

2018
Corporate
Social &
Environmental
Responsibility
Report

Tarkett at a glance

A world leader in flooring and sports surface solutions

Because great moments deserve great spaces, Tarkett helps create great spaces and deliver an easy customer experience by understanding customer needs, offering expertise brought by 135 years of experience, and being obsessed with execution. This is our commitment to our clients to help create "Great spaces. One surface at a time". As one of the world's leaders in flooring and sports surface solutions, our teams are mobilized to act as "One Tarkett, agile and performance driven" and to represent our brand values by being committed, collaborative, creative and caring.

A BROAD RANGE OF SOLUTIONS

We offer one of the largest portfolios of flooring and sports surface solutions, and we share with our customers our expertise in multiple market segments.



Vinyl



Linoleum



Carpet



Wood



Laminate



Rubber & Accessories

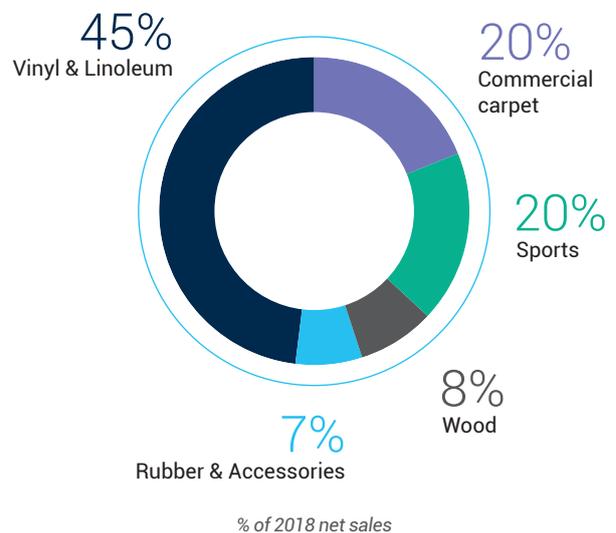


Artificial Turf



Athletic Tracks

 EDUCATION	 HOME	 WORKPLACE
 HEALTH CARE & AGED CARE	 STORES & SHOPS	 HOSPITALITY, TRAVEL & LEISURE
 MARINE, AVIATION & TRANSPORT	 INDUSTRY	 SPORTS & WELLNESS



TARKETT WORLDWIDE

- 24**
R&D laboratories
-
- 1**
research & innovation center
-
- 4**
design centers
-
- 36**
industrial sites
-
- 7**
recycling centers



€2.8 billion

2018 net sales

13,000

employees

No. 1

in vinyl worldwide

ATTRACTIVE END-MARKET EXPOSURE

~ 70%
Commercial

~ 30%
Residential



SALES DRIVEN BY RENOVATION

~ 80%
Renovation

~ 20%
New construction



% of 2018 net sales

1.3 million
m² of flooring sold every day
in over 100 countries

OUR COMMITMENT: "DOING GOOD. TOGETHER."

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



Eco-design by applying Cradle to Cradle® principles



Build a circular economy model



Contribute to global debates and combat climate change*



Comply with the 10 United Nations principles



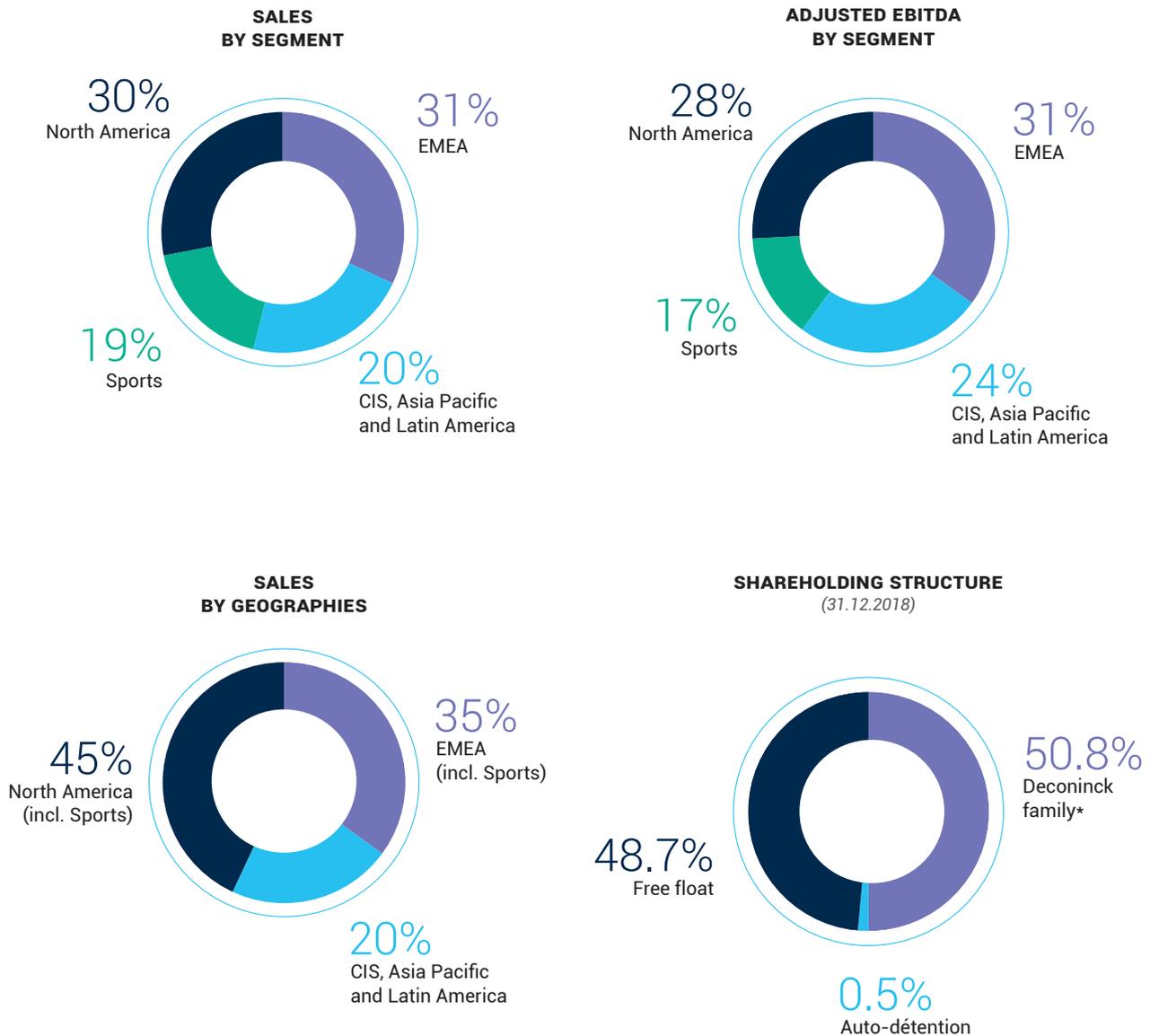
THE GLOBAL GOALS
For Sustainable Development

