent

and the Flemish energy efficiency targets. The current Energy Policy Agreement was extended by the government until the end of 2022. The Picanol Group has endorsed this extension and will therefore continue to commit itself to implementing all defined cost-effective measures. The existing energy plan will therefore be reviewed in 2019. We have already drawn up the corresponding action plan which was approved by the competent authority.

Energy consumption (MWh)



Energy reduction *



* Ton CO₂ per production unit

In 2018, the following energy-saving actions were implemented:

- adapted, energy-efficient lighting for a part of the assembly department;
- reuse of the residual heat from the melting furnace in the drying tunnel of the core molding workshop;
- the installation of a new capacitor battery with the aim of improving the $\cos \phi$, or the ratio between the active power and the apparent power.

Compared to 2017, energy consumption rose slightly in 2018. However, it remains in line with the target reduction in comparison with the reference year of 2014. The slight increase in energy consumption cannot be attributed to one cause or one installation, but it can be observed in several departments. In recent years, we have invested in numerous additional measuring devices, the data of which we will now continue to use in order, on the one hand, to make faster adjustments in the event of anomalies and, on the other hand, to motivate departments and to raise consciousness levels among them to an even higher level when it comes to energy awareness.



Waste

Integrated waste management

For more than 10 years, the Picanol Group's business sites have been working according to the principle of integrated waste management. To this end, the Picanol Group works together with an external partner, whereby employees of this partner support the waste management within the group.

The principle of integrated waste management means that everyone at the workplace needs to sort the waste generated in the appropriate waste bins. The external partner's staff then ensure that all of the collection bins are emptied in a timely and appropriate manner in the container park situated outside the buildings. Among other things, they use a roll-packer, with which the waste is compressed and compacted in a dumpster. This has the advantage of increasing the weight per dumpster and reducing the number of trips that need to be made. The registration of all the times the collection bins are emptied provides the various departments with the necessary information about the nature and quantity of the waste streams produced. It is also now possible to keep track of where the waste is going and ascertain its ultimate destination.

Since the introduction of integrated waste management, the amount of residual waste has been reduced considerably. This is on the one hand because of better sorting at the source, while on the other hand, it is due to a better knowledge of the different types of waste that is generated at our company. At our location in Ypres, approximately 60 different waste streams are collected separately and taken to a certified processing plant. In 2018, the government further tightened the sorting obligations for industrial waste. Thanks to the integrated waste management system, we at Picanol Group were already ahead of this. The new required waste streams have long been collected separately and disposed of on our company premises.

ISO:14001

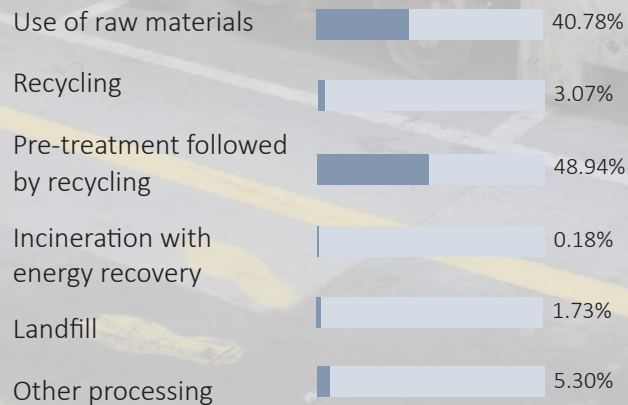
At the production site in Romania, the environmental policy is developed based on the ISO:14001 standard. ISO:14001 is an internationally accepted standard to manage and reduce environmental risks. Waste streams, for instance, are described in detail and annual targets are established to minimize the impact of the activities on the environment.



Sorting: a shared responsibility

Everyone at the workplace needs to sort the waste generated and is provided with the necessary resources to achieve this objective. Waste bins are present at all workstations and these are emptied in waste collection areas and finally end up in larger collection bins. All of this takes place inside the buildings. Only then does the external partner responsible for waste management at the Picanol Group's sites take action.

