COMMITTED TO BETTER LIVING SPACES

2015 ACTIVITY & SUSTAINABILITY REPORT

Tarkett
THE ULTIMATE FLOORING EXPERIENCE
PROFILE

Committed to better living spaces

Every day, people around the world welcome Tarkett into their homes, workplaces and leisure places. As a leader in high performing flooring and sports surfaces, we improve quality of life through our broad range of innovative, sustainable solutions for individuals and businesses. We set global standards for excellence for ourselves, while listening to our customers locally and designing for their needs. In this way, we strive to provide the ultimate customer experience.

MARKET SEGMENTS
HOUSING
HEALTHCARE
EDUCATION
OFFICES
RETAIL & HOSPITALITY
SPORTS

A broad range of products
VINYL
LINOLEUM
CARPET
WOOD
LAMINATE
RUBBER & ACCESSORIES
ARTIFICIAL TURF
TRACKS

WELL-KNOWN BRANDS
FLOORING BRANDS
TARKETT
JOHNSONITE
TANDUS CENTIVA
DESSO

SPORTS SURFACES BRANDS
TARKETT SPORTS
FIELDTURF
DESSO SPORTS
EASYTURF, BEYNON

SERVICE BRANDS
RESTART
TARKETT ACADEMY
FLOORCRAFT
FLOORINMOTION CARE
Tarkett in brief

Tarkett is a global leader in innovative flooring solutions and sports surfaces. Our balanced business model is supported by an organization that locally empowers people to deliver a strong customer experience, while promoting shared values and a commitment to excellence and sustainability.

**LEADER**
Number 1 in key segments, we drive the industry forward, setting new standards in innovation and sustainability.

**NET SALES**
2.7 BILLION EUROS

**EMPOWERING**
Commitment to values, innovation and operational excellence are shared globally. Locally, we empower teams to manufacture and design solutions suited to customer needs.

**ENTREPRENEURIAL**
Entrepreneurship is part of our 130-year history. We encourage our teams to develop an entrepreneurial mindset, taking initiatives and being accountable.

**AMBITIOUS**
Tarkett’s ambitious growth strategy is built on a combination of organic growth through innovation, and value-enhancing acquisitions.

**NET SALES**
2.7 BILLION EUROS

**INNOVATIVE**
The first company to market a connected flooring solution, Tarkett leads the industry through eco-innovation, top-notch design and cutting-edge technology.

**COMMITTED**
We meet society’s challenges - urbanization, population aging and resource scarcity - via our innovative solutions and commitment to sustainability and to the circular economy.

**COMPETITIVE ADVANTAGES**

**CUSTOMER EXPERIENCE**
We listen and learn from our biannual customer survey, last conducted in 2015. We strive to offer the easiest customer journey, that meets each customer’s specific needs and profile.

**GLOBAL & LOCAL EXCELLENCE**
We leverage global synergies, including purchasing raw materials from large suppliers, and share know-how across the business to drive performance locally.

**SUSTAINABLE PRACTICES**
We share our commitment and engage with our partners on sustainability practices across the value chain, and actively contribute to collaborative platforms.

**SALES IN MORE THAN**
100 COUNTRIES

**2015 NET SALES SPLIT**
- **EMEA** (Europe, Middle East & Africa): 37%
- **North America**: 41%
- **CIS, Asia-Pacific & Latin America**: 22%

**PRODUCT LEADERSHIP**
- #1 in vinyl worldwide
- #1 in artificial turf worldwide

**2015 ACTIVITY & SUSTAINABILITY REPORT**
Solid, agile and committed teams

Tarkett’s balanced business model, combined with an entrepreneurial spirit and a strong culture have ensured the long-term success of the company. CEO Michel Giannuzzi explains Tarkett’s dynamism and resilience, and how a proactive approach to sustainability helps cement its leadership position.

How would you summarize 2015? Michel Giannuzzi: 2015 was a year of change for Tarkett. On the one hand, the economic environment in Russia and in emerging markets remained challenging. On the other, positive drivers acted as a counterbalance: our successful integration of previous acquisitions, including the European commercial carpet specialist Desso, our ability to rapidly adjust our cost structure and pricing in the CIS region, and our strong performance in other markets. Last year we also enjoyed strong organic growth thanks to our new collection of Luxury Vinyl Tiles (LVT), and our successful turn-key offering in artificial turf for sports surfaces.

The Group’s transformation since the IPO has been remarkable, demonstrating our resilience and flexibility. Whereas the CIS and emerging markets represented 35% of sales and 54% of adjusted EBITDA in 2013, they now account for about 20% of both. Including sports activities, the EMEA and North America regions now generate 80% of EBITDA.

In what way is Tarkett’s business model a key driver for sustainable growth? M. G.: Our balanced geographical presence, reinforced by our diversified expertise across market segments, ensures solid development. Our ability to offer a wide range of innovative and integrated solutions makes the difference by bringing added value to clients. We strive to deliver purposeful innovation and new designs: we are the first company to develop a connected flooring solution detecting falls – a breakthrough in the aged care and healthcare segments – and we have won several major design awards for our products.

What makes Tarkett unique? M. G.: Leveraging our global presence, while remaining close to our local customer needs, allows us to benefit from the best of our decentralized and aligned organization. Our teams are truly local: people who know their markets inside-out, have an entrepreneurial spirit and are close to clients to offer them the “ultimate experience”.

We combine this with a global strategy based on shared values, vision and objectives. It’s a leadership mindset that enables us to leverage global synergies, including purchasing of raw materials, and capitalize on our know-how to develop new products and best practices.

What role will a company like Tarkett play in the society of tomorrow? M. G.: Sustainability is a conviction for Tarkett, the purpose that drives us every day. We seek to demonstrate positive ways to respond to major-long term challenges facing the world today: from urban and aging population growth to resource scarcity and climate change.

We innovate by developing technology and specific designs to improve people’s well-being, for example by contributing to indoor air quality, by creating an inspiring colorful environment and by improving sound control in living spaces. Our eco-innovations based on healthy materials and our recycling model contribute to our vision of a sustainable and profitable development. This commitment to the circular economy is beneficial for society and the planet, as well as improving our teams’ pride and motivation. I am convinced that stakeholder collaboration is a powerful tool for exploring new business models and developing creativity for sustainable growth. That’s why we are an active contributor to the World Economic Forum, which we see as a platform to exchange knowledge with companies from other sectors, share our experience of the circular economy, and contribute to shaping the industry.

What is your outlook for Tarkett in 2016 and beyond? M. G.: Despite a volatile and increasingly complex political and macroeconomic environment, we will continue to develop our agile, entrepreneurial business model. Our wide modular ranges (vinyl and carpet tiles, wood) offer strong growth prospects, responding to customers’ desire for versatile and customized designs. Our ability to respond effectively to customer needs, and to grow faster than the market with value-adding acquisitions, will continue to generate value for all stakeholders.

We innovate by developing technology and specific designs to improve people’s well-being, for example by contributing to indoor air quality, by creating an inspiring colorful environment and by improving sound control in living spaces. Our eco-innovations based on healthy materials and our recycling model contribute to our vision of a sustainable and profitable development. This commitment to the circular economy is beneficial for society and the planet, as well as improving our teams’ pride and motivation. I am convinced that stakeholder collaboration is a powerful tool for exploring new business models and developing creativity for sustainable growth. That’s why we are an active contributor to the World Economic Forum, which we see as a platform to exchange knowledge with companies from other sectors, share our experience of the circular economy, and contribute to shaping the industry.

