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This document is an extract of the Registration Document (chapter 3).
Tarkett at a glance

A world leader in flooring and sports surface solutions

We are committed to designing innovative solutions to make a positive impact on people and the planet. Because our floors are part of people's daily lives, we collaborate with our customers to create living spaces that combine wellbeing, health, performance and design. With a history stretching back more than 130 years, Tarkett is a world leader in flooring and sports surface solutions.

A BROAD RANGE OF SOLUTIONS

We offer our customers — architects, installers, distributors... — one of the largest portfolios of flooring and sports surface solutions, and we share with them our expertise on multiple market segments.
Doing Good means connecting our sustainability efforts with what our customers value and our world needs, in collaboration with all our stakeholders: healthy living spaces and wellness, responsible stewardship of resources of our planet and climate change.

**OUR COMMITMENT: “DOING GOOD, TOGETHER.”**

Doing Good means connecting our sustainability efforts with what our customers value and our world needs, in collaboration with all our stakeholders: healthy living spaces and wellness, responsible stewardship of resources of our planet and climate change.

- **Eco-design by applying Cradle to Cradle® principles.**
- **Build a circular economy business model.**
- **Contribute to global debates and combat climate change.**
- **Comply with the 10 United Nations principles.**
- **Contribute to the Sustainable Development Goals defined by the United Nations.**

**TARKETT WORLDWIDE**

- 24 R&D laboratories
- 1 research & innovation center
- 4 design centers
- 34 industrial sites
- 7 recycling centers

€2.8 billion
2017 net sales

~ 13,000 employees

No.1 in vinyl worldwide

**ATTRACTION END-MARKET EXPOSURE**

~ 70% Commercial

~ 30% Residential

**SALES DRIVEN BY RENOVATION**

~ 80% Renovation

~ 20% New construction

1.3 million square meters of flooring sold every day in over 100 countries

% of 2017 net sales
How is sustainable development integrated within Tarkett?

We have put sustainability at the heart of our strategy over the past few years. It’s part of who we are as a company and it is central to our values and our culture. This strong commitment to our sustainability journey is reflected across our business, with Tarkett employees around the world upholding our ambition to “Doing Good” each day through their decision-making and actions.

From helping us attract, retain and engage top talent to fostering innovation through a focus on designing for life and circular economy, sustainable development has been critical to the growth of our business. We are pioneers in many areas of sustainability, leading the industry in developing flooring with very low levels of VOC (Volatile Organic Compounds) emissions thus contributing to indoor air quality; plasticizers without phthalate, adopting the Cradle to Cradle® approach to product design and implementing recycling programs for our products – I am convinced we will continue to pursue our efforts in that field.

At Tarkett, we take a strategic approach to sustainability, connecting our efforts with what our customers value and what our world needs. We have a very collaborative approach with the different stakeholders, which allows us to simultaneously nurture our ambition and progress. We are contributing to discussions inside the World Economic Forum, we are following UN Global Compact principles and we are aligned with UN Sustainable Development Goals. These collaborations are challenging us and are guiding our commitment to making a positive contribution to global challenges.

Which achievements would you like Tarkett to be recognized for in the future?

My ultimate ambition for Tarkett is that we are recognized as an example in all aspects of Corporate Social Responsibility (CSR), being a good steward of the world’s resources, a trusted partner in the communities in which we live and work and an employer of choice around the world.
This begins with establishing a proper circular economy in the flooring industry, with a focus on giving old materials new life through the take back, reuse and recycling of products; enabling the floors we produce today to become the raw materials used in the flooring of tomorrow or as resources for other industries.

Of course, to do this effectively we know there are challenges we have already begun to address and must continue to work to overcome: optimizing the collection and sorting of products at the end of their use, engaging our customers in this process; recycling all types of flooring depending on their various components; furthering to design products upstream to make them more easily recyclable; reducing and recycling industrial waste. Our teams are committed to addressing these challenges and developing solutions, and I am confident in our enthusiasm and our ability to make our ambition a reality.

It is also important for us to be recognized as a “good neighbor” in all local communities. This means contributing to local ecosystems in a sustainable manner and actively participating in our communities across all dimensions: economic, environmental, social and cultural. Wherever Tarkett is located throughout the world, my goal is for communities to perceive us as the type of company they would like to partner with.

At Tarkett, we strive to create a diverse and inclusive environment where People feel comfortable bringing their whole selves to work each day; a safe and respectful workplace where each employee understands and contributes to our company purpose and objectives in a meaningful way. In doing so, we will not only attract and retain top talent, but will also attract customers and partners who share our same values and have the desire to collaborate with us. In my experience, developing diversity and fostering a culture of inclusion unleashes employees’ potential and engagement thus accelerating company’s performance.

What are the required conditions to address these challenges?

First, we must stay true to our values. Our values guide how we conduct business each day. This comes down to being transparent: ensuring we clearly communicate our ambition, objectives and challenges so they are understood by all – our employees, our customers and partners. Doing so allows us to attract the best talents, partners and NGOs to join us on this journey.

We also encourage public authorities in defining regulations that promote the responsible development of our sector as a whole, with particular focus on the circular economy and climate change. We will do this most effectively by maintaining an open dialogue and collaborative approach with various key stakeholders and building our decisions and arguments on solid scientific knowledge and technical expertise.

Next, we must focus on governance. Consistent with our CSR commitment, we must ensure we are not only complying with laws and regulations around the world, this is the least we can do, but that our actions and behaviors are in accordance with our values and our Code of Ethics.

Finally, we must be able to empower all stakeholders and encourage innovation through an approach that encourages “calculated risk” and is accepting failure as part of the innovation process. For individuals, this is important to motivating them to contribute their best ideas and effort, while also ensuring they have accountability for results. More broadly, “calculated risk” is essential for imagining and implementing breakthrough solutions necessary to respond to future key challenges.

In a nutshell, to meet the world’s future challenges, we must “Do Good”; through close collaboration with all stakeholders. This is the essence of our “Doing Good. Together” philosophy, which guides our day-to-day choices and decisions and transforms our commitment into practical actions.

Glen Morrison, CEO of Tarkett
At Tarkett, sustainable development is a long-standing commitment and a lever for business growth. This commitment is at the base of our strategy and is integrated in all our activities, namely in our eco-innovation strategy via our closed-loop circular design methodology and our industrial excellence program via World Class Manufacturing. Finding ways to integrate this has been the driving force behind our actions.

We have come a long way in our move towards responsible development, and we understand that the progress achieved is only the first step in this journey. Indeed, the expectations of our stakeholders – employees, customers, investors, NGOs, the scientific community – have evolved and are pushing us to speed up our transformation. Thus, we have completely integrated this transformation within our business philosophy: “Doing Good. Together.”

Doing Good. Together reflects the vital need for the company to go beyond simply “doing better”, through improvements to the existing model, and actually “doing good” by building a sustainable business model that fully integrates the challenges of tomorrow’s world. This approach is primarily based on two concrete constituent of Tarkett’s sustainable development approach: the circular economy based on Cradle to Cradle® principles, and collaboration.

1.1.2 A world in full (r)evolution: integrating future challenges

The world is presently undergoing profound changes at an unprecedented pace. By 2050, more than one third of the world’s population will be over 60 years old according to the World Business Council for Sustainable Development (WBCSD), and nearly two thirds of this population will live in cities, according to the United Nations.

In parallel, the ecological challenges are immense. COP21 set out a course of action aimed at keeping the rise of global temperature per year below two degrees. This commitment implies a drastic reduction in the use of fossil fuels and more reliance on alternative energies.

With a global population expected to reach 9 billion people by 2050, according to the WBCSD, and aspiring for a better quality of life, the pressure on natural resources will continue to rise and become an even greater critical issue in the future.

The solutions needed for building a sustainable future are complex, and involve many challenges. As one of the world’s leading flooring companies, it is Tarkett’s responsibility to play a part in achieving the fundamental changes required to address these challenges.

1.1.3 Our goal: developing a health-friendly, fair, and value-creating circular model

It is essential to rethink flooring as being part of a larger system that takes into account construction projects and city planning. Indeed, new products and solutions should integrate the future challenges of cities in terms comfort and well-being. Bearing in mind that cities are increasingly polluted, a real effort must be made to find solutions that will improve indoor air quality and achieve building healthier environments in which we spend the vast majority of our time. Moreover, given current climate and resource scarcity issues, circular economy initiatives must become drivers of innovation, in order to decouple economic growth from environmental and resource impact.

To achieve this, companies need to integrate these major trends in their core values. Instead of trying to improve the existing system, they must take steps towards generating more fundamental changes. Companies must therefore renew their business models, in the economic sense of the term, as well as their relationships with all stakeholders, be they economic, institutional, associative or related to the civil society.
Circular economy is at the heart of our innovation, and visible through the pursuit of the Cradle to Cradle® approach in all of our activities. We seek to eco-design our products using materials that respect people's health and the environment (abundant mineral materials, rapidly renewable, recycled or recyclable). However, we must go further and put in place new circular business models, which create economic, social and environmental value and are fair to each of the stakeholders involved: our customers, our suppliers and our employees.

To achieve this, we rely on collaboration, a key value of the Group. This collaborative approach is already present in many of our projects, both in-house between departments and regions, and externally with several industrial, institutional, or associative partners. We strive to enhance it, value it, and make this practice systematic. We believe that collective intelligence and a full integration of our stakeholders – including NGOs – in our process will help us transform Tarkett into a model of sustainability and corporate responsibility in the decades to come.

1.1.4 Our CSR Commitment “Doing Good. Together”: an integrated approach aligned with the UN Sustainable Development Goals and Principles

In 2015, the United Nations adopted a set of Sustainable Development Goals. This global framework defines global ecological, social, and humanitarian changes that must be implemented and which benefit all. The action plan aims to address key issues in areas such as poverty eradication, environmental protection, and economic development. These goals are associated with 169 individual targets and define the framework of CSR procedures in companies and particularly in international companies. Through its corporate Social Responsibility initiatives, Tarkett contributes in particular to 7 of the 17 UN Sustainable Development Goals.
1.2 Managing the CSR policy

“At Tarkett, we’re bringing our best thinking and efforts together to make a positive impact on people and the planet by implementing our “Doing Good. Together” approach. Because we believe in the power of collaboration, we’re closely working with our employees and customers, with thought leaders and the entire industry to build a circular economy with good materials, creating happier, healthier and beautiful spaces. We believe in a future for all, where people and the planet prosper in balance. Through our commitment to sustainable development and its governance principles, Tarkett abides by the ten principles of the United Nations Global Compact and contributes to the United Nations’ Sustainable Development Goals.”

Glen Morrison, CEO of Tarkett

1.2.1 Materiality

1.2.1.1 The materiality assessment: a tool to build stakeholder engagement

The materiality assessment helps identify and specify the material CSR issues and challenges for Tarkett, in other words the most important issues in the context of the Group’s activities, their impact on our business model and our stakeholders’ expectations.

In 2016, for the first time a survey was completed by external organizations and partners to ensure that our CSR strategy and our objectives were aligned with these material stakes. This process is part of a commitment to engaging in ongoing dialogue with our stakeholders, and meets the requirements of internationally recognized CSR reporting standards such as the Global Reporting Initiative (GRI G4 option).

The key CSR issues for Tarkett, which are developed and assessed throughout the report, still comply with the results of the 2016 survey. In particular four specific issues emerged: health and safety at work, health and safety related to products and materials, the environmental impact of products, and responsible use of materials and resources.

In addition, our open, regular contacts with our different stakeholders enable us to adjust and complete this assessment in keeping with changes in issues.

1.2.1.2 Our materiality approach

A stakeholders’ map was completed followed by a survey that was sent to both external stakeholders (customers, suppliers, sales partners, NGOs, trade organizations, experts, research and educational institutions, etc.) and internal stakeholders (members of the Tarkett Supervisory Board and the Executive Management Committee, senior executives and Tarkett employees). The survey involved stakeholders based in France, Germany, the Netherlands, Serbia, Sweden, Russia, the United Kingdom and the United States.

The survey covered key topics included in the GRI standard and Cradle to Cradle® principles, organized into five categories: the environmental impacts of production, responsible products, work, Human Rights, and societal issues.
1.2.1.4 Our commitments and progress made in figures in 2017

**Good materials for people’s health and the environment**

**Assessment of materials**
- 96% of raw materials are assessed based on their impact on health and the environment according to Cradle to Cradle® criteria and by a third party organization.

**Indoor air quality**
- 96% of floorings have low levels emissions of volatile organic compounds (1), i.e. 10 to 100 times lower than the strictest standards.

**Healthy indoor environment**
- 100% of our vinyl production sites in Europe and North America are using non-phthalate® technology. On a global level, 57% of our vinyl flooring are non-phthalate products.

**Respecting resources through circular economy**

**Selection of materials**
- 71% materials do not contribute to resource scarcity (abundant mineral materials, rapidly renewable or recycled), against 68% in 2016.

**Recycled materials**
- 160,000 tons of recycled materials used as raw materials, i.e. 12% of the volume of purchased raw materials.

**Flooring collection program**
- 99,000 tons of flooring collected from 2010 to 2017 by Tarkett inside ReStart® program in Europe and North-America (collection of post-installation and post-consumer flooring: vinyl, linoleum or carpet).

**Water consumption**
- 67% of production sites are equipped with closed loop water circuits (or do not consume any water in their manufacturing process), against 60% in 2016.

**Climate change**
- 28% of energy consumption comes from renewable energies compared to 25% in 2016.
- -9% of greenhouse gas emissions per m² of manufactured product compared to 2010: 0.92 kgCO₂e/m² (scope 1 & 2).

**Safety and Diversity**

**Safety**
- 1.87 Recordable Lost Time Accident Frequency Rate FR1t (3) in production sites, compared to 3.68 in 2016.

**Diversity**
- 30% of members of the Executive Committee are women.
- 27% of management positions are filled by women.

**Local Communities**
- 2 days of volunteering opportunities at charity initiatives possible for all employees.
- 1,400 employees involved in Tarkett Cares.
- 19,500 professionals or students trained as professional installers or in installation techniques from 2012 to 2017.

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(1) Total volatile organic compounds < 100 μg/m³ (% of m² produced, flooring only).
(2) Except recycled content for certain products.
(3) Number of accidents with lost time < 24 hours per million hours worked of employees and external workers at Tarkett production sites.
1.2.2 CSR governance

1.2.2.1 CSR governance integrated at all levels of the Group

President of Tarkett North America for over two years, and CEO of Tarkett since September 2017, Glen Morrison is convinced that the successful transition of the Group towards the circular economy and the successful implementation of Tarkett's sustainable development strategy will mainly depend on two factors: on engaging all Tarkett employees, and on integrating CSR objectives at all levels of the Group, within each of the divisions and cross-business functions.

“Our strong commitment to sustainable development is something that sets us apart from our competitors. […] When we decide to create new products, to improve our production processes, or to make acquisitions, we always take into account the sustainable development dimension.”

All functions and divisions are involved in CSR strategy and implementation. Hence, Research & Innovation & Environment, Operations, the Legal department, Human Resources, Purchasing and Marketing & Sales are all involved in different CSR issues through a vigilance plan to prevent any risk of serious infringement of human rights and fundamental liberties, the health and safety of people as well as the environment. These risks concern the activities of the Group and its subsidiaries and the activities of its suppliers and sub-contractors. Our WCM (World Class Manufacturing) industrial excellence program (read page 92), driven by the Group’s operational functions and implemented locally, also makes it possible to control and reduce the environmental impact of production sites.

In terms of impact of our products, the research and innovation department teams integrate eco-innovation and circular economy principles into all their work.

Finally, marketing and sales teams are also acutely involved of this issue in order to accurately answer client questions and meet their expectations concerning the environmental and social performance of end products.

The sustainable development strategy is driven and supervised by the President of the Management Board, and discussed with the Executive Management Committee (EMC). The President of the Management Board also shares his sustainable development vision as well as progress achieved and upcoming challenges with company employees, shareholders and the financial community. Employees are informed via the internal newsletter and at the annual meeting in December 2017 for the 150 senior executives, while shareholders have the opportunity to discuss these issues during the annual Shareholders Meeting.

1.2.2.2 Committees taking up CSR key topics

Within Tarkett there is a committee focused on the environment and overseen by the Executive Vice President of Research, Innovation and Environment (member of the Executive Management Committee). CSR issues are also addressed within management committees of divisions and support functions networks.

The Audit Committee also deals with CSR issues by updating the Group’s risk mapping. Updating was carried out during the Audit Committee which took place in October, 2017.

Since 2015, sustainable development and CSR have also been an integral component of internal audit programs.

1.2.2.3 A robust auditing process

A sustainable development dashboard measures and guides the performance of the Group, using a series of quantitative and qualitative indicators. These indicators are verified by a third party independent organization, and their reliability is guaranteed via a robust reporting process, which is strengthened every year. The report from the third party independent organization (KPMG) covers both the quantitative and qualitative indicators which are available in the appendix to the CSR Report.

Reporting of CSR information is jointly managed by the financial department and the communication & CSR department. The CSR Report is included in the Registration Document which presents the Group’s financial results.

In 2017, the reporting process was reinforced thanks to the completion of an accurate and comprehensive CSR reporting guide, which provides the Group with a foundation of common knowledge shared by all people involved in CSR reporting at all levels of the organization. This guide describes in detail CSR reporting principles, the scope, the available tools, as well as calculation methods and controls carried out by contributors at the local level (for each entity), consolidation of data at the Group level and definition of indicators.

Formalization of the reporting process and existing rules reinforces the commitment of the Group to being rigorous and
transient in all dealings with stakeholders. It also enables Tarkett to drive its performance and focus its efforts on the material challenges associated with its activities. Analyzing the evolution in indicators year after year is crucial to measure progress achieved, identify room for improvement, and the challenges which still need to be met. It creates the dynamic needed to set up ambitious action plans, and develops empowerment across all levels of the organization.

1.2.4 From reporting to driving CSR performance

Already in 2012, Tarkett developed a CSR dashboard with twenty key indicators specific to the Group's activities. For certain indicators (environmental and product ones), the Group defined 2020 objectives.

As part of the formalization of CSR reporting, progress review meetings are held involving management and operational teams at Group and Divisions levels. The purpose of these meetings is to review the consolidation of indicators on an intermediate basis, three times a year, and not only to drive the reporting process but also to drive performance on different issues being assessed. The meetings provide an opportunity to analyze quantitative indicators, to discuss significant evolutions, in particular relative to 2020 objectives, and to identify concrete actions which in turn make it possible to improve the Group's environmental, social and corporate performance. The intermediate reporting and the Divisions/Corporate meetings were implemented in the second half of 2017, and shall be more systematically deployed starting in 2018.

1.2.3 Dialogue with stakeholders

Key points

Promote dialogue and collaboration with all stakeholders:

- by participating in conferences, notably on topics of circular economy (World Circular Economy Forum), the application of the principles of Cradle to Cradle®, the quality of materials in interior architecture, the responsible use of PVC;
- contributing to debates and working groups in the World Economic Forum and the “Circular Economy 100” initiative of the Ellen MacArthur Foundation;
- by engaging with other companies and economic actors to combat global warming: member of Alliance of CEO Climate Leaders starting with COP 21 in 2015;
- sharing our experience with public authorities (Europe, countries, cities) and NGOs, particularly on the challenges of the circular economy, regulations and standards;
- by involving our clients in our approach and training our teams.

Communicate with transparency:

- to explain the composition of our products, their impact on health and the environment, and therefore help our customers in their choice: publication of MHS (Material Health Statements in the United States) carried out by EPEA, an independent scientific institute; health & environment labelling in Europe;
- to publish and share our progress and challenges, notably with non-financial rating agencies and the financial community, and public platforms (CDP, Global Compact, etc.).

Furthermore, discussions during monthly meetings of the Environment & sustainable development network are an opportunity to review results and different initiatives. Finally, certain indicators are also very regularly assessed and monitored within different departments and programs (HR, WCM...).

1.2.5 CSR approach and engagements in line with world standards

The CSR report, the indicator dashboard and 2020 objectives, which are the result of a strengthened reporting process, abide by the regulatory requirements of the Grenelle II law which apply to French companies traded on the Stock Exchange. They are also in line with several internationally recognized standards such as the Global Reporting Initiative and the Ten Principles of the United Nations Global Compact.

In 2017, we tailored the definition of the most relevant indicators to manage our CSR performance, in order to more accurately assess 2016 GRI Standard (Core option) indicators. We also comply with Greenhouse Gas Protocol standards to calculate greenhouse gas emissions and we report these indicators in keeping with the principles of the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) GHG Protocol. Like every year, we also communicate our results to the United Nations Global Compact to comply with the "Advanced" level standard.

Initiatives as well as indicators also encompass certain Sustainable Development Goals (SDGs) defined by the United Nations.

A concordance table covering Tarkett Reporting/Grenelle 2/GRI is available in the annex to this report.
1.2.3.1 **A well-established, genuine dialogue with stakeholders**

It is essential to establish sustainable relationships and an ongoing dialogue with stakeholders so as to provide solutions that answer their needs, as well as to work in collaboration with NGOs, experts and public institutions and together find solutions to tomorrow’s challenges. This vision is supported by the CEO of Tarkett, Glen Morrison: “The challenge we are currently facing is to overcome trials but also to talk about our successes transparently and with pride, while recognizing that we face difficulties and that we need to work with NGOs and experts to move forward and find innovative solutions.”

Tarkett regularly participates in international innovation and sustainable development-focused programs and events, alongside NGOs, assessment agencies, and governmental organizations.

Tarkett is an active member of the World Economic Forum and in particular is involved through the participation of the CEO and a member of the Executive Management Committee in the annual Davos Meeting:

- In January 2017, our CEO (at that time, Michel Giannuzzi) shared his vision of “Engaged, Responsible Leadership”, which fosters the development of a circular economy model, helps fight climate change and promotes innovative solutions for tomorrow’s cities;
- In January 2018, Glen Morrison (CEO since September 1st, 2017) participated in a round table discussion on urban development and infrastructures, sharing his ambition for a more human built environment in light of the challenges of “Sustainability and Affordability”;
- In 2018, within the steering committee of The Future of Urban Development & Services, Glen Morrison exchanged ideas with both public and private stakeholders on major urban development challenges such as the circular economy in cities and affordable housing;
- Glen Morrison also participated in the climate conference organized by the Alliance of CEO Climate Leaders, a world platform that Tarkett joined in 2015. This group of CEOs plays a key role in mobilizing companies and governments all over the world to implement ambitious measures concerning climate change;
- In addition, still in 2018, during the debate, “Decoding biases: diversity by design”, Glen Morrison shared his vision and engagement in talent philosophy, based on diversity and inclusion: “For companies, the most important challenge is winning the war for talent, attracting and retaining the best people. As business leaders, our role is to create an inclusive environment where People feel comfortable bringing their whole selves to work each day. In my experience, developing diversity and fostering a culture of inclusion unleashes employees’ potential and engagement thus accelerating company’s performance.”