From waste stream to final treatment



Water

The Picanol Group uses tap water (as sanitary and process water), surface water (as cooling water and process water) and rainwater (as sanitary and cooling water). The largest amount of cooling water is used in the foundry. The melting zone has three cooling water circuits: for the cooling of the holding furnaces, jacket cooling of the cupola furnace and water cooling of the slag. To save cooling water, the three cooling water circuits are connected to each other. As a result, the drain water of the most critical cooling circuit serves as feed water for the next circuit. The drain water from the second cooling circuit is also used as feed water for the cooling circuit with the lowest quality requirements. Process water is mainly used in the surface treatment where metal pieces are phosphated and chromated in process baths. After the surface treatment, the pieces are cleaned in rinsing baths. The wastewater is purified in the wastewater treatment plant. To reduce the water consumption here, several measures have already been taken. This includes rinsing baths set up in cascade rinsing and rinse water from the most contaminated rinsing bath as feed water for the process baths.

Wastewater treatment monitoring

The proper functioning of the wastewater treatment is monitored on a daily basis by the process operators of the surface treatment plant. The monitoring of the wastewater quality takes place with the aid of a wastewater measurement program, in which we take and analyze wastewater samples at regular intervals. In 2017, the wastewater treatment plant was expanded with an active carbon filter as the final treatment step. The quality of the discharged waste water is monitored by our own measurement program. In 2018, it became clear that this active carbon filter has a positive influence on several parameters. The presence of suspended solids, BOD (Biochemical Oxygen Demand) and COD (Chemical Oxygen Demand), for instance, have continued to decrease.

Emissions

During the production process in the foundry, sand is used on several occasions, which results in dust accumulating in various places. Therefore, dust from the installations and the workstations is extracted at the source as much as possible. These extractors are then connected to various dedusting installations.

In order to minimize diffuse emissions (i.e. emissions that cannot be traced back to point sources) and to manage the emissions to the greatest extent possible, numerous measures have been taken in recent years.

Dust humidification

Dust from the dedusting installations of the Desanding Department and the Deburring Zone of the castings is collected in open containers. The dust from these installations is then collected in dumpsters and transported to external processors. To prevent the dust from being blown around during storage and transport, the dust is moistened with water. To this end, the dust filters have been equipped with humidifier installations.

Monitoring

Measuring equipment was installed on several chimneys of the dedusting installations to monitor the guided dust emissions online in a qualitative manner. An alarm level has been set for each dust filter, based on an independent qualitative dust measurement. This makes it possible to respond much faster to wear or breakdown of filter sleeves, so that an undesirable increase in dust emission can be avoided. The monitoring of the functioning of the air purification plants and the quality control of the emitted air takes place, on the one hand, through continuous qualitative measurements and on the other hand, with the aid of the measuring program 'air'. Each year, the emissions of all air purification plants are measured at least once by an external certified expert.

Transport

Shipment of weaving machines

Every day, containers leave the Dispatch department to take the Picanol weaving machines to all corners of the world. Most of our weaving machines are shipped from Ypres to countries such as China, India, Pakistan, Bangladesh, Brazil and Turkey. 90% of our weaving machines leave for our worldwide customers by sea freight. Besides containers being transported by sea freight, weaving machines are also shipped by truck to customers in the European Union, Russia, Belarus and Uzbekistan. For more than 60% of all transport of goods by truck, pick-up rounds are carried out to ensure the trucks are loaded as optimally as possible so that as many goods as possible can be transported covering the least number of miles. The same principle is also used for filling the containers, whereby measures are regularly taken to fill the containers as efficiently and cost-effectively as possible.

Reuse of unloaded containers

We strive to reuse as much as possible of the unloaded containers for export. This means that nowadays we reload approximately 10 (40 feet) containers for export per month immediately after unloading. This allows us to avoid lost transports to and from the ports. In mutual consultation, our transporters also endeavor to reuse a maximum number of containers for export after import and vice versa.

New initiatives

The Picanol Group is currently working with the main carriers to find out how to organize rail transport to and from ports with lower CO₂ emissions. One of the options is the use of trucks on LNG or Liquefied Natural Gas, which is considered to be an attractive, ecological and economical alternative to diesel as a fuel for heavy transport applications and long-distance transport.



One company location in Ypres

The head offices of Picanol, Proferro and PsiControl are all located at one business site in Ypres. The main advantages thereof are that we can work in one business location according to vertical integration, namely the production process from scrap to a fully finished weaving machine, and that we can minimize the costs and emissions resulting from transport.

