

A young child with a blue bow in their hair, wearing a red and black plaid shirt and dark pants, is running through a field of tall, golden grass. The child is holding a kite with a long tail that has white bows. The background shows a soft, hazy landscape with mountains under a warm, golden sunset sky. The overall mood is peaceful and hopeful.

# Sustainability report 2020







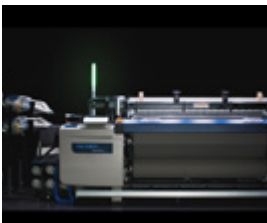
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# About Picanol Group

Picanol Group is a diversified industrial group and it is active worldwide in mechanical engineering, agriculture, nutrition, energy, water management, the efficient (re)use of natural resources, and other industrial markets. The group's products are used in a variety of applications in industrial and consumer markets. Picanol Group has approximately 7,000 employees worldwide and it is listed on Euronext Brussels (PIC) through Picanol nv. Picanol Group's activities are divided into five business segments: Machines & Technologies, Agro, Bio-valorization, Industrial Solutions, and T-Power.

This sustainability report clarifies our sustainability efforts throughout 2020. The information in this report relates to the activities in the Machines & Technologies segment. Furthermore, in the rest of this report references to Picanol Group refer to the activities of Machines & Technologies. For a detailed description of our activities, please refer to the Picanol Group annual report ([www.picanolgroup.com](http://www.picanolgroup.com)). For the group's other activities that fall under Tessenderlo Group, please refer to Tessenderlo Group's sustainability report ([www.tessenderlo.com](http://www.tessenderlo.com)).



The segment **Machines & Technologies** includes the activities Weaving Machines (Picanol), the foundry and mechanical finishing (Proferro) and the development and production of electronics (PsiControl).



The **Agro** segment combines our activities in the production, trading and marketing of crop nutrients (liquid crop fertilizers and potassium sulfate fertilizers) and crop protection products.



Our activities in animal by-product processing are combined in the **Bio-valorization** segment. This consists of PB Leiner and Akiolis.



The **Industrial Solutions** segment includes products, systems and solutions for the handling, processing and treatment of water, including flocculation and depressants.



The **T-Power** segment includes the combined cycle gas turbine (CCGT) with a 425 MW capacity in Tessenderlo (Belgium).

# Global presence

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



## Belgium

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

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

## Europe

**Romania**  
PsiControl Srl (Brasov): R, P, S  
**Turkey**  
Picanol Tekstil Makinalari: M, S

## America

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

# 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, 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 85 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 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 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 the future. Therefore, in leper, we are developing a resource that combines future-oriented machinery, high-performance processes and satisfying, pleasant working conditions. We are fully committed to digitization and new technology, as well as investing in our employees, because only together we can make a difference.

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.

The sustainability report of Picanol Group is also available in a digital version on [www.picanolgroup.com](http://www.picanolgroup.com).



Luc Tack  
CEO



Stefaan Haspeslagh  
Chairman

# Sustainability & corporate social responsibility at Picanol Group

Sustainability and corporate social responsibility are inextricably part of the strategy and daily actions of 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 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. The responsibility for the monitoring of sustainability and corporate social responsibility at Picanol Group lies with the ExCom and the management team.

Therefore, Picanol Group resolutely opts for a sustainable production process that shows respect for people, the planet and the community. This is why Picanol Group focuses on three important pillars in this report:





## Reporting method and period

In this sustainability report of Picanol Group we are providing an overview of the most relevant objectives, efforts and results in terms of sustainability for the year 2020. This sustainability report has been based on 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. Picanol Group will publish an annual update of this report.

The KPIs in this report were drawn up on the basis of figures from the production sites of the Machines & Technologies segment in Belgium, Romania, and China (together they account for more than 90% of the total number of employees), unless stated otherwise.

This (separate) sustainability report constitutes the Group's statement of non-financial information and complies with the requirements of Articles 3:6 § 4 and 3:32 § 2 of the Companies and Associations Code. This report stands alone and is an annex to the annual report.

In addition to the information in this sustainability report, a detailed overview of the main risks (including non-financial risks) for Picanol Group is included in the annual report, which is available at [www.picanolgroup.com](http://www.picanolgroup.com).

**For any questions or comments regarding the sustainability report of Picanol Group, you can contact us by writing to [sustainability@picanol.be](mailto:sustainability@picanol.be).**

Picanol Group's sustainability reports are also available at [www.picanolgroup.com](http://www.picanolgroup.com).

# Materiality Analysis

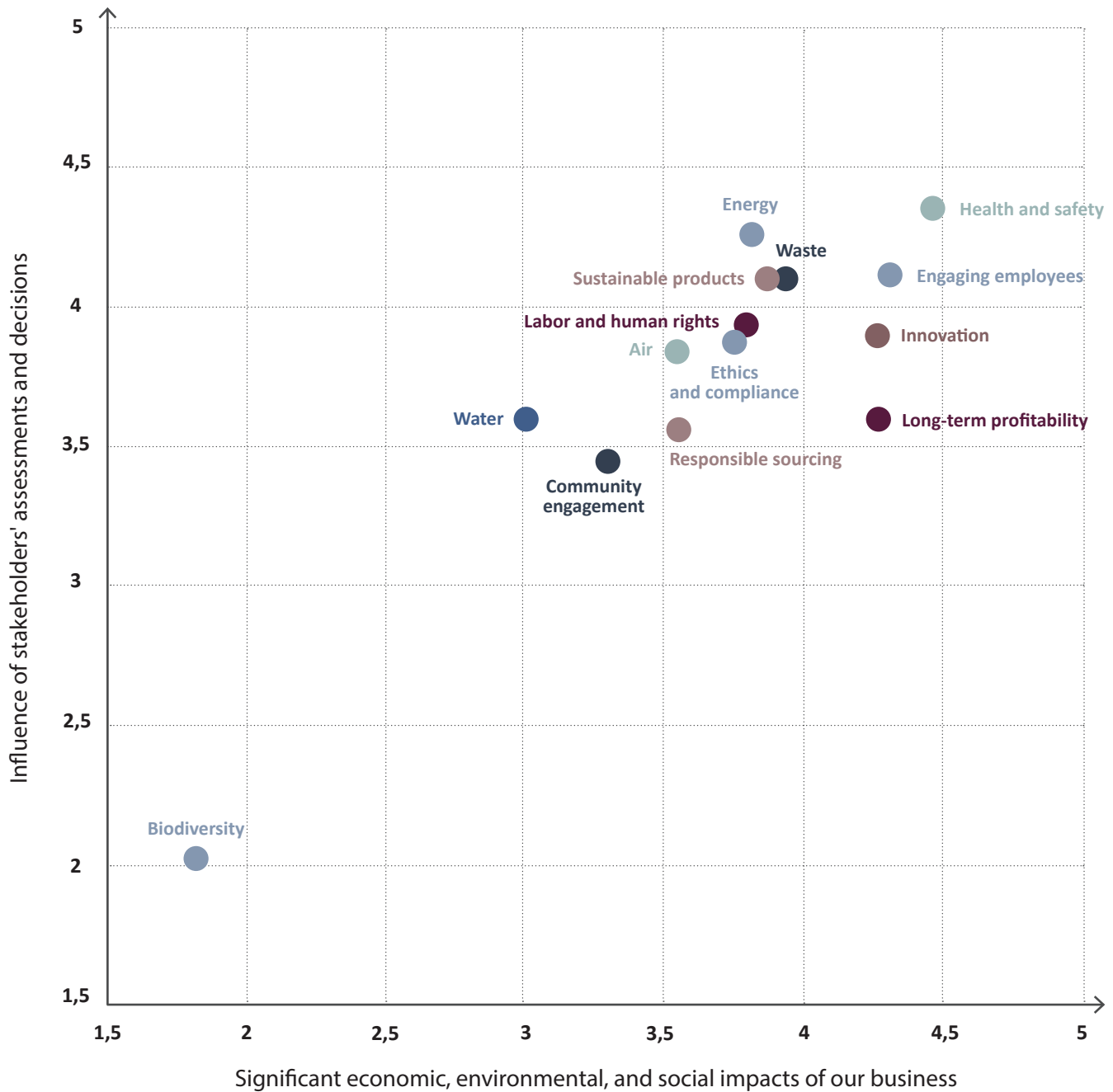
## Materiality assessments

In 2020, a materiality assessment was carried out to determine which material topics are the most important and which have the most impact on Picanol Group. In addition, these assessments allowed us to determine how to prioritize the material topics. Reporting by Picanol Group follows the guidelines of the GRI (Global Reporting Initiative) with the material topics not only reflecting the environmental, economic, social, and governance impact of the company but also highlighting how the decision-making and assessments of our stakeholders could be influenced.