Other Tarkett’s contribution to conferences and events:

- In September 2017, Tarkett participated in the Living Product Expo (Pittsburgh, USA) which brings together designers, architects, industry representatives and experts to present and share their innovations, both in terms of design and the production process. Tarkett contributed to the debate, highlighting the use of products that are safe for the environment and health, with a particular focus on responsible use of PVC;
- Tarkett also participated in many debates on the circular economy, to share its experience and together reflect on solutions for the future. In April 2017, Tarkett participated in the PVC 2017 Conference in Brighton (United Kingdom). At this event, Tarkett presented PVC management in circular economy models, along with participants from 35 countries;
- In October and November 2017, Tarkett participated in a series of events organized by the “Cradle to Cradle® Products Innovation Institute” in Boston, New York and San Francisco to promote the actions of industrial actors who engage in a circular approach. This consists for example in designing recyclable products, or integrating recycled raw materials in products;
- At the World Circular Economy Forum, which took place in Helsinki in June 2017, Tarkett presented how its business model is based on circular economy principles;
- Finally, at an event organized by the Luxembourg Government on the development of international trade, Tarkett had the opportunity to participate in different round tables. One of the latter, which took place in June 2017, at the Luxembourg Chamber of Commerce, focused on the issue of waste treatment within the Benelux region;
- Anne-Christine Ayed, EVP Research, Innovation and Environment at Tarkett, and a Member of the Executive Committee, participated in October 2017 in the annual conference, “Alliances for cities in transition” organized by the HEC business school in Paris. This year, the theme was “Accelerating the third industrial revolution – the Luxembourg case”. At the conference, Anne-Christine Ayed explained the principles of the Tarkett economic model, with a focus on the following challenges: How to shift from a linear economy to a circular economy? What are Cradle to Cradle® principles? The conference was part of the following process: In November 2016, the Luxembourg Government launched its Third Industrial Revolution strategy, which was developed in collaboration with Tarkett and others. This strategy is a fundamental economic shift towards decentralized digital energy, mobility, more intelligent data management, and circular economy principles. The strategy is based on the conclusions of a nine month study on the theme of the circular economy, carried out by experts, and in which Tarkett was a major contributor;
- On October 12, 2017, Anne-Christine Ayed, also analyzed the challenges of a circular economy taking the example of Tarkett during the debate “Frugal innovation: Co-building a sustainable world with fewer resources”, organized at New York University (NYU). The participants in the conference were Navi Radjou, author of the book, “Frugal Innovation”, Jaykumar Menon, social entrepreneur and human rights lawyer and Vijay V. Vaitheeswaran, writer for The Economist;
on October 21, 2017, Anne-Christine Ayed participated in the Cradle to Cradle® conference organized at Leuphana University in Lüneburg, Germany. This was an opportunity to present the Tarkett approach to implementing Cradle to Cradle® principles at the core of its business strategy, challenges encountered and the value of implementing these principles across the eco-innovation strategy;

in addition, Tarkett continues to engage with its different customers (architects & designers, installers, distributors), through customer surveys and the Customer Centric Innovation program which is based on the Design Thinking approach, to understand customer needs, within the framework of events or meetings organized in certain countries;

for example, in September 2017, Tarkett organized at the Waalwijk factory in the Netherlands, the Circles of Architects® event which brought together over twenty architects and designers from nine countries (the Netherlands, Belgium, France, Sweden, the United Kingdom, Poland, Turkey, the United Arab Emirates and Slovakia) to present their next innovations in the carpet field and to gather their opinions. This discussion platform was set up in 2007 by the Desso activities acquired by Tarkett in 2015.

1.2.3.2 Communicating more transparently

The transparency of information published is a value to which Tarkett is strongly committed and a constantly improving area. We are convinced that transparency is crucial to earn the trust of all our stakeholders, in particular concerning the materials used in our products, the impact of our products on health and the environment, and the carbon footprint of our businesses. We wish to share with our stakeholders including employees, clients, suppliers and NGOs, among others, both our successes, as well as the challenges we face and the solutions we intend to implement in order to improve. We believe that dialogue and collaboration with NGOs, experts and any other organization that wishes to work with us, will enable us to develop innovative solutions together.

1.2.4 Operational tools for our CSR approach

Key points

Structured programmes and robust methodologies to support our CSR commitment:

- “World Class Manufacturing” to foster operational excellence in our industrial sites, with two major pillars: Safety and Environment;
- “Closed-loop circular design”: the circular eco-design tool for our products, based on Cradle to Cradle® principles, taking into account the impact on health and the environment;
- “Talent philosophy”: an approach to developing talent based on the Group’s values (in particular respect and integrity), in order to enhance expertise, support employees in their development and foster a culture of diversity and inclusion.

There are several tools to help us achieve this first objective of transparency.

Since 2011, most of our products in Europe have had an environmental labeling system, which specifies the percentage of recycled content, usage or not of phthalates, as well as the total VOC emissions.

In 2013, to continue to move forward, Tarkett North America introduced Environmental and Health Statements (EHS). These statements, verified by third parties, present ingredient composition and any health or environmental impacts in detail, and they take into account the end-of-use phase of products. Originally developed for our linoleum and rubber products, they were extended in 2014 to the ethos® carpet backings then in 2015 to homogenous vinyl products and rubber accessories. In 2016, this approach was replaced by the introduction of MHS or Material Health Statements, carried out by the EPEA, an independent scientific institute. These statements make it possible to transparently share easily understandable, accurate information (see page 99) with our clients (architects and designers). In 2018, MHS should be progressively implemented across the EMEA zone.

The Group is also involved in a proactive process with its investors and the financial community. Tarkett openly shares its information with non-financial rating agencies and networks focused on sustainable development, such as the CDP (Carbon Disclosure Project), Vigeo, MSCI, Gaia, Ofi, and BMO, working with them in their evaluation processes. Thanks to this proactive dialogue, investors – such as Sycomore – have included Tarkett in their socially responsible investment portfolio (ISR). In 2017, we continued to promote sustainable development with our shareholders. Around ten investors were invited to the Clervaux site (Luxembourg) in November 2017 to learn more about production processes as well as the environmental performance of the production site during the “Green Tour” visit of the site.

To ensure that sustainable development plays a key role in its strategy, Tarkett has developed and implemented several methodologies. The latter are major levers to improve our environmental performance, help set up circular economy models, and attract the best talents.
Managing the CSR policy

1.2.4.1 World Class Manufacturing for operational excellence

For many years now, the Group has implemented the WCM (World Class Manufacturing) program with the following objectives:

- reinforcing customer service and quality;
- reducing work accidents and the impact of the Group’s operations on the environment;
- improving productivity and industrial performance.

For many years, the Group has generated positive results related to implementation of the WCM program. On industrial sites, the program plays a fundamental role in improving security outcomes, as well as in reducing the environmental impact of product manufacturing, while enabling better resource management: monitoring key indicators, implementation and follow-up of action plans, continuous improvement of operational excellence.

The WCM program is implemented by a dedicated team which defines objectives, assesses deployment of the program, compares and identifies the best methods used on each site and works with local teams to implement the best practices for their operations. The Group has appointed WCM managers across all its sites to coordinate continuous improvement projects and deploy related methodologies. They can then share their experiences within the WCM network, and hence together help improve production and profitability within the Group.

Completion of internal WCM audits enables the teams to monitor the progress of production sites and define action plans.

1.2.4.2 Closed-loop circular design supporting eco-design

Actively engaged in developing a circular economy, Tarkett has created "Closed-loop circular design" in other words a circular economy eco-design or "virtuous circle".

This methodology aims to respect the well-being of people and the environment, while encouraging eco-innovation, based on four pillars:

- Good Materials: selecting materials that respect health and the environment and which can be recycled;
- Resource Stewardship: promoting optimized, sustainable use of resources in all phases of production while protecting the environment (water, energy, greenhouse gas emissions...);
- People-Friendly Spaces: contributing to the health and well-being of people during the product use and maintenance phase;
- Reuse: recycling or reusing no longer used products to eliminate waste, while helping to design new products with quality recycled materials.

The system is based on circular economy principles, supported by the Cradle to Cradle® philosophy which assesses the chemical composition of products as well as their health and environmental risks. Cradle to Cradle® principles are applied across all of the Group’s products and businesses. In addition, we use C2C principles to evaluate ingredients (read page 99) and some product categories are also C2C certified (read page 105).

What is the Cradle to Cradle® philosophy

The Cradle to Cradle® philosophy relies on three main principles to develop eco-effective economic models:

- considering waste as “food”, i.e. a quality resource for new products;
- using renewable energies (sun, wind, water...);
- fostering diversity through nature-inspired design.

The Cradle to Cradle® philosophy was developed at the end of the eighties by the German chemist, Michael Braungart and the American architect, William McDonough. Concretely, this includes eco-design tools and methodologies which encompass different aspects from design to manufacture through end-of-use and recovery, in particular for product certification (Cradle to Cradle® Certified®):

- healthy materials: using materials that are safe for health and the environment, i.e. recycled and recyclable materials in a natural environment (biological cycle) or in a new “technical cycle” (industrial);
- using renewable energies and carbon management (greenhouse gas emissions...);
- water management, in other words, managing drinking water as a precious resource and as a fundamental human right;
- social responsibility, by creating a positive impact on the life of employees and the local community.
1.3 “Designing for life” – eco-design with respect for the environment and health

1.3.1 Preserving natural capital

Key points

- Tarkett is committed to preserving “natural capital” in order to responsibly use scarce resources and reduce the impact of its industrial activities on climate change.
- By reducing energy and water consumption and limiting industrial waste, Tarkett strives to reduce the environmental footprint of its production sites while conserving natural resources as much as possible.
- By assessing the environmental impact of its industrial activity and products, and by reducing greenhouse gas emissions, notably through the use of renewable energies, Tarkett actively supports combating global warming.
- Concrete initiatives in production sites to preserve natural capital:
  - optimization of industrial processes, ISO 50001 certification for energy efficiency;
  - production and consumption of renewable energies within production sites (biomass, geothermal, solar);
  - purchase of renewable electricity (7 plants at 100%);
  - installation of closed loop water systems;
  - development of internal or external recycling of production waste, rather than landfilling.

1.3.1.1 Our two-pronged engagement: combating preserving resources and climate change

Preservation of resources and climate change are key environmental issues which guide Tarkett in defining a global strategy. This reflects the Group’s commitment to helping to overcome certain major challenges which our society faces today.

Promoting our talents

To promote the expertise of its teams and career development opportunities, Tarkett decided to launch in 2017 an active policy to define and promote its employer brand, both internally and externally to attract talents. A specific career website was created with employee testimony videos. Three Tarkett promises as an employer were defined for this new policy:

- “Expand your horizons” – Because Tarkett offers a wide range of jobs and geographic opportunities, from manufacturing to sales, along with research, design and support functions.
- “Change the game” – In line with our entrepreneurial roots, we expect our employees to actively take initiative and we create a trust-based, empowering environment so that they can fully express their talents and personalities, directly contributing to the success of the Group.
- “Design the future of society” – By having a long term vision, Tarkett invites its employees to make CSR and sustainable development issues a part of their decisions, their operations and activities, to design sustainable economic models.
SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

“Designing for life” – eco-design with respect for the environment and health

Climate change: industrial activity is one of the main contributors to greenhouse gas (GHG) emissions. To achieve the objectives of reducing these emissions, defined at the national and international levels, industrial companies must take action beyond the scope of their direct responsibility, and impact the entire life cycle of their products. This involves systematically promoting eco-innovation, using recycled raw materials, reducing energy needs and increasing usage of renewable energies. In all the expert scenarios, more effective use of resources is a key factor to attenuate climate change. The two challenges are linked, and encompass the entire range of Tarkett’s activity, from design to production and distribution; strategic efforts in these areas are the fruit of all of the Group’s environmental actions.

1.3.1.1 Assessing the environmental impact of our activity; the life cycle analysis

In addition to MHS (Material Health Statements) which we implement for certain products to assess their impact on health and the environment (see page 99), in some cases we also use life cycle analysis (LCA), one of the methodologies to produce an environmental assessment of a product. This certified method (ISO 14040 and ISO 14044) identifies and compares the environmental impacts of a system throughout its lifecycle, from extraction of raw materials to its fabrication and processing at end-of-life or end-of-use (landfill, recycling…), including waste, maintenance and transportation.

In 2016, Tarkett updated the life cycle analysis of some of its products manufactured in Europe including linoleum, certain ranges of homogeneous vinyl and the IQ homogenous vinyl range. This analysis covers the use phase, which varies depending on the application: assessment of the impact of cleaning and maintaining flooring is in fact different for health organizations and offices. The calculations were performed by LCA experts from the LIST (Luxembourg Institute of Science and Technology) and combine real data, generic data, and expert assumptions.

Ultimately, we may plan to extend LCA to some other future product ranges. This will help us to identify other areas for improvement, beyond the scope of our production sites. In 2018, to strengthen our engagements and to answer the growing demand of customers and prime contractors, the EMEA segment shall be equipped with a dedicated software. This software would be used to systematically perform LCA with the prime goal of completing specific Environmental Product Declarations (EPD), FDES (Fiche de Déclaration Environnementale et Sanitaire), etc.

The life cycle analyses that have been completed thus far have integrated climate change. For example, we have measured the impact of our linoleum flooring in the health sector, and our compact heterogeneous vinyl range used in the education sector. In both cases, the highest contributions in terms of Greenhouse Gas Emissions come from raw material extraction and the usage phase (with an assumption of 20 years). The production phase, and transportation of raw materials and finished products contributes less significantly to total GHG emissions, if the entire life cycle is taken into account. These results have encouraged us to study a wider scope than the manufacturing processes of our flooring products, in particular integrating the entire upstream component of our value chain, as well as the usage phase and the end-of-life of our flooring products.

1.3.1.1.2 Reducing Greenhouse Gas Emissions

Tarkett has progressively and continuously contributed to reducing greenhouse gas emissions. This has been achieved by implementing the following set of actions:

- optimize and reduce energy consumption on our production sites (see page 95) in particular via our WCM (World Class Manufacturing) operational excellence program;
- developing the use of renewable energies and promoting external sources of green energy sources (see page 96);
- making the transition to a circular economy; using recycled materials (reducing emissions related to raw material extraction) and limiting waste production (recycling, reuse). See page 106;
- optimize transportation-related emissions: in some countries and in certain situations, we use modes of transport that release less GHG emissions (train transportation between Sweden and Germany or in Russia…);
- implementing carefully planned development of existing sites: Tarkett is committed to limiting the impact of the Group’s continual growth in recent years. To this end, the Group is committed to reusing existing space without engaging additional building whenever possible (optimization and development of existing production lines, for example at the Jaslo site in Poland or Mytishchi in Russia, or the acquisition of existing industrial areas in China…).

Zoom on key indicators

Climate change
The Tarkett goal in terms of reducing greenhouse gas emissions is: -20% in 2020 compared to 2010 (per square meter of manufactured product kgCO2e/m²).

- In 2017, greenhouse gas emissions (per square meter of manufactured product kgCO2e/m²) were 0.92 kgCO2e/m² (scope 1 & 2), or a significative reduction of -9% over 2010, and a decrease of -2% over 2016.
- In 2017, growing use of renewable energies and deployment of energy efficient initiatives in factories have helped reduce GHG emissions.
- In 2017, one out of two sites (51%) reduced its greenhouse gas emissions (per m² of manufactured product kgCO2e/m² and in value).
- To better assess the impact of our activities on climate change, we have improved our indicators and have introduced methodological evolutions impacting the evolution of results: we have expanded our reporting, including all sources of energy used and added biomass-related emissions (in the scope 1) representing an impact of +1,2%, and the evolution in emission factors in certain countries, thereby reducing GHG emissions by -3,2% over 2016.
The Group continually monitors and anticipates industrial and environmental risks, and the effects of climate change (in particular extreme climate events) are included in the latter. As such, we have carefully defined and implemented emergency plans for all our sites.

In addition, provisions for environmental risks amount to approximately 1.2 million euros in 2017 (vs. 1.3 million euros in 2016).

It should be noted that certain products, such as synthetic grass, can help our customers adapt to climate change in particular in arid zones or areas that lack water.

1.3.1.2 Reducing the environmental footprint of production sites

1.3.1.2.1 Energy management

1.3.1.2.1.1 Improved energy efficiency

Since 2010, we have continued to make progress in terms of energy efficiency, with a decrease in average energy consumption per m² of manufactured product (-4% from 2010 to 2017), one of the aspects of the WCM program.

From 2016 to 2017, the slight increase of energy consumption per m² of manufactured product (4.17 kWh per m² in 2017 compared to 4.09 kWh per m² of manufactured product in 2016) is mainly due to the fact that we more comprehensively take into account the energy sources used.

In view of improving our reporting methodology in 2017, the energy consumption reported also includes the quantities of fuel used by lifting equipment on production sites (see details in the methodological notes on page 132).

In 2017, half our sites (51%) improved their energy efficiency, reducing their energy consumption per meter squared of manufactured product.

Since 2011, the ISO 50001 European standard has recognized the engagement of companies towards better energy management. In 2017, all Tarkett European sites that employ more than 250 people are ISO 50001 certified. In addition, a few factories outside of Europe have begun the ISO 50001 certification process.

Independent from certification systems, some of our production sites already engage in practices that meet standards similar to ISO standards. This provides us with our own feedback and enables us to identify best practices to implement.

Examples

- A highly efficient energy plan in Bačka Palanka (Serbia): in 2009, the Tarkett site in Bačka Palanka defined and deployed an energy management strategy with two objectives: using more renewable energy and optimizing its energy efficiency. Over the years, the engagement of our teams has made it possible to exceed these initial goals and to set up a wider, more structured operational energy strategy, capitalizing on the daily engagement of teams and improvements in equipment, and on specific initiatives. Every morning, energy managers, team managers and operators meet to analyze the energy indicators for the last 24 hours, define corrective measures to be implemented, and optimally adjust energy flows. In addition, more targeted initiatives have been defined, such as trying to find ways to transform waste into energy. As such, in 2009 the site was equipped with a wood fuel boiler using sawdust from the production of parquet. The heat produced is reused in the vinyl flooring manufacturing process. Thanks to these efforts, 52% of total energy needs of the site in 2017 come from self-production of energy from biomass or renewable energy supply.

- Improving the energy efficiency of the Konz factory (Germany) water cooling system: the Konz team has reduced the energy consumption of the site by optimizing the cooling system. Inspired by a student’s thesis, the team completed a project in four stages from June 2016 to April 2017. The project consisted in providing different technical upgrades of the system, optimizing parameters to achieve maximum efficiency and comply with standards. The result: energy consumption was reduced by 50% for the system without impacting production quality, reducing in parallel greenhouse gas emissions and saving costs.

- Energy reduction thanks to LED bulbs in the Middlefield factory (United States): the Middlefield factory replaced all site lighting with LED bulbs at the end of 2016 and the start of 2017, in other words 1,979 bulbs in all. Movement detectors were also placed in offices, hallways, as well as in certain areas in the factory. As a result of this initiative, the factory’s total electricity consumption was reduced by 5.6%.
Ceasing thermal oxidation treatment at the Farnham factory (Canada): this action is part of the changes made in flooring manufacturing since 2010, which has resulted in a reduction in the quantity of VOC (volatile organic compounds), in the raw materials used. In order to efficiently process VOCs, usually regenerative thermal oxidizers, often called incinerators, are used, which transform all the volatile organic compounds into inorganic compounds by total oxidation. The site has two types of manufacturing waste treatment systems: an electrostatic filter and an incinerator. The resulting decrease in VOCs has made it possible to stop using thermal oxidation while meeting regulatory standards. The process was deployed in 2014 and has resulted in a 32% decrease from 2014 to 2017 in consumption of natural gas required to operate the incinerator. Other advantages: the decrease in noise levels and lower maintenance costs.

Developing renewable energy sources

Developing the use of renewable energy sources is a high potential, local opportunity to combat climate change.

In this area, different initiatives have been implemented which continue to produce and use renewable energy on-site:

- wood waste from our factories is used as biomass for energy production. The nine factories using biomass have increased renewable energy usage by 14% between 2016 and 2017;
- geothermal and solar energies are used in some administrative buildings and in factories, in particular at Desso carpet sites in Dendermonde (Belgium) and in Waalwijk (The Netherlands), as well as on the linoleum site at Narni (Italy).

In addition to on-site actions, Tarkett also encourages the use of green energy sources produced by third parties, such as hydraulic, wind or solar energies, as well as purchasing certified renewable electricity.

In all, throughout the world, 7 factories buy 100% renewable electricity: Chagrin Falls (United States), Middlefield (United States), Narni (Italy), Dendermonde (Belgium), Gorle and Waalwijk (The Netherlands) and Jacarei (Brazil). This prevents 22.5 kt CO₂e per year (base 2017 for these seven factories) of greenhouse gas emissions.

In particular, the different initiatives have increased the share of renewable energies, which account for over 28% of the Group's total energy consumption in 2017, compared to 25% in 2016.

Water management

Most industrial processes use water as a raw material or because it is needed in certain processes, and the flooring sector is no exception to this rule. For example, certain processes during carpet production may require large quantities of water. Aware of the critical importance of preserving this vital resource, Tarkett has been managing water responsibly on its production sites for many years. Our environmental strategy aims to avoid having to remove large quantities of water from external sources. Even if polluting effluents are not a major issue for Tarkett, we nevertheless are committed to controlling them.
1.3.1.2.1 Ambitious objectives
Tarkett has defined two objectives: to reduce external consumption of water at our sites and optimize the quality of water discharged.

Our 2020 water consumption goal is ambitious: all our industrial sites should not use water in their industrial process, or be equipped with a closed loop water system, in other words reusing a minimum of 98% of the water used. This measure shall allow us to directly reduce our water consumption. While working to increase the number of these systems on our existing sites, we are also improving water management on newly acquired sites to which the same standards apply.

1.3.1.2.2 Improving effluent-related standards
In general, our products and processes do not generate effluents that require important wastewater treatment. However, owing to the wide range of our products and our innovation strategy in terms of materials and production methods, we pay close attention to the quality of our effluents in the framework of our World Class Manufacturing program.

1.3.1.2.3 Management of production waste
Recycling of materials is a key component of our circular economy approach and is part of the WCM operational excellence program (read page 92). We develop, define and implement operational efficiency and cost reduction plans across all our manufacturing sites, all over the world.

In line with our commitment to adopting the widest possible approach to waste management, we have developed many systems to valorize waste. To this end, on several sites we have installed systems for collecting and recycling manufacturing waste, including both defective products and production loss. Waste collected is either directly recycled and reinjected into our manufacturing cycle, or sent to other industries for external recycling.

From an environmental and economic point of view, recycling has three advantages:

› reducing waste production and management;
› minimizing our use of raw materials;
› and reducing our GHG emissions compared to the use of virgin materials.

1.3.1.2.4 Local environmental impacts and footprint
Tarkett is engaged in global issues such as climate change and resource scarcity, but we also take into account other potential impacts of our industrial activities in local communities. Given its manufacturing processes, the Group is less concerned than other industries by issues related to direct emissions into the air, or treatment of polluted effluents on site. However, flooring production has a local impact that we take into account.

Our environmental management system allows us to monitor the impacts of our industrial activities in local communities. Given its manufacturing processes, the Group is less concerned than other industries by issues related to direct emissions into the air, or treatment of polluted effluents on site. However, flooring production has a local impact that we take into account.