What is your outlook for Tarkett in 2016 and beyond? M. G.: Despite a volatile and increasingly complex political and macroeconomic environment, we will continue to develop our agile, entrepreneurial business model. Our wide modular ranges (vinyl and carpet tiles, wood) offer strong growth prospects, responding to customers’ desire for versatile and customized designs. Our ability to respond effectively to customer needs, and to grow faster than the market with value-adding acquisitions, will continue to generate value for all stakeholders. 

We innovate by developing technology and specific designs to improve people’s well-being, for example by contributing to indoor air quality, by creating an inspiring colorful environment and by improving sound control in living spaces. Our eco-innovations based on healthy materials and our recycling model contribute to our vision of a sustainable and profitable development. This commitment to the circular economy is beneficial for society and the planet, as well as improving our teams’ pride and motivation. I am convinced that stakeholder collaboration is a powerful tool for exploring new business models and developing creativity for sustainable growth. That’s why we are an active contributor to the World Economic Forum, which we see as a platform to exchange knowledge with companies from other sectors, share our experience of the circular economy, and contribute to shaping the industry.

What is your outlook for Tarkett in 2016 and beyond? M. G.: Despite a volatile and increasingly complex political and macroeconomic environment, we will continue to develop our agile, entrepreneurial business model. Our wide modular ranges (vinyl and carpet tiles, wood) offer strong growth prospects, responding to customers’ desire for versatile and customized designs. Our ability to respond effectively to customer needs, and to grow faster than the market with value-adding acquisitions, will continue to generate value for all stakeholders. 

We innovate by developing technology and specific designs to improve people’s well-being, for example by contributing to indoor air quality, by creating an inspiring colorful environment and by improving sound control in living spaces. Our eco-innovations based on healthy materials and our recycling model contribute to our vision of a sustainable and profitable development. This commitment to the circular economy is beneficial for society and the planet, as well as improving our teams’ pride and motivation. I am convinced that stakeholder collaboration is a powerful tool for exploring new business models and developing creativity for sustainable growth. That’s why we are an active contributor to the World Economic Forum, which we see as a platform to exchange knowledge with companies from other sectors, share our experience of the circular economy, and contribute to shaping the industry.

What is your outlook for Tarkett in 2016 and beyond? M. G.: Despite a volatile and increasingly complex political and macroeconomic environment, we will continue to develop our agile, entrepreneurial business model. Our wide modular ranges (vinyl and carpet tiles, wood) offer strong growth prospects, responding to customers’ desire for versatile and customized designs. Our ability to respond effectively to customer needs, and to grow faster than the market with value-adding acquisitions, will continue to generate value for all stakeholders. 

We innovate by developing technology and specific designs to improve people’s well-being, for example by contributing to indoor air quality, by creating an inspiring colorful environment and by improving sound control in living spaces. Our eco-innovations based on healthy materials and our recycling model contribute to our vision of a sustainable and profitable development. This commitment to the circular economy is beneficial for society and the planet, as well as improving our teams’ pride and motivation. I am convinced that stakeholder collaboration is a powerful tool for exploring new business models and developing creativity for sustainable growth. That’s why we are an active contributor to the World Economic Forum, which we see as a platform to exchange knowledge with companies from other sectors, share our experience of the circular economy, and contribute to shaping the industry.

What is your outlook for Tarkett in 2016 and beyond? M. G.: Despite a volatile and increasingly complex political and macroeconomic environment, we will continue to develop our agile, entrepreneurial business model. Our wide modular ranges (vinyl and carpet tiles, wood) offer strong growth prospects, responding to customers’ desire for versatile and customized designs. Our ability to respond effectively to customer needs, and to grow faster than the market with value-adding acquisitions, will continue to generate value for all stakeholders. 

We innovate by developing technology and specific designs to improve people’s well-being, for example by contributing to indoor air quality, by creating an inspiring colorful environment and by improving sound control in living spaces. Our eco-innovations based on healthy materials and our recycling model contribute to our vision of a sustainable and profitable development. This commitment to the circular economy is beneficial for society and the planet, as well as improving our teams’ pride and motivation. I am convinced that stakeholder collaboration is a powerful tool for exploring new business models and developing creativity for sustainable growth. That’s why we are an active contributor to the World Economic Forum, which we see as a platform to exchange knowledge with companies from other sectors, share our experience of the circular economy, and contribute to shaping the industry.

What is your outlook for Tarkett in 2016 and beyond? M. G.: Despite a volatile and increasingly complex political and macroeconomic environment, we will continue to develop our agile, entrepreneurial business model. Our wide modular ranges (vinyl and carpet tiles, wood) offer strong growth prospects, responding to customers’ desire for versatile and customized designs. Our ability to respond effectively to customer needs, and to grow faster than the market with value-adding acquisitions, will continue to generate value for all stakeholders. 

We innovate by developing technology and specific designs to improve people’s well-being, for example by contributing to indoor air quality, by creating an inspiring colorful environment and by improving sound control in living spaces. Our eco-innovations based on healthy materials and our recycling model contribute to our vision of a sustainable and profitable development. This commitment to the circular economy is beneficial for society and the planet, as well as improving our teams’ pride and motivation. I am convinced that stakeholder collaboration is a powerful tool for exploring new business models and developing creativity for sustainable growth. That’s why we are an active contributor to the World Economic Forum, which we see as a platform to exchange knowledge with companies from other sectors, share our experience of the circular economy, and contribute to shaping the industry.

What is your outlook for Tarkett in 2016 and beyond? M. G.: Despite a volatile and increasingly complex political and macroeconomic environment, we will continue to develop our agile, entrepreneurial business model. Our wide modular ranges (vinyl and carpet tiles, wood) offer strong growth prospects, responding to customers’ desire for versatile and customized designs. Our ability to respond effectively to customer needs, and to grow faster than the market with value-adding acquisitions, will continue to generate value for all stakeholders. 

We innovate by developing technology and specific designs to improve people’s well-being, for example by contributing to indoor air quality, by creating an inspiring colorful environment and by improving sound control in living spaces. Our eco-innovations based on healthy materials and our recycling model contribute to our vision of a sustainable and profitable development. This commitment to the circular economy is beneficial for society and the planet, as well as improving our teams’ pride and motivation. I am convinced that stakeholder collaboration is a powerful tool for exploring new business models and developing creativity for sustainable growth. That’s why we are an active contributor to the World Economic Forum, which we see as a platform to exchange knowledge with companies from other sectors, share our experience of the circular economy, and contribute to shaping the industry.
SUSTAINABLE PERFORMANCE IN 2015

thanks to a resilient, balanced business model

by Fabrice Barthélemy, Chief Financial Officer

Tarkett reported growing results thanks to increased profitability in all regions except the CIS countries, which were affected by an unfavorable macroeconomic environment. In addition to the record performance of EMEA and Sports, our North American Division significantly improved its profitability in the second half of the year. The addition of Desso acquisition (carpet tiles in EMEA) also had a positive impact.

These results demonstrate the strength of having a balanced business model with multiple product categories, market segments and regions. Our organic growth and the acquisitions made over the past two years have allowed a geographical rebalancing of Group profitability, with 80% of the EBITDA now generated in the EMEA and North America regions.