## Our results

This initiative had the full support of the ExCom and the Board of Directors. This is absolutely crucial as materiality is not only a very useful tool in terms of reporting but it also allows us to create focal points and to validate our overall strategy. After analyzing the completed questionnaires the materiality matrix was drawn up, as set out below. The order of importance of the selected topics is shown on the X-axis of the matrix for Picanol Group, and on the Y-axis for stakeholders.

During the scoring process, the possibility was given to the participants of scoring between 0 and 5 on the X axis and on the Y axis, with 0 being “not important at all” and 5 being “very important”. The result shows most of the topics were ranked above 3.5, meaning that they are considered impactful and important, but some much more than others. The size and the color of the circles have no importance.



## **The sequel**

Several actions related to the topics of the materiality matrix were already initiated in 2020, and we will continue to develop them in the future. This will lead to the need to define additional KPIs for both existing and future topics. Once this has been done, we will continue to define both short-term and long-term goals in line with the implementation of our strategy.

After selecting the topics, we will draw up individual sustainability decisions and project plans for each of them. The aim is to develop a strategy and to install the tools to achieve positive results and assess progress. Key Performance Indicators (KPIs), on the basis of which progress can be evaluated, will be established for all projects. These KPIs will also form part of a number of short-term and long-term objectives.



# United Nations Sustainable Development Goals



## **Sustainable Development Goals**

In 2015, the United Nations General Assembly defined Sustainable Development Goals (SDGs). These SDGs describe the world the United Nations envisions. These goals should be globally applicable and the aim is to ensure that no country is left behind. The 17 SDGs represent Agenda 2030 and, in particular, the more positive world view that the United Nations aims to realize. Based on the 17 global goals, 169 targets were set.

## **Setting Sustainable Development Goals**

The SDGs have received considerable backing from the international business community. In this respect, 95% of sustainability reporting reviewed in 2019 by the World Business Council for Sustainable Development (WBCSD) recognized SDGs, with 86% prioritizing specific, sustainable development goals. This clearly demonstrates the intention of companies around the world to achieve the SDGs.

We have chosen to include our selected SDGs in our sustainability report so that they can serve as a compass for our strategy, our employees, and our stakeholders.

## **Our method**

The method initially required the selection of targets that we felt best matched the results of the materiality study we had carried out. From there we focused on linking the material topics to the GRI indicators. Subsequently, work will be done on both measuring and monitoring targets using KPIs. These need to be established and they will highlight areas in which we can potentially make a difference.

## Our Sustainable Development Goals

Picanol Group – the final selection of nine SDGs:









## Our people

At 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 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

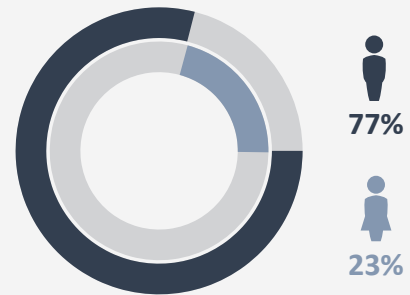
Picanol Group employs 2,186 employees worldwide, who together comprise more than 35 different nationalities.

## Number of employees worldwide \*



*\*headcount*

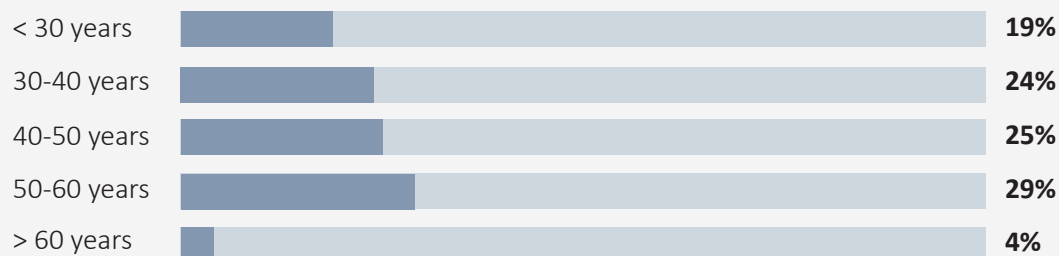
## Employees by gender



## Geographical distribution



### Employees by age group worldwide



### Gender diversity at the board level

On December 31, 2020, the Board of Directors fully complied with the requirement of the Act of July 28, 2011, which states that with effect from January 1, 2017, one-third of the members of the Board of Directors must be of the opposite gender.

### Employees and employment

In 2020, Picanol Group launched a diversity and inclusion policy. We aim to use this policy to further advance diversity and inclusion in our workplace.

## **Sustainable employment**

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.

## **Coaching interviews**

We strive to be an organization in which engaged employees are given the space to develop their talents and where leaders actively support their teams and provide opportunities for growth. This requires an evolution of our corporate culture into one in which giving and receiving feedback is standard practice.

In this context, we have in recent years further evolved the classic formal evaluation interview. This was previously a meeting that was scheduled once a year with the employee's manager in order to discuss objectives and evaluate. This has evolved into shorter, coaching interviews in which priorities, strengths and opportunities, interests and motivation are discussed several times a year.

In 2020, there was an average of 1.3 interviews per employee. Picanol Group has set a minimum of 2 interviews per employee per year as a target for the coming years.





## Welfare survey in leper

In recent years we have made great efforts as an organization to increase well-being at work. To check that we are going in the right direction, we circulated a well-being survey in leper at the end of 2019. The aim of the survey was to identify the areas in which we, as an organization, should focus more attention – in the context of well-being and the work experience. It also identified where the challenges lie and what should definitely be retained. A total of 1,104 colleagues (or 75.5% of all employees in leper) completed the well-being survey. Thanks to this high response rate the organization can form an accurate picture of our employees' opinions on the various aspects of well-being at work. In the course of 2020, an overall report was prepared, based on this feedback. The results were further analyzed, by department, and compared with the overall results of the group. In consultation with the managers, detailed action points, specific to each department, were agreed upon.

# Training

Today, 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 Picanol Group, we therefore help our employees to develop their talents to the maximum. We believe that success will only come through creating a culture of self-development and continuous learning.

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.

In 2020, 36% of the Picanol Group employees completed at least 8 hours of training. This is a decrease compared to 2018 and 2019, partly due to cancelled and postponed training as a result of COVID-19.



**1,448  
or 70%**

(of the) employees followed  
a training in 2020.

Or



**40,290**

hours of training in total,  
or an average of 20 hours per employee.



**738  
or 36%**

(of the) employees completed  
at least 8 hours of training in 2020.

Target for the coming years



**100%**

of the employees completes  
at least 8 hours of training per year.



## Coaching managers

Our organization is strongly committed to supporting the managers in their leadership roles. We believe in the importance of teamwork and the impact of coaching, and we feed-forward conversations on the personal growth of each employee. We are therefore in the process of developing a leadership program that contains several initiatives. In leper, for example, we started an inspiration session on

“Remote management”, which is becoming increasingly important in our current working environment. In addition, the foremen from our Assembly department attended a course entitled “Leadership and communication skills”. This training contributes to their further personal development and supports them in carrying out their roles as foremen.



## Technology forums

In 2020, a number of technology forums were again organized in Ieper, in the course of which the new robot on the HWS molding line in the foundry, Proferro's new high bay warehouse, the new TerryPlus-*i* airjet weaving machine and other installations were visited. In total, more than 70 employees attended one of these technology forums.



## Information and communication

We firmly believe that the development of talent and commitment is based on good, open communication, as well as transparency of information. Therefore, we strive to make the right data available to the right employee at the right time. We believe that we can only succeed in this if we digitize information sharing and make it transparent, if we invest further in high-performance applications, and if we promote connectivity. In this regard, we are using resources such as our own intranet, digital screens in the factory, digital information kiosks, etc.





## Open training sessions and webinars

Employees in Ieper are offered free training and this is open to all Picanol Group employees. On offer are training courses on subjects such as Excel, assertiveness and self-confidence, inspirational coaching, leadership with impact, various languages, and even bicycle repair and car driving skills. Free webinars are also offered. These are short, 60-minute courses that are given live in the workplace, via the Internet. The topics are very diverse, with a focus on personal skills.