Contribute to the Sustainable Development Goals defined by the United Nations

* Member of World Economic Forum between 2016 and 2018

Tarkett in figures

Tarkett benefits from its global geographical presence and balanced economic model, which reinforce the stability and robustness of the Group.



Tarkett is listed on Euronext Paris (compartment A, ISIN: FR0004188670, ticker: TKTT) and is a constituent of the SBF 120 and CAC Mid 60 indexes.

The Management Board will propose to the General Meeting of 26 April, 2019 the payment of a dividend of **€0.60** per share for the 2018 financial year. This dividend will be paid, at the shareholder's option, in cash or in new shares.

* Deconinck Family includes Société Investissement Deconinck, members of the Deconinck family and companies related to them. More details in section 7.3.1.

The breakdown of 2018 net sales and EBITDA is calculated pro forma for the full year, including Lexmark activity (acquisition made in September 2018). Adjusted EBITDA: adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.

Gouvernance

Supervisory Board

Tarkett's Supervisory Board is composed of nine members, five of whom represent the Deconinck family, the majority shareholder, the remaining four members being independent*. The Board complies with standards and regulations regarding the proportion of independent members, men / women, and diversity of expertise.



Éric La Bonnardière
Deconinck family
Chairman
Member since 2015

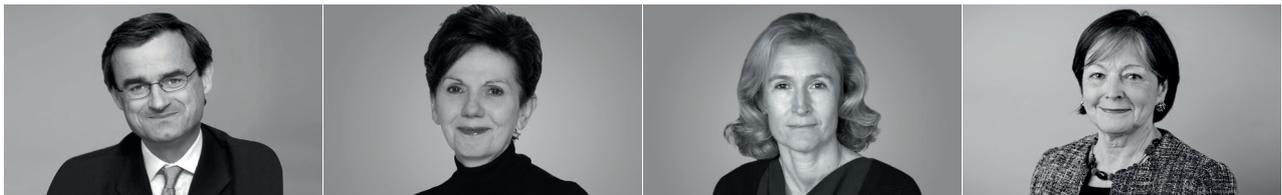
Didier Deconinck
Vice-Chairman
Member since 2011



Éric Deconinck
Member since 2001

Julien Deconinck
Member since 2018

Agnès Touraine
Member since 2016



Jacques Garaïalde
Member** since 2007

Françoise Leroy
Member** since 2013

Sabine Roux de Bézieux
Member** since 2017

Guylaine Saucier
Member** since 2015

Audit, risks and compliance committee:

- Guylaine Saucier (President)**
- Françoise Leroy**
- Julien Deconinck

Observers:

- Bernard-André Deconinck
- Nicolas Deconinck

Nominations, compensations and governance committee:

- Françoise Leroy (President)**
- Sabine Roux de Bézieux**
- Agnès Touraine

* Two observers also attend the meetings of the Supervisory Board.

** Independent Member

Gouvernance

Group Executive Committee

(as of March 15, 2019)

The Group Executive Committee is led by Fabrice Barthélemy, CEO. This international and entrepreneurial team is composed of experienced leaders who share the Group's interest and values, while ensuring operational agility through a decentralized organization.



Fabrice Barthélemy⁽¹⁾
CEO

President EMEA & LATAM
(acting)



Eric Dalieré
President Tarkett Sports



Jeff Fenwick
Interim President & CEO
of Tarkett North America



Slavoljub Martinovic
President Tarkett Eastern
Europe



Pierre Barrard
EVP Strategic Marketing,
Digital & Innovation



Raphaël Bauer
Chief Financial Officer



Wendy Kool-Foulon
General Counsel



Gilles Le Bret
VP Customer Operations and
Chief Information Officer



Sharon MacBeath⁽¹⁾
EVP Human Resources and
Communications



Antoine Prevost
EVP Research & Development
and Operations

⁽¹⁾ Members of Tarkett's Management Board

A Word from the CEO

Tarkett experienced a challenging and unstable business environment in 2018, but was able to show resilience as well as good organic growth. 2019 shall mark a first step in the improvement of our profitability.