Sales strongly increased thanks to the acquisitions (mostly Desso) and favorable exchange rates, but partially offset by the difficult situation in the CIS, EMEA and Sports segments delivered record performance.

NET SALES

€2,715m
+12.4% vs. 2014

€2,414m

2014
2015

The adjusted EBITDA margin increased in all segments, except CIS. We continued to actively manage selling prices and costs to cope with the recession in the CIS region, still delivering margin above Group average. All geographies benefited from gains on raw materials prices.

ADJUSTED EBITDA (1)

% of sales

EMEA
36%
CIS, APAC & LATAM
22%
North America
23%
Sports
18%

NET PROFIT (2)

€83.3m
+36% vs. 2014

NET DEBT/ADJUSTED EBITDA (4)

1.7x in 2015

2.0x in 2014

NET CASH-FLOW FROM OPERATIONS (3)

€192.2m
+11.5% vs. 2014

(1) Adjustments include expenses related to restructuring, acquisitions and certain other non-recurring items.
(2) Net profit attributable to owners of the Company.
(3) Net cash flow from operations defined as cash generated from operations less on-going capital expenditure.
(4) 2014: Proforma Desso.
Tarkett continued to further consolidate its market leadership in EMEA in 2015, with solid performance boosted by the successful integration of the Desso carpet activities. We have extended our products and services portfolio, developing our position in the office, hospitality & leisure and store & shop segments, while strengthening our recognized expertise and market position in healthcare, education and housing.

- The LVT (Luxury Vinyl Tiles) category performed particularly strongly, reflecting the ongoing market trend for modular, personalized solutions. In order to satisfy this growing demand, we are increasing our production capacity with a new production line in Poland that will be operational in the second half of 2016.
- We also significantly improved our profitability thanks to contributions coming from strong top-line sales, productivity plans in our plants, gains on raw materials prices, as well as optimizing our industrial set-up for our wood manufacturing plants.

NORTH AMERICA
Leveraging brand expertise

by Glen Morrison, Tarkett North America President

Tarkett North America (TNA) leverages the capabilities of the Johnsonite, Tandus Centiva and Tarkett brands to provide a full range of integrated flooring offerings for commercial and residential markets.

- Tarkett North America performed below expectations during the first half of 2015, due to challenges faced relocating a Vinyl Composite Tile (VCT) line from Texas to an existing industrial site in Florence, Alabama. Once commissioning was completed, the project team demonstrated their ability to improve operational efficiency and profitability. Financial performance improved during the second half of 2015.
- Tarkett North America further demonstrated its commitment to Sustainability and Cradle to Cradle® principles. TNA collaborated with suppliers, customers and NGOs to encourage responsible use of PVC in the flooring industry based on healthy materials and recycling programs. The company continued to deploy the use of phthalate-free plasticizers in vinyl flooring while continuing to implement the ReStart® collect and recycle program for vinyl and carpet products.

ONE COMPANY
In 2015, Tarkett North America ran an advertising campaign which illustrated how Tarkett is able to offer a coordinated, integrated system of flooring and accessory solutions through its Johnsonite and Tandus Centiva brands.
In 2015, Tarkett Sports delivered a record performance, reaching a 17% increase in organic growth and successfully integrating acquisitions that expanded its geographic reach in sports surfacing offerings. Desso Sports, Renner Sports Surfaces and California Track & Engineering enabled us to further strengthen our indoor and outdoor sports surfaces offering. With these acquisitions, the Tarkett Sports product portfolio includes FieldTurf and EasyTurf artificial turf, GrassMaster® hybrid grass, Beynon tracks, Renner tennis courts and tracks, and Tarkett vinyl and wood for sports surfaces.

We continued to significantly improve efficiency along the manufacturing value chain, focusing on fiber production and tufting expertise.

We also developed successful turn-key offerings including the customization of our customers’ sports fields with their logos as well as the engineering and installation processes.

In 2015, Tarkett Sports delivered a record performance, reaching a 17% increase in organic growth and successfully integrating acquisitions that expanded its geographic reach in sports surfacing offerings. Desso Sports, Renner Sports Surfaces and California Track & Engineering enabled us to further strengthen our indoor and outdoor sports surfaces offering. With these acquisitions, the Tarkett Sports product portfolio includes FieldTurf and EasyTurf artificial turf, GrassMaster® hybrid grass, Beynon tracks, Renner tennis courts and tracks, and Tarkett vinyl and wood for sports surfaces.

We continued to significantly improve efficiency along the manufacturing value chain, focusing on fiber production and tufting expertise.

We also developed successful turn-key offerings including the customization of our customers’ sports fields with their logos as well as the engineering and installation processes.

In 2015, Tarkett Sports delivered a record performance, reaching a 17% increase in organic growth and successfully integrating acquisitions that expanded its geographic reach in sports surfacing offerings. Desso Sports, Renner Sports Surfaces and California Track & Engineering enabled us to further strengthen our indoor and outdoor sports surfaces offering. With these acquisitions, the Tarkett Sports product portfolio includes FieldTurf and EasyTurf artificial turf, GrassMaster® hybrid grass, Beynon tracks, Renner tennis courts and tracks, and Tarkett vinyl and wood for sports surfaces.

We continued to significantly improve efficiency along the manufacturing value chain, focusing on fiber production and tufting expertise.

We also developed successful turn-key offerings including the customization of our customers’ sports fields with their logos as well as the engineering and installation processes.

In 2015, Tarkett Sports delivered a record performance, reaching a 17% increase in organic growth and successfully integrating acquisitions that expanded its geographic reach in sports surfacing offerings. Desso Sports, Renner Sports Surfaces and California Track & Engineering enabled us to further strengthen our indoor and outdoor sports surfaces offering. With these acquisitions, the Tarkett Sports product portfolio includes FieldTurf and EasyTurf artificial turf, GrassMaster® hybrid grass, Beynon tracks, Renner tennis courts and tracks, and Tarkett vinyl and wood for sports surfaces.

We continued to significantly improve efficiency along the manufacturing value chain, focusing on fiber production and tufting expertise.

We also developed successful turn-key offerings including the customization of our customers’ sports fields with their logos as well as the engineering and installation processes.
ASIA-PACIFIC
Investing in niche segments

by Benoît Miquel, Tarkett Asia Pacific Vice President

Tarkett continued to invest in Asia-Pacific, taking advantage of regional expertise, particularly in China, where our know-how and high-performing solutions for niche markets are valued. We gained momentum in China and India, and enjoyed solid performance in Australia.

- In China, our acquisitions from the last two years boosted our product offerings in vinyl and carpet. With two production plants in carpet and vinyl, we reduced lead times and provided customized solutions for local customers.
- Tarkett pursued its growth in the healthcare, office and education segments, supported by local lab experts designing vinyl flooring and carpet tiles adapted to regional tastes and needs.

CUSTOMIZED PRODUCT MIX

In an Australian retirement home, we installed a customized mix of Tandus carpets and Tarkett homogeneous vinyl to achieve a ‘resort-style’ interior. With our resistant, easy-to-maintain surfaces, our flooring provides seniors with a clean, serene environment for everyday living.