## Cyber Security training

As a result of the large-scale ransomware attack in early 2020, we have taken extra security measures. We organized a mandatory information session on Cyber Security, for all employees worldwide. In Ieper, employees could physically attend this training session. Meanwhile, colleagues from overseas were able to participate via an online webinar.



### Security monitor training

In the course of 2020, six of our employees completed safety monitor training at the Picanol Group Prevention Service. All six employees successfully completed the training course and can now organize and give safety training to colleagues in their departments.



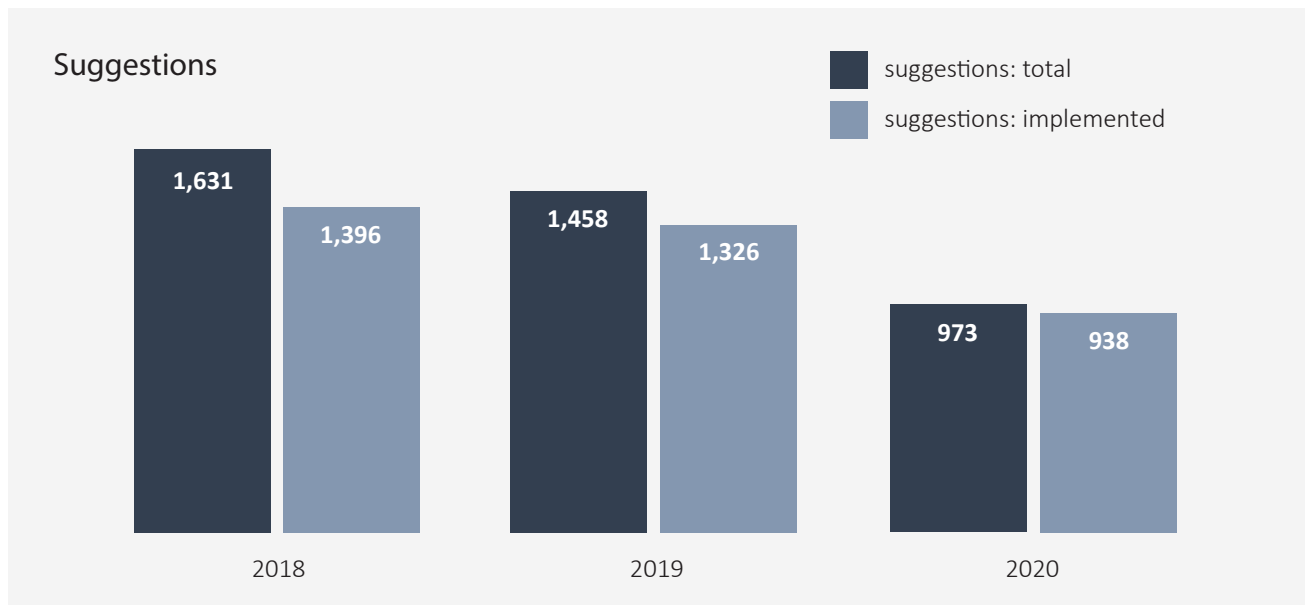
### Training in the new V-box

A third V-box was set up on the leper site in 2020. These V-boxes are there to make important information accessible to all employees and utilize interactive screens. The interactive screens make this space an ideal location for internal training and meetings.

# Employee engagement

For 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 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. The decrease in the number of suggestions submitted is due to the impact of COVID-19.



# Safety and health

The safety and health of our employees is an area we give high priority to at 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. Picanol Group provides the necessary training, coaching and support.

Picanol Group has set a target of maximum 30 lost time accidents per 1 million hours worked.

## Lost time accidents: frequency \*

2018	35
2019	23
2020	17

*\* number of lost time accidents per 1 million hours worked*

## Lost time accidents: degree of severity \*

2018	0.61
2019	0.43
2020	0.39

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

## Safety

In 2020, Picanol Group reached the target of fewer than 30 lost time accidents per 1 million hours worked. We have seen a decrease in both the frequency and the severity of lost time occupational accidents.

Our safety focus for 2020 was mainly to increase the safety awareness of our managers. Safety must be our first priority – always and everywhere. We want everyone, at every level of the organization, to make an ongoing commitment to paying the necessary attention to safety. Our managers play a crucial role here and set an example for the rest of the organization.

Despite the restrictions imposed by COVID-19, we have continued to focus on safety, with awareness campaigns in the foundry (Safety@Proferro) and in the Assembly department. This year, for example, we focused on the use of personal protective equipment and emergency situations.

In 2021, the focus will be on further expanding our safety approach and on continuing the 2020 trend of ensuring the reduction in accidents throughout the coming years.





### Forklift truck skills test

In spring 2020, a skills test was organized for forklift truck operators in Suzhou, China. Topics covered included inspecting the load, lifting and lowering the load, as well as driving and parking the forklift truck. A total of 27 forklift truck drivers took part in the test.



### Safety quiz

During the “National Safety Month” in China, our team in Suzhou organized a quiz on safety. The aim behind this was to remind all colleagues of the importance of safety and make them aware of their role in contributing to a safe working environment.



## COVID-19

The outbreak of COVID-19 has put the world under great pressure. The pandemic has posed many unprecedented challenges and it had a major impact on Picanol Group and our employees in 2020. Therefore, as a company we took all of the necessary measures to ensure that our employees could work safely – as the safety and health of our employees are of paramount importance.

During the first lockdown, we developed strict safety measures and undertook awareness campaigns. The factory was made fully COVID-19 proof and agreements were reached, for example, on working hours, in order to phase the arrival and departure of employees as much as possible, and also on carpooling and the use of changing rooms, refectories, and meeting rooms. A risk analysis was carried out for each workstation and adjustments were made so that work activities complied with the safety guidelines.

All employees have been regularly and extensively informed about the guidelines and prevention measures, since the outbreak of COVID-19. Prevention measures were also continuously adjusted during 2020 and thoroughly communicated on an ongoing basis to all employees worldwide.





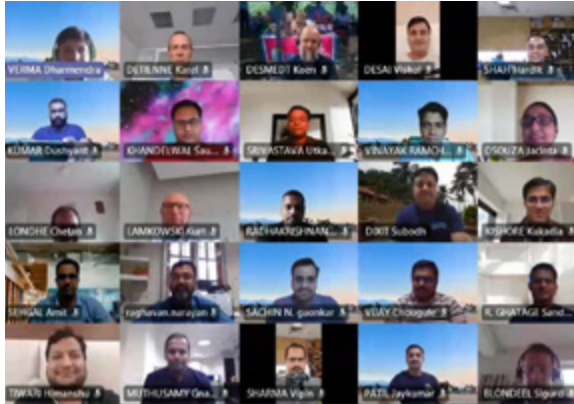
### Individual safety kit

Each employee was given their own safety and sanitizing kit, including disinfectant gel and face masks. We have called for the regular and thorough disinfection of hands, as well as the disinfection of the tools used and disinfection of the workstations. In addition, disinfectant wipes were provided at printers and workstations to ensure the safe operation of all devices and machines.



### Communication in the factories

The group provided a lot of visual display material, including stickers, banners, and posters. This in-company media clearly communicated general guidelines such as social distancing. Another example was the introduction, wherever possible, of one-way traffic in the corridors and walkways, in production areas, and in offices. Stickers on the floor were combined with other demarcations where required.



## Remote working

Meetings, both internal and external, were replaced as much as possible with alternative means of communication such as email, telephone and conference calls. Microsoft Teams was launched earlier than anticipated at the company and headphones were made available to make remote working as easy as possible. Internal meetings were held via video conferencing. Alternative means of communication were not only used intra-company but also to stay in touch with customers and prospects.



## Frequent updates

Frequent updates were shared with all employees worldwide through various communication channels. For example, at the beginning of the pandemic, an information booklet was sent to all our employees in Ieper that explained the measures which were introduced on the resumption of operations. Presentations with Q&As were shared among managers so that they could brief their teams and provide clear answers to questions. Videos were also created to demonstrate proper handwashing and the correct use of face masks.



## New communication channels

In 2020, many colleagues had to temporarily stay at home or work from home, which meant they did not have access to communication channels available on-site. In order to be able to reach and inform all our employees, we have therefore set up several new communication channels. For example, we created an emergency number that employees can call with questions and/or concerns. A separate COVID-19 landing page was also set up for the latest news and guidelines, which employees can access from home.

## Social activities

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.