Commuting

The mobility plan of the Picanol Group is an important pillar in the pursuit of a reduced environmental footprint. We are convinced that the proportion of cars in terms of the commuter traffic of our employees must decrease. The aim of our mobility plan is therefore to make our employees aware that things can be done differently and better.

In 2018, an average of 417 employees per month came to work on foot or by bike, which accounted for an average of 26% of the total number of employees in Ypres.

Bicycle lease plan

With this in mind, the Picanol Group launched a bicycle lease plan in the spring of 2017, which allows employees to lease a bicycle at an advantageous price. In order to be valid, the bicycle must be used for more than 20% of commuting. So far, already more than 200 employees have ordered a new bicycle. We continued to actively promote the bicycle lease plan in 2018 and to date more than 370 employees have already ordered a new bicycle via the group's bicycle lease plan.

Carpooling

The Picanol Group offers all employees the possibility to carpool in cooperation with Taxistop. Employees interested in this initiative can register their commuting route and departure times on an online portal. This portal will indicate to them where, when and with whom they can travel to and from work together. Carpooling has many ecological, economic and social advantages. For instance, carpooling cuts down on CO₂ emissions, reduces congestion and creates a healthier living environment, reduces the costs per car and contributes to a good atmosphere among colleagues. Colleagues who carpool receive a fee for their commuting and structural carpoolers receive an extra tax benefit.

Our colleagues Piet and Elise have made a habit out of carpooling

Piet Detailleur and Elise Wuyts are a couple and both of them work for the Picanol Group. They drive to work together every day. The main advantage according to Piet and Elise? On the way back they tell each other about their day and when they arrive home, they have already mentally left their working day behind them. Even before Elise joined the Picanol Group, Piet was already passionate about carpooling, often having two or three colleagues in the same car. However, Piet works in the Finance Department, where there are peak moments on a regular basis. The working hours of many of his colleagues are also flexible. Such flexibility can create doubts when you want to carpool. However, according to Elise and Piet, carpooling is a great help for their time management. The day before, they agree on a time in the evening at which they will both try to stop working. Everyone is pretty compliant with this, and it also ensures meetings will not take forever. According to them, another advantage is that participants also get to know colleagues from other departments. This has a positive impact on work efficiency, so carpooling contributes to the company's productivity.







Our community

Sustainability and corporate social responsibility also mean that we as a company must be aware of what is going on outside our company walls. The Picanol Group plays an important social role and we want to make a positive contribution to society and help to create a society featuring more prosperity and a higher level of well-being for all our stakeholders.

In our daily activities and objectives, we continuously consider our company's stakeholders, including our:

- employees;
- customers;
- suppliers;
- partners;
- shareholders;
- media;
- local residents in the area where we operate;
- ...

Customers at center stage

With our head office in Belgium and local offices in China, India, Indonesia, Turkey, the US, Mexico and Brazil, Picanol is able to build up strong and long-term relationships with all customers.

Weaving machines are among the most important investments of our customers. Offering durable weaving machines with a long service life and ensuring that they are always in an optimal condition is crucial in order to safeguard the high value of their assets and to ensure that our customers can remain competitive in a globalized world.

Spare parts and upgrade packages

Thanks to the genuine Picanol spare parts, our customers can count on our machines to continue to perform optimally. In addition, our customers can also expand their weaving options and/or improve the performance of their machines. This can be achieved by using the upgrade packages Picanol offers for installed Picanol machines.





Training

Training is part of the deal that Picanol enters into with our customers. We consider it our duty to help our customers to improve both their skills and knowledge. To provide training, we have a modern technical training center in Ypres, with a total surface area of 270 m². The training center has three fully equipped rooms, each of which feature weaving machines, openwork models, mini-workshops, etc. Thanks to this new knowledge center, Picanol can train technicians of customers from all over the world in optimal conditions. In the event that customers are unable to travel to one of our training centers, our instructors go to the location of the customer in order to organize the training. Apart from Ypres, Picanol also has two leading training centers in Suzhou (China) and Greenville (USA). Our training centers are all specialized in technical training on weaving machines for operators, fitters and weaving managers.

Service


With its strong services and a personalized team for the after-market, Picanol meets the specific requirements and requests from customers worldwide. These tailor-made solutions include the online ordering of parts via P@rtsline, the timely supply of genuine high-quality parts, the analysis of and recommendations regarding operational costs and preventive maintenance, and machine audits.