LATIN AMERICA
Focusing on customer intimacy

by Walter Gonçalves, Tarkett Latin America Vice President

Tarkett demonstrated resilience despite an adverse economic climate in Brazil and currency volatility, benefiting from its local vinyl production. Given the ongoing public investment slowdown in healthcare and education, we focused our activities on new modular vinyl LVT products. The expansion into residential and commercial markets was accompanied by a client strategy, and supported by our wide range of products (vinyl, LVT, carpet).

- To build stronger customer relationships, Tarkett Latin America developed a new loyalty service club. In the past two years, training sessions have been organized for more than 1,200 installers and 700 sales people.
- We further boosted our brand awareness and reputation by launching an e-commerce platform and social media campaign.

MODULAR CARPETS

In Brazil, Zoetis, a global animal health company, chose a mix of products for 2,400m² of their offices. Using three Desso Essence modular carpets, we designed a customized flooring solution that was successfully delivered and installed on time.

1,000+ points of sales with Tarkett products

#1 in commercial vinyl in Brazil

1 manufacturing site

270 employees
Underfoot comfort and colorful designs make Tarkett solutions ideal for everyone at home, from kids to the elderly. Our easy-to-install, easy-to-maintain surfaces with attractive design ensure enjoyable living spaces that enhance well-being.

EUROPE
Luxury Vinyl Tiles are well adapted for private housing.

THE TARKETT EXPERIENCE
A solution for every room and every segment

Our combined solutions offering and segment expertise respond to the specific needs of each of our clients. We satisfy their sensorial and functional requirements thanks to our high quality design and integrated solutions.
Tarkett strives to create a comfortable, hygienic environment for staff and patients at hospitals and nursing homes. Our high performance and durable solutions reduce maintenance costs and contribute to the healing process.

UNITED STATES
Renown Regional Medical Center in Reno, Nevada, with linoleum Harmonium xf and homogeneous vinyl iQ Optima.
A supportive learning environment with good indoor air quality is a priority in education. Our cost-effective flooring choices and color expertise adapted to young people’s needs, from early education to university, contribute to creating comfortable, stimulating and sustainable interiors.

AUSTRALIA
Private preschool in Perth with homogeneous vinyl iQ Optima.
OFFICES
For all businesses, the choice of office design sends a message to staff and customers alike. Good design enhances reputation and provides a positive, productive environment.

UNITED KINGDOM
Royal Institute of British Architects with AirMaster Sphere carpet, contributing to improved indoor air quality.
HOSPITALITY

Hotels, restaurants and cultural establishments seek ways to stand out from the crowd. For international chains, this means a consistent style from country to country, while high standing hotels rely on individuality.

NETHERLANDS

Intercity Hotel in Enschede with Luxury Vinyl Tiles.
From edgy boutique to mass-market chain, brand image plays an essential role in getting shoppers through the door. Flooring is a vital tool in choreographing and enhancing the customer experience.

RUSSIA
Shokoladnitsa Café in Moscow with laminate Vintage.
Sports fields provide athletes with the safety and performance they need to perform at their best, while reassuring field owners with a surface that is durable. Beynon Sports' high-performance synthetic athletic surfaces are designed for indoor and outdoor sports excellence.

United States
University of Texas at San Antonio with Beynon tracks.
At Tarkett, we are committed to developing innovative flooring solutions for better living spaces that not only create value for our clients, but also enhance well-being and respect the environment. We believe that tomorrow’s successful and sustainable business models will have to go beyond financial performance. They must contribute to better quality of life and address future global challenges, such as urbanization, population aging, resource scarcity and climate change.

Empowering our 12,000 employees and fostering creativity are essential to our vision as a purpose-driven company. Sustainability is deeply embedded within Tarkett’s strategy and operations and we leverage all its dimensions: People, Planet and Profit for inspiring Purpose.
ENJOYABLE SPACES IN CROWDED CITIES
According to the United Nations, 64% of the world’s population will live and work in urban areas by 2050. Since 90% of people’s time is spent indoors, air quality, acoustic control and visual stimulation have all become determining factors in evaluating quality of life. We must ensure that the spaces in which we live, work, and play meet our expectations for comfort, well-being, health and safety. Thanks to phthalate-free plasticizers technology, low VOC(1) emissions, dust capture system and allergy friendly products, people can benefit from improved indoor floorings. Today, our solutions, which incorporate these technological advances, play a role in promoting healthy indoor environment and well-being. In addition, our intimate understanding of colors, patterns and noise reduction enables us to design comfortable work, learning and recreational spaces.

HEALING AND CARING SPACES FOR AGING POPULATIONS
The World Business Council for Sustainable Development estimates that 34% of the global population will be aged 60 or older by 2050. Remaining healthy and independent will become a priority for our senior citizens, as well as for society as a whole. Over the years, Tarkett has developed unique expertise in the healthcare sector, working closely with medical institutions and specialists, such as Planetree in North America, and a health cluster in France, Clubster Santé. We have conducted in-depth studies on various issues that concern the elderly, including Alzheimer’s disease. With the needs of caregivers, institutions, patients and residents in mind, we developed FloorInMotion Care, a smart flooring service that detects falls, room exits and intrusions. Slip resistant and hygienic, these floors also leverage design features such as patterns and colors to improve comfort and healing.

THINKING CIRCULAR FOR RESPONSIBLE USE OF RESOURCES
An additional three billion citizens will join the middle class by 2050. The rise in disposable income for this segment of the population will increase consumption, further accelerating depletion of natural resources.

To combat resource scarcity, for several years Tarkett had adopted key measures and steps to transform itself into a leading company in the circular economy by applying the Cradle to Cradle® principles. In close cooperation with institutions such as the Ellen McArthur Foundation, the Circular Economy 100 program and the EPEA (Environmental Protection & Encouragement Agency), Tarkett seeks to develop a comprehensive and collaborative circular economy model. Sharing its commitment and expertise with multiple stakeholders, Tarkett also contributes to World Economic Forum discussions to accelerate wider engagement with the circular economy and the “Future of Construction”.

(1) Volatile Organic Compounds

Tarkett empowers employees to collaborate with partners to create purposeful flooring and surface solutions for better living spaces. We also strive to turn global challenges – urban densification, population aging, resource scarcity and climate change – into drivers for sustainable growth.

“Committed to better living, we put sustainability at the heart of our vision, our business strategy and our operations, which provides an inspiring Purpose for all of us. It reconciles People, Planet and Profit to achieve profitable and sustained growth which is shared among employees, customers, business partners and shareholders. In keeping with our ethical code of conduct, we are also committed to respecting and promoting among our various stakeholders the 10 United Nations Global Compact principles in addition to the principles of the Declaration of Human Rights and fundamental social rights.”

MICHEL GIANNUZZI, Chief Executive Officer
URBANIZATION

How to create enjoyable living spaces in megacities?

Flooring will play a growing role in enhancing well-being and promoting healthy environments, while answering the building industry’s needs for advanced materials, modularity and customization.

![Graph]

- **2014**
- **2050**
- **Global urban population**
- **90%**
- **70%**
- **98%**
- **54%**

More than 10 million tonnes of waste are produced daily by human activities.

Tarkett’s contribution

- Indoor air quality and healthy environment: flooring with low TVOC emissions and dust capture system, asthma & allergy friendly; with healthy materials such as phthalate-free plasticizers technology.
- Well-being and comfort: inspiring spaces with patterns and colors, improved acoustic environment, meaningful signage information, safe sports surfaces, flexible solutions (easy-to-install, maintain, remove).