At Picanol Group, we are constantly launching new initiatives. The activities are for everyone and they include information evenings featuring renowned guest speakers, a cycling tour, Happy Hours, and numerous other activities, such as various running and walking events. Events are also regularly organized by the local branches, such as the Chinese New Year, local holiday celebrations, and team building activities.

The impact of COVID-19 temporarily delayed most of the group's social activities. To stay connected, we adopted alternative initiatives.



### Saint Martin in Ieper

Every year, Saint Martin visits the Westhoek around November 11. Due to COVID-19, for the first time in many years, we were, unfortunately, unable to organize a large Saint Martin's Day celebration for 2020. Therefore, we asked our employees to pick up a gift of their own choice to give to their children at home.



### Top evenings in Ieper

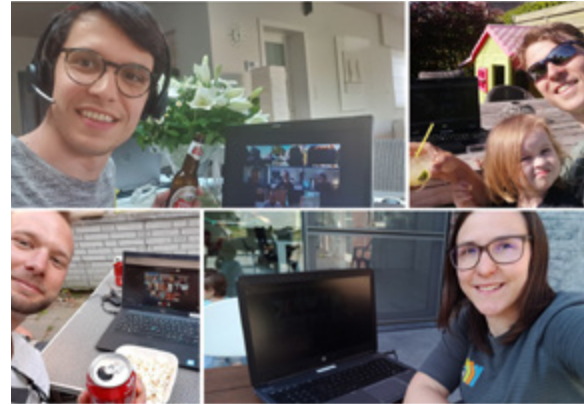
During 2020, Picanol Group organized several inspiring keynote addresses in Ieper, which included the "Hydrogen" session with the speaker Paul Bombeld. In addition, Pascal Coppens took a look at the new China and its potential for the rest of the world, during the keynote session entitled "China's New Normal". More than 100 employees attended this op evening, in a Corona proof setting.





### Bicycle ride with colleagues

In the summer of 2020 Picanol Group employees organized an after-work bike ride. Some 50 colleagues enjoyed a challenging ride covering 78 kilometers together. In these difficult times, we believe that it is more important than ever to exercise safely, in order to stay healthy and strong.



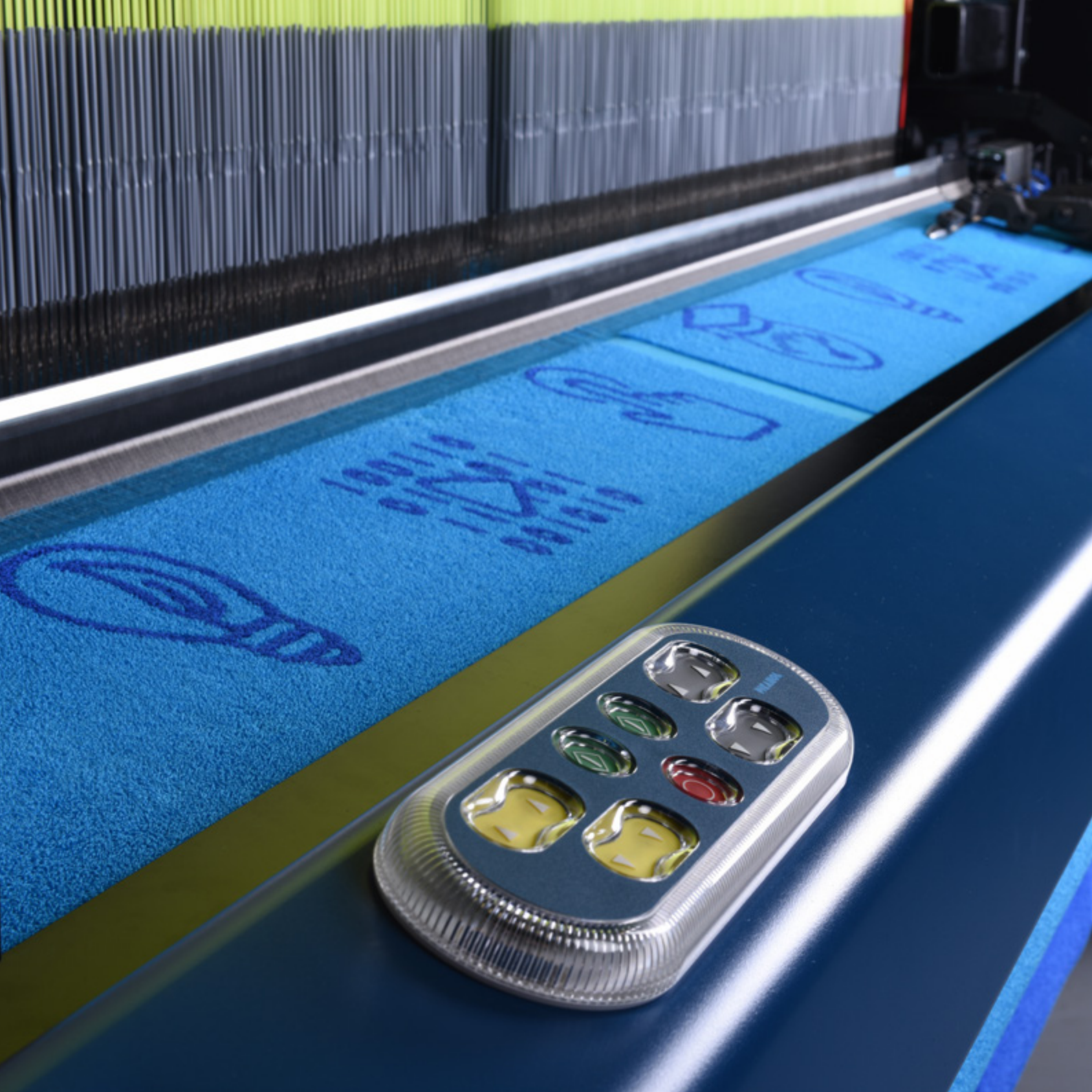
### Virtual apero meeting

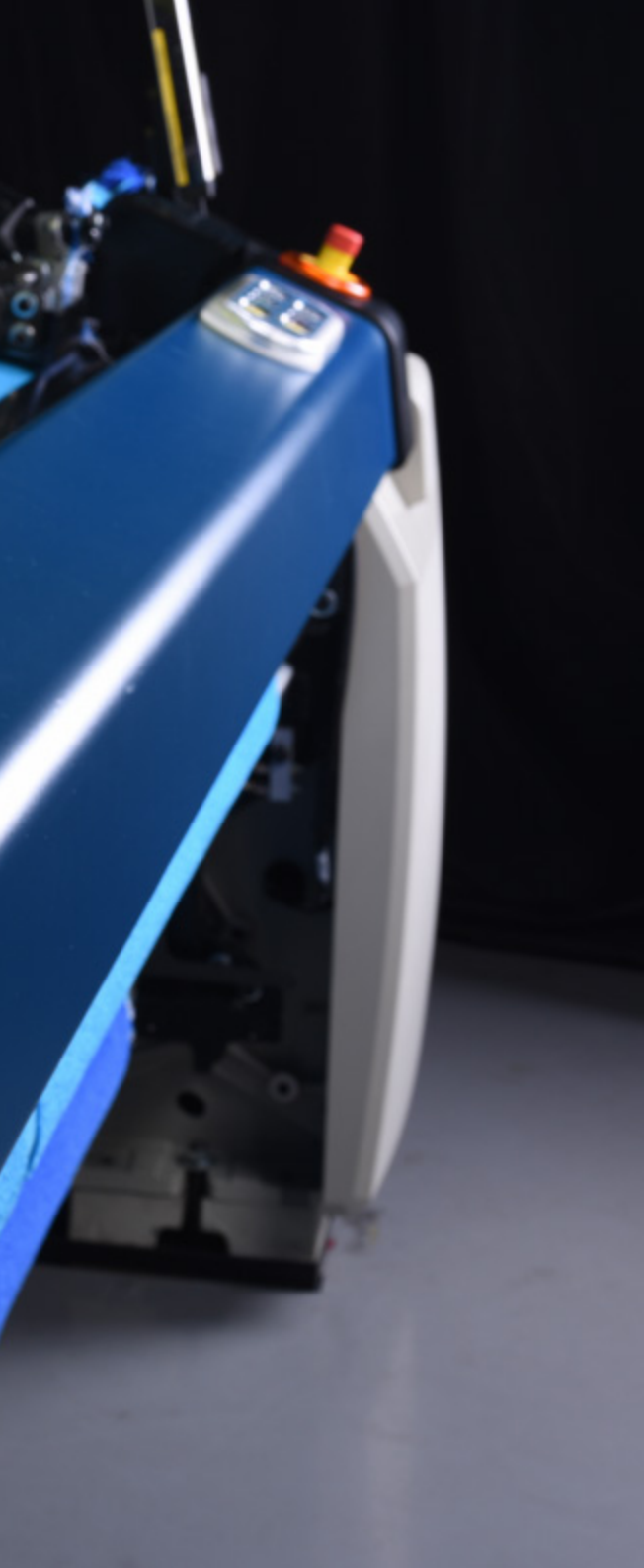
Working together and relaxing together – yet separately. A number of employees organized a virtual apero meeting with their colleagues.