Let's grow together

With the current marketing campaign Let's Grow Together, Picanol wants to grow together with its customers by offering the best mix of machines, functions, services, expertise and commitment of the Picanol team. Because growth is the essence of weaving, the essence of entrepreneurship and the essence of the future.

Team Technical

Building on the successful Let's Grow Together campaign, Picanol also launched a separate campaign known as "Team Technical" with a focus on technical textiles. With the Slogan "Impossible? Not anymore." the children who highlight our strengths in the Let's Grow Together campaign now raise challenging questions in the way that only children are able to do. This initiative has been with the intention of showing technical weavers that Picanol has been offering excellent solutions for their sector in recent years. Our teams at Picanol work together on a daily basis with the aim of helping our customers grow. Their experience in the general markets and their specific knowledge of the technical market are the great advantages of Team Technical. These people are the first points of contact in the local markets, at the service of our technical customers, and grow together with their needs.



**Just because it's
technical, you
weave it slower?**

Exhibitions



Every year, the Picanol Group participates in various international exhibitions, where the latest weaving machines, both rapier and airjet weaving machines, and technology are presented to the textile world. These exhibitions include: Inlegmash (Moscow), Iगतex Karachi (Pakistan), Techtextil Frankfurt (Germany), Caitme (Uzbekistan), Techtextil (India), and others.



PsiControl is also present each year at many international exhibitions, including MCE (Italy) and ESEF (Netherlands) in 2018. The PsiControl team presented its custom-made controllers there in combination with innovative HMI (Human Machine Interface), as well as control and connectivity solutions. In the fall of 2018, PsiControl also participated in the electronica exhibition in Munich (Germany) for the first time in a long time, where it presented its expertise in EMS (Electronic Manufacturing Services).



Customer events

Picanol organizes annual customer days, training courses and seminars at different locations around the globe. During these customer events, the latest Picanol weaving machines and weaving technologies on the market are presented. In the fall of 2018, Picanol organized a technical customer training session in Bandung (Indonesia), with a special focus on the latest rapier weaving machines and their possibilities.

Company visits

The Picanol Group attaches great importance to fostering long-term relationships with universities, colleges and secondary schools that offer technical training, as well as with their students.

Every year, the Picanol Group organizes dozens of company visits so that students can take a look behind the scenes of the production of our high-tech weaving machines, the foundry and mechanical finishing activities as well as our electronics department. Experienced guides take the pupils and/or students on a tour from the foundry to the weaving machine demo room.

During these company visits, Picanol Group not only receives students from local secondary schools, but also colleges and universities from, among other places, Kortrijk, Ghent, Leuven and Brussels. There are also several foreign schools that visit the group in Ypres, such as students of RWTH Aachen (Germany) and HEI (France). In addition, a number of school visits from Belgium to our production site in Suzhou, China, are organized each year. VIVES from Kortrijk and

the University of Antwerp, for instance, visited Picanol in Suzhou in 2018.



1,079

students visiting the Picanol Group
in Ypres in 2018.

Or



42

schools and/or class groups in total.