AGING POPULATION

How to develop healing and caring spaces for seniors?

Innovative flooring solutions can help seniors maintain their autonomy, help them thrive and strengthen their confidence.

![Graph]

- **2014**
- **2050**
- **World population**
- **6.9 bn**
- **9 bn**
- **34%**
- **25%**
- **12%**

RESOURCES

SCARCITY

How to use our resources better?

Eco-design flooring with good materials can be repeatedly reused, developing profitable circular economy models.

![Graph]

- **2014**
- **2050**
- **Additional middle class people consuming more resources by 2050**
- **3.4 to 4 billion tonnes**
- **More than 10 million tonnes**

(1) http://www.byrh.com/home/amywestervelt/2012/08/08/how-our-buildings-are-making-us-sick/#3d799e0745db
(4) They are presented as the number of dependents per 100 persons of working age (15-64), they are calculated as the ratio of the population aged 65 years or over to the population aged 15-64.

(6) Source: Tarkett’s contribution.

**2015 Activity & Sustainability Report**
“We aim to contribute positively to the environment”

by Anne-Christine Ayed
Executive Vice President of Research, Innovation & Environment explains Tarkett’s commitment to sustainability.

How does Tarkett approach global challenges for the planet?

Anne-Christine Ayed: At Tarkett, we recognize that it’s important to take responsibility not only for the footprint we leave on the planet, but also for the contribution we make to better living, addressing society’s challenges. In particular, resource scarcity, global warming and human health. We are committed to acting responsibly and going further by developing sustainable initiatives that have a positive impact on the planet.

A key element of our approach is our longstanding commitment to the circular economy. As we move away from a linear economy that depletes finite resources, we take advantage of all opportunities to select materials that are good for people’s health and the environment, and recycle and reuse our products or materials from other industries.

How do you put this approach into practice?

A.-C.A.: We strive to develop our products with closed-loop circular designs that promote good materials, resource stewardship, people-friendly spaces and reuse.

That means thinking about the end of use from the beginning, and trying to recycle everything we produce, either directly or via partnerships, including using recycled materials from other industries. For example, we have dedicated teams to recover and clean the infill from our artificial turf, as well as fibers from carpet. We also use by-products from other industries as raw materials, avoiding the use of virgin materials. It also means revisiting our manufacturing processes to make better use of resources. Since 2010, we have installed water closed-loop circuits at our sites. Similarly, we are developing the use of geothermal and solar energies.

Our 12,000 employees are key to this process: we engage actively with them, encouraging them to work collaboratively to find solutions that contribute to the circular economy.

55,000 tons of recycled materials were used as resources in manufacturing in 2015:

+47% vs. 2010

56%

57%

67%

92%

80%

5% of materials purchased (in vol.), 55,000 tons, are recycled resources, vs. 3.6% in 2011, thus reducing the use of virgin resources.

9,900 tons collected (post-installation and post-consumer flooring)

58% of plants have reduced the amount of industrial waste going to landfill (in g/m²). 5% of materials purchased (in vol.), 55,000 tons, are recycled resources, vs. 3.6% in 2011, thus reducing the use of virgin resources.

9,900
tons collected (post-installation and post-consumer flooring)
LEADING THE INDUSTRY to a circular economy

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

Thanks to our closed-loop circular design and respect for the environment and people’s health at every stage of a product’s lifecycle, Tarkett strives to lead the flooring industry.

GOOD MATERIALS

At Tarkett, we manufacture products using sustainable materials that respect people’s health and the environment. We believe that primary resources should be abundant, rapidly renewable, recycled and recyclable. Components of a product at the end of its life become raw material for the production of quality products (the technical cycle). During the last several years, we have worked closely with the Environmental Protection and Encouragement Agency (EPEA), a scientific research institute, to evaluate and select materials that correspond to the Cradle to Cradle® principles.

- Versatile, our underlay tile for the sports surfaces, with unique drainage properties and shock absorption, is made from recycled turf.
- In collaboration with local drinking water companies, we are able to upcycle re-engineered chalk into Desso carpet tiles with EcoBase™ backing, which achieved Cradle to Cradle® Gold certification.

We developed an underlay for our ethos® carpet tile range made from recycled PVC from security glass and use aggregates from medical blisters in Brazil for PVC tiles.

RESOURCES STEWARDSHIP

Our objective is to reduce and optimize the use of resources during the entire manufacturing process, thus participating in limiting resource scarcity and climate change challenges.

- At its Serbian production site (Baška Palanka), Tarkett invested in equipment to increase the use of renewable energy and self-produced energy, now representing 65% of its energy needs. Through the deployment of an energy management system, the site has also reduced CO₂ emissions by 31% (2010/2015).
- Similarly, in Italy, Tarkett installed a thermal insulation system, which allowed the site to reduce energy consumption and production time for linoleum. The site has reduced GHG emissions by 22% since 2010 (in kgCO₂eq/m²).

PEOPLE-FRIENDLY SPACES

We strive to create healthy, comfortable and enjoyable interiors that contribute to enhance well-being. In order to contribute to better indoor air quality and healthy environment, we maintain strict indoor air quality standards, pioneered non-phthalate plasticizer alternatives and products with low VOC emissions, and create easy-to-maintain systems.

- In EMEA and North America, we have been deploying our phthalate-free technology across all production sites. The program is being extended to Brazil and China.
- Our vinyl products offer very low levels of VOC emissions: 10–100 times better than the strictest standard in the world.

REUSE/RECYCLING

We use recycled materials from our own production sites in our various recycling centers. We also recycle materials from other industries, and from post-installation and post-use flooring. We design the products of today to be the raw materials of tomorrow.

- We have developed ReStart take-back program to meet our customers’ needs in managing post-installation and post-use flooring.
- Via our eight recycling centers around the world, the program provides us with raw materials and is a key part of our circular economy model.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

- We have developed our ReStart take-back program to meet our customers’ needs in managing post-installation and post-use flooring.
- Via our eight recycling centers around the world, the program provides us with raw materials and is a key part of our circular economy model.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

- We have developed our ReStart take-back program to meet our customers’ needs in managing post-installation and post-use flooring.
- Via our eight recycling centers around the world, the program provides us with raw materials and is a key part of our circular economy model.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

- We have developed our ReStart take-back program to meet our customers’ needs in managing post-installation and post-use flooring.
- Via our eight recycling centers around the world, the program provides us with raw materials and is a key part of our circular economy model.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

- We have developed our ReStart take-back program to meet our customers’ needs in managing post-installation and post-use flooring.
- Via our eight recycling centers around the world, the program provides us with raw materials and is a key part of our circular economy model.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

- We have developed our ReStart take-back program to meet our customers’ needs in managing post-installation and post-use flooring.
- Via our eight recycling centers around the world, the program provides us with raw materials and is a key part of our circular economy model.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

At Tarkett, we believe meeting customers’ needs does not mean compromising on quality of life, respect for the environment, performance or design. Our aim: positively impact the planet and develop the circular economy.