It is in this context that I took the Group's leadership in January 2019 as Chief Executive Officer. With over ten years experience at Tarkett, I have a deep knowledge of our business and of the challenges the Group is facing.

I also know the depth of our talent and the commitment of our teams worldwide, and their dedication to the success of the Group and of our customers. I know their pride in contributing with our clients to create great and unique spaces that respect people's health and the environment.

Finally, I share with the members of the Supervisory Board and the Executive Committee a common ambition to transform the Group, to make it more agile and performance driven, able to both adapt to complex economic environments and seize growth opportunities, while contributing to societal and environmental challenges.

In order to achieve a sustainable improvement in the Group's financial performance, we have initiated a transformation plan focused on innovation in products and solutions, optimization of our industrial set-up, digital transition and continued commitment to circular economy.

Our long-lasting relationships with our clients and our renowned expertise in various segments such as hospitality, health care, education, workplace, home or sports, are major assets to succeed. In addition, we also want to accelerate the digitalization of our customer journey and distribution channels.

Beyond our World Class Manufacturing program for improvement of our operational performance, we have also initiated a review of our industrial set-up to improve its profitability and further increase the level of excellence in terms of safety, quality and environmental impact.

Lastly, we also strongly believe that we must move further and faster with our commitment to a circular economy. This is a major challenge for the construction and flooring industry in order to reduce the use and the reliance on natural resources. It is also a factor of differentiation with our customers, to offer an efficient take-back and recycling service. Above all, it is an inspiring commitment for our teams and partners.

Our commitment to the Ten Principles of the Global Compact and to the Sustainable Development Goals defined by the United Nations, along with our partnership with the "Circular Economy 100" initiative of the Ellen MacArthur Foundation, demonstrate our willingness to contribute, at our scale, to tomorrow's worldwide challenges by "Doing Good. Together."

With the support of the Supervisory Board and the Deconinck family, our long-time majority shareholder for four generations, and thanks to our committed, collaborative and creative teams, I am confident that Tarkett has strong assets to start its transformation and successfully face today's and tomorrow's challenges.



Fabrice Barthélemy
Chief Executive Officer

Doing Good. Together.



Designing for Life

Improving indoor air quality & contributing to healthy spaces

Stewarding water, energy and resources



QUALITY MATERIALS

98%

of our raw materials (representing more than 3,000 materials) are third-party assessed (by EPEA) for their impact on people's health and the environment based on Cradle to Cradle® criteria.

SUSTAINABLE RESOURCES

70%

of our materials do not contribute to resource scarcity, being abundant, rapidly renewable or recycled.



GOOD INDOOR AIR QUALITY

97%

of our floorings are low VOC*.

* Total Volatile Organic Compounds

WATER CONSUMPTION

68%

of our production sites are equipped with closed loop water circuits or do not use water in their process.



HEALTHY SPACES

100%

of our vinyl production sites in Europe, in North America, in Serbia and in China use a phthalate-free* technology by end 2018.

* Except recycled content for certain products.

CLIMATE IMPACT

-8.5%

of greenhouse gas emissions (kgCO₂e/m²) between 2010 and 2018.

RENEWABLE ENERGY

27%

of energy consumption comes from renewable energies.

Figures as of 31/12/2018

Our commitment to sustainable development



Closing the Loop

Recycling to turn waste in high quality materials

Implementing take-back program

RECYCLED RESOURCES

134,000

tons of recycled materials used as raw materials, representing 10% of our purchased raw materials (in volume).

RESTART® PROGRAM

102,000

tons of collected floorings from 2010 to 2018.



Driving Collaboration



Building a circular economy business model.



WE SUPPORT
Compliance with the 10 principles of United Nations Global Compact



Nearly 1,300 employees involved in over 170 charity initiatives at the world scale.



23,000 professionals or students trained as professional installers or in flooring installation techniques from 2012 to 2018.

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3.1 Tarkett's business model

A world leader in flooring and sports surface solutions

Because great moments deserve great spaces, Tarkett helps create great spaces and deliver an easy customer experience by understanding customer's needs, offering expertise brought by 135 years of experience, and being obsessed with execution. This is our commitment to our clients to help create "Great Spaces. One Surface at a Time". Our business model is summarized below – for more details refer to Chapter 1 "Presentation of the Group".

Our business model dedicated to serving our customers...

Our Inputs: Sustainable Capital



Capital financier

- Listed on Paris Stock Exchange (SBF120)
- Family shareholder (50.8%)
- Free float (48.7%)
- Debt financing



Manufacturing capital

- 36 production sites in 17 countries worldwide (Europe, North America, CIS, China, Brazil, Australia)
- 7 recycling facilities



Intellectual capital

- Reputed brands (Tarkett, FieldTurf...)
- 15 patent families active in 42 countries
- 24 R&D labs, 1 research & innovation center, 4 design centers
- Network of internal experts and methodology (World Class Manufacturing, Design Thinking, Cradle to Cradle®, Talent Philosophy...)
- Scientific partnerships (universities, Environmental Protection Encouragement Agency - EPEA, suppliers...)