Example
Waste reduction at the Waalwijk plant (Netherlands):
during carpet tiles production, 50 cm per side squares are cut into 2 meter wide rolls. The cut edges represent nearly 2% of the total production volume. To reduce these cut edges, the plant team worked on standardization and control at various stages of the process. Improvements in the manufacturing process not only contributed to improved product quality, but also reduced costs. Other carpet sites will also be able to use this innovation.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY
“Designing for life” – eco-design with respect for the environment and health
In recent years, Tarkett has experienced continual growth, often through acquisitions. As we grow and develop, we implement the principle of reusing existing space, wherever possible. In addition to reducing the visual impact and any inconvenience caused to local communities, this approach based on reusing existing space is also part of our efforts to resolve global problems. For example, it enables us to reduce our greenhouse gas emissions and our raw material requirements, by pooling the needs of several units on the same industrial site.

1.3.2.5 Preserving resources
Like climate change, natural resources scarcity is one of the challenges that Tarkett continues to try to provide answers to. Making the transition to a circular economy, which in particular depends on product design that encourages recovery and recycling of materials is one of the solutions to this challenge (read page 102). Reducing and optimally using energy and water at each phase of our manufacturing process is another.

Resource management is the second pillar of our "Closed-Loop Circular Design" approach (read page 92). Tarkett is making progress in this area thanks to implementation of its WCM (World Class Manufacturing) program across all its industrial sites throughout the world. This program plays a fundamental role in monitoring resource management: monitoring key indicators, implementation and follow-up of action plans, continuous improvement of operational excellence.

1.3.2 People-Friendly Spaces

Key points

Tarkett also strives to contribute to key challenges of our society, related to urbanization and the ageing of the population: how to build and live in healthy, quality indoor environments as we spend most of our time inside, how can floorings contribute to quality of life, health and well-being in everyday life.

The Group assesses and selects materials and designs products that respect human health and the environment, according to the Cradle to Cradle® principles.

Tarkett designs flooring and sports surfaces that contribute to healthy indoor environments and indoor air quality, including:

- with products at very low levels of volatile organic compound emissions;
- by offering solutions adapted to asthma and allergies;
- by offering installation, glue or maintenance systems that also respect indoor air quality;
- by integrating the acoustic and visual comfort dimension, as well as the impact of colours, depending on use of indoor space (office, school, hospital, retirement home, etc.).

From a societal point of view, the increasing and ageing population, as well as the concentration of populations in cities, are challenges that Tarkett must continue to address.

- **Demographic growth:** global population growth will be accompanied by the development of a middle class that will reach 4.9 billion individuals in 2030, who will rapidly adapt to the aspirations and standards of urban life and the consumer society. What could seem to be a positive development from an economic point of view, will only be one if business models in general, and industrial models in particular evolve towards a sustainable conception of production and consumption.

- **An aging population:** strong population growth combined with the global improvement in living conditions will have the demographic consequence of an aging population. Flooring, in particular in hospitals and retirement homes, has a major role in the interior architecture contributing to quality of life of the elderly or patients.

- **Urbanization:** like population growth, urbanization continues to accelerate. It is crucial for designers and people in industry to think carefully and deeply about designing solutions that provide access for the greatest number of people to pleasant, healthy living, working and leisure spaces. And this must be achieved while answering the expectations of the real estate market for modular design, customization and innovation.

1.3.2.1 Evaluating and selecting materials that respect health and the environment: towards greater transparency

Tarkett works closely with the EPEA (Environmental Protection and Encouragement Agency), a research institute founded in 1987 which promotes the Cradle to Cradle® approach. The goal is to evaluate our products and materials based on health and environmental impact criteria, to optimize the composition and manufacturing of our products. The results of these assessments enable us to better understand the impact of our products and to more carefully select our raw materials by sharing our specifications with our suppliers.
This work with the EPEA is the origin of the creation of a new transparency tool, Material Health Statements (MHS) launched in 2016 in North America. In the longer term, it is planned to deploy the MHS information tool at the global scale, beginning with the EMEA division in 2018. An MHS accurately describes the composition of a product and provides information related to ingredient concentration (chemical molecules), their role in the product, and any health or environmental risks in case of exposure to these substances for the user of the flooring, those who install the floors, etc.

The MHS includes several phases:

- **inventory**: perform, in collaboration with our suppliers, an inventory of the ingredients used, up to 100 ppm (parts per million);
- **evaluation**: analyze ingredients throughout the life cycle using the Cradle to Cradle® methodology;
- **verification**: have them verified by a third party to classify the chemical molecules in terms of their potential risk level.

The MHS tool was developed in order to promote product transparency, making available to our customers easy to read and easy to understand information tools. Once the materials have been evaluated, they are assigned a score, which is associated with a color code.

The MHS results are taken into account for optimization purposes, to reformulate the product in keeping with Cradle to Cradle® principles, selecting materials that are safe and healthy for human health and for the environment, and which can be recycled as many times as possible.

At the end of 2017, in North America we published MHS for the following products: vinyl flooring (Johnsonite iQ homogeneous flooring, Amerisport/Tarkett Indoor Sport), carpet (Tandus Centiva ethos®), modular vinyl tiles and strips (Tandus Centiva Victory® range), linoleum (Harmonium, Veneto Essenza Natural Clay, Veneto Acoustiflor) and rubber (Baseworks, Rubber Sheet, Rubber Stair Treads, Rubber Tiles).

### Example

- **In February 2017, Tarkett North America participated in the seminar, Healthy Materials Industry Days in San Francisco.** Participation in this event broadened understanding of Portico, a unique building materials decision-making and analysis tool developed by the Healthy Building Network in partnership with Google. Portico helps owners, architects, entrepreneurs and manufacturers to choose building products which satisfy their specific goals in terms of health and sustainability, on the basis of their certification(s). Tarkett was one of the first companies to feed the Portico data base.

### Example

- **Since March 2017, over 800 Tarkett products presented in the Sustainable Minds® Transparency catalogue in North America: Sustainable Minds® Transparency catalogue available online in 2016;** Tarkett offers products with TVOC emissions that are 10 to 100 times lower than the most stringent world standards, at levels that are so reduced they are non-quantifiable. This effort is recognized in several certifications. The following are a few examples:

  - **iQ One, a multi-polymer-based product, obtained Cradle to Cradle® Or certification in 2016;**
  - **the modular vinyl Starfloor Click was recommended by the Swedish association against asthma and allergies in 2015;**
  - **the Asthma and Allergy Foundation of America (AAFA) awarded the asthma and allergy friendly™ certification to certain FiberFloor® ranges in 2012, and then gradually over the years to all FiberFloor® ranges as well as to other products:**
  - **iQ Inspirations, Asczent, and several laminated ranges. In addition, in December 2017, several linoleum ranges, manufactured in the Narni factory, received a certificate from the British association, Allergy UK. This certificate is valid in 136 countries.**

### 1.3.2.2 Contributing to better indoor air quality

For the past twenty years, both new and renovated buildings, have made huge progress in terms of energy efficiency. One consequence of this progress is a possible degradation of indoor air quality, if provisions are not made to counterbalance the insulation levels that do not foster renewal of air. Yet, we spend nearly 90% of our time indoors, which makes indoor air quality a major public health issue.

Tarkett is committed to designing products which help create healthy indoor spaces in particular by improving indoor air quality. These products contribute to the wellbeing of the people using the spaces in which they are installed, and especially the most sensitive populations such as the elderly, young children, or people with allergies or asthma.

**Non-allergic flooring with low total VOC emissions:** since 2011, Tarkett has been a pioneer in developing flooring with low or very low total VOC emissions in nearly all of its product ranges.

Tarkett offers products with TVOC emissions that are 10 to 100 times lower than the most stringent world standards, at levels that are so reduced they are non-quantifiable. This effort is recognized in several certifications. The following are a few examples:
1.3.2.3 Living in healthy indoor spaces

Flooring materials that respect health, such as phthalate-free plasticizers: Phthalates are mainly used in the manufacturing process of certain plasticizers, which are used to give the plastic a certain flexibility. The potential impact on human health of certain phthalates in this group of chemical products is currently the subject of scientific debate and is regularly featured in regulatory news and general public news stories:

- through work carried out by health agencies that assess the impact of substances on health and the environment (ANSES in France and EESA at the European level);
- at the level of ECHA (European Agency for Chemical Products), within the framework of evolutions in REACH and CLP regulations;
- in information campaigns run by health and environmental protection non-profit organizations.

Tarkett has been proactively seeking alternatives, in collaboration with its suppliers. We have considerably invested in research and development and consequently have been able to modify our formulas and our processes to manufacture vinyl flooring with phthalate-free plasticizer technology.

All of our vinyl production sites in Europe and in North America use a phthalate-free technology. At some sites, we also use recycled contents in addition to virgin raw materials for some products which may then contain very small traces of plasticizers with phthalate. Our carpet and vinyl sites in China also use this phthalate-free technology, which was deployed gradually in Brazil since 2016 as well as in Serbia and the Ukraine. Tests are underway in 2017 and 2018 for the Russian site in Otradny.

The entire flooring industry followed our example in the interest of flooring customers and users. In North America, certain DIY and decoration retailers also have changed their supplier specifications, excluding phthalate products.
1.3.2.4 Living well with our flooring solutions

Tarkett products have the qualities which create pleasant spaces, improving people’s well-being and comfort. Here are a few examples:

- **color perception**: Tarkett products created for educational organizations (schools, day-care centers, etc.) and nursing or retirement homes are specifically designed with colors and patterns that stimulate mobility and cognitive capacities;
- a 2017 study, carried out by Tarkett in collaboration with color specialists, designers and educational specialists, focused on the impact of colors on the development and well-being of children, in educational environments. The results of the study show that children and adolescents develop their learning capacities differently depending on their ages but always with a strong interaction with the world surrounding them, and with the colors of which it is composed. Hence, for example, memory capacities are 55-78% greater when the child is in an environment where he or she likes the colors(1);
- already in 2012, Tarkett carried out a scientific study involving doctors and Alzheimers specialists, analyzed the sensory and psychological impact of flooring on patient quality of life. In addition to hygiene, safety and other regulatory aspects, the patterns and colors of flooring provoked emotions that can stimulate or calm patients with Alzheimer’s disease, thereby helping to better manage the effects of the disease. Flooring also influences the biological rhythms and acoustic comfort of patients(2);
- **acoustics**: sound absorbing products improve the acoustic environment of buildings. The Desso SoundMaster® carpet improves sound insulation (+15 dB) and sound absorption (+100% improvement, compared to standard carpets);
- **safety and hygiene**: seamless, anti-slip flooring, solutions for bathrooms, or athletic flooring which improves athlete safety.

From flooring product design to installation and maintenance: Tarkett does not limit its research to its products. Using a holistic approach, we also are interested in the entire system, in other words the impact of our products on health and the environment during the installation, use and maintenance phase. Within the scope of our Cradle to Cradle® commitment, we also strive to develop partnerships with other industrial firms engaged in the same approach so as to be able to recommend complete C2C product solutions, installation and maintenance.

In North America, for example, Tarkett has worked closely with supply chain actors to ensure that the adhesives we provide are assessed using the Cradle to Cradle® methodology. In 2016 and in 2017, Royal Adhesives & Sealants worked closely with Tarkett to carry out C2C certification. This process makes it possible to ensure that the different stakeholders use best practices for raw materials supply, manufacturing processes and waste treatment.

- **Installation**: products designed for easy installation, maintenance and removal. The modular LVT range, loose-lay and with clip-on system, requires no adhesive. Installation solutions (adhesives and sealants) evaluated in North America in keeping with the Cradle to Cradle® methodology also allow to reduce the level of VOC emissions during installation and makes it easy to maintain healthy indoor areas.
- **Maintenance**: ecological systems of maintenance and cleaning such as our dry buffing system for vinyl flooring, which reduces the amount of water and detergents needed, and also limits VOC emissions during usage of cleaning products. For example, cleaning the IQ Natural vinyl floor by using the dry buffing cleaning system can reduce the consumption of water (-18%), detergents (2.3 times less) and electricity (-20%). On the basis of a 20 year life cycle, this flooring can reduce the impact of the product on limited resources and climate change by 40%.

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(1) http://kidsstudy.tarkett.co.uk/
1.4 “Closing the loop” – a collaborative approach for circular economy

Key points

Committed to a circular economy that respects health, Tarkett has set up a number of initiatives in order to gradually move away from the linear economy and thus reduce the use of limited resources while ensuring that the Group's growth.

Deployment of “Green Tour” in its production sites and active contribution to debates on the circular economy with various economic and public stakeholders illustrate the Group's strong commitment in this field.

Concrete initiatives to move towards a circular economic model that respects health and natural capital:

- our “Closed-loop circular design” eco-design approach applies Cradle to Cradle® principles: any product at the end of its use life can become a resource. The notion of waste disappears;
- we seek to use mineral materials that are abundant in nature, rapidly renewable or recycled: 75% of our materials we use do not contribute to resource scarcity;
- we use more and more recycled materials from our production lines, used flooring materials or from other industries: 160,000 tons, which represents 12% of raw material purchases;
- we continue to deploy in certain countries our ReStart® collection program for post-installation and post-use flooring. We continue our efforts in setting up collection logistics which is cost incentive for our customers, as well as training our sales teams and customers;
- we seek to improve product design and disassembly and recycling techniques for used floors in order to facilitate the recycling of the various ingredients (glue-free installation system, carpet backing...).

1.4.1 Our circular economy approach

1.4.1.1 What is the circular economy?

The so-called linear economy corresponds to the production and consumption model that has been dominant since the industrial revolution and which goes directly from manufacture to use followed by destruction of a product. Putting great pressure on natural resources, this development model is facing challenges raised by the foreseeable depletion of the latter, the difficulty of absorbing the quantity of waste generated, in the context of a steadily increasing world population.

In response to these challenges, the circular economy replaces the linear scheme with a “closed loop” dynamic. This model is inspired from the way natural ecosystems work, and embodies the goal of moving from a model based on reducing impact to a model that creates positive value on a social, economic, and environmental level. In particular, it emphasizes new modes of design and production, an increase in how long products can be used, usage rather than ownership of a good, reuse and repairs of products, and recycling.

1.4.1.2 The Tarkett engagement

Engaged in favor of a circular economy, Tarkett has implemented a certain number of important initiatives in order to gradually shift away from the linear approach. Our long-term goal is to be able to reuse or recycle all of our products in a closed loop, the phases of which are illustrated by the following diagram:
Today, to design products which will be tomorrow’s raw materials, and choose products that are healthy and safe for people and for the environment and which can be recycled several times, we rely on four pillars:

- eco-design and production of recyclable, recycled products;
- valorization and recycling of production waste (this part is described in the chapter Reducing the environmental footprint of production sites, page 95);
- creation of business models and logistic chains that enable efficient collection and valorization of flooring post-installation cuts or used flooring;
- development of recycling technologies and capacities, internally or through partnerships.

In a highly competitive sector like flooring, this evolution involves many technical, logistic and economic challenges. In light of Tarkett’s circular economy goals, and the complexity of projects to be achieved, we have chosen to adopt a collaborative approach, working with partners that are affiliated with our value chain.

Hence, we work closely with institutions such as the Ellen MacArthur Foundation and its Circular Economy 100 program, the EPEA scientific institute (Environmental Protection Encouragement Agency), and companies and organizations specialized in the field such as Veolia in France for our ReStart® program or Carpet America Recovery Effort (CARE) in the United States. CARE is a non-profit trade organization that fosters recycling of carpets and rugs, of which Tarkett is a founding member through Tandus Centiva rug activities.

### 1.4.1.3 Actively contributing to debates on circular economy

Tarkett plays an important role in the World Economic Forum discussions and at a local level in collaboration with multiple stakeholders, with the aim of encouraging broader engagement of economic actors in favor of the circular economy (read page 90).

The Group also contributes to debates and conferences on this topic.

- In June 2017, Tarkett presented its circular economy model to the World Circular Economy Forum in Helsinki, Finland, which was attended by 1,500 participants from 105 countries.

- In September 2017, Tarkett also attended the Stakeholders Conference organized by the European Commission in Brussels. The theme of the conference was: **Reinventing plastics – closing the loop**. Tarkett presented its commitment for responsible use of PVC and for transparency regarding recycled raw materials quality.

**Examples**

- **Promoting the circular economy at Almedalen Week**, in Sweden: Almedalen Week is an annual event which takes place every first week in July, in Visby, Gotland (a Swedish island on the Baltic Sea). It is the largest political gathering in Sweden and a unique combination of a political summit and an open, democratic forum. It is within this framework that in 2017, Tarkett led a seminar and a debate on sustainable sourcing in building materials for municipal authorities and the private sector.

- **Participation in the second international Circular Economy Hotspot event**: after a first occasion held in the Netherlands in 2016, this event took place on June 20–22, 2017 in Luxembourg. The goal was to discuss what is holding back and driving development of the circular economy, on the basis of projects completed in Luxembourg over the last two years. Several Tarkett employees spoke about their experiences and participated in the debate: Anne-Christine Ayed, EVP Research, Innovation and the Environment at Tarkett, Member of the Executive Committee, presented the priorities and ambitions of companies in the Wiltz region, including Tarkett, which have joined together to foster the emergence of a circular dynamic.

A “Green Tour” visit of the Cleveraux site was also organized to show, through practical demonstration and concrete actions, how sustainable development is integrated at the level of our industrial sites, in particular in the area of recycling and the circular economy.

Tarkett also had the opportunity to present diverse recommendations in view of fostering transition to a circular economy at the European Union level, during meetings with the official delegation representing, among others, members of the DG Environment of the European Commission and during a round table in partnership with Veolia.

- **Contribution to the “circular economy roadmap”, overseen by the Ministry of Ecology and Solidarity Transition, in France** (September–December 2017): The key challenge for the working groups convened by the French Government for this initiative was to forge a path to achieve the main goals of transition to a circular economy, as defined by the Energy Transition for Green Growth Act of 2015: to reduce the amount of landfill waste by 50% and use 100% recycled plastics by 2025. Various stakeholders were involved in this action program: businesses, consumers, local authorities, non-profits, and the Government. Tarkett formalized several recommendations and participated in the working group, “Consumption and sustainable production”, which dealt with the following topics: consumer information, product lifetime and the fight against programmed obsolescence (re-employment-repair-reuse), service economy, incorporating recycled materials into products, preserving resources and sustainable sourcing, the public procurement lever, eco-design of products and services. The French Ministry plans to finalize the roadmap in February 2018.
1.4. The Tarkett Green Tour: promoting the circular economy and sustainable development

The Green Tour is a factory visit that is open to all employees, partners and customers, and delivered from the sustainable development angle. This visit teaches about our engagement and our approach, presenting the way a production site can operate to promote sustainable development and help the Group transition to a circular economy.

The Green Tour is also a lever to incite our partners to be engaged along with us. For example, it stimulated the ReStart® initiative in Europe (read page 107), helping installers, sub-contractors, architects and building owners to clearly understand how they can work with Tarkett to reduce the quantity of landfill waste and develop recycling of flooring. It also helps build employee pride in and commitment to the Tarkett engagement.

Example

A Green Tour at the Otradny factory (Russia): members of the Tarkett Supervisory Board participated in the Green Tour in June 2017. During this visit, the main sustainable development initiatives of the factory were presented to participants. Among these, initiatives especially focused on the circular economy included: a technique to separate residual raw materials from their paper waste bags, then to reintroduce the recovered raw materials in the production cycle (project winner of the Tarkett Awards 2010), recycling of PVC waste and creation of new types of products made from recycled materials (winner of the Tarkett Awards 2016). Certification of products through the “Vitality Leaf” eco-labelling system and continual participation of the factory in an eco-building board were especially appreciated.

1.4.2 Eco-design

Eco-design is an approach which strives, right from the upstream phase of a design process, to find the best balance between environmental, social, technical and economic requirements throughout the entire life cycle (1).

All impacts on health and the environment are studied and assessed and the approach requires the engagement of many functions within the company: research & innovation, marketing, purchases, production and quality, among others.

At Tarkett, eco-design is mainly within the scope of application of the Cradle to Cradle® concept and is articulated through three main areas:

- choosing quality materials for health and for the environment, both in terms of raw materials and secondary/recycled materials;
- the availability of materials, whether from recycling or made from abundant or rapidly renewable materials;
- and recyclability of products or the use of recycled products as a secondary material.

Hence, any product that is at the end-of-use phase is perceived as a resource and the concept of waste gradually disappears. The term, Cradle to Cradle® symbolizes this closed loop.

These Cradle to Cradle® principles inspired the “Closed loop circular design” eco-design tool, developed by Tarkett (read page 109).

1.4.2.1 Cradle to Cradle® certifications

Within the scope of product assessments carried out by EPEA, Tarkett has obtained several Cradle to Cradle® certifications. The C2C – Cradle to Cradle® Certified™ validates the eco-design approach on the basis of five criteria:

- respect for health;
- recycling materials;
- renewable energies and carbon management;
- water management;
- social Responsibility.

We guarantee to keep this certification updated to ensure a high transparency level for all our products.

Tarkett was one of the first manufacturers to obtain C2C Gold level certifications for certain product categories. In 2015, Desso carpets earned the C2C Gold certification for “Gold Collection” carpet tiles. Efforts to optimize the Johnsonite BaseWorks® rubber flooring collection also allowed to move up from a Bronze to a Silver certification level in 2017.

Tarkett earned Cradle to Cradle® certifications for different product categories including carpet, linoleum, rubber, wood, artificial grass and adhesives.

In 2017, Tarkett had the largest number of C2C certifications in the flooring sector, covering a wide range of product categories: see product details with Cradle to Cradle® certifications in page 109.

Examples

Gold level C2C certification for the new Linoleum collection: the Originale range by Tarkett (6 products) is the first certified Cradle to Cradle® Gold linoleum collection. This certification was earned in April 2017. It is composed of 100% natural and renewable raw materials (linseed oil, resin, cork and wood flour, natural pigments and jute). The Narni site in Italy, including its products of which are used for example in the health segment, is especially involved in this process.

(1) Standard NF X 30-264 Environmental management – Assistance to the implementation of an eco-design approach, 2013.
1.4.2.2 Choosing materials responsibly

Choosing quality materials is one of the pillars of our closed-loop design approach, inspired by Cradle to Cradle® principles (read page 92). The term quality materials includes the concepts of respect for the health of people and the environment, and the circular economy.

To assess and select such materials, Tarkett works closely with the EPEA (Environmental Protection and Encouragement Agency), a research institute founded in 1987, which created the Cradle to Cradle® concept.

From an environmental point of view, Tarkett strives to privilege raw materials sourced from abundant raw materials (for example calcium carbonate), rapidly renewable materials (such as wood or cork) and recycled materials, so that the materials used for our products do not contribute to resource scarcity.

Zoom on key indicators

Selection of quality materials
Our goal is to select materials which do not contribute to resource scarcity (abundant mineral materials, rapidly renewable and recyclable)

Share of raw materials which do not contribute to resource scarcity

<table>
<thead>
<tr>
<th>Year</th>
<th>Abundant mineral materials (%)</th>
<th>Renewable materials (%)</th>
<th>Recycled materials (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>67</td>
<td>27%</td>
<td>12%</td>
</tr>
<tr>
<td>2016</td>
<td>68</td>
<td>27%</td>
<td>12%</td>
</tr>
<tr>
<td>2017</td>
<td>71</td>
<td>32%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Target 2020

Recycled materials
In 2017, we are using more than 160,000 tons of recycled materials used as raw materials, which represents more than 12% of raw materials in purchased volumes. The important increase in 2016 (80,000 tons) is partly due to reporting methodology allowing to follow more closely this indicator.