PICANOL



Agoria Company Tour

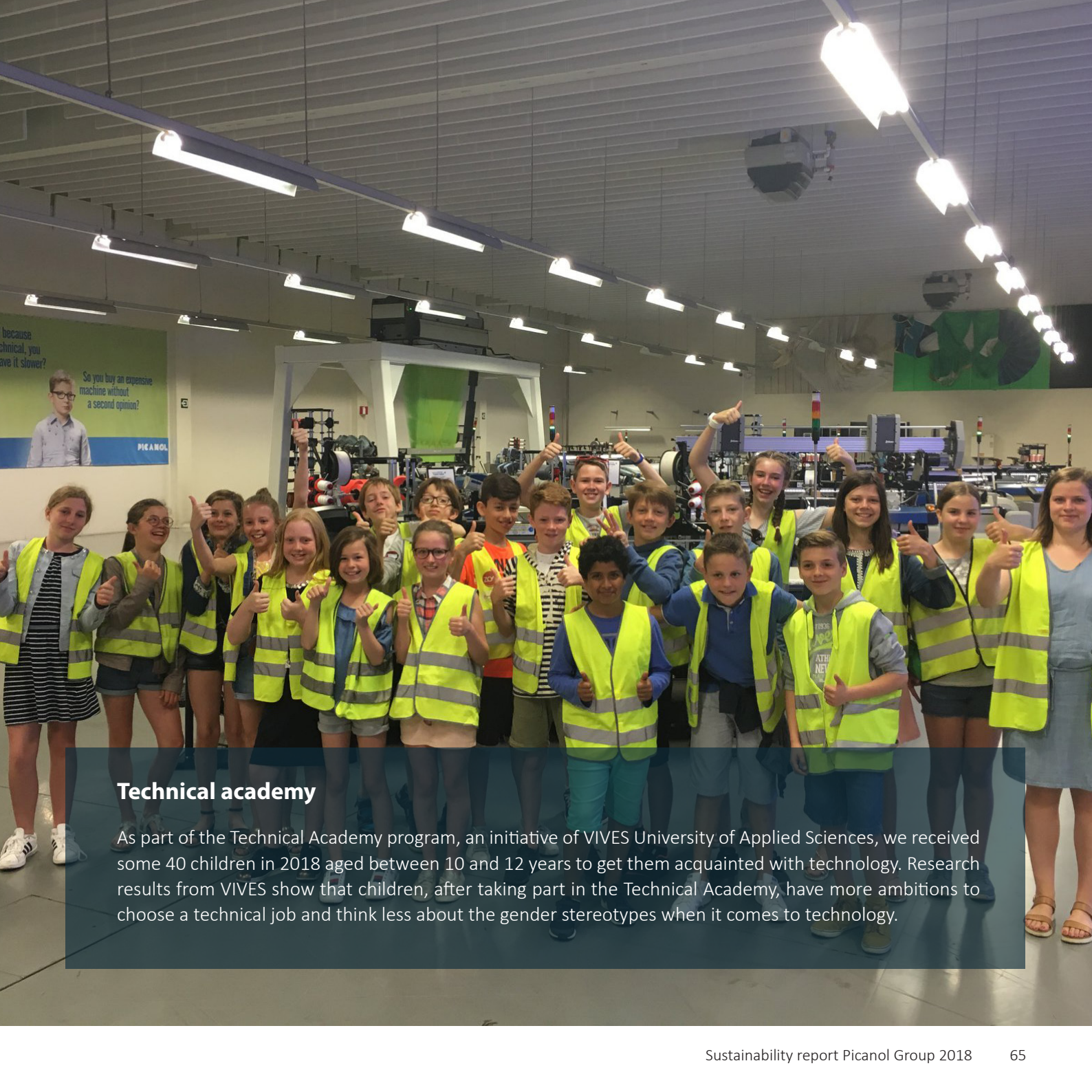


The Picanol Group also participates in the Agoria Company Tour every year, during which Industrial and Civil Engineering students as well as students Professional Bachelor in Applied Informatics, Electronics-ICT and Electromechanics are introduced to the technological industry. The Agoria Company Tour offers students a unique opportunity to get to know the real-life business community, to take a closer look at technologies and technical processes, and to gain insights into future job opportunities in the labor market.

Job café



After a company visit by students from a college or university, we always organize a job café at our Picanol bar, where they can meet a number of young engineers from our company. The young engineers are invited based on their educational background, field of work or field of interest, in line with those of the students. This way, the students can establish relations with employees with the same profile, and they can form a better picture of what a future job within the Picanol Group can do for them.



Technical academy

As part of the Technical Academy program, an initiative of VIVES University of Applied Sciences, we received some 40 children in 2018 aged between 10 and 12 years to get them acquainted with technology. Research results from VIVES show that children, after taking part in the Technical Academy, have more ambitions to choose a technical job and think less about the gender stereotypes when it comes to technology.

Students and campus recruitment

In order to maintain and strengthen the current position of the Picanol Group, we are constantly looking for new, young and dynamic talent. Therefore, the Picanol Group participates each year in various job fairs to introduce final year students to our internship or job offers.