Human, social and relationship capital

- 13,000 employees in 30 countries, 40 nationalities
- Diversified B2B2C clients in over 100 countries (sales forces, showrooms...)
- Diversified suppliers, from international key raw materials suppliers (PVC, plasticizers...) to local suppliers
- Local communities close to our industrial sites



Natural capital

- Energy from renewable and non-renewable sources
- Water
- Renewable (wood, jute, cork, ...) and non-renewable (fossil and mineral) raw materials, from recycled and virgin sources



Governance and compliance capital

- Management Board, Supervisory Board and 2 specialized committees
- Executive Committee
- Code of ethics and conduct
- Whistleblowing procedure
- Code of Conduct Securities Markets

Our Mission

*Great Spaces.
One Surface
at a Time.*

Our Values

*Committed
Collaborative
Creative
Caring*

Our Culture

*One Tarkett,
agile &
performance
driven*

OUR VALUE PROPOSITION

Tarkett helps create great spaces and delivers an easy customer experience by understanding customer needs, offering expertise brought by 135 years of experience, and being obsessed with execution.

SOLUTIONS

A comprehensive and coordinated offer of flooring and sports surfaces:



- Resilient flooring (vinyl, linoleum...)
- Commercial carpet
- Wood and laminate
- Rubber and accessories
- Artificial turf and athletic tracks

SEGMENTS

A recognized expertise in specific segments, in renovation and new construction:



- Home
- Workplace
- Health care
- Education
- Hospitality, Stores & Shops
- Sports

CHANNELS

A local service tailored to our different clients and regions:



- Specifiers (architects, designers)
- Installers, contractors
- Distribution, DIY
- Key accounts
- End-users, facility managers

and our stakeholders

Our Outputs: Sustainable Performance

Distributing value

€2,836 million Net sales	€49 million Net profit (Group share)	€128 million Investments	€25 million Income tax paid
€249 million Adjusted EBITDA	€671 million Remunerations	€0.60 dividend per share Shareholders	€0.8 million Support to local communities (Tarkett Cares)

Growing and strengthening our positions

2.1% Organic growth	3 rd largest flooring supplier worldwide	1.3 million m ² flooring sold daily in over 100 countries	No. 1 in vinyl flooring
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Developing talents

2.14 ^{FR1t} Recordable Lost Time Accident Frequency Rate (FR1t) for employees and external workers in production sites	60% employees trained in the last year	88% participation in biennial employee feedback survey
Safety	Training	Dialogue
Diversity 27% management positions filled by women	Performance 53% permanent employees had a Performance & Development Review	Acknowledgement >200 projects submitted to Tarkett Awards

Designing for life and preserving the natural capital

- Assess raw materials (for health and environmental impacts) according to Cradle to Cradle® - C2C principles (98%)
- Contribute to well-being through our products: indoor air quality (low volatile organic compounds emissions), healthy spaces (phthalate-free plasticizers), comfort (visual, acoustics, installation, maintenance...)
- Select raw materials not contributing to resource scarcity (70% - renewable, abundant or recycled)
- Reduce greenhouse gas emissions (Scope 1 & 2, 27% renewable energies)
- Equip our plants with closed loop water systems (68%)

Closing the loop towards a circular economy model

- Use recycled materials (134,000 tons, 10% of purchased raw materials in volumes)
- Recycle our production waste internally and externally
- Collect flooring via the ReStart® program (102,000 tons between 2010 and 2018)
- Design products and installation systems for easy recyclability

Driving collaboration

- Engage with responsible suppliers ("responsible sourcing program", 76% committing to United Nations Global Compact, C2C eco-design)
- Share our products information with our clients (Material Health Statements - MHS, Environmental Product Declarations - EPD)
- Support local communities through Tarkett Cares and employees involvement
- Train students and professionals in flooring profession and installation techniques via Tarkett Academy (23,000 people trained from 2012 to 2018)



3.2 Tarkett's CSR ambition and commitment

3.2.1 A word from the CEO



Fabrice Barthélemy
CEO of Tarkett

"At Tarkett, we are committed to serving our customers through our innovation capabilities and longstanding sustainability dedication and achievements. We are deeply convinced that there is an urgency to shift models to preserve the world's finite natural resources and capital. Our goal for the next years is to establish a healthy circular economy in the flooring industry and we invite our stakeholders to join our efforts on this journey. In 2018, we have not only reduced our environmental footprint but also contributed positively to global societal challenges, inspired by the United Nations' Sustainable Development Goals (SDGs) and by the 10 principles of UN Global Compact."

3.2.2 Our CSR approach dedicated to serving our clients

At Tarkett, social and environmental Responsibility is a long-standing commitment and a lever for business growth. This commitment for a sustainable and responsible development is at the heart of our strategy. It is integrated in all our activities, such as talent development via our Talent Philosophy, our circular economy and eco-design approach according to Cradle

to Cradle® principles, and our operational excellence program via World Class Manufacturing (WCM). Every day, we strive to combine these elements not only to best serve our clients, but also to anticipate and respond to the expectations and requirements of our different stakeholders – employees, customers and users, investors, NGOs, public authorities.