Example

Tarkett is committed to a responsible use of PVC: PVC, or polyvinylchloride, is a plastic resin of which the building industry is the first consumer, mainly because of the technical performances of this material (resistance, easy maintenance and hygiene, acoustics...). However, manufacturing, use and management at end-of-life of PVC is controversial for some applications (in particular for plastic bags or packaging) linked to potential impacts on health and the environment.

Since 2010, in cooperation with the EPEA (Environmental Protection Encouragement Agency) and in the framework of our Cradle to Cradle® approach, we have initiated a transparent dialogue on the topic defining conditions for sustainable design and production, usage and recycling of PVC for long-term applications such as flooring.

Hence, in terms of design, Tarkett has been a pioneer in the flooring industry in using phthalate-free plasticizers for vinyl flooring and to propose flooring with very low levels of Volatile Organic Compound emissions (read page 100).

As far as PVC recycling is concerned, Tarkett started to recycle production waste at its plant in Sweden in 1957, and since 1996 in Sweden has been setting up collection schemes for scrap and post-use floorings for the purpose of recycling (read page 107).

1.4.3 Recycling: from end of life to end of use

In line with our collaborative, open approach, Tarkett sets up different circular economy initiatives, providing complementary solutions to transform waste or products after use into new quality materials and resources:

- recycling our production waste;
- integrating flooring waste into our manufacturing processes;
- valorizing flooring waste in other industries;
- using recycled materials from other industries as secondary materials;
- setting up flooring collection networks on our customers' premises;
- eco-designing flooring with the installation system for easy removal and disassembly.
1.4.3.1 Recycling our production scraps

As we described in our chapter, Designing for Life (page 94), we have historically sought to optimize our factories operations by recycling our own production waste as much as possible, whether within the scope of our own manufacturing processes, or in partnership with other industrial firms. Our goal is to limit the quantity of industrial waste to be processed.

1.4.3.2 Integrating flooring waste into our products

We have developed our capacity to recycle production scraps, or post-installation flooring scrap and post-used flooring in our own manufacturing processes. This approach requires developing on-site recycling units. Tarkett has seven recycling units on its production sites all over the world: Florence (USA), Dalton (USA), Ronneby (Sweden), Clervaux (Luxembourg), Otradny (Russia), Jacarei (Brazil) and Narni (Italy).

For instance, the recycling center located in Luxembourg, on the Clervaux site, treats both production loss from other European sites, and flooring post-installation scraps. The backing produced this way is used on several vinyl flooring production sites in Europe and vinyl production line in Clervaux.

In the United States, the Tarkett “Dalton Environmental Center” operates on the same principle and its recycled products are used to manufacture “ER3” backings for Tandus carpets.

1.4.3.3 Using recycled materials from other industries

We purchase waste or recycling-based transformed materials from many industrial partners that we use as raw materials.

An emblematic example of this approach is the Desso carpet that we are manufacturing in Europe:

- on the one hand, we buy Econyl® fibers which are composed of 100% regenerated nylon threads and used fiber waste from Desso carpets, from Aquafil, an Italian company. 74% of Desso carpet tile collections are available in Econyl® yarn;
- on the other hand, we have developed, in partnership with a drinking water distribution company in the Netherlands, a technique to valorize calcium carbonate from water treatment. This calcium carbonate, of which the size and distribution have been adapted, is hence used as a raw material for EcoBase® carpet backings. In 2017, teams set up an initiative (which won a Tarkett Award) to improve the industrial process while reducing the environmental impact and costs.

In North America, the Tandus ethos® carpet tile backing also respects the circular economy principles. We have developed a carpet tile backing made from recycled PVB (polyvinyl butyral) security films from windshield and used protective glass. From 2004 to 2017, we reused nearly more than 18,500 tons of PVB films from 18 million windshields. In addition, when the carpet tile is removed from an installation after use, the ethos® carpet backing can be recycled and reused.

One of the main goals of initiatives to promote the use of recycled materials is to trace the precise composition of materials that we incorporate into our manufacturing processes, and to guarantee their health and environmental quality. In addition to recycling our own products, we only work with partners able to provide this traceability.

1.4.3.4 Collection of post-installation and post-consumer flooring: the ReStart® program

ReStart®, a flagship Tarkett program on collecting and recycling, meets a double goal:

- increase collection of post-consumer and post-installation Tarkett flooring products (or from other flooring manufacturers), in order to use fewer virgin resources and develop a circular model with quality and economically viable products;
- offer our customers and specifiers a responsible solution to avoid incineration or landfilling.

Today, this program exists in several formats in different countries:

- in Sweden, a system for collection of post-installation products, free for the customer, has existed since the 90’s for vinyl flooring;
- in France, ReStart® has been in place since 2010. Since 2016, a partnership with Veolia, has been aiming to optimize collection and sorting logistics of post-installation scraps from vinyl and linoleum products;
- in Belgium and in the Netherlands, a palette system to recover carpet tiles, or RollerDoc™, has been specifically developed to simplify their removal, handling and collection, and in particular to adapt to the needs of renovation worksites;
- in North America finally, the program has existed since the end of the nineties for collection and recycling of carpet tiles and was expanded to vinyl flooring in 2010.

In spite of Tarkett’s commitment to the circular economy, collected volumes in 2017 represent a significant decrease over 2016 (8,900 tons collected) and compared to preceding years, which sets us back from our 2020 objective of doubling the volume collected (38,000 tons) compared to 2010 (16,000 tons).
This strong decrease of ReStart® program can be explained by two structural reasons:

- first of all, the main decrease in volume concerns North America, where the products collected after several years of use (mainly carpets) no longer correspond to materials used in manufacturing of new Ethos carpet. In sum, the former Tandus carpets are no longer compatible with the compositions of new eco-designed carpets. Unfortunately, this trend should continue a few years, before strongly reversing itself to the advantage of more recent products, for which we more efficiently control recycling (both technically and economically);

- in Europe, we have reduced the collection of used carpets due to technical difficulties in recycling, since some Desso carpets did not have a backing that could be easily removed from the fibers. Separation technologies of different layers and materials employed are being improved. In addition, we deploy for all of our carpet tile ranges the EcoBase eco-designed backing, which allows more comprehensive, easier recycling of these products when they arrive at end-of-use. Finally, the ReStart® program for vinyl and linoleum flooring is being redeployed in France and in other European countries and we hope to accelerate our customers’ engagement.

### Examples

- **Awarding of the Tarkett ReStart Reclamation to the Katy Independent School District:** every year, Tarkett North America awards a ReStart prize (Tarkett ReStart Reclamation Award) to honor the actors involved in the recycling process of Tarkett products. In January 2017, the prize was awarded to Katy Independent School District in Texas, which has been a Tarkett partner for nearly ten years. This longstanding partnership has enabled Tarkett to collect and recycle over 110,000 meters squared of flooring since 2008, in 17 different schools, or the equivalent of 15 soccer fields.

- **Linoleum, a sustainable flooring:** for example, on the Tarkett site in Narni Italy, some linoleum production waste is used to produce packing caps for flooring rolls. The waste is treated in the internal recycling center, where it is transformed into powder before being sent to an external company to be transformed into recycled caps. Tarkett linoleum has been manufactured from the same original formula since 1898. Yet, it continues to be a modern, durable flooring, made from natural, renewable ingredients such as linseed oil, pine resin, wood, wood flour, cork and plant pigments. Tarkett’s Originale Essenza linoleum is designed like a technical, entirely recyclable nutriment. In fact, dried, ground linoleum can be used to “produce” new linoleum, thereby saving raw materials and having a positive impact on the environment.

### 1.4.3.5 Eco-designing the flooring installation system for easy removal

For some products, Tarkett integrates easy removal right from the design stage, allowing more efficient collection, sorting and recycling.

For example, the modular vinyl ranges in freestanding installation and with clip-on system, for example, do not require any adhesives: the flooring can be removed very easily.

In North America, Tarkett has launched a new LVT range, ProGen™, a new generation flooring which is waterproof, and resistant to shocks, traffic and heavy use, while being easy to install thanks to a fast lock mechanism.

Desso Quick-Fix carpet tiles (produced in partnership with Velcro®) and the Tandus Tape+ products offer solutions so that carpets can be installed, re-installed, and recycled easily, without damaging the flooring surface.

### 1.4.4 Tarkett feedback: the challenges of circular economy

Thanks to its experience of several years with the ReStart® program and circular economy initiatives, Tarkett has identified the main challenges in terms of collection and reuse of flooring:

- **ensuring product traceability**, as well as that of collected, recycled materials. In fact, in view of recycling, it is essential to know exactly the composition of products that have been collected. The eco-design work of Tarkett with “quality” materials (phthalate free for example) designed to be reused or recycled (easy removal, separation of different layers) ultimately facilitates collection, sorting and reuse of materials for manufacturing new flooring;

- implementing reverse logistics with a tightly woven network of collection points, near building or renovation sites, to facilitate the process for customers who must sort and bring their production loss or post-installation scrap;

- fostering a viable ecosystem via incentive based economic models for the different stakeholders: include the prime contractor or the architect/designer so that they demand and recommend floorings made from recycled and recyclable products; the installer to incite him to sort and carry away his waste rather than paying for them to be sent to landfill; the intermediary who collects and sorts to optimize the quality of volumes collected and ensure traceability; the flooring manufacturer who must train his sales teams and customers, identify the composition of recycled materials, design upstream products made from recycled materials and adapt his own manufacturing processes;

- designing flooring systems including products, installation and removal methods, facilitating recovery of flooring at end of use while allowing separation of the different layers.
“Closing the loop” – a collaborative approach for circular economy

ANNEX – Cradle to Cradle® Certifications

Cradle to Cradle® certifications per product category (at the end of December 2017)

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Certifications</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carpet</td>
<td>Desso® PA6 Solution Dyed Carpet Tiles Gold</td>
<td>Gold</td>
</tr>
<tr>
<td></td>
<td>EcoBase® Carpet Tile Backing</td>
<td>Gold</td>
</tr>
<tr>
<td></td>
<td>Ecobase™ PA 6 Continuous Dyed Carpet Tiles</td>
<td>Silver</td>
</tr>
<tr>
<td>Linoleum</td>
<td>Linoleum Originale Essenza/Linosom Originale Essenza</td>
<td>Gold</td>
</tr>
<tr>
<td></td>
<td>Linoleum/Linosom</td>
<td>Silver</td>
</tr>
<tr>
<td></td>
<td>Tarkett Linoleum Silencio/Acoustic/Acoustiflor/Ecopure(1)</td>
<td>Bronze</td>
</tr>
<tr>
<td>Rubber</td>
<td>Johnsonite Rubber Wall Base (BaseWorks®)</td>
<td>Silver</td>
</tr>
<tr>
<td></td>
<td>Johnsonite Rubber Tile and Sheet</td>
<td>Bronze</td>
</tr>
<tr>
<td>Artificial turf</td>
<td>FieldTurf</td>
<td>Bronze</td>
</tr>
<tr>
<td>Wood</td>
<td>Parquet</td>
<td>Silver</td>
</tr>
<tr>
<td>Adhesives</td>
<td>Tarkett RollSmart Adhesive</td>
<td>Bronze</td>
</tr>
</tbody>
</table>

(1) This product will be certified Silver in February 2018.
1.5 “Value chain and communities” – supporting communities and promoting a responsible supply chain

1.5.1 Towards a responsible, collaborative value chain

Key points

Tarkett associates its suppliers with a responsible procurement approach but also through the set-up of genuine partnerships, in accordance with the Group’s objectives.

Initiatives for a responsible and collaborative value chain:

> we commit our suppliers to respecting the principles of the United Nations Global Compact, which cover the themes of human rights, working conditions, the fight against corruption and respect for the environment;
> we involve our suppliers in our eco-design approach and in the evaluation of materials according to Cradle to Cradle® criteria;
> we have established partnerships with wood suppliers that are either FSC® (Forest Stewardship Council®) or PEFC (Program for the Endorsement of Forest Certification) certified;
> we have obtained SA 8000 certification (Social Responsibility) for the linoleum manufacturing plant in Narni, Italy, which is engaged in an evaluation process of its suppliers;
> we train our employees according to principles of Tarkett’s Code of Ethics, which includes a section on supplier relations and business partnerships.

1.5.1.1 Engaging suppliers in a responsible supply approach

The commitment of Tarkett to shifting to a circular economy model, founded on a Cradle to Cradle® approach (see page 92), necessarily depends on the engagement and cooperation of the different stakeholders throughout the entire value chain.

To this end, we carefully select suppliers with whom we can develop genuine partnerships and we seek to develop long-term sales relationships with companies that share our values. In this way, we ensure that our main suppliers and sub-contractors respect the ten principles of the United Nations Global Compact (UNGC), which covers issues such as Human Rights, work conditions, environmental issues, and the fight against corruption.

Responsibly suppliers

In 2017, we purchased 74% of our raw materials from suppliers that respect UNGC principles (compared to 64% in 2016). They commit to respect these principles within the scope of our contractual terms and conditions.

Naturally, we ourselves respect the principles of the United Nations Global Compact, and we encourage our employees and our partners to apply these principles on a daily basis, in all sales activities in which they are involved.

Sub-contractors account for a very small share of total Tarkett production, and include a small number of suppliers. As such, industrial production of our products is mainly carried out internally.

In addition to our commitments to UNGC principles, we are committed to establishing genuine collaborative partnerships with our main suppliers, inviting them to share a common vision and goals in terms of responsible procurement. For example, this involves ensuring that our suppliers are involved each time that we assess new materials in keeping with our Cradle to Cradle® (read page 105) principles or when we need data for the lifecycle analysis of our products.
“Value chain and communities” – supporting communities and promoting a responsible supply chain

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The two following examples illustrate this collaborative approach:

Examples

- **Partnerships with our wood suppliers.** We help our suppliers develop responsible purchasing programs for their raw materials and in particular for wood, above and beyond meeting their regulatory obligations. Hence, we have established partnerships with suppliers of FSC® (Forest Stewardship Council®) or PEFC™ (Program for the Endorsement of Forest Certification) certified wood. This guarantees both sustainable management of forests and respect for human rights, in keeping with “Control Chain” principles, certified by an independent third party.

  Internally, the guarantee of these same principles is ensured by internal audits on production sites, in particular in Hanaskog in Sweden and Orzechowo in Poland. In addition, in agreement with our circular economy approach, our parquet flooring (10 mm or more thickness) are certified FSC® or PEFC™.

- **Responsible procurement for the linoleum production site in Narni (Italy).** Since 2009, the factory has implemented the World Class Manufacturing (WCM) operational excellence program. The maturity level achieved by the factory over the last seven years has enabled it to develop sustainable partnerships with outside companies (suppliers and sub-contractors) to deploy its responsible sourcing approach. The Narni factory also obtained the SA 8000 (Social Responsibility) certification, for its capacity to evaluate and identify suppliers the most at risk depending on their country of origin and on the code of conduct applied. This process enabled the factory to choose its suppliers totally transparently while minimizing risks. The decision to work with a particular supplier is based on a calculation grid taking into account scores in terms of quality, reliability, costs as well as environmental and Social Responsibility, which the suppliers must demonstrate. If needed, an audit carried out on the supplier’s production site makes it possible to collect useful information to develop an improvement plan.

  

1.5.1.2 Reinforcing tools to provide a more comprehensive framework for Tarkett’s responsible procurement approach

To develop our responsible procurement approach even further, in 2017 Tarkett formalized a responsible sourcing program, which shall be consolidated in 2018 and then more widely deployed. This program aims to provide a comprehensive, specific framework for the Group's actions which are part of this approach, through clearly defined procedures. Strengthening the tools used will also support deployment of the approach.

Tarkett maintains its commitment to promote respect of UNGC principles through formalization of this program, which emphasizes the importance of transparency and continuous improvement within the supply chain.

The program will be gradually deployed to all suppliers, depending on the risk analysis. It shall include the following aspects:

- a supplier code of conduct;
- risk evaluation tools, to establish the list of suppliers which could involve risks and assess with them the improvement actions to be implemented;
- a self-assessment tool allowing suppliers to know where they stand relative to the Group's requirements;
- a warning mechanism to alert Tarkett to any risks that fall within the scope of its duty of care;
- supplier awareness and support actions in case of audits.

1.5.1.3 Applying the Code of Ethics

At Tarkett, we also want our employees to be ambassadors of these principles (integrity, transparency, etc.) within the scope of their sales activities and relations with sales partners. This is the goal of The Ethics Code (read page 116) which has existed at Tarkett since 2009: this document defines the basic principles which guide Group employees as well as fundamental principles which must not be infringed.

There are different measures to ensure that employees embody the company's values, apply its Code of Ethics and fulfill their legal and regulatory obligations. For example, in 2017, as a minimum, all new employees who joined Tarkett during the year participated in the Code of Ethics training session (either through e-learning or face to face training). In 2018, all employees will participate in this training.

Extracts from the Code of Ethics: “When choosing suppliers and service providers of the Tarkett Group, quality, needs, performances and costs must be taken into account. During negotiations with suppliers and service providers, it is the responsibility of each manager and employee of Tarkett Group to defend as best as possible the interests of the Group in keeping with the law and to obtain the best terms, excluding any favoritism resulting from ties of friendship or discriminatory criteria which are formally prohibited by this Code.”
1.5.2 A direct impact on local communities

Key points

Through its production and commercialization activities close to customers (architects & designers, installers, distributors, contractors…), Tarkett is part of the local economic activities of the countries in which the Group operates: 34 industrial sites in 16 countries and sales in more than 100 countries. The Group also seeks to engage with local communities.

Main initiatives as a “responsible neighbor” within local communities:

- Tarkett Academy: sharing of expertise to train professional installers and architects, and young people in the flooring profession and installation techniques; 19,500 people from 2012 to 2017 in 8 countries around the world.

- Tarkett Cares: Tarkett encourages each employee to spend up to two days a year of his or her work time on a charitable initiative and to share his time and expertise on a volunteer basis: 1,400 employees involved in 2017. This program is complemented by financial and product donations.

1.5.2.1 Locally rooted activities

The nature of Tarkett activities and the Group’s decentralized structure are part of and contribute to local economic activity. Tarkett sells its products in over 100 countries in the world and is based throughout the world across its 34 industrial sites. Products are manufactured in 16 countries (France, Italy, Luxemburg, United Kingdom, Poland, Belgium, Sweden, the Netherlands, Germany, Russia, Serbia, Ukraine, USA, Canada, China and Brazil), and located in the heart of commercialization areas to serve our highly fragmented and diverse customer base. We involve a series of local stakeholders including installers, sub-contractors, and distributors. Tarkett develops relationships with local players, respecting local cultures: in its way, Tarkett is Russian in Russia, American in the United States and Chinese in China for example.

While benefiting from a global presence, the Group has always striven to anchor its activities locally, favoring the quality and sustainability of its relationships with its customers, in order to offer local service.

We adapt our products as well as their technical characteristics, in particular their designs (colors, patterns, formats, materials…) to the tastes and local habits of our customers and to local regulations.

In addition to our production sites, we have a solid distribution network to guarantee fast, efficient delivery and sufficient volumes to our local customers. From local manufacturing sites in China and in Brazil, to customer service and distribution centers in Russia, as well as a strong presence in North America and Europe, the Tarkett network is the right choice for many flooring installation projects in the world, both for local customers and for key international accounts.

1.5.2.2 Sharing expertise: the Tarkett Academy

The Tarkett Academy trains professionals and future flooring installers in techniques for installing and laying floors. The training programs are delivered at 12 Tarkett Academy centers in 8 countries: Australia, Brazil, China, France, Poland, Sweden, Russia and Serbia. The training is designed for both young professionals and experienced installers. Sessions last a few hours to a week and mainly focus on flooring installation and maintenance.

In North America, Tarkett experts directly train architects and designers, via their trade organizations, allowing them to earn a certain number of continuous education credits.

Examples

- FloorSkills is the first official Tarkett training partner in the United Kingdom. This center offers different levels of training and answers the highest standards in the industry in the United Kingdom. FloorSkills trainers know cutting edge installation techniques for Luxury Vinyl Tiles, linoleum, wood flooring and laminates.

- At the Tarkett Academy of Bačka Palanka (Serbia), a team of trainers and experienced product managers organize training sessions for people seeking to develop and improve their Tarkett flooring installation skills. In addition to the training, the center offers advice and assistance to Group partners, in particular for technically complex projects which require specific assistance.

- In France, Tarkett Academy, created in 1993 in the Sedan factory, trains professionals or future professionals in vinyl, linoleum, wood and carpet flooring techniques. Today, the training facilities in the two schools in Sedan and Toulouse provide excellent learning conditions. Training is validated by a degree (CAP carpet-flooring installer) recognized by the Minister of National Education or a professional degree (flooring-carpet installer) recognized by the Minister of Employment. Over 368 young adults have obtained a degree (CAP or title) after a work-linked training scheme, since creation of Tarkett Academy in 1992 and every year some 180 professional installers acquire new skills within the scope of continuous education.
1.5.2.3 Tarkett Cares: engaging with and helping local communities

In 2016, the Tarkett Cares program formalized the Group's and employees' engagement with local communities in many countries. One of the main goals of this program is to help improve people's lives in communities in which we are based, and more generally to help meet local needs.

Tarkett Cares is a flexible program that provides this support in different ways, corresponding to our corporate values and our sustainable development approach:

- **volunteer work:** Tarkett encourages each employee to spend up to two days a year of his or her work time on a charitable initiative and to share his time and expertise on a volunteer basis. This can be individually or on a team;
- **co-opting based recruitment:** for every successful hire of a new employee who has been recommended by a Tarkett employee, the Group makes a donation to a non-profit organization;
- **donations:** Tarkett entities can also support local initiatives through making financial, material or product donations and involving employees in these projects.

There are many, diverse local initiatives: helping to build or beautify living areas, improving the quality of life and health of local populations, sharing expertise and developing talents, encouraging entrepreneurship or environmental protection.

For Tarkett teams, these voluntary initiatives offer invaluable opportunities to share common values, in particular generosity, solidarity, and goodwill.

### Zoom on key indicators

**Tarkett Cares in 2017**

- 2 days of volunteer activity for charity initiatives possible for all employees.
- Over 140 initiatives at the world scale.
- Nearly 1,400 employees involved.
- 700 work days, the equivalent of 4,900 hours of work.
- 16,322 m² of flooring donated.
- A total value of more than 500,000€ (values of financial and product donations and employee hours donated).