## Energy and thank-you packages

To thank our employees for all their hard work, flexibility, and dedication in 2020, we sent energy packages to their homes after the summer vacations. The energy package contained items like healthy snacks and delicious drinks. As we could not close 2020 with a suitable event and we were unable to start 2021 with a New Year's drink, Picanol Group also sent a thank-you package to all Ieper employees during the Christmas holiday period.





## Our planet

Care for our planet is an essential part of the company policy of Picanol Group. In our product design and our processes, for instance, 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. 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 and 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.

Our 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.

### **Data-driven**

All Picanol weaving machines of the latest generation are now also connectible, which allows all relevant data from the machine to be collected in the Cloud. This data is also used within our own R&D department for further analysis and optimization. In this way, control algorithms can be evaluated and adjusted to further improve the energy consumption and performance of the weaving machines.

### **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;
- ...



## **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**

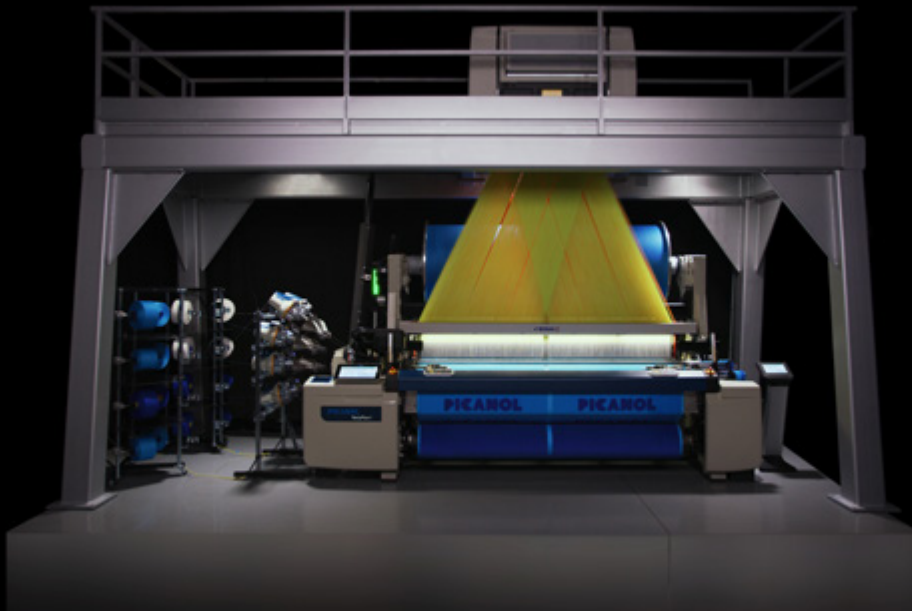
In addition to the basic fabric, a weaving machine also produces some waste, which is necessary to make the main process function efficiently. Through new developments, Picanol strives to systematically reduce or even avoid this kind of waste.

## **Total cost of ownership**

In the development of our products, Picanol always strives to further optimize the real total cost of ownership of its 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 hightech**

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.



## New weaving machine, TerryPlus-i

Most of the textile machinery exhibitions where Picanol was to have a physical presence in 2020 were either cancelled or postponed to 2021. But that didn't stop Picanol from launching a brand-new airjet weaving machine: the TerryPlus-i. The new TerryPlus-i is the most efficient and versatile terry airjet weaving machine on the market. This launch marks Picanol setting a new standard in terry weaving. When designing and developing a new machine, we have to do better than just being a bit faster than the previous generation. Today's world is all about connectivity, ease of use, intuitive operation, self-learning, and sustainability, to name but a few considerations. These are the benchmarks for a forward-looking design, and also the core principles that guide the design of any Picanol weaving machine or feature. The TerryPlus-i is built on the same basis as the OmniPlus-i, which was presented to the world at ITMA Barcelona in 2019, and it enjoys the same robust design. The TerryPlus-i distinguishes itself by providing the highest industrial speeds on the market, in combination with the best weave quality, and it delivers this for even the most complex terry designs.

## Principles

The following four principles are always central to the development of our weaving machines:

### Smart Performance



Performance is the prerequisite for a machine or function, and the obvious indicator here is the theoretical maximum speed. However, the difference between this theoretical speed and the effective speed under real conditions is often enormous. Our designers have taken up this challenge and looked for ways of building a machine that delivers top performance in practice. We use technology in a smart way to monitor the behavior of the yarn and the weaving process on a permanent basis. For example, we continuously adjust the parameters using sophisticated algorithms. This is what we call 'Smart Performance': intelligent machine design in combination with self-adjusting software, which enables the highest possible speed and the best performance in practice.

### Sustainability Inside



Throughout the world, we are seeing a growing awareness regarding the issue of the ecological and social sustainability of production processes. Picanol has shouldered our responsibility for many years in terms of preventing waste and reducing energy consumption. We proved this with our ground-breaking Sumo Drive concept, which was introduced in 1996. To this day, it remains the most energy efficient main drive available on the market. Sustainability is also about waste management. We not only reduce waste, but we also try to avoid it completely. Our EcoFill function serves as an excellent example. New developments, such as the Blue22 generation of prewinders, make it possible to minimize waste lengths, even while machines are running. In this area as well, technology has helped us exploit opportunities in ways that were previously unthinkable.

### Data Driven



Since the first introduction of weaving machine electronics in the 1970s, Picanol has been at the forefront of digitization. The systematic use of electronic controls and sensors has made it possible to generate data on a continuous basis. This, in turn, serves as input for various software programs that automatically adjust the operation of the machine for maximum efficiency. In addition to familiar applications such as ARVDIIPlus, Airmaster and Optispeed, new functions for monitoring, automatic adjustment and remote troubleshooting, to name just a few, are becoming possible. We all know that digitization will become increasingly important in the coming decades. Data needs to be captured and made available for artificial intelligence, making production even more efficient. Picanol will remain a trendsetter in this area and we will continue to deploy Industry 4.0 within the weaving industry.

### Intuitive Control



Nowadays, everyone deals with new technology both effortlessly and intuitively. We want the same when it comes to the interface with our machines. Just as with a smartphone or car, the machine's display is the interface that controls almost all of its functions. It must be wireless, robust and extremely user-friendly. The younger generations will accept nothing less! This user-focused approach must also be embedded in the design of the machine, making all operations simple, intuitive and self-evident.



## Increasing machine performance and capabilities with Weave-Up

With Weave-Up, Picanol offers a wide range of upgrade possibilities, which enables our customers to get the very best out of their machines, from minimizing energy costs to increasing the productivity and profitability of their Picanol weaving machines.



## Intuitive operation, thanks to the BlueTouch display

In 2020, Picanol launched a new, large, and fast interactive color display for the new generation of Picanol weaving machines. The display is combined with a brand-new user interface, which strongly enhances the intuitive operation of the machine. The new display also makes it possible for the user to consult machine adjustment manuals and receive immediate user guidance.



### Blue22 and Blue11 pre-winders for maximum waste control

Picanol is committed to a sustainable weaving process, which includes maximum waste control. The unique, patented design of the Blue22 and Blue11 pre-winders makes managing waste length quick and easy, significantly reducing the amount of waste generated by the weaving machines. The EasySet function has fully digitized this process.