- We have developed our ReStart take-back program to meet our customers’ needs in managing post-installation and post-use flooring.
- Via our eight recycling centers around the world, the program provides us with raw materials and is a key part of our circular economy model.
EMPOWERING PEOPLE

“Give the best of yourself for better living”

by Vincent Lecerf, EVP Human Resources

Tarkett’s motto reflects its strong culture and values, and investment in developing talent.

“Give the best of yourself for better living” summarizes Tarkett spirit. What is its value to Tarkett’s people and business?

Vincent Lecerf: People experience fulfillment and success at work when they are challenged, and are equipped with the right skills to meet those challenges. People also seek to work for an organization with purpose and vision, which takes pride in addressing society’s challenges. Our aim at Tarkett is to create an environment where these conditions are met. This means developing an inclusive culture based on strong values – respect and integrity, team spirit, positive customer attitude, empowerment and accountability and commitment to the environment. It means recognizing and developing talent. Finally, it means putting in place a clear and agile organization, in which employees are empowered to take initiatives and calculated risks while being accountable and responsible (see p.47).

How do you develop employees’ skills?

V. L.: At Tarkett, we strive to encourage a learning organization: our employees learn from their individual and collective experiences, as well as through knowledge sharing. Our formal programs have a strong focus on talent development: each year, three in five employees participate in a training program, and our objective is to take this to 100%. A total of 15 cross-disciplinary learning programs are tailored to different needs: new for 2014 and 2015 were an influencing skills and collaboration module for managers working across different departments or countries and a “Coach” program for factory heads.

What other initiatives are in place to manage talent?

V. L.: Helping employees manage their career at Tarkett is a major focus. 57% of employees now benefit from individual support, with development plans, annual objectives and performance reviews(1). Our new HR tool “Talent Inside” enables these employees to track their own progress, making plans more transparent and effective. This encourages agility and mobility, benefiting everyone: employees have access to opportunities, and we can fill international roles with people who already understand Tarkett’s values and are quickly operational.

Finally, we acknowledge and develop all people who make Tarkett successful. This is why we are launching a development program for technical experts in 2016. Our objective as a learning organization is to build a network of recognized technical experts and develop their skills and engagement through mentoring, training and best practice sharing. (1) Via annual Personal & Development Dialogue or in the framework of the WCM Multi-Skills Review.

~1,100 managers have completed our Manager@Tarkett leadership program since 2009.

186 teams took part in our Tarkett Awards program, +61% vs. 2010

58% of employees took part in a training program in 2015

25% share of management positions held by women

100% of Tarkett’s raw materials were purchased from suppliers who are committed to UN Global Compact principles

97% of the 6,300 customers who took part in our biannual survey rated their satisfaction with Tarkett as good, very good or excellent

72% Tarkett Academies in 8 countries, dedicated to installers training

Customer & Supplier

Commitment & Sustainability

People & Stakeholders
OUR STAKEHOLDERS

Building long-lasting relationships

Following our motto, our employees give the best for better living to create trustful and valuable relationships with our customers, suppliers and communities. Thanks to our employees’ commitment, we strive to share our sustainability vision with each of our stakeholders.

CUSTOMERS

We believe that building open dialogue with our customers not only provides opportunities for new ideas and improved customer intimacy, but also drives the whole industry towards sustainable standards. We regularly set up customer focus groups with architects and designers on various topics from design trends to responsible use of flooring. We have developed the “sustainability tag” and an Environmental and Health Statement, verified by an independent third-party organization, to transparently share the composition of our products, so our customers can make a purposeful choice. Our ReStart take-back program also offers waste management solutions to installers, as our eco-innovations contribute to improved indoor air quality for flooring users.

SUPPLIERS

We promote the Ten Principles of the United Nations Global Compact, which focus on human rights, labor standards, the environment and anti-corruption. Our main raw materials suppliers are chosen based on their commitment to quality, as well as sustainability. Tarkett is committed to responsible purchasing, working in partnership with FSC™ and PEFC™-certified wood suppliers. We also partner with local suppliers or other industries to develop our circular economy model, increasing the use of recycled materials as secondary resources.

COMMUNITIES

Across countries, our employees share their time, expertise and energy with local communities, supporting non-profit organizations’ initiatives. Tarkett encourages such initiatives during working hours, and via funding and product donation. In 2015, Tarkett, through its brand Desso, contributed funding to non-profit organizations’ initiatives. Tarkett encourages such initiatives during working hours, and via funding and product donation. In 2015, Tarkett, through its brand Desso, contributed funding to non-profit organizations’ initiatives.

Fostering entrepreneurship

A key pillar of Tarkett culture is encouraging an entrepreneurial spirit. We achieve this through a decentralized and aligned organization, and through training and inclusion. Entrepreneurship is central to Tarkett’s DNA: the company has grown over the years by acquiring dynamic companies around the world, and integrating them into its decentralized structure. Developing that entrepreneurial spirit across Tarkett is vital to our success.

- Our agile and decentralized organization built around local profit centers is designed to encourage employees to take initiatives and evaluate risks and opportunities based on facts. Sharing common values and vision, we support local autonomy while ensuring alignment on strategic goals.
- Following the successful launch of our Entrepreneur@Tarkett training program in 2014, we extended this training to 120 senior managers of a total 300 planned.
- We also promote inclusion, actively welcoming and engaging people that think, decide and act differently. This is not just about diversity; inclusion is our ability to leverage differences and generate new ideas and perspectives. We also have a particular focus on developing the role of women at Tarkett with the support of the CEO, who organized open dialogue meetings with associates. We also seek to include a woman on each recruitment shortlist, and develop mentoring programs.

RECOGNIZING ENTREPRENEURIAL SPIRIT: TARKETT AWARDS

Tarkett Awards, our program to recognize and promote employee ideas and innovations, generates ever-growing interest across the Group. Now in its fifth year, it attracted 186 team entries from approximately 1,000 employees. Winning projects ranged from ways to improve customer service, safety, and operational efficiency to developing new phthalate-free product lines and organizing a Green Tour to raise awareness of sustainability issues.

Winner embodies entrepreneurship

The overall winner of the 2015 Tarkett Awards exemplifies the company’s entrepreneurial spirit: a project designed by the Tarkett Eastern Europe team to respond to volatile and challenging economic conditions. They created a new model that revises forecasts based on new assumptions within one hour, rather than 2-3 weeks. The result? A savings of roughly 7,000 man-hours per year, and faster decision-making.
At Tarkett, we are committed to providing a great customer experience. Our ability to anticipate and meet customer needs stems from our employees, whose diversity and complementarity strengthen our expertise.

**DESIGN**
Our close relationships with design influencers allow us to enter the world of fashion, anticipating trends and developing creative, aesthetic solutions. With a wide range of colors, patterns, and textures, we push the boundaries of traditional design.

**OPERATIONAL EXCELLENCE**
At Tarkett, we have the same standards as worldwide leaders, but we act at a local level. Our established excellence in production quality, safety and output inspires us to propose new ideas, improving quality and efficiency.

**INSTALLATION TEAM**
We go the extra mile to make sure installers have the right knowledge to install our products correctly. The Tarkett Academy provides training to professionals and apprentices, testing our products once installed also forms part of our approach to satisfying customers.

**SALES/ MARKETING**
Our priority is the customer, from conception to installation solutions. It is important to build long-term relationships. Architects and suppliers are key to our success because we are best placed and able to provide the best possible customer experiences.