In 2017, Tarkett Cares supported many communities through different initiatives:

#### Examples

- **Cleaning the shore at Palolem Beach, India:** the sales team of Tarkett India successfully completed its first Tarkett Cares initiative of 2017 by cleaning the famous 1.6 km long Palolem beach in southern Goa, which is enjoyed by many Indian and foreign tourists. Similar initiatives were planned in 2017 in other regions.
- **A day involving three charitable organizations in Southern California, USA:** in February 2017, along with the annual sales meeting which took place in Palm Springs (Southern California, the United States), Tarkett organized a volunteer day for its employees. 325 of the latter donated five hours of their time to helping three local charitable organizations (one of these organizations for example welcomes victims of domestic violence) by doing different tasks: installing new flooring, building an access ramp, installing air conditioners, repainting fences, etc. This type of volunteer action enables Tarkett employees to get involved in the local communities surrounding them.
- **Volunteers to help the Food Angel organization in Hong Kong in March 2017:** Food Angel is a food assistance program which helps underprivileged families and retired people, created in 2011 by the Bo Charity Foundation, the motto of which is “Waste not, hunger not”. Out of the 3,600 tons of surplus food waste every day, Food Angel recovers 4,000 kg of edible food from different sectors of the food industry. Volunteer teams from Tarkett Hong Kong prepared over one thousand “dinner box” meals ready to be distributed by Food Angel.
- **An ambitious solidarity day in Sedan (France):** within the scope of the Tarkett Cares program in November 2017, 182 volunteers from the Tarkett site helped 18 local organizations by participating in one of 28 workshops set up on the site and on the premises of other charitable organizations. The actions were very wide-ranging, allowing many employees to take part in the program: collection of clothing and toys for social organizations (Croix Rouge, Restos du Coeur, etc.), training in how to use a defibrillator, installation of 70 m² of Tarkett flooring at Secours Catholique, etc.
1.5.2.4 Supporting development projects all over the world

The Group and its employees also get involved in projects supporting the economic and social development of local communities.

Examples

- **Tarkett France volunteers for Les Restos du Cœur during its annual seminar:** in September 2017, 170 employees volunteered for this organization which is most well-known for distributing meals to those most in need throughout the year. Teams collected school supplies for the start of the school year purchased by customers in local supermarkets, prepared food packages and sorted toys from the organization’s different centers.

- **FieldTurf Tarkett in the United States and the Georgia “Make A Wish” association offered an unforgettable day to a sick child:** In September 2017, volunteers from FieldTurf Tarkett and the Make-A-Wish organization allowed a child sick with a rare disease to meet the Atlanta Falcons, an American football team. The young Benjamin met the team and watched a game. The day finished with a visit behind the scenes where the turf is manufactured at the FieldTurf Tarkett factory in Calhoun.

- **Earth Day in North America:** “Earth Day” is a global annual event which was celebrated on April 22nd, 2017 for the 47th year. The North America Tarkett division mobilized several sites for activities focused on environmental protection. In Florence East (Alabama), volunteers picked up nearly 52 kg of waste from roads, planted trees, and set up garden boxes. Employees received bags containing vegetable seeds and brochures with gardening advice. In Dalton (Georgia), nearly 90 kg of waste were picked up from roads near installations and a flower garden was planted. In Solon (Ohio), reusable ceramic coffee cups were given to all employees to reduce the waste generated by throw away plastic cups.

- **Tarkett donates a collection of 83 paintings to a major cultural institution in Serbia:** In October 2017, Tarkett made this donation to the Galery of Matica srpska, one of the most important cultural institutions in Serbia, in the presence of the Prime Minister and the Minister of Culture of Serbia. The collection includes works by some of the most important artists of the 20th century in Serbia as well as icons by Serbian and Russian artists.

- **The first Tarkett RoA (“Rest of Asia”) conference supports a humanitarian aid program in Thailand:** in Bangkok, in May 2017, the first conference of Tarkett RoA network partners was held. Thirty distribution partners of Tarkett, representing over twenty countries in Asia met to better understand the Tarkett RoA growth strategy and debate the following topic: “A partnership for sustainable growth”. Conference attendees were invited to give their opinion on distribution models of the different partners. During the event, Tarkett involved its partners in its program, Tarkett Cares by giving a donation of 900 US dollars to the project, The Baht for a better Life, a program for educational access for children from poor neighborhoods in Bangkok and rural areas in the country. This donation will help finance building and renovation of schools, the purchase of school supplies and scholarships and job training.

- **For a safe trip from home to school:** in May 2017, the Safety team of the Bačka Palanka site (Serbia), in cooperation with the Center for the Promotion of Safety in Traffic (CPST), set up an initiative with young students, to make them aware of safety on a daily basis. During the educational workshops organized by Tarkett teams, 100 students from the primary school Vuk Karadzic in Bačka Palanka, learned about safety behaviors to follow at school, in the street and during games. At the same time, CPST representatives organized a series of events following the same model, with practical activities on a simulated traffic course, produced with Tarkett textile flooring. Over 7,000 children from 28 different primary schools benefited from this series of events. The initiative has been renewed twice in September 2017, involving 30 employees from the Bačka Palanka site.

- **Tarkett donates a collection of 83 paintings to a major cultural institution in Serbia:** In October 2017, Tarkett made this donation to the Galery of Matica srpska, one of the most important cultural institutions in Serbia, in the presence of the Prime Minister and the Minister of Culture of Serbia. The collection includes works by some of the most important artists of the 20th century in Serbia as well as icons by Serbian and Russian artists.
1.6 “Developing talents”

1.6.1 A common approach to accountability

1.6.1.1 “Talent Philosophy”

Tarkett has grown continually for the last ten years. Because 13,000 employees are an essential asset and the key actors driving this growth, the human resources department is highly strategic.

While Tarkett has grown as a result of many acquisitions, the sense of belonging to the Group is very strong. This is the fruit of a human resources policy which has made it possible to gradually implement a strong strategy, preserving both entrepreneurial spirit in the field, and the advantages of an international group.

To further support Tarkett’s growth and talent development, we have strengthened our human resources management and talent development by structuring our Talent Philosophy approach in 2017.

At Tarkett, Talent Philosophy is based on five main pillars:

- **talent acquisition**: we are committed to the principle, “inside first, outside with potential, diversity always”. This means that first of all we promote internal mobility. If we need to look for a candidate outside, we recruit the best profile for the position, while taking into account his or her growth potential. Finally, we strive to systematically foster and encourage the diversity of our international Group;
- **engaging managers**: the role of managers is crucial when it comes to developing employees’ skills, strengthening their autonomy, incarnating the values of the company and driving performance. Nothing can be achieved if Managers are not actively engaged in Talent Management;
- **growing skills**: we value continuous training very highly and we anticipate career advancement by developing qualifications and skills. We foster career developments through experience, across a variety of missions, by participating in specific projects and through internal promotion;
- **aiming for high performance**: Tarkett has extremely high performance standards and the Group endows itself with the resources to meet this high standard. Our employees have ambitious objectives and track their progress on a regular basis with their manager through dedicated tools such as the Development and Performance review;
- **motivating through recognition**: we are committed to rewarding our employees proportionally to their contribution to the success of the Group. This recognition goes beyond tangible compensation or traditional advantages and is articulated in other ways through visibility, promotion or participation in prestigious programs such as the Business Leader@Tarkett, in partnership with the London Business School (cf. page 121).

1.6.1.2 Respect for the individual, a core value of the Group

Employer responsibility is first of all articulated through respecting employees and the commitment to creating a safe, positive work environment which makes it possible for each employee to succeed, with no discrimination. This is one of the core values of Tarkett, and an integral component of the Code of Ethics and human resources policy and Talent Philosophy, as well as through the Group’s commitment to abide by the 10 principles of the United Nations Global Compact.
developed our ethical engagement based on five values: credibility, which are rooted in strong ethical principles. We have One of the main assets of a company is its reputation and its commitment to the environment. team spirit; empowerment and accountability, respect, integrity and a commitment to the environment. These values were defined and articulated into concrete behaviors in different stages, over the course of workshops in which more than 400 employees participated. Today, an ambassador is selected every quarter to incarnate each of these values. This ambassador is nominated and voted for by all employees.

1.6.1 Empowering Tarkett teams: setting up a program to prevent compliance risks

One of the main assets of a company is its reputation and its credibility, which are rooted in strong ethical principles. We have developed our ethical engagement based on five values:

- positive customer attitude;
- team spirit;
- empowerment & accountability;
- respect & integrity;
- commitment to the environment.

Tarkett must comply with all laws and regulations into place. We are committed to growing our businesses in accordance with shared principles which clearly reflect our ethical values and our accountability. These principles must boost and guide the actions of all employees in the company; this is the purpose of the Code of Ethics that we developed in 2009. The Code of Ethics covers many sales practices. While it cannot encompass every situation, it does define fundamental principles which guide employees, as well as fundamental principles which should not be infringed. Each site, managers are responsible for ensuring that employees are aware of and respect these ethical values. They also make sure that their decisions and practices are consistent with this Code and all other internal policies and procedures.

To ensure that all Tarkett employees are aware of and have assimilated the values and behaviors that we wish to share, we have launched Tarkett Code of Ethics compliance programs, in particular in terms of prevention of fraud, corruption, or unfair competition. These programs include training for employees who are the most exposed to these risks. The training, which is required for employees who have been requested to attend, is delivered through e-learning or face-to-face sessions, and in particular focuses on identifying prohibited behavior likely to be qualified as fraudulent practices, unfair competition practices, corruption or conflict of interest practices, as well as focusing on the appropriate behavior to prevent these risks.

Every other year, all employees who have access to a computer will participate in the e-learning program on the Code of Ethics. This was the case in 2016, when 99% of the latter completed this training.

1.6.2 Safety, a priority

1.6.2.1 Global objective, local implementation

Beyond regulatory compliance, Tarkett Group has made safety a priority, considering that the only acceptable objective is to achieve a zero accident rate by 2020. This standard must be guaranteed by a first-class working environment, which we will achieve by sharing expertise, feedback, and best practices all over the world.

This objective is common to the entire Group, however it must be implemented at the local level. Safety must be an integral part of operations and the daily production routine, in order to foster a genuine safety culture.

Accountability in safety matters starts at the highest management level. The Group's Executive Management Committee meeting in June 2017 reviewed in detail safety results. Quarterly Information Sessions for executives also begin with safety issues. These outcomes are as well presented to Tarkett's Supervisory Board.

The issue of safety is also closely monitored in the employee survey that is completed every two years (read page 124). The survey completed in 2016 showed that 85% of our employees consider that the Group is sufficiently mindful to the safety of employees. In addition, 74% of the latter consider that managers lead by example (or a 2% improvement over 2014). These are encouraging results which nevertheless must be continually improved.

Within the scope of World Class Manufacturing (WCM), practical provisions have been adopted to ensure a high level of awareness and to develop skills in the area of safety, in particular on industrial sites. These include regular employee training, frequent audits of the practices on our sites, and in particular, cultivating and maintaining open, continuous dialogue between managers and employees.

Hence, the Safety pillar of the WCM program encourages teams in each factory to implement new initiatives discussed after annual site audits. Every month, a telephone conference provides the 40 members of the safety teams on the different sites the opportunity to share their outcomes in terms of risk reduction, to present their initiatives and to express any needs for help they may have from other sites. During the conference, the safety managers are informed of the latest developments in safety issues in order to raise and spread awareness of the latter in their workplace.
“Developing talents”

A rigorous assessment of causes (“root cause analysis”) is carried out after each incident or accident. Action plans are then developed and deployed, within the scope of our continuous improvement strategy.

By the end of 2017, 89% of sites had implemented WCM, the Tarkett operational excellence program, that makes health and safety a priority.

In addition, 69% of the Group’s sites obtained the OHSAS 18001 safety certification (compared to 64% in 2016). This international standard is a benchmark in managing workplace health and safety.

We carefully monitor our progress thanks to a number of safety indicators.

In recent years, major progress has been made in the safety area in factories thanks to deployment of WCM program practices.

Examples

- Deployment of WCM standards in all countries – training teams on safety in China: in January 2017, the head of deployment of the safety pillar spent two weeks on two vinyl and carpet production sites in China, close to Pekin and Suzhou, to work with employees to improve standards using a safety-focused approach: training of local safety teams, best practice sharing about assessing risks and developing safety behaviors, discussions about the current situation on each site and improvements to be made in existing work methods. The best international practices of Tarkett were shared with local teams, to clarify what could be achieved in the short term and how this could be achieved, while defining specific objectives.

- Develop a safety culture in North America: in February 2017, our vinyl production site in Florence West in Alabama (United States) organized for the second time in a row a two and a half day safety seminar. The event focused in particular on members of the general management of Tarkett North America and EHS (Environmental Health & Safety) directors from the distribution and production sites. The objective of the seminar was to stimulate an even stronger safety culture, by encouraging employees in the EHS department in North America to communicate even more with each other. The program was based on a series of presentations, training and hands-on activities.

- An athletics competition to prevent fire in Russia: in May 2017, firemen in the Tarkett factory of Otradny in Russia organized the 9th fire fighting athletics competition. Local voluntary fire brigades were created in 1995 to reinforce fire safety of facilities and to encourage the active participation of employees in fire prevention and extinction. The goal of the competition is to train firemen to effectively deal with a real fire situation. From 2009 to 2017, 384 employees in the factory participated in the competitions, keeping in mind that presently there are 1,123 employees working at the factory. Theoretical and hands-on practice training for these teams is delivered throughout the year.

- Tarkett S.p.A. in Italy becomes an international example with its Zero LTA(1) project: for its project “Reducing work-related risks for employees over fifty”, Tarkett in Italy earned a special mention for the European Good Practice Award 2016-2017, a prestigious award promoted by the European agency for occupational health and safety. The Tarkett project in Italy was set up in 2010, through a series of precautionary measures. It was among the best 15 European practices distinguished during the ceremony which took place in Malta. The competition brought together 42 commercial entities from 23 European Union Member States.

1.6.2.2 Raising and spreading awareness about the best safety practices on our sites

Continuously improving our activity depends on our capacity to learn lessons from our experiences, and in turn share and put these lessons into practice. Consequently, we encourage our teams to formalize their expertise. We also foster the sharing of best practices.

It is with this goal in mind that the main World Class Manufacturing team has been reinforcing application of the “Safety” pillar of this program. Its role is to support and lead Tarkett sites all over the world.

To support and lead Tarkett sites all over the world.

Notes:
(1) 3.68 – This figure has been restated versus 2016 (3.56). Please see methodological notes.
1.6.3 Health and well being at work

1.6.3.1 Work-Life-Balance

The way that work is organized on the Group’s sites varies depending on the regulatory framework of the country and the specific needs of each production site. A large part of work organization is established through collective bargaining, and agreements have been signed in areas such as working hours, part-time work, and teleworking (or telecommuting). However, beyond collective agreements, Tarkett is also concerned about psycho-social risks, and pays attention to sources of stress and issues related to work life balance.

We analyze the general trend through two questions that we have added to our biannual employee survey (read page 124). The 2018 survey indicates a slight decrease in these indicators, even if results differ from one country or department to another:

- 72% of employees consider their work load to be “reasonable”, as compared to 73% in 2014, and 70% in 2012 – with the industrial average at 69%;
- 62% consider that they have “a good balance” between their work life and personal life, compared to 63% in 2014 and 60% in 2012.

In addition to these general indicators, the results for each entity are also analyzed and monitored. Hence each HR manager of each Tarkett entity analyzes in detail the results of the survey in terms of well-being. Any site with results going down must systematically define and implement a formal improvement plan.

Examples

- In Narni (Italy), design and implementation of a policy to reconcile work and personal life: in place since 2014, this policy aims to answer the personal needs of employees to help them balance their work and personal life. Their working hours (including lunch time) are sufficiently flexible to adapt to family life. A specific data base, “banda ore”, or time window allows them to match up personal needs with organizational constraints. Part time work is made easier. An extended leave allows all employees to access higher education or to occasionally provide assistance to family members. In addition, Family Day (which is organized twice a year) gives employees the opportunity to show their family members their work environment.
- Flexible work practices and part time work to care for children at Castle Hill (Australia): to foster a positive work life balance, hours are made flexible for parents. Each case is individually assessed by the human resource departments. Whether a child is ill, or has a special emergency situation, or simply to pick up the child after school in the evening, work hours can be flexible to meet childcare needs.

1.6.3.2 Promoting health and wellbeing in the workplace

Promoting health and improving wellbeing at work comes in addition to the measures related to occupational safety and work-life balance. The initiatives engaged are focused on raising the awareness of all employees through prevention and assistance programs in the areas of work-related stress, diet, physical activity, and tobacco use, among others.

Examples

- A basket of fruit every week at Cacem (Portugal): a company delivers a basket of fruit every week. This measure has also been implemented in Madrid (Spain) and in Castle Hills (Australia). In addition, on the Clervaux site (Luxembourg), a total of 400 kg of fruit per week are provided to all local employees.
- Initiatives related to sports, diet, and tobacco in Jacarei (Brazil): the objective is to encourage employees to do sports and have a healthy diet, and to help them stop smoking; this is achieved through a partnership with a gym, the opportunity to measure health indicators (weight, blood pressure, blood sugar), nutritional programs, conferences on cancer and cigarettes, elimination of smoking areas...
- Focus on well-being at work on the Waterloo site (Canada): as part of their “Health and wellbeing program”, the Johnsonite activity teams have set up three health-related initiatives. Discounts are offered to any employees who wish to join health clubs. A nurse is now available on site to answer employee questions about health issues. Finally, the “Travel Canada 60 days” challenge offers different teams the opportunity to travel across 10 provinces and three territories in Canada. 60% of employees have participated. Since then some employees have begun to walk to work, or have started walking for an hour at lunch time.
- Objective Health in Sedan (France): every month, a different action is implemented to raise employees’ awareness about an employee health-related issue, including health screening. An information day on the societal consequences of a hearing impairment was also organized during the 20th National Day on Hearing in March 2017, and a Giving blood day was also organized. In addition, a special nutrition day was held in May 2017: employees were provided with baskets of fruit, a film was shown on nutrition and flyers were distributed in chilling areas.
- At Tarkett headquarters (Paris – La Défense), the human resources department organized an internal event for employees during “the well-being week at work”, a week devoted to quality of life at work, during which some fifty events took place all over France, initiated by Anact (or the National Agency for the improvement in working conditions), in October 2017. The focus of the day was: knowing yourself better, working better together, and feeling good at work. The program offered: yoga courses, the presence of a nurse at work to give advice about working on screens, and workstation ergonomics, raising the awareness of employees traveling the most about road risks, as well as provision of fresh fruit, juices and cereal bars.
1.6.4 Equity and diversity

1.6.4.1 Guaranteeing non-discrimination, equality and inclusion

The fundamental principles of non-discrimination and equality are an integral component of Tarkett values (Respect & Integrity), our human resources policies and our Code of Ethics. These tools are being used on a daily basis in various circumstances (read p. 116 on the Code of Ethics).

These principles cover issues including equality between men and women, respect for the rights of disabled people, age diversity, maternity rights and benefits, as well as non-discrimination on the basis of sexual orientation, ethnical background, nationality or religion.

Example

An anti-discrimination policy in the UK: on the Lenham site, the HR department has included in its Internal Regulations a chapter describing how employees can make claims relating to violations of the equal opportunity principle, as well as the procedure followed by the company to handle and investigate these allegations. All employees are encouraged to adopt a specifically described code of behavior, to ensure coherent, equitable treatment for all. Each Manager must ensure that all team members know these rules and why they exist, and he or she must ensure that any discrimination allegations are rightly handled and as quickly as possible. The HR department is responsible for ensuring that this policy is working properly and carrying out regular audits for this purpose.

1.6.4.2 Promoting equal treatment for men and women

Like his predecessor, our CEO, Glen Morrison cares deeply about the principle of diversity and inclusion, and personally defends equal treatment for men and women as well respect for Tarkett values. (read page 83).

Example

A medical service available to all on the Bačka Palanka site (Serbia): open daily, this medical service has been operational since May 2017. Today, all employees in the factory have access to medical exams (electrocardiograms, vision tests…) and prevention consultations or quick medical visits in case of need, thanks to the presence of a doctor and a nurse in renovated, equipped premises.

Equality between men and women

Several indicators allow us to monitor the number of women executives in the company. After achieving a certain stability in recent years, in 2017 we noted a significant increase in the share of women among senior executives (24% compared to 18%, or 20 women out of 84 top senior executives for the Executive Committee and n-1 positions). In terms of managers, the share of women is stable at 27% (in other words 492 women out of 1,811 managers), which is a slight improvement (26% in 2016, 25% in 2015), taking into account the fact that there are generally less women than men working in industrial and building sectors.

It should be noted that the share of women in the governing bodies has also increased with 44% of women in the Supervisory Board and 1/3 of women in the Executive Management Committee (EMC) in 2017.

This positive trend remains moderate, and we are striving to implement concrete measures in the field to promote the role of women within the company, in particular through internal mobility or during the external recruitment process.

In Sweden for example, an equal opportunity plan was deployed with the aim of reducing the risk of discrimination on the basis of sex, ethnical background, disability, etc.

1.6.4.3 Promoting the employment of people with disabilities

Depending on the country, the identification and tracking of people with disabilities within the company can be permitted or prohibited. For this reason, it is difficult to determine a unique global indicator to track progress in this area.

In 2017, the share of Tarkett disabled employees was 1.3%.

Tarkett is working to facilitate the integration of disabled employees in the work environment, through implementation of concrete measures at the local scale on all sites. For example, on the Sedan site in France, certain work areas have been tailored to allow disabled workers to perform the same work as other employees.

In addition, certain entities are working in collaboration with companies which encourage the employment of people with disabilities. Since 2010, the Eiweiler factory in Germany, is working with the non-profit organization, AWO, in which some twenty people with disabilities perform around 700 cuts of laminated floor samples per day.
1.6.5 Developing and recognizing talents

1.6.5.1 Anticipating needs to develop talents

For a company, anticipating its organizational and skills management needs is the opportunity to move from a reactive management approach to a proactive human resources management approach, in other words to plan the evolution of the market and the corresponding human resources needs. It is also the opportunity to bring another perspective to the way the company operates and to its work organization, in particular to plan for the retirement of experienced employees, anticipate career transitions, or to meet recruitment challenges, foster career development as well as geographic and professional mobility.

The Talent Management approach, implemented in 2008, is a formal process for resource and talent planning. It is a way to adapt human resources to the constraints of the business environment and to align with the company's strategic objectives, in other terms: to ensure that resources match needs both on the quantitative level (jobs) and the qualitative level (skills). The process anticipates the needs of the company for the next three to five years and is based on the vision of the future presented in the strategic plan of the Group. This formal approach is concretely articulated through a set of initiatives, described below.

Example

Creating an attractive work environment for young talents in the Eastern European division of Tarkett (TEE). Over the last 10 years, the efforts of the TEE division to build a strong employer brand have made it possible to recruit a significant number of young talents. Tarkett has developed partnerships with the most important universities in Serbia: students regularly visit the company. The best students can complete their research projects there. Tarkett also offers summer internships and grants. Several training programs designed for young people without professional experience have also been successfully run. Former interns become the best ambassadors of the company in their home universities. Over the years, Tarkett has acquired a solid reputation in Serbia as an employer who cares about its employees and values them, offers robust training and real career opportunities: 80% of managers, including those in division management, are recruited internally.

1.6.5.2 Talent Inside

Talent Inside, a career management digital platform, completed this program in 2016. Easy to use, the platform makes it possible to monitor and manage the Performance and Development Review and the definition of each employee's career goals. The system allows employees to track their own progress (annual assessments, objectives, development plans...). As for managers, they can monitor the progress of employees and inform them about team requirements. In this way, managers directly participate in the HR performance monitoring process, and career management. The system also makes it possible to consolidate action plans concerning talent management and to effectively monitor them.