# Energy

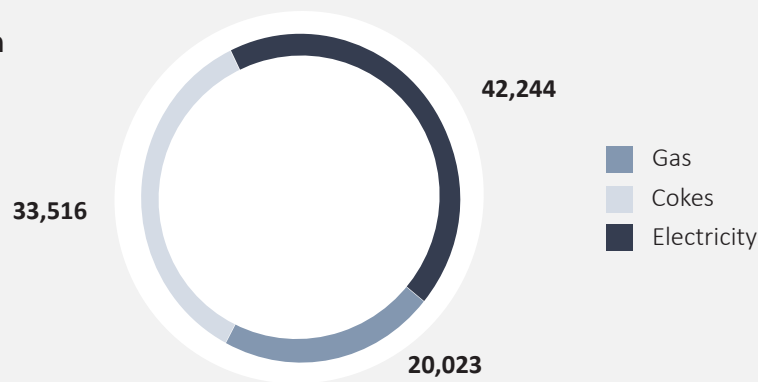
An important pillar in the environmental policy of Picanol Group is the efficient use of energy to limit the ecological footprint.

## EBO

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 CO<sub>2</sub> equivalent and the Flemish energy efficiency targets. The current Energy Policy Agreement was extended by the government until the end of 2022. Picanol Group has endorsed this extension and will therefore continue to commit itself to implementing all defined cost-effective measures.

Energy consumption has evolved, in absolute terms, from 100,354 MWh in 2019 to 95,783 MWh in 2020.

Energy consumption  
in 2020 (MWh)



In 2020, energy-saving measures, including the following, were applied:

- Reducing the gas consumption of the cupola oven while on stand-by.
- Partial replacement of lighting in the Assembly Department (LED lighting).

Several energy-saving measures have also been implemented in recent years for gas and coke consumption in process installations. Therefore, specific gas and coke consumption remain at a low level. Gas consumption for building heating increased in 2020. However, this is a temporary phenomenon due to the construction work on the new high-bay warehouse. This work required temporary openings in the buildings, resulting in heat loss. Electricity consumption has also increased. This is partly due to the abnormal, prolonged stoppages of machines in 2020 – caused, among other things, by the COVID-19 pandemic. During these stoppages relevant electricity consumption continued, for example by the electric heating furnaces that keep liquid cast iron at the required temperature.

#### Energy consumption in leper compared to 2014 \*

■ Target

\* Ton CO<sub>2</sub> per production unit



# 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, 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 Ieper, approximately 60 different waste streams are collected separately and taken to a certified processing plant. In recent years, the sorting obligations for industrial waste have been further tightened by the government. Thanks to the integrated waste management system, Picanol Group was already ahead of this trend. The new waste stream requirements have already been collected and disposed of separately for a long time. In 2020, we further investigated how the amount of waste sand from the foundry could be reduced, for example by internal reuse. Useful external applications for foundry sand are also being sought.

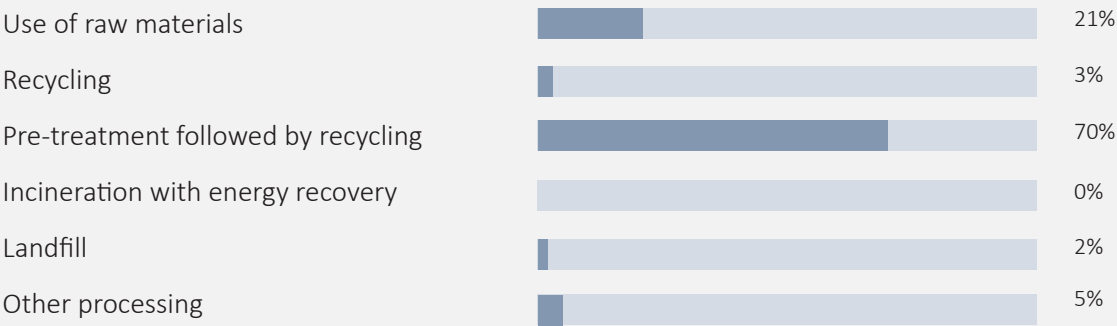
ISO:14001

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.

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 Picanol Group’s sites take action.

From waste stream to final treatment



# Water

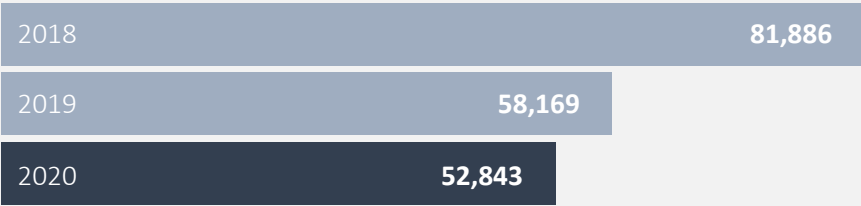
Picanol Group uses tap water (as sanitary and process water) and surface water (as cooling water and process water). The largest amount of cooling water is used in the foundry. The melting zone has three cooling water circuits: for the cooling of the holding furnaces, jacket cooling of the cupola furnace 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.

The group has made efforts in recent years to optimize water consumption in the foundry. As a result, specific water consumption in the foundry has been reduced during this period by 25%.

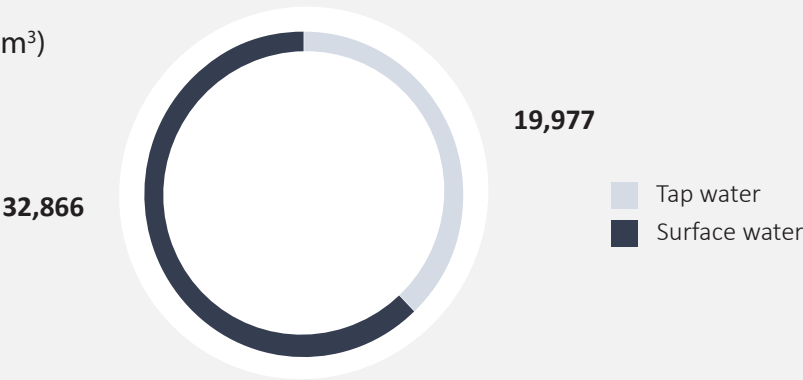
## **Wastewater treatment monitoring**

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 the past years, 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.

Total water consumption (m³) in leper:



Water consumption (m³) in leper: split



Two-thirds of water consumption is in the foundry. Moreover, water consumption is production-dependent. The specific water consumption per ton for cast iron is therefore relevant for Picanol Group (expressed as m³ per ton of cast iron).

Picanol Group has set a 10% reduction in water consumption per ton of cast iron as a target for the next three years.

# 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. In 2020, all measured emissions were significantly under maximum emission limits.

## 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 emissions

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 Ieper 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. More than 60% of all trucked goods transport is subject to route scheduling, in which the trucks are loaded so as to achieve the maximum number of deliveries while accumulating the minimum number of kilometers. The same principle is also applied to container loading, where initiatives are regularly taken to fill the containers as efficiently and economically 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%-15% of the 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.

## One company location in Ieper

The head offices of Picanol, Proferro and PsiControl are all located at one business site in Ieper. 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 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 2020, an average of 478 employees per day came to work on foot or by bike in Ieper.