Our client's expectations and requirements regarding sustainable and responsible development

Our clients face various challenges and have continually increasing expectations regarding sustainable and responsible development, for example:

- > installers and contractors: install and remove quickly, collect and recycle post-installation and post-consumer flooring waste;
- > architects and designers: select materials responding to more and more stringent certification and label criteria regarding indoor air quality, healthy spaces and recycling, and transparently understand the composition of our products;

- > distributors: offer products responding to market trends, obtain support for sales force notably regarding products' technical and environmental characteristics, and guarantee a quick availability of the products;
- > final users, who live on our flooring and sports surfaces on a daily basis: make no compromise between price, design (visual aspect), performance (comfort, resistance, acoustics, safety, easy maintenance) and respect for health and the environment.

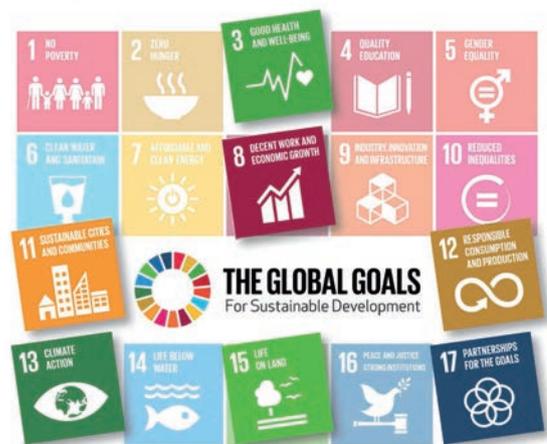
Our CSR/sustainability ambition is expressed by "Doing Good. Together.". The objective is to go beyond simply "doing better" through improvements to the existing model, to actually "doing good" by building a sustainable business model that integrates the challenges of tomorrow's world. This approach is based on the main constituents of Tarkett's sustainable development approach: Designing for life, Closing the loop, Driving collaboration, Supporting communities, and Developing talents.

In 2015, the United Nations adopted a set of sustainable development Goals. This 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. Through its ambitious CSR approach implemented since 2010, Tarkett contributes to several of the UN sustainable development Goals.

Tarkett contributes to sustainable development Goals (SDG) defined by the United Nations through our "Doing Good. Together." approach

- > **Designing for life:** respect the planet's natural capital by reducing our environmental footprint (SDG 15) and fighting climate change (SDG 13); develop products that contributed to people-friendly spaces, with good health and well-being in working, leisure, and living spaces (SDG 3).
- > **Closing the loop:** building a circular economy inclusive of programs and business models that encourage take back, reuse, recycling and elimination of waste (SDG12).
- > **Driving collaboration:** inspiring others to join us in "Doing Good. Together." through education, collaboration, transparency, and communication (SDG17).
- > **Supporting communities:** contributing to the development of communities and territories in which we are active, and making sure our business is inclusive by bringing together various stakeholders, including suppliers, and encouraging them to take part in our responsible value chain (SDG 11).

- > **Developing talents:** making sure that every employee adheres to our approach, which we consider crucial for the successful implementation of our projects, therefore creating a safe, respectful, inclusive and rewarding work environment (SDG 8).



3.2.3 Our CSR performance and our progress towards 2020 Objectives

Using good materials for people's health and the environment

Materials assessment



98%

of our raw materials are third-party assessed for their impact on people's health and the environment based on Cradle to Cradle® criteria (Objective 2020: 100%).

Indoor air quality



97%

of our floorings have low levels of volatile organic compounds ⁽¹⁾ emissions, i.e. 10 to 100 times lower than the strictest standards (Objective 2020: 100%).

Healthy indoor environment



by end 2018,

100%

of our vinyl production sites in Europe, North America, Serbia and China use non-phthalate plasticizer technology ⁽²⁾. At Group level, 65% of our vinyl flooring are phthalate-free ⁽³⁾ (Objective 2020: 100%).

Fighting climate change

Renewable energy



27%

of energy consumption comes from renewable energies.

Greenhouse gases



-8.5%

decrease of GHG emissions (per m² of manufactured product) compared to 2010: 0.92 kgCO₂e (scope 1 & 2)/m² (Objective 2020: -20% vs. 2010).

Respecting resources through circular economy

Materials selection



70%

of our raw materials do not contribute to resource scarcity, being abundant in the nature, rapidly renewable or recycled) (Objective 2020: 75%).

Recycled resources



134,000 tons

of recycled materials ⁽³⁾ are used as raw materials, representing 10% of the volume of purchased raw materials.

Flooring take-back



102,000 tons

of flooring have been collected from 2010 to 2018 by Tarkett ReStart® program in Europe and North America (collection of post-installation and post-consumer flooring: vinyl, linoleum and carpet). In 2018, 3,300 tons were collected (Objective 2020: 38,000 tons per year – double volume vs. 2010).

Production waste



67%

of our industrial waste is effectively recycled.

Water consumption



68%

of our production sites are equipped with closed-loop water circuits or do not use water in their process (Objective 2020: 100%).

(1) Total volatile organic compounds < 100 µg / m³ (% of m² produced, flooring only).

(2) Except recycled content for certain products.

(3) Recycled materials: Materials that would otherwise have been sent for waste disposal; internal post-manufacturing recycled volumes are included.

Respecting and developing our teams

Safety



2.14

Recordable Lost Time Accident Frequency Rate (FR1t⁽¹⁾) in production sites, compared to 1.87 in 2017 (Objective 2020: 0 Lost Time Accident).⁽²⁾

Diversity



27%

of members of the Executive Committee are women; 27% of management positions are filled by women.

Training



60%

of employees trained at least 1 day during the year.