**RESEARCH & INNOVATION**
Our research processes are structured on industry leaders’ best practices. The R&I team, working with the Tarkett Academy, develops innovative solutions. Our research has led to the development of breakthrough services like connected flooring and eco-friendly products.

**CUSTOMER SERVICE**
Customers expect us to deliver the right samples and products exactly when they need them. We need to respond quickly to customer demands, which is why our local productions are so important. A key part of our role is facilitating the Customer Journey.
Combining global strategy with local customer intimacy gives Tarkett a unique competitive advantage.

We leverage our global power where it matters: in purchasing and operational excellence, sharing best practices and carrying out research to boost innovation. Locally, our design and customer service teams, and our extensive distribution networks, ensure we are close to customers. In this way, we provide them with the best possible customer experience.

This balance between global and local is also reflected in how we drive performance. Local empowerment to make decisions is combined with shared Group values to create a powerful entrepreneurial culture.
INNOVATION
Sustainable value through research and development

Tarkett creates value for its customers by developing innovative flooring solutions and services. Our aim: to create enjoyable living spaces.

In the past few years, we have moved from a product-driven to a solutions and services innovation strategy, in three areas: circular eco-design, unique spaces and interactive surfaces.

ECO-DESIGN FOR SUSTAINABLE GROWTH
Tarkett believes in organic growth via sustainable innovation. Our product lines, which use closed-loop circular designs based on Cradle to Cradle® principles, frequently achieve industry recognition for setting higher standards. In 2015, for example, Tarkett became the first carpet tile manufacturer in the world to achieve Cradle to Cradle® Gold certification for its Desso product line. The new “Gold Collection” comes standard with an EcoBase™ backing containing upcycled re-engineered chalk from local drinking water companies.

Other products include ECONYL®, a 100% regenerated nylon made from recovered waste materials including post-consumer yarn waste. Another example is our linoleum, which is made from renewable materials. Tarkett is the first linoleum producer to achieve the Cradle to Cradle® certification Gold level for its 100% linen Veneto Essenza linoleum.

CREATE UNIQUE SPACES
The challenge of satisfying a large range of consumer color, style, material and sustainability requirements inspires Tarkett to push creative boundaries. Our product lines differ from region to region, based on the latest consumer trends. In EMEA, we offer Luxury Vinyl Tiles Loose Lay, which provides consumers with modular design options. Its easy-to-install and easy-to-renovate backing system, combined with an environmentally conscious design, makes it both flexible and sustainable.

The unique embossing technology for 4-meter vinyl floors synchronized with pattern makes our vinyl as realistic as nature, adding a sensory touch-feel benefits.

INTERACTIVE SPACES FOR CONNECTED LIVING SPACES
Tarkett develops its knowledge of interactive surfaces that change and enhance the relationships between the user and his or her environment. For example, we were the first flooring company to launch a connected flooring solution (FloorInMotion) for use in the aged care sector.

INTERACTIVE SPACES WITH LUMINOUS CARPET™
Luminous Carpet™ enables the user to display graphics and words with a touch of a smartphone or tablet. This solution, developed in partnership with Philips, combines light-transmissive carpet (Desso, Tandus) with LED lighting.

24 R&D labs in 15 countries
1 international research & innovation center
180 people dedicated to R&D worldwide

Technology at the service of customization: digital printing on wood flooring. Customization and modularity represent a trend in flooring, as consumers seek to make their living spaces unique and personal. In 2015, Tarkett launched an innovative wood flooring collection in CIS using a digital printing technology that enables to import pictures, graphical elements or text onto wood or to change colors to complement the grain in each plank.

Innovative technology for tracks in sports, our latest innovation: RISE N RUN (Beynon), a hydraulic banked track system, offers an innovative solution for indoor facilities.

"Tarkett distinguishes itself with FloorInMotion, a flooring service creating connected living spaces, that detects falls, room exits or intrusions, as well as overnight behavior changes, for patients in healthcare and aged care facilities. We recently won awards at the Batiactu Construction & Innovation Trophy in France and the Healthcare Summit in Luxembourg for our revolutionary offering in connected living."

JEAN-SEBASTIEN MOINIER,
Director, Business Unit FloorInMotion

In 2015, for example, Tarkett was recognized for Innovation Management at the international 2015 IMProve Award, organized by A.T. Kearney.
At Tarkett, advanced technology serves to create cutting-edge designs. With new printing techniques, we are able to produce the largest vinyl flooring collection with non-repetitive patterns. Part of our vinyl product range uses engraving technology, enabling us to recreate realistic textures like wood. Other Tarkett design innovations include printing directly on wood and embedding sensors in our connected flooring.

Flooring can be instrumental in creating a specific atmosphere for stores, hotels and restaurants. It can also be used to support brand identity. By playing with our range, from our FloorCraft cutting service, or Luminous Carpet with its ability to integrate marketing messages into the floor, interior designers can build a powerful brand experience.

Whether designing for industry giants or decorating personal spaces, we strive to make each customer experience unique. Our vinyl rolls and modular flooring options (LVT, wood, ...) offer the ability to create customized designs that alternate patterns, colors and materials. With Desso Carpet or digital printing, clients can mix and match, creating a flooring design unique to their needs.

In the Tarkett design team, fashion creativity meets industrial design excellence. We anticipate trends and technology and carry out research into the behavior of customer groups, from kids to office workers, to create new designs and products. From easy-to-install and easy-to-maintain solutions to eco-innovative and intelligent flooring, we provide solutions for the future.

“Design creates engagement and emotion that connects people with spaces. As part of the design team committed to innovative and sustainable solutions, I encourage people to play with our options for flooring. Our future is filled with a diversity of modular, stylish solutions that reflect the diversity of all of our customers.”

CHRIS STULPIN, Senior Vice President of Design at Tarkett North America

DESIGN
Floor is the new playground

Our 60 full-time design staff members in four regional centers work everyday to produce personalized options that transform spaces. Putting the customer at the heart of the innovation process, our teams make floors the new playground.
In 2015, two production sites - Sedan in France and Clervaux in Luxembourg - obtained the Bronze level at the WCM audit. Ronneby in Sweden joined Narni in Italy in reaching the Silver level.

As of year-end 2015, 91% of the Group’s sites were ISO 9001 (quality) certified, 91% were ISO 14001 (environment) certified and 70% were OHSAS 18001 (safety) certified. In Europe, all of our sites with more than 250 employees are ISO 50001 (energy efficiency) certified.

1,000 tons lifted safely by forklift drivers every day

For Tarkett, operational excellence means safe, efficient production, and meeting customer needs by providing high quality products in the right place at the right time.

Tarkett strives to achieve operational excellence by setting worldwide standards in manufacturing processes and implementing common policies. Identifying and sharing best practices, ideas and internal benchmarks, while continually improving and adapting technologies and processes, are part of our DNA. They are also a major force in our daily work.