Campus recruitment

The Picanol Group took part in the following job fairs in 2018:

- Job fair Ypres
- JobExpo VTI Ypres
- JobExpo VTI Menen
- Jobhappening Kortrijk
- Odisee KU Leuven-technology campus Gent
- KHBO KU Leuven Kulab- VIVES industry day
- JobExpo VTI Poperinge

During these job fairs, our colleagues from Human Resources and some young employees of the group, which may, depending on the job fair, be either R&D engineers or IT colleagues, engage in conversation with interested students. This way, students can get acquainted with our activities and our job offers, and they are able to learn more about how it is to work for the Picanol Group.

Job days

After the job fairs in the fall of 2018, the Picanol Group organized two job days. All of the students who registered during one of the job fairs were invited to visit the Picanol Group. The students received an extensive tour of the company premises and had one-on-one conversations with our colleagues who are active within their field of interest.

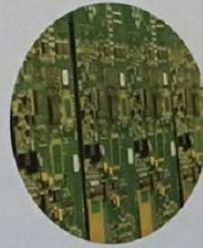
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PROFERRO



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Internships

Every year, many students also work as interns within the Picanol Group, including Engineering students, Communication and Marketing students, Office Management students or Commercial Sciences students. This includes both short and long internships and students from secondary schools and students from colleges and universities. This first introduction to the business world allows students to put their theoretical knowledge into practice, while we also offer them the opportunity to further develop their knowledge and skills.

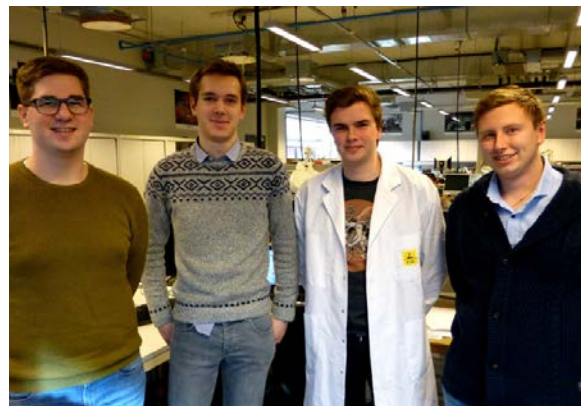


Theses

Encompassing such a wide range of activities, the Picanol Group also appeals to a large group of students as a subject for their final project or thesis.

Student workers

In addition to theses and internships, there are also many students who come to the Picanol Group for vacation jobs. As a result, the Picanol Group has a lot of students working in the different holiday periods as well as during the school year. Throughout 2018, no fewer than 85 students performed vacation work at the Picanol Group.





**Tom Lierman (student),
an intern at PsiControl**

Tom Lierman, a master's student in Industrial Engineer Electronics-ICT, who graduated in Electronics, worked on a five week project with the software team of PsiControl. *"It was my first experience in the field and when I started, I didn't know exactly what to expect. The positive guidance and the pleasant atmosphere helped me to adapt quickly. Everyone is eager to help each other, which creates an ideal working environment for a first work experience",* explained Tom.

Sponsorship

Each year, the Picanol Group also supports various organizations and events through targeted sponsoring.

Donation of toys for St. Martin

Every year, the Picanol Group donates toys to Ons Têhuis in Ypres, a joint venture between OCMW Ypres, Kortrijk, Poperinge, Waregem and Wervik, for the care and supervision of young people placed by the Juvenile Court or the Special Youth Assistance Committee. These toys are distributed among the children in the period of St. Martin.



Rolls of fabric

Every year, the Picanol Group donates rolls of fabric to various organizations or associations for a variety of events, such as performances, play material or events. These rolls of fabric are woven on our weaving machines during tests or demonstrations. In 2018, the group donated fabric to more than 30 different associations and organizations.



Robot camp

With the financial support of a number of local companies, including the Picanol Group, VTI Poperinge organized a two day robot camp for 12 year-olds. During the camp, the youngsters assembled their own robots and became acquainted with 3D drawing, soldering, welding, assembling, and were also allowed to program the control of the robot.



Material for a school project in Africa

Following a replacement project at our business site in Ypres, the Picanol Group donated 75 printers, scanners and copiers to the South Cluster IVZW organization. The equipment is destined for a school project in Africa. South Cluster IVZW aims to improve education in Africa.