Social dialogue



88%

participation in biennial employee feedback survey.

Supporting local communities

Tarkett Cares



2

days of volunteer activity for charity initiatives possible for all employees.

1,300

employees involved

170

initiatives,

€800k

contributions⁽³⁾ to community initiatives.

Tarkett Academy



23,000

professionals or students trained as professional installers or in installation techniques from 2012 to 2018.

(1) Number of accidents with lost time more or less than 24 hours per million hours worked of employees and external workers at Tarkett production sites.

(2) Despite the efforts made in terms of safety since 2010, we faced a fatal accident at one of our manufacturing sites.

(3) Value of financial and product donations and employee hours donated.

3.3 CSR governance

3.3.1 A CSR governance integrated at all levels of the Group

At Tarkett, we are convinced that the successful transition of the Group towards circular economy and the successful implementation of our sustainable development strategy will essentially depend on two factors: engaging all our employees, and integrating CSR considerations on a daily basis at all levels of the Group, within each of the divisions and cross-business functions, as well as at production sites.

Several bodies, networks and stakeholders are thus involved in CSR/sustainability governance:

- **our CSR strategy is developed and monitored by the CEO and the Executive Committee**, involving the divisions' Presidents (EMEA & LATAM, TNA, TEE, Sports) and the functions' Executive Vice Presidents/Chief Officers. The Executive Committee meets monthly to review the Group's operational and financial performance and to discuss strategic projects and key business matters, including CSR/sustainability topics and related 2020 objectives as relevant;
- **this strategy is rolled-out, driven and implemented at divisions, functions, sites and networks level** in every country where we operate. The divisions' and functions' management committees develop and monitor roadmaps depending on priorities and specificities of the concerned sites, countries and divisions and on the Group's 2020 objectives;
- **the dedicated environmental committee**, created in 2011 and overseen by the Executive Vice President of Research, Innovation & Environment (Member of the Executive Committee), also participates in the definition and implementation of the environmental strategy and of best practice sharing. This committee consists of a network of environmental/sustainability experts from the divisions and of members from different functions (research and innovation, operations/WCM, communication, marketing), and meets on a monthly basis. The proposals of this committee, notably in terms of objectives and indicators, are presented to the Executive Committee for validation;
- the CSR strategy, along with progress achieved and objectives, are **shared with company employees**, in particular via the internal newsletter (special edition on sustainability in October 2018), intranet news, and communications and training organized at divisions level. Progress and challenges are also shared with the senior executives as part of quarterly results presentations and during the annual seminar;
- our commitment and results are also **presented to the shareholders and the financial community** during the annual Shareholders Meeting, and to all our stakeholders via our different publications (CSR report, 2017 Activity and sustainability report, Tarkett in brief).

Furthermore, two committees support the Supervisory Board and are involved in our CSR approach:

- **the Audit, Risks and Compliance Committee** ensures the effectiveness of risk-monitoring and internal control procedures, which cover CSR-related topics;
- **the Nominations, Compensations and Governance Committee** determines and regularly reviews the compensation and benefits awarded to the Company's top executives, for whom some CSR objectives have been included in the criteria for awarding a variable compensation. For example in 2018, one of the CEO's four main objectives was to strengthen the leadership on sustainability, while other members of the Executive Committee, depending on their areas of responsibilities, had objectives related to safety, compliance, talent management, circular economy, deployment of Cradle to Cradle® principles and contribution to 2020 environmental objectives.

3.3.2 A robust reporting process to drive CSR performance

The reporting process of CSR/sustainability indicators is managed and consolidated since 2018 by the Financial department with the support from the different concerned functions (including Operations/WCM, HR, Legal, Research & Innovation & Environment...), divisions and sites. The CSR report, managed by the Communication & CSR department, is included in the Registration Document. The reported indicators and the CSR report are audited by a third-party independent organization (see section 3.10.4 Report of Independent third-party Organization).

A detailed, rigorous and audited reporting process: Since 2017, the reporting process has been strengthened with the drafting and diffusion 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 definition of indicators, as well as the tools/calculation methods and controls carried out by contributors at the local level, and consolidation of data at the Group level. The process and the indicators are audited by internal audit teams and by a third-party independent organization. This formalization of the reporting process with the existing rules demonstrates the commitment of the Group to being rigorous and transparent towards its stakeholders.

Dashboards enabling to empower and to drive CSR performance at each level: the Group follows a dashboard, which notably includes environmental indicators for which 2020 objectives have been defined as early as 2012. Divisions and functions also have dashboards with all indicators, allowing the different entities to drive their performance and focus their efforts on the material challenges associated with their activities. The analysis of the evolution of indicators over time is crucial to measure progress achieved, identify room for improvement and the challenges which still need to be tackled, and implement ambitious and pragmatic action plans.

Progress review meetings are also jointly organized at different levels: Group, divisions, functions and sites, and as part of "networks" (WCM, HR, environmental committee, etc.).