1.6.5.3 The Talent Review

The Talent Review is a structured process which aims to assess career opportunities against the company's long-term needs. It involves people from the management and human resources team during regular meetings where anticipated organizational changes are examined in accordance with the needs and business environment of the company, and in light of the skills, potential and career development goals of employees. The talent review makes it possible to make decisions and to implement action plans by combining the coming organizational changes and the career development opportunities of employees. This process is targeting specific groups of employees including managers, engineers and technicians. In 2017, 398 employees were included in the Talent Review process carried out by HR teams and supervisors.

1.6.5.4 WCM program development plan

The purpose of this initiative is to identify key skills for implementation of the WCM program (World Class Manufacturing – read page 92) and achievement of industrial objectives. Structured WCM training programs are implemented in factories in the light of the priorities there, with the aim of developing the growth potential of all employees, whether they are senior executives or workers.
“Developing talents”

1.6.5.2  Fostering career mobility

The growing international dimension of the Group makes career mobility of great importance and offers employees motivating career perspectives. To foster career mobility opportunities, Tarkett has set up the appropriate processes and tools.

- **The COACH program** is used to develop the management skills of managers (first level) and to empower them to effectively fulfill their crucial role in the management of operations teams. The program is implemented in most factories in the European division. It has multiple objectives: to develop the skills of operational managers within the scope of World Class Manufacturing (WCM), to help them organize their work day, to lead a team, and to commit to managing factories and operations teams. Program strengths: Designed specifically for operational managers, the program is based on practical experience and concrete result rather than theory. It is tailored to each factory in order to address the issues faced by each of the latter. In 2017, 274 people took part in the program.

- Tarkett Careers, a new platform for international mobility and recruitment: After a deployment in North America, in 2017 the Europe division opened the Tarkett Careers platform. Employees who join the platform can be informed about job opportunities in the North American and European divisions, and may recommend or communicate this information to their professional network. The platform is also used by managers to post job offers and follow-up associated recruitment processes. The platform will be deployed across the entire Group.

- Orientation documents are available: The internal mobility charter is available to all employees via intranet and the Mobility Guide is a reference document used by the human resources network.

- The Talent Review Committee: HR directors from the various divisions meet regularly to discuss international career opportunities that may be offered to employees and make proposals to the Executive Committee in this area, meeting the Group's current and future needs. The Performance and Development Review (RDP) and the Talent Review are essential sources of data for this purpose.

- The WCM program development plan also promotes career mobility. It is implemented in many factories.

1.6.5.3  Training

We are convinced that training programs, whether for experienced employees or new hires, must be tailored to people's specific needs.

**Examples**

**At Group level**

- A new e-learning platform common to the entire Group in 2018: the Group's new e-learning platform, which is still under development, will replace the existing online training platform which features were relatively limited and which was not accessible to all the entities of the Group. The objective of the new platform is to offer a complete range of training that is easily accessible and easy to monitor thanks to a single, cutting-edge digital platform. It makes it possible to develop training programs and skills development answering all needs, fostering collaborative learning and bringing employees together with experts, trainers, and tutors. The goal is also to accelerate sharing of best practices and knowledge transfer, to stimulate continual learning rooted in genuine experience and daily situations, and to facilitate follow-up of all activities related to training and skills development. After a successful experiment in the North American division in 2017, this platform shall be implemented at the global level in 2018.

- The BusinessLeader@Tarkett program, launched in 2016 in partnership with the London Business School (LBS), this program aims to train tomorrow's leaders by developing their in-depth understanding of the Tarkett entrepreneurial culture, and their strategic skills in an ever-changing economic context. The program alternatively delivers a complete week of training at LBS, plenary sessions and group workshops. In 2017, 78 people from 12 different countries participated in this advanced managerial improvement program. Additional sessions are planned in 2018.

- Online training on the Tarkett environmental strategy: e-learning training was launched in 2017 to raise employees' awareness about the Group's environmental engagement and train them in relation to that topic. The main themes of this training are the following: what is sustainable development for Tarkett? How should we define and apprehend the Closed-loop circular design approach? Definition aspects, examples of specific initiatives and 2020 objectives are also presented. In North America in 2017, five classroom training sessions (from 3-7 hours) were organized for the sales teams to present the environmental commitment and help them communicate about the Group’s ambition in a very easy way to customers.

**Examples**

**Zoom on key indicators**

<table>
<thead>
<tr>
<th>Internal mobility</th>
</tr>
</thead>
<tbody>
<tr>
<td>52% of open management positions were filled by internal candidates. This represents nearly one out of two positions. This figure accounted for 45% in 2016 and 49% in 2015.</td>
</tr>
</tbody>
</table>
developing the managerial skills of first-level executives in the program to integrate new hires is used to train all our classroom and e-learning training programs on business

Other training programs:

- targeted programs: aimed at reinforcing the management skills (Manager@Tarkett), project management skills (ProjectManagement @Tarkett), and sales excellence for the sales teams (PowerUp in Europe);
- a program focused on innovation and creativity: the Customer Experience 2.0 program aims to promote the use of new methodologies and tools, within the scope of the Group's innovation process. For example, a training program, Customer Centric Innovation@Tarkett, was designed with the renowned Parisian school – d.school – focused on design thinking concepts and agile methods. 62 people participated in this training program in 2017;
- classroom and e-learning training programs on business ethics and compliance: training on compliance risk awareness and presentation of good practices must be attended by a selection of employees each year. In 2017, a training module on prevention of unfair competition practices was attended by a selected sample of over 4,000 employees. Classroom training set up by the legal departments has also strengthened this on-line training system, in particular in terms of fair competition, the prevention and fight against corruption and in the area of personal data protection;
- the program to integrate new hires is used to train all our new hires. Within the scope of the program, new hires are introduced to a reference person who helps them with a smooth integration within the company. In Europe, the Tarkett's Live Campus module rounds up this integration with a 1-4 day in-factory training program to better understand the Group’s business activities and products;
- developing the managerial skills of first-level executives in the factory: the objective is to accelerate adoption of WCM program best practices, to motivate teams, create greater professional mobility and a wider skills pool. Two key training modules are currently in place in all production factories: Problem Solving Methodologies and COACH (managerial skills for team managers – read page 121). Our local WCM teams have developed these skills, and can in turn train operators in the field.

1.6.5.4 Sharing expertise: pluridisciplinary teams and expert networks

The development of “collective expertise” is a key element to anticipate the changes needed in order to fulfil the company strategy. It involves sharing of expertise which also allows employees to improve their know-how, their employability and their mobility. The company can thus value its talent pool and improve results.

To promote this sharing of expertise, we strongly encourage pluridisciplinary team work, by bringing together employees from diverse backgrounds on projects taking place at the Group or division scale. We also encourage networking, best practice sharing, internal benchmark forums (comparative analysis), as well as knowledge transfer.

Within the scope of the WCM program, every year we organize a series of specific meetings on one of the Tarkett manufacturing sites. The objective is to develop the skills of our experts in manufacturing processes and share knowledge in terms of operational excellence. Since 2012, comparative analysis initiatives have been organized within the Group’s factories. The WCM program also encourages factory operators to commit themselves and bring innovative ideas to improve processes, hence becoming actors in the development of their own work environment.

Equally, in 2016 we launched the Tarkett Expert Network to capitalize on the technical expertise of our Research & Innovation and Operations teams. Our objective is to use the know-how of our technical experts, and to help them develop their long-term career development, via tutoring, training and knowledge sharing.

Examples

- The third world forum on professional maintenance: the aim of professional maintenance is to set up an effective maintenance system to increase availability of equipment while reducing costs to maintain them in operational order. The Tarkett Professional Maintenance Forum is an annual meeting organized by the WCM Central team with the aim of sharing experiences and best practices in the field, consolidating this world network and accelerating deployment of professional maintenance on Tarkett sites. In 2017, the Forum brought together 50 participants from 21 sites on the Balčka Palanka site (Serbia), bringing together teams from all continents for the first time.
- An international meeting on Cost Deployment: in 2017, the linoleum factory of Narni hosted 23 people from different Tarkett sites all over the world, for the Group’s benchmark meeting on Cost Deployment (CD). The aim of the event was to encourage networking of experts, identification of best practices, and reinforcement of exchanges between factories. Cost Deployment is the methodology used by factories to construct and deliver a solid, reliable Productivity Action Plan.
An Early Equipment Management forum (EEM): 35 people from the technical and engineering departments from 20 sites met in 2017 at the Ronneby site (Sweden), for two days to continue building the EEM community (industrial project management method). During this event, the industry 4.0 concept and key points to develop the “Factory of the future” at Tarkett were addressed. For example, within the framework of preventive maintenance, Tarkett plans to install connected sensors in its factories in the coming years to facilitate remote diagnostics of its facilities. This makes targeted operations easier on site as soon as the machine sends an alert in case of a specific maintenance need. The Hanaskog (Sweden) and Orzechowo (Poland) sites are already equipped with connected sensors.

Launch of the Trusted Peer platform: launched in September 2017, this peer platform aims to foster communication between all knowledge holders in the company. It makes it easy to look for specific information and get into contact with people that have a particular expertise, on issues related to Tarkett products, industrial processes, manufacturing processes, the environment, and technical design. It also makes it easy to get in touch with external experts (universities, institutes, etc.). This system should be a quick, easy way to share expertise in all areas related to the company.

1.6.5.5 Promoting entrepreneurial culture

1.6.5.5.1 Fostering entrepreneurial spirit through training
In recent years, Tarkett has pursued a growth strategy through acquisitions and has successfully integrated companies from all over the world recognized for excellence in their field. Within this scope, we wish to keep alive and stimulate an entrepreneurial spirit at the scale of the company. Hence, we encourage our employees to take initiatives and calculated risks, and to assess opportunities in accordance with tangible criteria.

That is why we have set up an Entrepreneurial Leadership framework at the Group level to specify expectations in the field. This model is now a benchmark for the skills development of senior managers and is planned to be extended to other populations within the Group.

1.6.5.5.2 Recognition: Tarkett Awards
Implemented in 2010, Tarkett Awards celebrate successful initiatives and best practices across the entire company. The goal of the awards is to encourage exceptional achievements and the ambitious projects of each team. The 2017 awards in particular distinguished design, innovation and sustainable development. Out of more than 241 projects submitted, 7 teams were celebrated for their impressive, inspiring achievements. The representatives of each team took part in the awards ceremony attended by our CEO, members of the Executive Committee, and 150 senior executives in the Group.

Example
A Tarkett Award for the installation of a new production line in Jasło (Poland): this award commends a pluridisciplinary team which implemented a new LVT (Luxury Vinyl Tiles) production line on the Jaslo site, to answer the growing market demand for modular flooring. By applying the ProjectManagement@Tarkett methodology and tools, the teams met the different strategic objectives of cost, production efficiency, and product quality.
1.6.6 Social dialogue

1.6.6.1 Listening: the internal survey

To efficiently organize on-going dialogue with all employees, across all our sites, we issue an internal satisfaction survey every two years. The survey covers all of the Group’s businesses and sites and includes all employees. It is translated into 17 languages, is totally anonymous and entirely overseen by an independent third party to prevent any bias. It includes 70 questions in 13 different categories:

- communication;
- company image;
- empowerment and accountability;
- leadership;
- loyalty and engagement;
- management;
- performance management;
- teamwork and cooperation;
- training and Development;
- work organization;
- industrial excellence (WCM);
- ethics and integrity;
- entrepreneurial leadership.

The survey is completed by a specific version that is sent to 150 Tarkett senior executives. The latter survey focuses on strategy, future perspectives, and management. In 2016, five new questions were added, covering key issues such as strategy implementation, manager engagement and motivation, the definition of innovation, and lessons to be learned from mistakes.

1.6.6.1.1 Key conclusions for 2016

In 2016, 89% of employees participated in the survey (a 5 point rise over 2014) or 10,500 people. The high participation rate reflects employee approval of and confidence in the independent nature of the survey. A positive trend has also been noted in terms of how their opinion of the company is expressed. Based on a certain number of positive signals, already present in 2014, 2016 results showed progress in most areas covered by the survey. This illustrated at different levels of the organization, the situation and progress achieved or to be continued in order to create an attractive work environment that fosters personal and professional development.

The trends are also encouraging for CSR issues, as shown in the following table.

### Spotlight on the employee survey: Tarkett’s employees’ views on the Group responsibility

<table>
<thead>
<tr>
<th>Survey statement</th>
<th>Percentage of employees who agree with the statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics and integrity are central to Tarkett’s culture</td>
<td>66% 70% 71%</td>
</tr>
<tr>
<td>Unethical practices are not tolerated within Tarkett</td>
<td>Not asked 75% 76%</td>
</tr>
<tr>
<td>I know how to report unethical practices</td>
<td>Not asked 70% 76%</td>
</tr>
<tr>
<td>Tarkett provides adequate focus on safety for employees</td>
<td>81% 85% 85%</td>
</tr>
<tr>
<td>I believe that Tarkett is an environmentally responsible company</td>
<td>82% 85% 83%</td>
</tr>
</tbody>
</table>

1.6.6.1.2 From listening to action: implementing progress plans

At both the scale of the Group and locally, the Tarkett employee satisfaction survey is an invaluable management tool. The global analysis of the survey results clearly shows the Group’s strengths and areas for improvement. Based on this analysis, each site/entity develops a customized action plan to be implemented at the local level. These local plans are reinforced by action plans determined at the Group and division levels, and coherently implemented.
1.6.6.2 Organizing social dialogue

The regulatory scope of dialogue between employers and employee representatives varies from one country to another. However, in addition to respecting local labor legislation, Tarkett applies in all the countries in which it operates the same respect for its fundamental values and principles of freedom of association, and in particular respect for trade unions. A constructive dialogue at all Group levels is encouraged.

The Tarkett Forum, the Group’s European works council, has been created to foster dialogue in Europe. Several times per year, this council brings together trade union representatives of our main European sites to dialogue with Group Management, including our CEO. This council strengthens cooperation and social dialogue and focuses on issues pertaining to the general functioning of the company and discusses HR issues common to different sites and countries in Europe.

1.6.6.3 Collective agreements

Tarkett is committed to respecting, in addition to the legal obligations specific to each country, employee freedom of association, collective bargaining and representation.

We apply these principles without exception and in the same way in all countries where the Group operates whether in Europe, the United States, Russia, Serbia, Ukraine, Kazakhstan, Brazil, China or India.

Following this deliberate policy, 144 collective agreements are in place at Tarkett, 100 of which concern the Group or sites overall and 15% of which cover issues related to occupational health or safety. The agreements cover a wide range of topics such as compensation and benefits, overall work time, work organization, and employment classification. They apply in 20 countries where Tarkett engages in sales and/or industrial activity.

To ensure that essential, current human resource issues are handled and formally accepted, the agreements are regularly updated. This results in better work relationships, fostering good work conditions and a global positive spirit.

1.6.6.4 Changes and Adjustment of the workforce to local activity

Tarkett has a mid and long term vision of its development plan and strives to ensure profitable, sustainable growth. The Group is committed to growing the skills and employability of its employees, not only to allow each individual to contribute and to grow within the company, but also to anticipate any consequences of an evolution in the organization.

Whenever possible, the Group strives to anticipate the consequences of variations in activity. In case of reduction in activity, without a perspective for recovery, the Group may be called to occasionally or structurally downsize. Adapting work organization to the activity level, downsizing or restructuring plans are carried out in compliance with local regulations and the principles of the Tarkett Code of Ethics, in consultation with employee representatives. Within the scope of measures to adjust to reduced activity, Tarkett seeks above all to adapt work organization (taking paid vacation, reorganization of work time, partial unemployment, etc.), reduce temporary employees (interim and fixed term contracts), favor internal re-employment solutions, and include social criteria for people leaving the company (retirement, age, career or personal projects...).

In 2017, Tarkett did not put a restructuring plan in place, but made some adjustments to the workforce based on local activity. Following the management’s decision to reorganize the carpet production activity in Ukraine starting from January 2018, we have begun restructuring the Tarkett Vinisin Ukrainian production factory: 6 employees were laid off at the end of December 2017. At the same time, in order to increase the productivity of our Serbian production factory, it was decided to reduce the number of employees in certain departments, which resulted in a restructuring process. In all, 4 employees were laid off at the end of December, 2017. In addition, in 2017, FieldTurf Poligras, a company in Tarkett Group, announced the closing of its factory in Valls (Spain) which produces artificial grass for playing fields. This decision was made owing to the difficult economic situation of the factory. 17 employees were let go, including 15 people at the end of December and two people at the end of June 2018. All employees received support to pursue their professional projects from an external specialized company.
Appendix

ICPE of production sites in France (ICPE: Installations Classées pour la Protection de l’Environnement – Classified Installations for Environmental Protection Purposes)

The vinyl production facility in Sedan, France is ranked as an Authorization-level Classified-installation by a Prefecturial Decree of July 2008 in particular for sections with regard to the processing and storage of plastic materials. Hence the site is subject to "an Authorization" for sections:

- > 2450.2-a – Rotogravure printing;
- > 2663.2-b – Storage of polymers (for its finished products);
- > 2662.2 – Storage of polymers (for its raw materials).

The Sedan site has entrusted its regulatory watch to a specialized firm which in particular allowed it to identify evolutions in ICPE regulations. In particular, the site communicated all elements to the authorities concerning the new 3,000 and 4,000 sections. The site is organized in case of a major fire or pollution disaster thanks to a POI (Internal Operation Plan) and an internal team of firemen capable of intervening 24 hours a day and 7 days a week.

The site organization complies with the highest standards. Hence, the site is certified for the following standards: ISO 9001 (Quality), ISO 14001 (Environment), ISO 50001 (Energies) and OHSAS 18 001 (Safety), and has confirmed the bronze WCM level in September 2016.

Thanks to the site’s deliberate policy, it has considerably reduced its environmental impact. In fact, since 2011, VOC industrial waste has been reduced 3 times, water consumption has been cut in half from 2012 to 2014 and non-recyclable waste has been reduced more than 4.5 times.

To achieve this, the site uses a structured method for analyzing and reducing environmental impacts. Finally, to protect the environment from accidental pollution, the site has set up oil separators on storm water discharges and a system that continually analyzes the pollution level on industrial water outputs.

The authorization request to operate the Auchel site (France) was validated by the Préfecture (territorial authorities) on 22/08/2016 and the final report was issued on 25/08/2016. The report was completed by the firm, ENVIR0 CONSEIL. The Auchel site factory installations are subject to the registration scheme. The nomenclature version taken into account to carry out this classification is version 27.01 (October 2015).

Accordingly, the site is now subject to registration for the section: 2661.1 and 2661.2 – Transformation of polymers.

The following sections were classified as being subject to declaration (the regulatory level below Registration):

- > 2662 – Storage of polymers;
- > 2663.2 – Storage of tires and products of which a minimum of 50% of the total unit weight is composed of polymers;
- > 4719 – Acetylene storage.

Section 2910.A – Combustion except for facilities subject to sections 2770 and 2771 was classified as being subject to declaration with periodic controls.

Food waste

At Tarkett, food waste is limited to restaurant services and is managed by external suppliers with their own action plan, like in our headquarters in France.
1.7 Social and Environmental Report

1.7.1 Dashboard – Social, environmental and other CSR indicators

Social indicators

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>102-7a</td>
<td>Total number of employees</td>
<td>-</td>
<td>-</td>
<td>12,819</td>
<td>12,428 (1)</td>
<td></td>
</tr>
<tr>
<td>102-8a</td>
<td>Total number of permanent contract female employees</td>
<td>-</td>
<td>-</td>
<td>3,221</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8a</td>
<td>Total number of permanent contract male employees</td>
<td>-</td>
<td>-</td>
<td>8,576</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8a</td>
<td>Share of permanent employees</td>
<td>-</td>
<td>-</td>
<td>92%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8a</td>
<td>Total number of fixed-term contract female employees</td>
<td>-</td>
<td>-</td>
<td>385</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8a</td>
<td>Total number of fixed-term contract male employees</td>
<td>-</td>
<td>-</td>
<td>637</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8a</td>
<td>Share of fixed-term employees</td>
<td>-</td>
<td>-</td>
<td>8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8b</td>
<td>Total number of permanent contract employees</td>
<td>-</td>
<td>-</td>
<td>11,797</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8b</td>
<td>Total number of fixed-term contract employees</td>
<td>-</td>
<td>-</td>
<td>1,022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8c</td>
<td>Total number of full-time female employees</td>
<td>-</td>
<td>-</td>
<td>3,370</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8c</td>
<td>Total number of full-time male employees</td>
<td>-</td>
<td>-</td>
<td>9,020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8c</td>
<td>Total number of part-time female employees</td>
<td>-</td>
<td>-</td>
<td>236</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8c</td>
<td>Total number of part-time male employees</td>
<td>-</td>
<td>-</td>
<td>193</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8c</td>
<td>Share of part-time employees [base year 2014]</td>
<td>0.3%</td>
<td>1.4%</td>
<td>3.3%</td>
<td>3.0%</td>
<td>2.9%</td>
</tr>
<tr>
<td>102-8d</td>
<td>Number of external workers (FTE)</td>
<td>-</td>
<td>-</td>
<td>381</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8d</td>
<td>Share of external workers (% of total FTE)</td>
<td>-</td>
<td>-</td>
<td>3.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-41a</td>
<td>Percentage of total employees covered by collective bargaining agreements</td>
<td>-</td>
<td>-</td>
<td>62%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>Total compensation and benefits (€m)</td>
<td>5.0%</td>
<td>-</td>
<td>672</td>
<td>639</td>
<td>618</td>
</tr>
</tbody>
</table>