Winter Happening, for the benefit of Music For Life

In late December 2018, the Picanol Group organized a large number of activities for the Warmest Week of Music for Life. As a part of this, soup was sold in every department, a lasagna lunch was organized, hundreds of professional cakes were baked and a walking and hiking tour along the Vestingen was arranged. As the culmination of all these actions, we organized our Winter Happening on Thursday, December 20, 2018, where many colleagues joined forces to set up various actions. These included a stationary bicycle race, the sale of 3D-printed Christmas tree decorations, the sale of sausages, toasted sandwiches and scampi, a Dutch gin bar and much more. All of these warm campaigns were aimed at raising money for the cancer fund “Kom op tegen Kanker”, a charity that our colleagues selected and which fights for less cancer, more healing and a better quality of life for cancer patients and their close friends and family. In short: even better care for all those affected by cancer. We are therefore very proud that together we managed to raise no less than 6,950 euros. Given the success of these actions, we decided to increase this amount to 10,000 euros.

Partnerships



Granting of ambassadorship for work centers

On September 19, 2018, Liesbeth Homans, Flemish Minister of Social Economy, officially presented the ambassadorship of the work centers to the Picanol Group for the long-term and sustainable cooperation with the sector. The Picanol Group has been working together with work centers for more than 50 years. Today, more than 200 employees of the work centers are

engaged in our production process. Among other things, they provide the integral and just-in-time finishes of the cable harnesses of the weaving machines. This makes them an extension of the Picanol Group. The work centers are also very far-reaching in terms of technological innovation. Today, we look at them for the way in which they manage to engage people in the industry 4.0.

Student projects

In order to establish a long-term relationship with universities, colleges, as well as with their students, the Picanol Group participates on an annual basis in various student projects. In 2018, the group's communication team participated in a research project within the Master's in Communication Sciences program at Ghent University. During one semester, the students worked in a group on a particular case and carried out research to answer the problem defined by the customer and to formulate concrete recommendations. After the project, the students gave a final presentation and provided a report with a summary of the research, the results and their concrete recommendations.



Cooperation with Passwerk

Since June 2018, the Picanol Group has been working together with Passwerk. This is a software testing company that helps ICT talent with a profile within the autism spectrum to find a job on the professional labor market. People on the autism spectrum profile can concentrate very well and are often perfectionists. However, in spite of their talents, many of them find it difficult to find employment via the regular labor market. The company Passwerk selects and fully trains "Passworkers" and after this they join companies such as ours where they accurately test software and perform configuration work. The first experiences with Passwerk and the Passworkers have been unanimously positive. This represents a true win-win situation.



Flanders Make

In 2018, our R&D Department at Picanol worked together with Flanders Make on various projects that focused on increasing the sustainability of our weaving machines. A number of these projects included:

- reducing the energy consumption per woven insert through efficient cooling;
- reducing the energy consumption of oscillating movements via electronic and mechanical energy storage;
- reducing the general energy consumption through mechanical energy storage;
- further optimizing the insertion process, and the underlying, intelligent algorithms, in order to reduce the energy requirement per insertion.



Cooperation with technical schools

At the Picanol Group, we attach great importance to a long-term relationship with technical schools, and we are convinced that by working well with the schools in the region, we can attract more young people towards technical professions. We have already launched several initiatives to this end, such as workplace learning, internships, sponsorships, targeted school visits, etc. In order to underline this, we organized a cooperation afternoon in the fall of 2018, during which we invited some 30 technical advisers and teachers from the region to evaluate existing initiatives, discuss possible new forms of cooperation and give them a look behind the scenes at our recent investments.



Workplace learning, the future way of learning

During the last school year, the Picanol Group received 10 fourth-year metal working students from VTI Ypres as part of the workplace learning program. With workplace learning, secondary school pupils come to the workplace to learn about certain topics that cannot be addressed at school. The reason for this is that the teachers do not have the necessary knowledge, or because the requisite technologies or tools are not available at the school. The first day is an introduction day for the students who come to work for us, during which they experience the necessary safety arrangements and get acquainted with our products and departments. After the introduction

day, the students work on the shop floor for 3 days. The students work at workstations where they can carry out small and repetitive assembly work. This workplace learning introduces the students early in their school careers to work on a real work floor, and with real colleagues. Both the students and teachers of the participating schools are very positive about the concept of workplace learning. And our own employees are also enthusiastic about guiding these young people and teaching them something new.



GRI index

This sustainability report contains data from the GRI Guidelines.

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