BEST IN CLASS WORLDWIDE
Tarkett’s World Class Manufacturing (WCM) program has transformed production sites across the globe since 2009. Our ten WCM pillars are in place to drive improvements in customer service and competitiveness as well as environmental management and safety. Employees contribute to innovation by sharing ideas to improve production line efficiency. 79% of our production sites now use WCM. We progressively deploy the WCM program at our recently acquired sites, such as in Jaslo (Poland – ex-Gamrat), at Desco carpet sites (Netherlands and Belgium) or in Suzhou, near Shanghai (China, ex-Tandus). In 2015, teams worked together to improve the competitiveness of this carpet site, supporting business growth for modular solutions in China, India and Australia. Audits are a key element in assessing the effectiveness of WCM, monitoring factory compliance with each pillar and driving continuous improvement. Regular audits take the form of interviews by the Group audit team with managers responsible for each pillar, and points are awarded according to achievements. Factories are then graded Bronze, Silver or Gold. In 2015, we audited nine sites in Europe and CIS countries.

1,000 tons lifted safely by forklift drivers every day

OPERATIONAL EXCELLENCE
A competitive advantage

“With the WCM program, we are putting safety first. Accident-free at the workplace means empowering employees to rally against unsafe behaviors, which are behind 80% of lost-time accidents. We remind all employees that safety is everyone’s responsibility. Safety campaigns with all associates are one of the tools used to increase their awareness. Our latest internal safety campaign, SafeTember in Autumn 2015, targeted safety risks in our production sites and distribution centers.”

ANTOINE PREVOST, Executive Vice-President Operations

Our commitment to improving production quality and supply chain efficiency has led to greater customer satisfaction. In 2015, significant progress was achieved for on-time in-full delivery (OTIF) to our customers. Our best improvement is in EMEA, where OTIF averages 93%. This rises to 97% in Sweden, Luxembourg and Germany.

At Tarkett, we see getting closer to customers as key to satisfying their needs. In Russia, we strengthened our distribution network by opening a new logistics center in Vladivostock. The new strategically-located center stocks vinyl and laminate products to faster serve the needs of customers in the far Eastern cities.

2015 ACTIVITY & SUSTAINABILITY REPORT
Strong governance, risk management and compliance

Sustainability Dashboard
Tarkett’s Executive Committee is led by Michel Giannuzzi, CEO. This international and entrepreneurial leadership team is composed of eleven experienced managers, sharing common Group interest and values while ensuring operational agility thanks to a decentralized organization. Tarkett’s Management Board is chaired by Michel Giannuzzi, CEO, and includes Fabrice Barthélemy, CFO, and Vincent Lecerf, EVP Human Resources.

Tarkett’s Supervisory Board is composed of nine members: four members representing the Deconinck family, two representing KKR and three independent members. The Supervisory Board is chaired by Didier Deconinck and its Vice President is Jacques Garaïalde from KKR. This composition is in line with legislation and standards in regards to the proportion of independent members, women and the diversity of expertise of its members.
STÉPHANIE COUTURE,
Group General Counsel

“Human Resources, internal control & audit and legal departments work closely to ensure a true compliance culture is embedded throughout the Group, aligned with our ethical values.”

GOVERNANCE

In line with standard governance practices, the Supervisory Board has two dedicated Committees:

- The Audit Committee
  It is composed of two independent members of a total of three members. It assists the Supervisory Board with review of financial information, internal control and independence of the statutory auditors.

- The nominations and compensation Committee
  It is composed of two independent members of a total of four members. Its main function is to assist the Supervisory Board in reviewing various compensation aspects of the Group’s executive management, succession planning, and independence of the Board members.

Tarkett has chosen to follow the Afep/Medef code of governance.

RISK MANAGEMENT

Tarkett considers risk management and internal control to be closely linked. The risk management uses a variety of methods, procedures and actions in order to:

- identify, analyze and control material risks;
- ensure operational efficiency and efficient use of resources;
- ensure reliability of financial information.

The Group’s risk management and internal control processes are coordinated by Tarkett Internal Control and Audit Department, which implements throughout the Group:

- risk-mapping exercise and implementation of related action plans;
- internal controls on process-related risks (other than operations);
- regular internal audits;
- insurance coverage for identified exceptional risks.

COMPLIANCE

Compliance is a core value of the Group, which is the focus of a formal program and continuing policies, guidelines and training based on the Code of Ethics, fair competition practices, anti-corruption and fraud prevention.

ENVIRONMENTAL RESPONSIBILITY

STRONG GOVERNANCE,
risk management and compliance

Tarkett’s corporate governance processes are directed to ensure uncompromised business ethics, robust and transparent corporate supervision, and risk management.

We have developed our sustainability dashboard to allow us to continuously track progress in three dimensions: Environment, Social, and Governance. We have also set up 2030 sustainability objectives, engaging our teams and partners to work together to drive our Sustainable strategy.
### Social Responsibility

#### Strategic initiatives

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Safety &amp; Values</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last accident frequency rate (LTA per million hours worked)</td>
<td>2.32</td>
<td>2.30</td>
<td>4.10</td>
<td>-1%</td>
<td>-40%</td>
</tr>
<tr>
<td>Total accident frequency rate (Accidents per million hours worked)</td>
<td>25.6</td>
<td>22.1</td>
<td>17.8</td>
<td>+24%</td>
<td>+54%</td>
</tr>
<tr>
<td>Severity rate (Working days stopped per million hours worked)</td>
<td>0.0595</td>
<td>0.0700</td>
<td>-</td>
<td>-1%</td>
<td>-6%</td>
</tr>
<tr>
<td><strong>Ensure respect and integrity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progress on Tarkett values adhesion (employee feedback)</td>
<td>-</td>
<td>63%</td>
<td>56%</td>
<td>-1%</td>
<td>-6%</td>
</tr>
<tr>
<td><strong>Foster Diversity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of women in top 100 positions (CEO and CEO-2 positions)</td>
<td>18%</td>
<td>16%</td>
<td>-</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Develop talent and promote an entrepreneurial culture</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of people trained in last 1 year (total during the year)</td>
<td>58%</td>
<td>57%</td>
<td>-</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>% of open management positions filled with an internal candidate</td>
<td>40%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>% of employees who achieved a Performance &amp; Development Dialogue (or equivalent)</td>
<td>57%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Listen to employees and engage in social dialogue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progress on dialogue in employee feedback</td>
<td>-</td>
<td>59%</td>
<td>53.5%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Communicate proactively towards all employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progress on internal communication in employee feedback</td>
<td>-</td>
<td>63.3%</td>
<td>55.1%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Provide professional training to the community</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of external people having received Tarkett Academy training (days in training and/or maintenance)</td>
<td>3.97%</td>
<td>3.754</td>
<td>-</td>
<td>6%</td>
<td>70%</td>
</tr>
</tbody>
</table>

#### Strategic initiatives

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dialogue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Communities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Corporate Governance

#### Strategic initiatives

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Promote Code of Ethics to employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of employees who completed the e-learning on Code of Ethics (cumulative)</td>
<td>73%</td>
<td>73%</td>
<td>-</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Promote Corporate Sustainability values to stakeholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw material purchased with suppliers committing to Global Compact % of purchase value</td>
<td>72%</td>
<td>59%</td>
<td>0%</td>
<td>+13pts</td>
<td>+72pts</td>
</tr>
<tr>
<td><strong>Ensure regular audits of business</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group perimeter auditor over the last 4 years % of operations assessed</td>
<td>92%</td>
<td>85%</td>
<td>-</td>
<td>+7pts</td>
<td>+4pts</td>
</tr>
</tbody>
</table>

*Positive evolution*  
*Negative evolution*  
*2010 is the default baseline year, but several KPI tracking started later*