3.3.3 A CSR approach aligned with international standards

Tarkett's commitment, as well as the CSR report, the indicators dashboard, the 2020 objectives and the strengthened reporting process, meet the European and French regulatory obligations, and are in line and consistent with the requirements of internationally recognized standards:

- › the European Union Directive and the French regulations on non-financial statement, known as the extra-financial performance declaration (DPEF – formerly known as Grenelle II);
- › the French duty of care ("*Devoir de Vigilance*") and anti-corruption law ("*Loi Sapin 2*"), which are applicable in France since 2017 and 2016 respectively;
- › the Global Reporting Initiative (GRI) Standards – see in particular section 3.10.3 "GRI and DPEF concordance table";
- › the Ten Principles of the United Nations Global Compact (UNGC), to which we communicate our results to comply with the "Advanced" level standard;
- › several sustainable development Goals (SDGs) defined by the United Nations;
- › the Task-force on Climate-related Financial Disclosures (TCFD);
- › the Carbon Disclosure Project (CDP) climate change questionnaire;
- › the calculation and reporting of greenhouse gas (GHG) emissions in line with the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) GHG Protocol;
- › the Afep-Medef recommendations, notably regarding corporate governance and DPEF.

3.3.4 A Commitment to high ethical standards

3.3.4.1 Our approach to ethics and integrity

Among our most important company assets are our reputation and credibility for high standards of ethics and integrity. We consider that adherence to these principles as well as compliance with applicable laws and regulations are "non-negotiable" and central to how we do business every day and in every country. This corporate responsible commitment is evident in our core values, and we urge every Tarkett employee to follow and act according to these principles.

These principles are transcribed in **several Group's Codes and Policies**, for example:

- › the **Code of Ethics** was originally developed in 2009. It defines essential principles which guide employees, as well as fundamental principles which should not be infringed, in terms of fair competition, selection of suppliers and service providers, conflict of interest, safeguarding of company property and information, and truth and accuracy of accounts;
- › the **Competition Policy** complements the Code of Ethics on the topic of compliance with competition laws. It provides essential principles and rules to be respected in terms of relationship with competitors (horizontal agreements, exchange of information, membership and participation in trade associations), relationships with suppliers and customers, good practices to avoid abuse of dominance, misleading advertising, etc.;
- › the **Anticorruption Code of Conduct** was in turn deployed in 2018 in replacement of the Anticorruption Policy which was

in effect since 2012 (see section 3.3.4.2 "Prevention of Corruption").

To ensure that all Tarkett employees are aware of and respect the values and behaviors that we wish to share, we have implemented **several training and monitoring programs**:

- › **compliance training**: we have launched in 2018 a new compliance training program focused on fair competition and anti-corruption. The program consists of six tailored e-learning modules which have to be completed every year by all Tarkett employees who have computer access (covering approximately 5,000 employees worldwide). A significant investment was made for the development of the new compliance e-learning modules. Face-to-face training sessions have also been reinforced via dedicated compliance workshops tailored to groups more exposed to the previously mentioned risks, notably the sales and procurement functions, and groups performing strengthened controls, such as the internal audit team;
- › **participation in trade associations**: Guidelines of good behavior practices when joining trade associations and more generally when attending meetings where competitors are present have been developed in 2018 and are included in the training sessions;
- › **Code of Ethics training**: The new compliance e-learning program comes in addition to the existing training program on the Code of Ethics, which has to be completed every other year by all Tarkett employees (either via e-learning or face-to-face session);
- › **cybercrime and fraud training**: We have also implemented training sessions to raise awareness and empower teams on cybercrime and fraud;
- › **Compliance Hotline**: While a professional alert mechanism, the Ethics Hotline, was already available for our activities in North America, we implemented in 2018 a second similar tool, the Compliance Hotline. This system enables Tarkett's employees and business partners worldwide to raise their concerns and/or report potential violations they may witness within Tarkett, including in an anonymous way if they wish to.

Example



Our Compliance Hotline: a new tool that enables raising concerns to Tarkett

- › Easy access on the web or by phone from 103 countries in 52 languages.
- › Accessible to Tarkett's employees and business partners (suppliers, clients, etc.).
- › To report any type of violation, for example regarding accounting, anti-trust, conflict of interests, corruption, fraud, harassment, discrimination, environmental damage, etc.
- › Presented for consultation to Tarkett's Works Councils and Health, Safety and Working Conditions Committees in countries where local law enforces it.
- › Supported by a Whistleblowing Procedure to ensure the protection of whistleblowers.
- › Guaranteeing the confidentiality of cases.

Tarkett's CSR ambition and commitment

The compliance section of Tarkett's intranet has moreover been updated and completed in 2018 to provide all employees who have intranet access with readily-available information on ethics, competition, anti-corruption, the whistleblowing procedure and Tarkett's professional alert mechanisms (Compliance Hotline and Ethics Hotline). Similar information has moreover been publicly disclosed on Tarkett's website.

Compliance risks have been included in the controls and work programs of the internal audit department, and in 2018, all internal controllers and auditors were trained on compliance issues.

Data privacy: the Group is committed to ensuring the responsible use of the personal data it processes, in compliance with the applicable regulations, notably the EU General Data Protection Regulation ("GDPR"). In this context, the Group has developed an action plan overseen by the Group legal department, whose main features are presented in Chapter 6 "Risk factors and internal control" of the 2018 Registration Document.

Cybersecurity: the Group uses complex information systems (notably for production management, sales, logistics, accounting and reporting), which are essential for conducting its commercial and industrial activities. Recognizing that a failure of any one system could have a material adverse effect on the Group's business, financial position, results, or prospects, Tarkett has procedures, tools and trainings in place to continually strengthen the security of its information systems, as detailed in Chapter 6 "Risk factors and internal control" of the 2018 Registration Document.