(1) Total workforce as of 31.12.2016 according to methodology of financial report, i.e. excluding Laminate Park.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>401-1</td>
<td>New employee hires and employee turnover</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>401-1a</td>
<td>Number of employee hires</td>
<td>-</td>
<td>-</td>
<td>2,713</td>
<td>1,883</td>
<td>2,111</td>
</tr>
<tr>
<td>401-1a</td>
<td>Rate of employee hires</td>
<td>-</td>
<td>-</td>
<td>21%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Number of permanent contracts ended by employer (e.g. resignation, retirement)</td>
<td>-2.6%</td>
<td>-</td>
<td>1,073</td>
<td>1,102</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Number of permanent contracts ended by employer (e.g. lay-off)</td>
<td>-19.5%</td>
<td>-</td>
<td>474</td>
<td>589</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Permanent employee turnover rate</td>
<td>-</td>
<td>-</td>
<td>13%</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>401-1b</td>
<td>Total number of employee departures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,470</td>
<td>-</td>
</tr>
<tr>
<td>401-1b</td>
<td>Total employee turnover rate</td>
<td>-</td>
<td>-</td>
<td>19%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>405-1</td>
<td>Diversity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>405-1a</td>
<td>Percentage of female administrators in Tarkett Supervisory Board</td>
<td>-</td>
<td>-</td>
<td>44%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>405-1a</td>
<td>Percentage of administrators in Tarkett Supervisory Board below 30 years</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>405-1a</td>
<td>Percentage of administrators in Tarkett Supervisory Board between 30 to 50 years</td>
<td>-</td>
<td>-</td>
<td>11%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>405-1a</td>
<td>Percentage of administrators in Tarkett Supervisory Board above 50 years</td>
<td>-</td>
<td>-</td>
<td>89%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of females in Executive Management Committee (EMC)</td>
<td>-</td>
<td>-</td>
<td>30%</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of female top senior executives (EMC to EMC-1)</td>
<td>6.1%</td>
<td>-</td>
<td>24%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of female top senior executives (EMC to EMC-2)</td>
<td>-3.9%</td>
<td>-</td>
<td>24%</td>
<td>28%</td>
<td>-</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of female managers</td>
<td>1.2%</td>
<td>-</td>
<td>27%</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of female other employees</td>
<td>-</td>
<td>-</td>
<td>28%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of female employees</td>
<td>0.1%</td>
<td>-</td>
<td>28%</td>
<td>28%</td>
<td>27%</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of employees below 20 years</td>
<td>0.0%</td>
<td>-</td>
<td>0%</td>
<td>0.5%</td>
<td>0.3%</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of employees between 20 to 29 years</td>
<td>0.9%</td>
<td>-</td>
<td>15%</td>
<td>13.8%</td>
<td>14.5%</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of employees between 30 to 39 years</td>
<td>0.3%</td>
<td>-</td>
<td>29%</td>
<td>28.6%</td>
<td>29.1%</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of employees between 40 to 49 years</td>
<td>-1.7%</td>
<td>-</td>
<td>27%</td>
<td>28.5%</td>
<td>28.2%</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of employees between 50 to 59 years</td>
<td>0.3%</td>
<td>-</td>
<td>23%</td>
<td>22.8%</td>
<td>22.5%</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of employees above 60 years</td>
<td>0.1%</td>
<td>-</td>
<td>6%</td>
<td>5.8%</td>
<td>5.4%</td>
</tr>
<tr>
<td>405-1b</td>
<td>Percentage of employees with disabilities</td>
<td>-0.1%</td>
<td>-</td>
<td>1.3%</td>
<td>1.4%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>
### Training and Development

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</thead>
<tbody>
<tr>
<td>-</td>
<td>Share of employees having received training [base year 2011]</td>
<td>2.4%</td>
<td></td>
<td>56%</td>
<td>54%</td>
<td>58%</td>
</tr>
<tr>
<td>-</td>
<td>Training hours (thousand hours) [base year 2013]</td>
<td>35%</td>
<td></td>
<td>72%</td>
<td>345</td>
<td>255</td>
</tr>
<tr>
<td>412-2a</td>
<td>Total number of hours of employee training on Code of Ethics</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>412-2b</td>
<td>% of employees who have received training on Code of Ethics</td>
<td>-</td>
<td></td>
<td>-</td>
<td>41%</td>
<td>99%</td>
</tr>
<tr>
<td>404-1</td>
<td>Average number of training hours – all employees</td>
<td>-</td>
<td></td>
<td>-</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>Total training costs (€m)</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>2.4</td>
</tr>
<tr>
<td>404-3</td>
<td>% of employees who had a PDD, Polyvalence Matrix or equivalent appraisal this year</td>
<td>-</td>
<td></td>
<td>-</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>% of permanent contract employees who had a PDD, Polyvalence Matrix or equivalent appraisal this year</td>
<td>-</td>
<td></td>
<td>-</td>
<td>56%</td>
<td>56%</td>
</tr>
<tr>
<td>-</td>
<td>% of Talent Review conducted for management positions</td>
<td>-</td>
<td></td>
<td>0.1%</td>
<td>-</td>
<td>-</td>
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<tr>
<td>-</td>
<td>% of open management positions filled with an internal candidate</td>
<td>-</td>
<td></td>
<td>7.4%</td>
<td>-</td>
<td>52%</td>
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</table>

### Proactive internal communication and Social dialogue

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<tbody>
<tr>
<td>-</td>
<td>Progress on “Listen to employees and engage in social dialogue” in employee feedback survey [base year 2010]</td>
<td>-</td>
<td></td>
<td>-</td>
<td>+6.5pts</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>Progress on “Communicate proactively towards all employees” in employee feedback survey [base year 2010]</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>61.7</td>
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### Occupational safety & health

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</thead>
<tbody>
<tr>
<td>403-2a</td>
<td>Injury frequency rate – LTA only [FR0t] – employees</td>
<td>24%</td>
<td>-</td>
<td>1.55</td>
<td>1.25</td>
<td>1.17</td>
</tr>
<tr>
<td>403-2a</td>
<td>Injury frequency rate – LTA and lost time &lt; 24 hours [FR1t] – employees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.07</td>
<td>-</td>
</tr>
<tr>
<td>403-2a</td>
<td>Lost day rate due to LTA – accident severity rate [TG0t] – employees</td>
<td>36%</td>
<td>-</td>
<td>0.062</td>
<td>0.045</td>
<td>-</td>
</tr>
<tr>
<td>403-2a</td>
<td>Occupational illnesses (OI) frequency rate – employees</td>
<td>-</td>
<td>-</td>
<td>0.90</td>
<td>-</td>
<td>-</td>
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</table>

(1) 2016 restated (1.17).
(2) 2016 restated (0.035).
### Occupational safety & health

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</tr>
</thead>
<tbody>
<tr>
<td>403-2a</td>
<td>Absentee rate % – employees</td>
<td>0.2%</td>
<td>2.5%</td>
<td>2.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-2a</td>
<td>Absentee rate % – employees and external workers – plants only [base year 2014]</td>
<td>0.1% 0.3%</td>
<td>2.6%</td>
<td>2.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-2a</td>
<td>Injury frequency rate – LTA only (FR0t) – employees and external workers – plants only [base year 2010]</td>
<td>-6% 45%</td>
<td>1.38</td>
<td>1.46(^{(1)}) 2.32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-2a</td>
<td>Injury frequency rate – LTA and lost time &lt; 24 hours [FR1t] – employees and external workers – plants only [base year 2013]</td>
<td>-49% 69%</td>
<td>1.87</td>
<td>3.68(^{(2)}) 6.26</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-2a</td>
<td>Lost day rate due to LTA – accident severity rate – employees and external workers – plants only [base year 2013]</td>
<td>27% -1%</td>
<td>0.075</td>
<td>0.069(^{(3)}) 0.070</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-2b</td>
<td>Injury frequency rate – LTA only [FR0t] – external workers</td>
<td>-</td>
<td>6.62</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-4b</td>
<td>% of formal agreements covering health &amp; safety topics</td>
<td>-</td>
<td>15%</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Progress on &quot;Ensure respect and integrity through adhesion to Tarkett values&quot; in employee feedback survey [base year 2010]</td>
<td>- +5.5pts</td>
<td>-</td>
<td>61.5</td>
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</tbody>
</table>

### Tarkett Cares

<table>
<thead>
<tr>
<th>GRI</th>
<th>Indicator</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>203-2</td>
<td>Number of community initiatives supported through time, flooring, other material or funding contributions</td>
<td>141</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>203-2</td>
<td>Number of employees involved in community initiatives</td>
<td>1,398</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>203-2</td>
<td>Number of days of donated time through volunteering [based on 7 hours per day]</td>
<td>700</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>203-2</td>
<td>Quantity of flooring products donated to community initiatives (m^2)</td>
<td>16,322</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>203-2</td>
<td>Total value of contributions to community initiatives (in k euros)</td>
<td>508</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

\(^{(1)}\) 2016 restated (1.38).
\(^{(2)}\) 2016 restated (3.56).
\(^{(3)}\) 2016 restated (0.044).
## Social indicators by region

<table>
<thead>
<tr>
<th>GRI</th>
<th>Indicator</th>
<th>2017</th>
<th>Europe(1)</th>
<th>North America(2)</th>
<th>Rest of World(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-7a</td>
<td>Total number of employees</td>
<td>12,819</td>
<td>37%</td>
<td>31%</td>
<td>32%</td>
</tr>
<tr>
<td>102-8b</td>
<td>Total number of permanent contract employees</td>
<td>11,797</td>
<td>4,391</td>
<td>3,613</td>
<td>3,793</td>
</tr>
<tr>
<td>102-8b</td>
<td>Total number of fixed-term contract employees</td>
<td>1,022</td>
<td>397</td>
<td>341</td>
<td>284</td>
</tr>
<tr>
<td>401-1</td>
<td>New employee hires and employee turnover</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>401-1a</td>
<td>Number of employee hires</td>
<td>2,713</td>
<td>739</td>
<td>1,247</td>
<td>727</td>
</tr>
<tr>
<td>401-1a</td>
<td>Rate of employee hires</td>
<td>21%</td>
<td>15%</td>
<td>32%</td>
<td>18%</td>
</tr>
<tr>
<td>401-1b</td>
<td>Total number of employee departures</td>
<td>2,470</td>
<td>714</td>
<td>1,148</td>
<td>608</td>
</tr>
<tr>
<td>401-1b</td>
<td>Total employee turnover rate</td>
<td>19%</td>
<td>15%</td>
<td>29%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td><strong>Occupational health &amp; safety</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-2a</td>
<td>Injury frequency rate – LTA and lost time &lt; 24 hours [FR1t] – employees</td>
<td>2.07</td>
<td>3.85</td>
<td>1.58</td>
<td>0.66</td>
</tr>
<tr>
<td>403-2a</td>
<td>Lost day rate due to LTA – accident severity rate [TG0t] – employees</td>
<td>0.062</td>
<td>0.083</td>
<td>0.006</td>
<td>0.530</td>
</tr>
<tr>
<td>403-2a</td>
<td>Occupational illnesses (OI) frequency rate – employees</td>
<td>0.90</td>
<td>1.74</td>
<td>0.92</td>
<td>0.00</td>
</tr>
<tr>
<td>403-2a</td>
<td>Absentee rate % – employees [base year 2016]</td>
<td>2.5%</td>
<td>3.2%</td>
<td>2.0%</td>
<td>2.1%</td>
</tr>
<tr>
<td>403-2b</td>
<td>Injury frequency rate – LTA only [FR0t] – external workers</td>
<td>6.62</td>
<td>5.96</td>
<td>10.11</td>
<td>0.00</td>
</tr>
</tbody>
</table>

---

(1) Europe Corporate, EMEA & Tarkett Sports EMEA
(2) North America: Tarkett North America + Tarkett Sports North America
(3) Rest of World: Tarkett Eastern Europe + LATAM + APAC
### Environmental indicators

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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td><strong>Good materials</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>416-1</td>
<td>Share of raw materials for which material assessment following Cradle to Cradle® principles has been performed (% of purchase volume) [base year 2011]</td>
<td>+1pt</td>
<td>88pts</td>
<td>96%</td>
<td>95%</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Share of materials at the start of supply chain which do not contribute to resource scarcity (% of purchase volume) [base year 2011]</td>
<td>+2pts</td>
<td></td>
<td>71%</td>
<td>68%</td>
<td>67%</td>
</tr>
<tr>
<td>301-1</td>
<td>Share of renewable and recycled materials (% of raw material purchasing)</td>
<td>+9pts</td>
<td></td>
<td>39%</td>
<td>31%</td>
<td>-</td>
</tr>
<tr>
<td>301-2</td>
<td>Share recycled materials (% of raw material purchasing)</td>
<td>+6pts</td>
<td></td>
<td>12%</td>
<td>6%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>Resource stewardship</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Water consumption (litres/m²) [base year 2010]</td>
<td>-7.2%</td>
<td>-40%</td>
<td>3.09</td>
<td>3.33</td>
<td>3.32</td>
</tr>
<tr>
<td>303-1</td>
<td>Water consumption (million cubic metres)</td>
<td>-5%</td>
<td></td>
<td>0.96</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>303-3</td>
<td>Share of manufacturing sites that have implemented closed-loop water circuits (or do not use water in their process) [base year 2010]</td>
<td>+7pts</td>
<td>+6pts</td>
<td>67%</td>
<td>60%</td>
<td>57%</td>
</tr>
<tr>
<td>302-3</td>
<td>Energy intensity (kWh/m²) [base year 2010]</td>
<td>2.1%</td>
<td>-4%</td>
<td>4.17</td>
<td>4.09</td>
<td>4.21</td>
</tr>
<tr>
<td>302-1a</td>
<td>Non-renewable fuel energy consumption (GWh)</td>
<td></td>
<td></td>
<td>583</td>
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<td></td>
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<tr>
<td>302-1b</td>
<td>Renewable fuel energy consumption (GWh)</td>
<td></td>
<td></td>
<td>160</td>
<td></td>
<td></td>
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<tr>
<td>302-1c</td>
<td>Purchased electricity consumption (GWh)</td>
<td></td>
<td></td>
<td>547</td>
<td></td>
<td></td>
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<tr>
<td>302-1d</td>
<td>Generated electricity sold (GWh)</td>
<td></td>
<td></td>
<td>0</td>
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<td></td>
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<tr>
<td>302-1e</td>
<td>Total energy consumption (GWh)</td>
<td></td>
<td></td>
<td>1,290</td>
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<tr>
<td>305-4a</td>
<td>GHG market-based emissions intensity (Scope 1 &amp; Scope 2) (kg CO2e/m²) [base year 2010]</td>
<td>-1.9%</td>
<td>-9%</td>
<td>0.92</td>
<td>0.94</td>
<td>1.02</td>
</tr>
<tr>
<td>305-1a</td>
<td>Gross direct (Scope 1) GHG emissions (t CO2 equivalent)</td>
<td></td>
<td></td>
<td>112,972</td>
<td></td>
<td></td>
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<tr>
<td>305-1c</td>
<td>Biogenic CO2 emissions (t CO2)</td>
<td></td>
<td></td>
<td>56,057</td>
<td></td>
<td></td>
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<tr>
<td>305-2a</td>
<td>Gross location-based indirect (Scope 2) GHG emissions (t CO2 equivalent)</td>
<td></td>
<td></td>
<td>222,479</td>
<td></td>
<td></td>
</tr>
<tr>
<td>305-2b</td>
<td>Gross market-based indirect (Scope 2) GHG emissions (t CO2 equivalent)</td>
<td></td>
<td></td>
<td>171,549</td>
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## People-friendly spaces

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</thead>
<tbody>
<tr>
<td>416-1</td>
<td>Share of non-phthalate products (% of m² produced) [base year 2010]</td>
<td>57pts</td>
<td>57%</td>
<td>57%</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>416-1</td>
<td>Share of low Volatile Organic Compound (VOC) emission products (% of m² produced) [base year 2010]</td>
<td>+4pts</td>
<td>+75pts</td>
<td>96%</td>
<td>92%</td>
<td>92%</td>
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## Recycling and Reuse

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<tbody>
<tr>
<td>Non-recycled waste intensity (g / m²) [base year 2015]</td>
<td>-18%</td>
<td>-31%</td>
<td>86</td>
<td>105</td>
<td>125</td>
</tr>
<tr>
<td>Hazardous waste (thousand metric tonnes)</td>
<td></td>
<td></td>
<td></td>
<td>9.5</td>
<td></td>
</tr>
<tr>
<td>Non-hazardous waste (thousand metric tonnes)</td>
<td></td>
<td></td>
<td></td>
<td>66.6</td>
<td></td>
</tr>
<tr>
<td>Total waste to landfill (thousand metric tonnes) [base year 2015]</td>
<td>-26%</td>
<td>-33%</td>
<td>13.6</td>
<td>18.4</td>
<td>20.3</td>
</tr>
<tr>
<td>Share of total waste sent to landfill</td>
<td>18%</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of total waste sent to external recycling</td>
<td>65%</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of total waste sent for energy recovery</td>
<td>8%</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of non-recycled waste sent to landfill [base year 2015]</td>
<td>-8pts</td>
<td>-13pts</td>
<td>51%</td>
<td>58%</td>
<td>63%</td>
</tr>
<tr>
<td>Post-installation or post-consumer products collected (metric tonnes) [base year 2010]</td>
<td>-54%</td>
<td>-78%</td>
<td>4,100</td>
<td>8,900</td>
<td>9,900</td>
</tr>
</tbody>
</table>

## Other CSR indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of raw materials purchased with suppliers committing to UN Global Compact (% of purchase value) [base year 2011]</td>
<td>+10pts</td>
<td>+32pts</td>
<td>74%</td>
<td>64%</td>
<td>72%</td>
</tr>
<tr>
<td>Audited entities [base year 2011]</td>
<td>-1pt</td>
<td>+44pts</td>
<td>96%</td>
<td>97%</td>
<td>92%</td>
</tr>
</tbody>
</table>
1.7.2  CSR methodology note

Since becoming a listed company in 2013 Tarkett publishes, as required by French regulatory requirements, information on the social, environmental and societal aspects of its activities in its annual management report (Registration Document). This information includes Tarkett’s Corporate Social Responsibility (CSR) Key Performance Indicators (KPIs) taken from Tarkett’s Sustainability Dashboard. The Dashboard is an essential tool for monitoring and guiding performance. Its principal objective is to provide the Group with relevant indicators to evaluate the deployment of its strategy and fulfill its regulatory obligations. Progress is measured against a base year set for each indicator.

In accordance with French regulatory requirements, the corporate environmental and social information has been verified by an independent third-party organization (the report on corporate, environmental and social information by one of the Statutory Auditors, appointed as an independent third-party organization).

Guiding frameworks

Tarkett’s CSR reporting and sustainability dashboard have been developed based on the following frameworks:

› the Group’s sustainable development strategy: each strategic initiative relies on one or more quantified indicators, certain of which are the subject of long-term objectives (2020);
› the French 2010 Grenelle II law and subsequent amendments: the social, environmental and societal information required by Article L.226-102-1 of the French Commercial Code is included in the form of indicators or qualified statistics in the dashboard (the qualitative information is presented in other sections of the management report);
› the UN Global Compact: in connection with the Group’s voluntary commitment, the dashboard is a tool for managing performance in every dimension of the Global Compact;
› the Global Reporting Initiative (GRI) Standards 2016. This report discloses as far as currently possible the GRI Standards: Core option. A GRI content table (see section 3.7.3) indicates where the relevant standard disclosures can be found in this report;
› the Greenhouse Gas Protocol: Greenhouse emissions are quantified and reported according to the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) GHG Protocol.

The sustainability dashboard is built around three dimensions: Social Responsibility, Environmental Responsibility, and Corporate Governance.

Methodological Procedures

In 2017 Tarkett reviewed and improved the documentation of its CSR reporting procedures. This work aimed to further align its reporting with the new 2016 GRI Standards: core option and to incorporate learnings from its 2016 reporting campaign. The new CSR Reporting Handbook sets out:

› the aims of Tarkett’s CSR reporting and its 2020 objectives for certain indicators;
› the reporting principles, reporting scope, reporting tools, internal controls and consolidation rules;
› the reporting organisation, responsibilities and planning; and
› the detailed definitions, specific guidelines and control points of all reported indicators.

The CSR Reporting Handbook was prepared in consultation with the different internal CSR topic owners and involved gathering feedback during a trial run with the end of June reporting. The finalised version of the Handbook was presented to and approved by the Executive Management Committee. The Handbook will be reviewed each year taking into account feedback and any changes in reporting requirements or objectives.

The following is a summary from the CSR Reporting Handbook:

Reporting principles

› Stakeholder Inclusiveness
Tarkett is committed to meeting the expectations of its stakeholders by investing in long-term relations. Tarkett engages with stakeholders through diverse means to ensure that its strategies and reporting account for their expectations.

› Sustainability Context
Tarkett is determined to contribute, wherever its business activities allow, to addressing several of the most important and pressing challenges that face society in the 21st century (combating climate change, managing scarce natural resources sustainably and promoting people’s well-being and the development of healthy living spaces).

› Materiality
Tarkett conducted a stakeholder survey in 2016 to identify Tarkett material topics and ensure that its Sustainability policies are aligned with stakeholder expectations.

› Completeness
Tarkett’s CSR report covers the same scope as the consolidated financial report. Topics covered in the report reflect the organization’s significant economic, environmental and social impacts. Material CSR topics are not omitted. Furthermore, Tarkett strives to explore new and upcoming topics in appropriate detail.

› Accuracy
Tarkett strives to ensure the accuracy of reported data, with clearly documented definitions and procedures in its CSR Reporting Handbook and with multiple controls.

› Balance
Tarkett tracks performance in order to report on progress as well as challenges, thus reflecting in a transparent manner both positive and negative aspects of its CSR performance.

› Clarity
CSR information is presented by Tarkett in a clear manner with sufficient detail, that can be easily understood by stakeholders.

› Comparability
Tarkett promotes consistent reporting through well documented procedures and presents indicators with comparisons to previous periods and base years.

› Reliability
Reported data is documented and traced to source with internal controls and third party external verification providing additional confidence in the veracity of published content.

› Timeliness
Tarkett publishes CSR information annually with financial reports in March/April.

Reporting period

The annual reporting period is aligned with the financial year which is the calendar year from 1st January to 31st December. This report concerns the period 1st January 2017 to 31st December 2017.

Reporting frequency

CSR reporting for external publication needs is conducted annually. Intermediary reporting for internal purposes are conducted for certain topics (e.g. monthly reporting of WCM industrial KPI). Following the implementation of the new CSR Reporting Handbook, Tarkett carried out a complete intermediary reporting exercise at the end of October 2017. This helped to prepare for the end of year campaign and accompanied the deployment of the new handbook.
SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Social and Environmental Report

Scope of reporting
The scope of reporting is Group-wide, covering all activities of which the Group has operational control, except for Cüzorn, where production ceased in 2014.

Social reporting covers:
- the workers (employees and external workers) at all entities in the consolidated financial scope. This includes all manufacturing plants, sales network and administrative offices;
- safety & absenteeism are reported for 2 scopes:
  1) Plants only = all manufacturing plants in Tarkett WCM Industrial program (all manufacturing operations) including both Tarkett payroll employees and external workers;
  2) Group = all Tarkett payroll employees (except where specific limits to scope of reporting are given).

Environmental reporting covers:
- the manufacturing activities at all plants in the consolidated financial scope;
- the flooring and sports surface finished goods produced at all plants in the consolidated financial scope.

Rules for Joint Ventures and participations less than 100%: Tarkett currently has one participation less than 100% and one Joint Venture (Laminate Park). For social reporting both entities are consolidated at 100% (Headcount figures in other chapters of Tarkett’s management report exclude the headcount at Laminate Park). For environmental reporting at the Laminate Park plant at Eiweiler, Germany, the MDF line is consolidated at the relative share of the production. This means the plant environmental indicators for the MDF line are consolidated pro rata to the Tarkett share of the MDF semi-finished goods production volume. Plant environmental indicators for the laminate line at the same plant are consolidated at 100%, corresponding to the 100% Tarkett share of the laminate finished goods production volume.

Reporting organisation
The CSR Reporting is coordinated jointly by the CFO and the VP Group Communications and CSR. Each CSR topic and its relevant indicators are owned by a member of the Tarkett Executive Management Committee (EMC). The clear ownership and responsibility ensure accurate, reliable and timely reporting of CSR data and indicators.