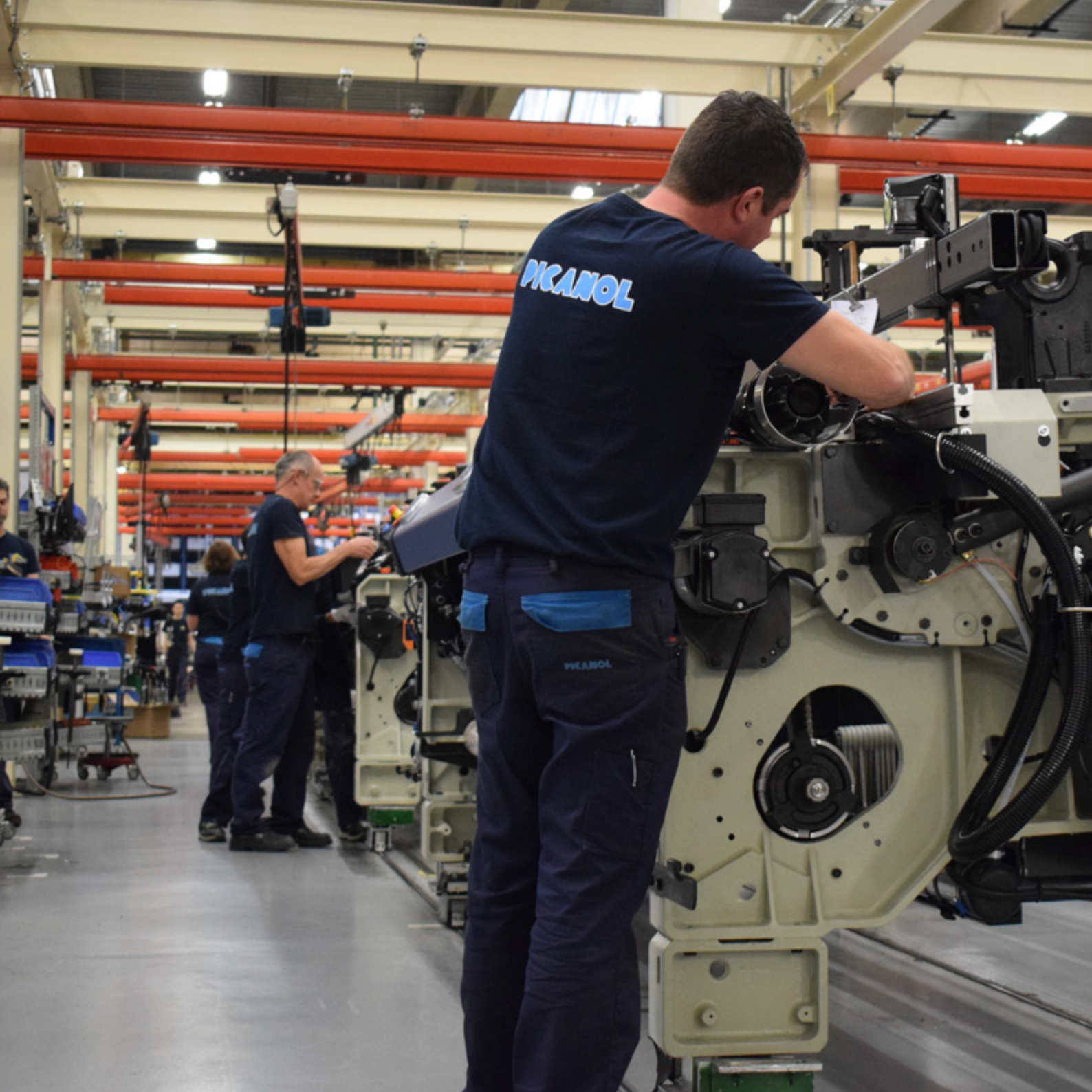
## **Bicycle lease plan**

With this in mind, 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. We continued to actively promote the bicycle lease plan, and to date more than 500 employees in Ieper have already ordered a new bicycle via the group's bicycle lease plan.

## **Carpooling**

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 CO<sub>2</sub> 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 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. 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;
- ...

# Business ethics

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 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 Picanol Group are correctly recorded in line with accounting principles.

## Bribery and corruption

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 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, 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. 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 Picanol Group ([www.picanolgroup.com](http://www.picanolgroup.com)).

### **Fair competition**

Picanol Group adheres to rules for fair, free competition in markets all around the world. 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 Picanol Group are recorded in full in accordance with internal accounting rules and legislation. 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 Picanol Group worldwide respect the fundamental human rights. 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. 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, Picanol Group values the capabilities, know-how and experience of its employees. 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 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 Picanol Group and enabling the company to grow and expand.

Employment at Picanol Group is governed by a professional Code of Conduct and, where necessary, by a non-competition and intellectual property protection agreement, drawn up in accordance with national and international labor law.

## **Code of Conduct**

In recent years Picanol Group has grown into an industrial group that is active on a worldwide basis in a variety of sectors. As we grew and expanded into new markets and territories, we maintained our unwavering commitment to performance with integrity. This is and will remain a central element in all our activities. In this context, a new Code of Conduct has been launched in 2020, containing a set of rules that apply to all employees and which must be observed by all. In essence, the Code of Conduct is the roadmap for how we deal with laws and regulations in all regions in which our organization operates. Compliance with the Code of Conduct is mandatory for everyone and we insist that all our employees use it on a daily basis as a guide for all operations and activities. The Code of Conduct can be found on the Picanol Group website: [www.picanolgroup.com](http://www.picanolgroup.com).

## **Supplier Code of Conduct**

Picanol Group launched a Supplier Code of Conduct, which is applicable to both Picanol and Proferro suppliers, in 2020. PsiControl has had a Supplier Code of Conduct for some time. The Supplier Codes of Conduct are an integral part of the contracts concluded by Picanol, Proferro, and PsiControl with their suppliers. This enables us to act in an honest and ethical manner, in compliance with all applicable laws and regulations in the countries in which we conduct business activities.

Meanwhile, 191 suppliers, or 61% of the total number of suppliers, have signed the Supplier Code of Conduct. These figures do not include China, where the Supplier Code of Conduct will be launched in 2021.

The Picanol, Proferro, and PsiControl Supplier Codes of Conduct are on the Picanol Group website: [www.picanolgroup.com](http://www.picanolgroup.com).

# 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.

## Service

Picanol's strong focus on service and our personalized aftermarket team meet the specific requirements and requests of our customers worldwide. Our customers can only get the best out of their looms if these are properly maintained, work at the highest speeds and produce the best fabric quality. At Picanol, we are committed to helping our customers achieve these goals by providing rapid, highly-qualified support. Our local facilities enable us to respond quickly to our customers' needs, in their own language. In today's economy of fast fashion, short runs and rising production costs, the active running time of weaving machines is the only route to realizing increased profits. Picanol helps our customers to achieve this with the assistance of machine audits, maintenance programs, and performance advice.

Most of our service centers in the main textile regions have – in addition to highly qualified service technicians – print repair facilities and even mechanical workshops. These repair shops can quickly respond to any printed circuit board defects and repair them using the original spare parts.

## **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**

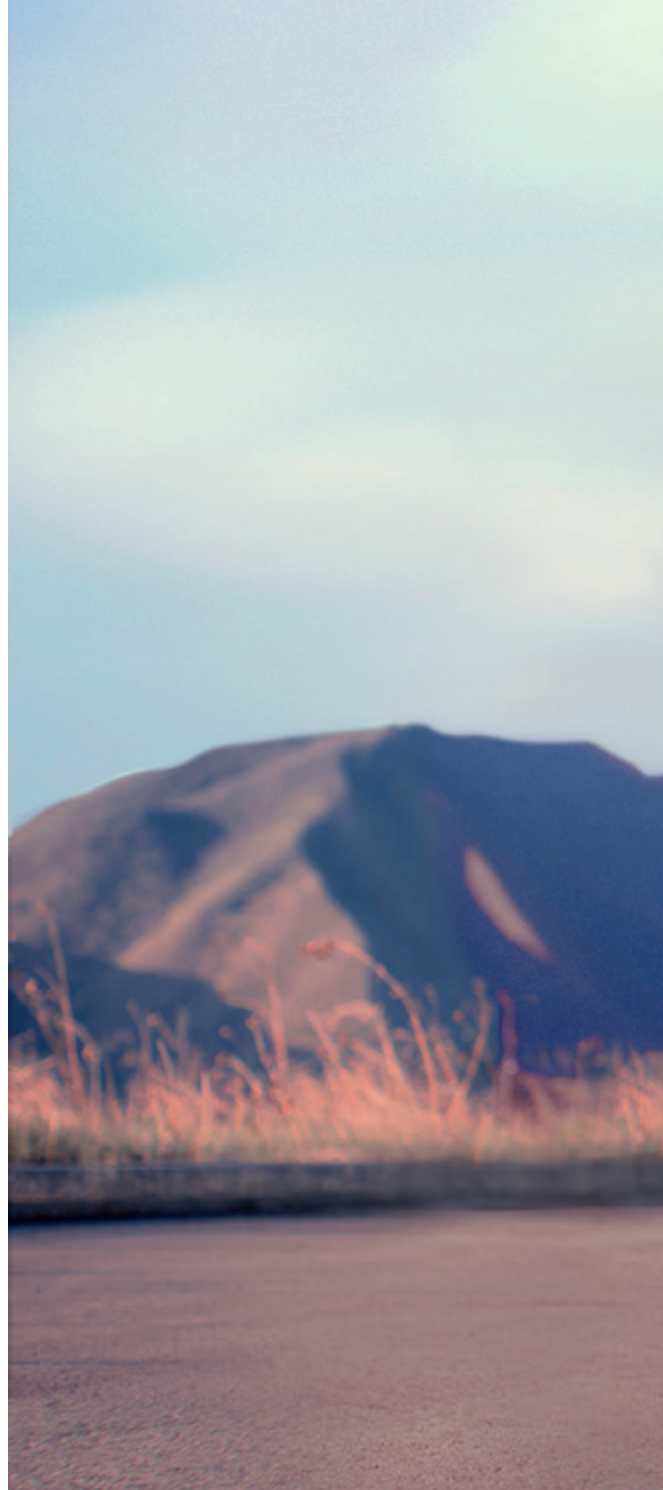
Training is part of the deal that Picanol enters into with our customers. We consider it our duty to help our customers to improve both their skills and knowledge. To provide training, we have a modern technical training center in Ieper, with a total surface area of 270 m<sup>2</sup>. The training center has three fully equipped rooms, each of which feature weaving machines, openwork models, mini-workshops, etc. Thanks to this 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 Ieper, Picanol also has two leading training centers in Suzhou (China) and Greenville (US). Our training centers are all specialized in technical training on weaving machines for operators, fitters and weaving managers.