Reporting tools
HR CSR scorecard: data on workforce, headcount, diversity, etc. topics collected in a specific reporting Excel scorecard and consolidated by the group.
Tarkett Cares scorecard: data compiled in a specific reporting Excel scorecard and consolidated by the group.
Employee satisfaction: measured every two years through the internal employee satisfaction survey. Next survey in 2018.
Compliance: data on compliance topics training (e.g. competition) collected in a specific reporting Excel scorecard and consolidated by the group.
Academy: data on Tarkett Academy training collected in a specific reporting Excel scorecard and consolidated by the group.
WCM environmental, safety and absence indicators: data reported in a dedicated scorecard for each manufacturing plant with data uploaded monthly to a group data repository.
People Friendly Spaces: phthalate free, low VOC emission and production volume data collected from plants in a specific reporting Excel scorecard and consolidated by the Group.
Good materials: indicators on resource scarcity and Cradle to Cradle® assessment compiled from raw material purchase data and material classification and consolidated by Group in a specific reporting Excel scorecard.
Restart & re-use: data on post-installation, post-consumer and post-manufacturing waste collection and re-use collected in a specific reporting Excel scorecard and consolidated by the group.
UN Global Compact supplier commitment: data compiled from raw material supplier purchase data.

Specific limits to scope of reporting
Safety: excluding Beynon Sales Network; Grassmaster activities does not track first aid injuries.
Absence: excluding the following entities in the US, where hours lost for unplanned absence are not tracked according to Group rules: Diamond West, Solon & Resilient Sales Network, FieldTurf North America & Sales Network, FieldTurf USA Sales Network, Beynon Sales Network (these entities represent approximately 25% of Tarkett’s North American headcount).
Training hours: excluding FieldTurf EMEA HQ & Sales Network, FieldTurf Spain Sales Network.
Share of employees receiving training: excluding FieldTurf EMEA HQ & Sales Network.
Training costs: excluding FieldTurf EMEA HQ & Sales Network, Tandus US.
Annual performance appraisal: Absteinach & Laminate Park.
Internal management positions filled internally: Laminate Park.
Raw material assessment & resource scarcity: all raw materials purchased for the production of finished and semi-finished flooring and sports surface products, excluding outsourced finished goods, process chemicals and packaging.
Environmental manufacturing indicators: water, energy, greenhouse gas emissions and waste indicators are reported for all industrial sites within the scope of reporting.
People Friendly Spaces indicators: share of phthalate free, share of low VOC emission and share of non-quantifiable VOC emission products exclude all semi-finished production volume, the production volume for automotive industry at Clevaux and the laminate flooring branded Horsttex and Easium produced by Laminate Park.
Supplier commitment to UN Global Compact: all raw materials purchased for all sites worldwide for the production of finished and semi-finished flooring products, including packaging materials where these are included in the Bill of Materials including main outsourced finished goods (LVT), excluding sports surface products.

CSR indicator definitions
(extract from Tarkett CSR Reporting Handbook)

Social
Full time equivalent (FTE): used to measure the effective workforce during the reporting period as opposed to the headcount which is the number of employees present at the end of the reporting period. Reported for both Tarkett payroll employees and external workers.
Headcount: number of Tarkett payroll employees at the last day of the month of reporting period.
Tarkett payroll employees: all workers who are engaged by Tarkett and are on the Tarkett payroll, including interns/trainees and apprentices if on payroll. Excluding non-active staff (employees on leave greater than 6 months).
Permanent contract: employee engaged by Tarkett for no specified duration (i.e. indefinite contract for an indeterminate period). Exception for China where employees on 2 or more years fixed-term contract are considered as permanent.
Fixed-term contract: employee on Tarkett payroll engaged for a specified limited duration (i.e. employee temporary contract).

Geographical zones:
Europe comprises Tarkett EMEA, Tarkett Sports EMEA & corporate; North America comprises Tarkett North America & Tarkett Sports North America; Rest of World comprises Tarkett Eastern Europe, Asia Pacific and Latin America.
External workers: any worker who does not have an employment contract with Tarkett/is not on Tarkett payroll (e.g. external workers on contract with a temporary staff employment or leasing agency hired to support regular operations).
Manager: a manager is an employee with at least one direct report at the date of reporting (e.g. 31.12.), including blue collar workers (e.g. shift leaders, group leaders, extension supervisors and team managers are considered as managers).
Other employees: all employees other than managers at the date of reporting.
Disabled employees: reported according to local labour laws where permitted.

Top senior executives (EMC to EMC-1): CEO, members of Executive Management Committee (EMC) and the senior executives reporting to them (with or without direct report).

Senior executives (EMC to EMC-2): top senior executives and the senior executives directly reporting to them (with or without direct report).

Employees hired: number of employees (with permanent or fixed-term contracts) added to the payroll including employees hired on the final day of reporting period.

Rate of employee hires: employees hired/headcount.

Total number of employee departures: number of employees (with permanent or fixed-term contracts) removed from the payroll.

Total employee turnover rate: employee departures/headcount.

Permanent employee turnover rate: permanent contract employee departures/permanent employee headcount.

Share of employees having received training: an employee is considered as “having received training” if the cumulative number of training hours received (within the full year) exceeds 1 full day (8 hours).

Training hours: training in Tarkett as considered as development activity, with specific support, and confirmation of attendance.

PDD, Polymatric Matrix or equivalent appraisal: the annual appraisal (“Performance and Development Dialogue” and “Polyvalence Matrix”) is an annual exchange between the employee and his/her manager to discuss achievements, skills, opportunity for improvement and development program.

Talent Review conducted for management positions: a structured process for making the key decisions related to the organization needs, employee development priorities, and careers progression.

Open management positions filled with internal candidate: a management position is a position (manager) with at least one direct report. An internal candidate is a candidate already a Tarkett employee.

Number of external employees who received Tarkett Academy training: number of people (excluding employees and external workers) having completed a Tarkett Academy technical training session / programme in the Tarkett Academy network.

Tarkett Academy network: the Tarkett Academy organizes and provides specific technical training programmes (in flooring installation and maintenance) at dedicated training centres and at other locations.

Dedicated Tarkett Academy technical training centre: a Tarkett facility that is dedicated to giving technical training (including training to external people).

Number of injuries – employees: Excluding accidents to visitors and commuting accidents which are tracked separately; where visitors may not be considered as employees (total headcount) who have completed the Tarkett online training in Tarkett as considered as development activity.

LTA: A Lost Time Accident (including fatality) where the individual is more seriously injured and as a result they are unavailable to attend work for a period greater than 24 hours.

Injuries with lost time < 24 hours: a workplace injury which is sufficiently serious to mean that the injured person is unable to attend work for the remainder of the day, however are available to return to work the next day.

Injuries with first aid: a workplace minor injury where the injured party is able to return to work following a brief period of minor treatment from an occupational nurse or trained staff member.

Injury frequency rate – LTA only [FR01]: # LTA x 1,000,000 / worked hours

Restatement: 2016 values (Group & Plants only) restated to include 2 LTAs for Tarkett employees visiting other sites.

Injury frequency rate – LTA and lost time < 24 hours [FR02]: # LTA + # Injuries with lost time < 24 hours x 1,000,000 / worked hours

Restatement: 2016 values (Plants only) restated to include 2 LTAs for Tarkett employees (installers) previously omitted.

Injury frequency rate – LTA, lost time < 24 hours & first aid [FR03]: # LTA + # Injuries with lost time < 24 hours + # injuries with first aid x 1,000,000 / worked hours

Restatement: 2016 values (Group & Plants only) restated to include lost days for an accident occurring before 2016.

Occupational illnesses: an occupational illness (or disease) is defined as, “any abnormal condition or disorder, other than one resulting from an occupational injury, caused by exposure to factors associated with employment.”

Occupational illnesses frequency rate: # Occupational illnesses/worked hours x 1,000,000.

Hours lost for absence: worked hours lost for unplanned absence (i.e. illness, worked-related accidents, strikes or other unexcused absence) of all employees during the reporting period up to 30 days. Excluding “planned sick leave” absence (e.g. in North America, where certain categories of workers, such as office workers, have pre-determined quota of “paid sick days” that they can take without justification and where actual sick days are not tracked).

Absentee rate %: # hours lost for absence / # total scheduled hours.

% of total employees covered by collective bargaining agreements: all negotiations which take place between employers, on the one hand, and workers’ organizations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and employees.

% of formal agreements covering health & safety topics: share of all formal agreements which cover health and safety topics.

Progress on “Ensure respect and integrity through adhesion to Tarkett values”: average score to 2 questions in the biannual employee feedback survey: “I believe that Tarkett’s values provide employees with clear guidelines” and “I believe that manager conduct is consistent with Tarkett values”.

Progress on “Listen to employees and engage in social dialogue”: average score to 3 questions in the biannual employee feedback survey: “In my department, differing views are openly discussed when making decisions” and “Sufficient effort is made to get the opinions and thinking of people who work in Tarkett”.

Progress on “Communicate proactively towards all employees”: average score to 3 questions in the biannual employee feedback survey: “My manager does a good job of keeping me informed about matters that affect me”, “Senior management does a good job of explaining the reasons behind important business decisions” and “Overall, I receive enough information at Tarkett”.

Total compensation and benefits: total of short- term employee benefits.

Tarkett Cares

Community initiatives: the Tarkett Cares programme promotes the participation of Tarkett employees and Tarkett entities in local community initiatives which help the community for better living and contributes to local community’s needs. As per Tarkett Cares guidelines the initiative should be connected to Tarkett’s values, core business or sustainability commitment and carried out with an officially recognised non-profit organization (including public services such as schools).

Employees involved: the total number of employees who have volunteered 1 or more hours to community initiatives.

Hours volunteered: the total number of hours volunteered during working hours. As per Tarkett Cares rules, each employee can volunteer (share time and talent) between 1 hour and 2 days per year during working hours. Hours volunteered outside of working hours (e.g. evenings, weekends, holidays) are not included.

Flooring products donated: total square meters of flooring products donated to community initiatives.

Total value of contributions to community initiatives: Value of flooring products donated based on standard factory price (cost of production) + value of other in-kind contributions (cost of purchased materials) + cash donations + value of volunteered hours (calculated using total employee compensation and FTE).

Code of Ethics

% of employees who have received training on Code of Ethics: share of employees (total headcount) who have completed the Tarkett online e-learning module on Tarkett’s Code of Ethics, or who have received “in-person”EGT “Face to face training on Tarkett’s Code of Ethics.

Total number of hours of employee training on Code of Ethics: based on a standard duration for online e-learning or in-person training on Tarkett’s Code of Ethics of 2 hours.
Environmental Indicators on raw materials: purchases of raw materials only (i.e. materials included in the Bill of Materials) (excluding indirect purchases and finished products). Most raw material purchase data comes from Tarkett’s global SAP data warehouse. The remaining (26%) is reported by plants.

Share of raw materials for which material assessment has been performed (% of purchase volume): share of materials purchased (in metric tonnes), for which an impact study was carried out pursuant to Cradle to Cradle® principles “Product Standard Material Health Methodology Nov. 2013” available at www.c2cCertified.com. Tarkett uses ABC-X classification, which evaluates risks related to the impact of chemicals on the environment and the recyclability of those substances. For raw materials in SAP the ratings A, B, C, [I], X and [X] are considered as assessed at a SKU level. For other raw materials the ratings A, B, C, [I], X, [X] and Grey are considered as assessed by raw materials family. For PVC materials, all raw materials are considered as assessed.

Share of materials at the start of supply chain which do not contribute to resource scarcity (% of purchase volume): materials characterized based on resources used in their production process (fossil, limited minerals, abundant minerals, renewable, recycled). The 3 categories not contributing to resource scarcity are: mineral abundant, renewable and recycled.

Fossil origin: every resource synthesized from fossil fuel, especially oil, but also sulphates. The category excludes fossil minerals like Calcium carbonate. Polyvinyl Chloride (PVC) is considered as 43% fossil petrol and 57% mineral abundant (sea salt).

Mineral origin: a chemical element or inorganic combination of chemical elements occurring naturally, extracted from the ground or water and used in economic activities. The category includes fossil-formed minerals like charcoal or limestone. Mineral abundant resource – that is not threatened by scarcity. It can have important reserve (sea salt – sodium chloride, limestone – calcium carbonate…), very good recycling process (like Aluminium) or be virtually inexhaustible (chlorine in sea water). Mineral limited resource – that is threatened by exhaustion in a short term (as defined by selected models) and that is to be substituted in priority.

Renewable origin: a resource of which reserves can be replenished in the same or less time than the one needed for its consumption.

Recycled origin: as per ISO14021 definition, including post-consumer and post-installation flooring waste collected by Tarkett (e.g. ReStart®) and effectively recycled and used in Tarkett products, recycled post-manufacturing waste from Tarkett used in Tarkett production, recycled post-consumer and/or post-manufacturing) waste procured by Tarkett from other industries for Tarkett production and recycled content of other procured raw materials.

Manufacturing environmental intensity indicators: Tarkett tracks and reports its environmental performance per square metre of floor covering. These intensity ratios are calculated by dividing the (numerator) environmental manufacturing indicators (water, energy, greenhouse gas emissions and non-recycled waste) by the (denominator) volume of finished goods – floor covering in square metres. The volume of semi-finished goods is not included.

Water consumption: all water consumed in the production/technical process, including for cooling as well as water not consumed in the production process, but consumed on site (e.g. in sanitary, in canteens). Water sources are groundwater, surface water and municipal water. Excluding rainwater consumption (118 000 cubic metres).

Share of manufacturing plants that have implemented closed-loop water circuits (or do not use water in their process): closed-loop water circuit considered as when water is recycled and reused in a closed loop. The only make-up normally required is that needed to replace small water losses. Each plant calculates % of reused water using flow data and formula A=A+B+C where A = volume of water re-used or recycled; B = volume of water consumed and discharged directly and C = volume of water consumed to refill the loop. Plants considered as having closed-loop water circuit when results > 98%.

Non-renewable fuel consumption: includes the consumption of fuel oil, natural gas, liquefied petroleum gas, propane and butane.

Renewable fuel consumption: includes the consumption of biomass, biofuel, geothermal, solar thermal and solar photovoltaic fuel. Excluding the purchase of renewable electricity reported separately as part of purchased electricity.

Purchased electricity consumption: renewable and non-renewable purchased electricity consumption.

Non-renewable electricity: share of electricity purchased from a supplier using a non-renewable energy source to generate the electricity supplied during the reporting period. Including a small amount (0.3%) of purchased heat from a district heating network.

Renewable electricity: share of electricity purchased from a supplier using a renewable energy source to generate the electricity supplied during the reporting period.

Generated electricity sold: renewable electricity generated and sold to the grid.

Total energy consumption: renewable fuel + non-renewable fuel + purchased electricity consumption. Steam consumption is excluded (17 GWh in 2017 at one plant).

Greenhouse gas (GHG) emissions reporting:

As such it now includes the CH4 and N2O biomass scope 1 emissions (impact +0.7%) as well as reporting separately the outside of scope biogenic CO2 emissions. Furthermore, it now reports both market-based and location-based scope 2 GHG emissions (which also now includes CH4, N2O and CO2 emissions).

Gross direct (scope 1) GHG emissions: natural gas, fuel oil, LPG, propane, butane and biomass consumption multiplied by their respective emission factors (for biomass consumption this relates only to scope 1 CH4, N2O, CO2, emissions out of scope biogenic CO2 emissions are reported separately).

Biogenic CO2 emissions (out of scope): CO2 emissions arising from the combustion of biomass or biofuel are reported outside of scope 1, scope 2 and scope 3 GHG emissions. These emissions are reported outside of the scope because the Scope 1 impact of these fuels has been determined to be a net “0” (since the fuel source itself absorbs an equivalent amount of CO2 during the growth phase as the amount of CO2 released through combustion).

Gross location-based indirect (scope 2) (GHG) emissions: total electricity consumption multiplied by the location-based emission factors, where the location-based method reflects the average GHG emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data.

Gross market-based indirect (scope 2) (GHG) emissions: electricity consumption multiplied by a market-based emission factor which corresponds to the characteristics of the electricity purchased. For purchased renewable electricity the factor is 0 kgCO2e/kWh. In other cases, the supplier specific emission factor communicated by the electricity provider or in the absence of a specific supplier factor the emission factor based on the regional electricity generation mix or finally the default location-based emission factor.

Phthalate free products: products “without added phthalates” mean that no phthalate plasticizers (DOP or DINP) are contained in virgin raw material (not greater than 0.1% in mass) in the product composition, but recycled material content could contain some residual phthalates.

Share of phthalate free: share of production volume (m²) of products potentially containing phthalates, i.e.: all vinyl products (including LVT outsourced) and all other products containing PVC parts (e.g. certain carpets produced in North America).

VOC: volatile organic compounds.

Low VOC emission products: products with TVOC emissions ≤ 100 μg/m³ according to ISO 16000-9 guidelines (emission chamber) and local test methods (wood floorings: excluding natural emissions coming from wood itself).

Non-quantifiable VOC emissions products: products with TVOC, SVOC and formaldehyde emissions ≤ 10 μg/m³ according to ISO 16000-9 guidelines (emission chamber) and local test methods.

Share of low VOC emission: share of production volume (m²) of indoor flooring and indoor sports surface products potentially releasing VOCs, i.e.: all products excluding outdoor grass and outdoor track surfaces.

Waste: all waste removed from the manufacturing plants, (e.g. industrial waste, office waste, waste from canteens,...) removed by a contracted service provider (this may exclude certain non-industrial waste removed by municipal authorities who do not provide any tracking information such as quantity and type of waste removed). Tarkett splits waste by hazardous and non-hazardous and by destination: landfill, incineration with energy recovery, incineration without energy recovery, other treatment and recycling. Non-hazardous waste-water is excluded.

Hazardous waste: hazardous waste as defined by national legislation at the point of generation.

Non-hazardous waste: waste not classified as hazardous as defined by national legislation at the point of generation.

Non-recycled waste: all waste excluding waste sent for external recycling.

Waste to landfill: all waste sent to landfill.

Waste sent for external recycling: waste sent for external recycling, including waste sent to other Tarkett plants for internal recycling. Also including carpet waste sent to cement industry as a source of calcium carbonate as well as a replacement to fossil fuel.

Post-installation or post-consumer products collected: post-consumer waste includes flooring and sports surface products that have been used and are removed for disposal (e.g. old products retrieved from the floor during a renovation project, potentially with remaining concrete and/or glue) and other waste material (e.g. Polynylbutyral (PVB) resin from recycled vehicle windscreens/windshields). Post-installation flooring waste incurred during the installation of flooring and sports surface products (e.g. not used pieces of clean flooring, reclaimed from installers during installation). Collected through Tarkett organised collection of post-consumer or post-installation waste (e.g. through ReStart® program).

> Other CSR indicators

Supplier commitment to UN Global Compact: share of direct purchases made with suppliers who have committed to UN Global Compact. Tarkett started in 2011 to integrate in all its supply agreement a clause requiring suppliers to “maintain a corporate policy that will respect the commitments of the United Nation Global Compact by applying in their company and to their own suppliers the ten principles of the Global Compact which the Supplier undertakes to abide by.” Therefore, the suppliers who have signed a formal supply agreement or UN Global Compact clauses with Tarkett are accounted as committing to UN Global Compact principles.

Internal audit: share of operating assets audited over the cause of the last 4 years.

Supplier commitment to UN Global Compact: share of direct purchases made with suppliers who have committed to UN Global Compact. Tarkett started in 2011 to integrate in all its supply agreement a clause requiring suppliers to “maintain a corporate policy that will respect the commitments of the United Nation Global Compact by applying in their company and to their own suppliers the ten principles of the Global Compact which the Supplier undertakes to abide by.” Therefore, the suppliers who have signed a formal supply agreement or UN Global Compact clauses with Tarkett are accounted as committing to UN Global Compact principles.

Internal audit: share of operating assets audited over the cause of the last 4 years.
### Concordance Table Grenelle 2/GRI/Tarkett Report

Tarkett has developed a reporting system that follows and goes beyond French law's requirement (Grenelle 2), based on challenging frameworks and guidelines published by international bodies such as the Global Reporting Initiative (GRI). Sections quoted inside the concordance table refer to the full version of the Registration Document (295 pages).

#### GRI Content Index/Concordance Table Grenelle 2/GRI/Tarkett Report

<table>
<thead>
<tr>
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This is a free English translation of the Statutory Auditors’ Report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditor of Tarkett S.A., (hereinafter named the “Company”), appointed as independent third party and certified by COFRAC under number 3-1049(1), we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 December 2017, included in the management report (hereinafter named “CSR Information”), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

Company’s responsibility

The Board of Directors is responsible for preparing a company’s management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the “Guidelines”), summarised in the management report and available on request from the company’s head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of Ethics (Code de déontologie) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Statutory Auditors’s responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information);

However, it is not our responsibility to pronounce on the compliance with the relevant legal provisions applicable if necessary, in particular those envisaged by article L.225-102-4 of the French Commercial Code (Duty of care) and by the law n° 2016-1691 of December 9, 2016 known as Sapin II (fight against corruption).

Our work involved six persons and was conducted between August 2017 and February 2018 during an eleven weeks period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement and with ISAE 3000(2) concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company’s sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-11-3 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in section 3 of the 2017 Registration Document which contains the CSR Information of the Board of Directors report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

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(1) Whose scope is available at www.cofrac.fr.
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.
2. Conclusion on the fairness of CSR Information

Nature and scope of our work
We conducted approximately twenty interviews with the persons responsible for preparing the CSR information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of sites selected by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 25% of headcount considered as material data of social issues and between 16% and 100% of environmental data considered as material data of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be totally eliminated.

Conclusion
Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris-La Défense, February 8, 2018

The Statutory Auditors
French original signed by

KPMG S.A.

Philippe Arnaud
Partner
Sustainability Services

Philippe Grandclerc
Partner

(1) Quantitative social information: Total headcount on 31 December 2017 (split by gender, age and geographical region); Recruitments; Departures including layoffs; Training hours; Absenteeism rate; Frequency rate of work-related accidents and Severity rate of work-related accidents; Percentage of female top senior executives.

Quantitative environmental information: Energy consumption; Greenhouse gas emissions; Water consumption; Quantity of non-recycled waste; Quantity of waste collected post-installation and post-consumer waste recovered; Quantity of phthalate-free products; Quantity of low VOC products; Percentage of raw materials assessed according to Cradle to Cradle® criteria; Quantity of recycled materials used as resources in manufacturing and Percentage of material which do not contribute to resource scarcity.

Qualitative social information: Organization of social dialogue including information procedures, consultation and negotiation with the employees; Measures implemented to promote employment and integration of disabled people; Occupational health and safety conditions.

Qualitative environmental information: The organization of the company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues; Energy consumption and measures implemented to improve energy efficiency and renewable energy use; Consumption of raw materials and measures implemented to improve efficiency in their use; Information and training measures for employees regarding the protection of the environment.

Qualitative societal information: Action implemented against corruption; Integration of social and environmental issues into the company procurement policy; Measures implemented to promote consumers’ health and safety.

(2) Social and Environmental information: AO "Tarkett" (Russia); Tarkett Sommer LLC (Russia); Tarkett Brasil Revestimentos LTDA (Brazil); Desso BV (Netherlands); Tarkett USA INC, (US/A); Tarkett USA INC. (USA). Social information only: AO "Tarkett" RUS (Russia); FieldTurf INC. (Canada); EasyTurf INC. (USA); Tarkett France (France).

Environmental information only: Tarkett (GDL S.A. Luxembourg). Verification work was carried out only on the indicators related to water consumption, quantity of waste non-recycled, percentage of phthalate-free products and percentage of low VOC products.

(3) See list of quantitative environmental information disclosed in footnote 1 on the same page.