## Let's grow together

Picanol aims to grow, together with our customers, by offering the best mix of machines, functions, and services together with the know-how and insight of the Picanol team. Because growth is the essence of weaving, the essence of business, and the essence of the future.

Therefore, children play the leading role in our “Let's grow together” marketing campaign. The campaign focuses on children, showing what the future will look like via their behavior and practices. These are forms of behavior that we all increasingly display: we pay digitally, communicate wirelessly and increasingly expect everything to work instantly. This marketing concept is the reference point, for Picanol's attitude towards all developments and innovation – smart, with high performance; a natural focus on sustainability; driven by data and the need for intuitive control. New developments, and thus our future, are based on these principles. Because Picanol wants our customers to be ready for the future and, more than ever before, we also want to leave our mark on the future of the weaving industry.

**Let's grow together.**



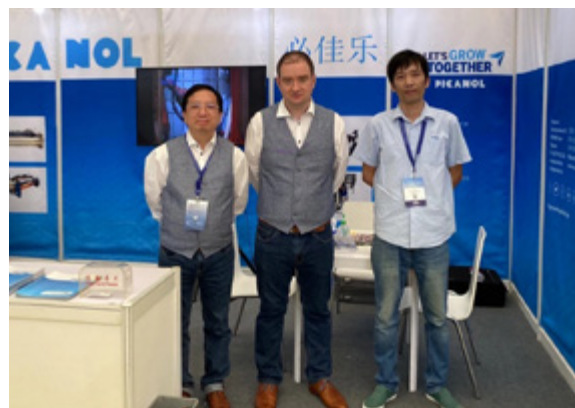






## Picanol Open House in Lanxi, China

In August 2020, the Picanol Sales team in China organized an Open House event in Lanxi, China. Almost 100 attendees had the opportunity to become acquainted with the latest airjet weaving technology experienced the OmniPlus-*i* for the first time and visited the weaving mill of one of our customers, where they could see the OMNI*plus* Summum in action. Attendees were very interested in the high weaving speeds and efficiency offered by the Picanol weaving machines.



## Picanol at Cinte Tectextil

September 2 to 4, 2020, the Picanol Sales team in China was present at Cinte Tectextil, in the Shanghai New International Expo Center. Visitors to the fair were introduced to our high-tech weaving machines for technical textiles, based on airjet and rapier technology. Picanol has become an industrial leader in the technical textiles sector for high-tech weaving machines, thanks in part to our extensive R&D investments.



## Virtual launch show

COVID-19 has made it necessary for Picanol to further shift the marketing focus for 2020 towards online activities, in order to stay in touch with customers and prospects despite these challenging times. The new TerryPlus-i was therefore presented at the first virtual launch show on September 17. During the presentation, as many as 630 customers, prospects, and other interested parties from all over the world were introduced to our new machine. Its main advantages and unique features were explained by a number of our Sales Managers.



## PsiControl at Caravan Salon

From September 4 to 13, 2020, PsiControl participated in Caravan Salon in Düsseldorf, the largest international event for caravans and camping. The significant growth of the caravan sector brings with it a greater demand for connectivity and user-friendly controllers. This provides many opportunities for PsiControl, which aims to meet the needs and wishes of the caravan industry by leveraging its technologies and its accumulated competencies and knowledge. PsiControl showed off its latest innovations in HMI, control, and connectivity at the fair.



## Always close to the customer

The global impact of COVID-19 proves once again how important it is to have a local presence and to ensure that we are close to our customers. Due to the travel restrictions imposed by COVID-19, it would have been impossible to provide a quality service to our customers in 2020 without our experts being strategically positioned, worldwide. For Picanol this was a deliberate choice – and one not made recently, but decades ago. We have, for example, invested

heavily in the construction of service centers in all major textile regions of the world. This is now, more than ever, paying off for our customers. Our technicians are familiar with local customs, speak local languages and personally know their colleagues in all plants. When assisting customers in 2020, our technicians of course took all of the necessary COVID-19 health measures, including respecting social distancing, the use of face masks, and sanitizing.



## E-learning videos

Picanol is always in search of the best ways of improving the skills and knowledge of our team of technicians. This is a challenge that faces our organization as well as our customers. Due to the travel restrictions resulting from COVID-19, it was not possible for our customers to attend training sessions at any of the Picanol training

centers in 2020. However, this did not mean that we stopped providing the necessary training support to our customers. Our training team worked hard to develop e-learning videos so that our customers could sharpen their skills without having to travel.

# Social responsibility

## Company visits

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. An example is the dozens of company visits we normally organize every year so that pupils and students can take a look behind the scenes at our high-tech weaving machines, foundry, mechanical finishing operations, and the electronics department. Experienced guides then take the pupils and/or students from the foundry to the demonstration room containing our latest weaving machines. As a result of COVID-19, most group visits in 2020 were temporarily postponed.

## Internships and theses

Every year, many students also work as interns within 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. Encompassing such a wide range of activities, Picanol Group also appeals to a large group of students as a subject for their final project or thesis.

## Students and campus recruitment

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

Most of the job fairs in 2020 were either cancelled or postponed due to COVID-19. To stay connected with students we therefore switched to alternative initiatives. For example, we rolled out online campaigns to attract “Young Professionals” to a separate landing page, where they had the opportunity to request

a virtual introduction to our HR colleagues and other colleagues active within their field of interest. This enables students to get an initial insight into our activities and job offers and learn more about working for Picanol Group.



## Job fairs

At the start of 2020, our colleagues from Human Resources and some of the Group's young employees were present at the Hermes and VTK Ghent job fairs. This enabled students to acquaint themselves with our activities and job opportunities for the first time.



## Agoria Company Tour

Picanol Group participates in the Agoria Company Tour on an annual basis, which allows students to experience actual business life, learn about technologies and technical processes, and gain insights into future job opportunities. The Agoria Company Tour was entirely virtual in 2020, as a result of COVID-19.





### Toys for “Ons Tehuis”

Picanol Group supports various organizations and events through targeted sponsoring on an annual basis. In this regard, the group's donation of toys to Ons Tehuis was repeated once again in 2020. Ons Tehuis (“Our Home”) is a partnership between the Public Center for Social Welfare (OCMW) in Ieper, Kortrijk, Poperinge, Waregem, and Wervik, for the care and guidance of children and young people placed there by the Youth Court and the Special Youth Support Committee. The toys were distributed to the children during the Christmas period.



### Collecting socks

During Autumn 2020, employees of Picanol Group in Ieper once again prepared for a heartwarming campaign, as part of Music for Life's “Warmest Week”. As a company, we have made a big effort for one of its many initiatives. Together with the not-for-profit HOS Foundation, we wanted to provide the “warmest winter” for those who are outside in the cold every night. So we collected more than 2,000 warm socks via donation boxes spread across the company premises, to warm the feet of as many homeless people as possible. The socks were donated to various homeless centers in Flanders and Brussels.





### Laptops for Digitalforyouth.be

Picanol Group has donated more than 275 laptops and 50 monitors to DigitalForYouth.be, which is an organization that aims to give young people equal opportunity to attend online classes from home.



### Running for a good cause

In the autumn of 2020, our PsiControl teams undertook charity runs in Ieper and Romania. For every kilometer run, PsiControl donated two euros to underprivileged children and orphans in Rasnov, Romania. 27 colleagues ran a total of 325 kilometers, which raised 650 euros. PsiControl then increased this amount to 1,000 euros.



## COVID-19 materials for schools

In the context of COVID-19, Picanol Group donated display and protection materials to local schools in the leper area, to ensure a safe restart after the lockdown.



## Collaboration with KU Leuven

Master's students in various fields worked together with staff from PsiControl and KU Leuven (Leuven Catholic University) on a business project to further develop their technical knowledge, project management skills, and social skills.

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