Responsible tax practices: As part of its activities, Tarkett does not resort to complex financial arrangements aiming at obtaining a tax benefit conflicting with the purpose or the aim of applicable tax law. Tarkett does not have legal entities in any of the five countries of the European Union (EU) black-listed tax havens, which include countries refusing to engage a dialogue with the EU or to remedy shortcomings in terms of good tax governance. With regard to the 65 countries of the EU grey-listed tax havens, which include countries committed to comply with international standards but having signed less than twelve agreements, Tarkett has commercial legal entities in four countries (Hong Kong, Serbia, Switzerland and Turkey) and one production subsidiary in Serbia. The list of these countries, updated as of 4th December 2018, is available at the following link: <https://ec.europa.eu/taxation-customs/sites/taxation/files/eu-list-update-04-12-2018-en.pdf>.

In the EU, Tarkett operates in Luxembourg since 1961 (where it has a vinyl flooring manufacturing site and a research and innovation center employing over 500 employees) and in the Netherlands (where it has two carpet manufacturing sites and sales activities employing close to 400 employees). Finally, it is specified that the Tarkett Group has not signed any tax rescript with tax authorities in its different countries of operation.

3.3.4.2 Prevention of corruption

In line with the requirements of the French anti-corruption law ("Loi Sapin 2") and the guidelines of the Anticorruption French Agency (AFA), Tarkett has implemented a Corruption Prevention Program, which provides a framework to our teams and business partners globally and which includes the following components:

› a corruption risk mapping exercise was initiated in 2017 for Tarkett activities. The risk identification and assessment process was based on interviews of 70 internal stakeholders covering the whole range of Tarkett activities worldwide.

The risk mapping is continually expanded and updated annually based on elements gathered through additional interviews and/or potential alerts or incidents and/or NGO reports we have been informed about. The granularity of the assessment is thus refined as these elements are collected by Tarkett;

- › the Anticorruption Code of Conduct, which was developed and rolled-out in 2018 in replacement of the Anticorruption Policy, defines clear guidelines allowing our teams to understand, identify and prevent inappropriate behavior in terms of corruption and influence peddling. This code lists prohibited practices (illegal payment, facilitation payments and political contributions), practices governed by strict rules (gifts and invitations, donations to charities, interest representation and/or lobbying action), and required practices internally (proper and exact accounting, declaration of conflict of interest) and with our business partners (anti-corruption contractual clauses, implementation of due diligence procedures, use of intermediaries);
- › the Compliance Hotline implemented in 2018, and the Ethics Hotline deployed in 2016 in the United States and in Canada, supported by the Whistleblowing Procedure, enable employees and business partners to report any corruption-related concern;
- › the assessment of our supplier's status is part of our Responsible Sourcing Program (see section 3.8.1.1 "Engaging with responsible suppliers") as well as part of due diligence procedures as mentioned in the new Anticorruption Code of Conduct;
- › control procedures on corruption risk are included in the work program of the internal audit department;
- › the new compliance training program, launched in 2018 and targeting all Tarkett employees who have internet access, includes three annual e-learning modules on corruption, covering anti-corruption practices in general, and reminding our teams of good practices in this regard, with a particular focus on use of intermediaries, gifts and invitations, and donations to charities. Anti corruption workshops have moreover been delivered to specific publics;
- › every employee is fully informed that non-compliance with any one of the provisions listed in the Anticorruption Code of Conduct may give rise to disciplinary sanctions, including dismissal.

3.4 CSR risks and opportunities

At our scale and with our resources, we are committed to positively contributing to tomorrow's changes and challenges:

World's Changes

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.

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 Organization for Economic Co-operation and Development (OECD) estimates that worldwide raw materials consumption will double by 2060 compared to current levels.

COP21 set out a course of action aimed at keeping the rise of global temperature below two degrees. This commitment implies a drastic reduction in the use of fossil fuels and more reliance on alternative energies

The society is constantly evolving, and so are its expectations: generational shift with the Millennials, requirements for increased transparency, importance of diversity, insertion into the economic fabric, etc.

Challenges Tarkett can contribute to

Increase of the population and of the share of **elderly people in the cities**, along with expectations and challenges regarding **quality of life** (indoor air quality, healthy spaces, comfort, acoustics, spaces flexibility and modularity, etc.).

Scarcity of natural resources and waste management, issues which challenge the linear economy model (based on production, use and destruction of a product) and call for the **development of a circular economy model**, where waste becomes a resource, and where a product can be reused or transformed several times.

Reduce greenhouse gas emissions, not only in our production cycle, but also along the whole value chain, **notably by using recycled materials** which are less energy intensive than extraction and transformation of virgin materials, by fostering waste recycling, and by having production sites close to our clients (thus reducing transportation requirements).

Play a role as a responsible economic player, respecting ethical and compliance values, and promoting transparency and proximity with local communities, and the development and diversity of talents.

As one of the world's leading flooring companies, Tarkett is committed to contribute, at its scale, in achieving the fundamental changes required to address these challenges, which generate various risks and opportunities.

3.4.1 Our risk identification and assessment process

Our primary tool for CSR risks identification is Tarkett's Risk Mapping, which is managed by the internal audit department and which covers the range of financial and extra-financial risks applicable to our activities. This mapping exercise was initiated in 2011 with the external expertise and assistance of a major audit and consulting firm and is updated every other year. It is developed by interviewing key internal stakeholders at all levels of the Group (25 people covering all the Divisions and Functions were interviewed for the last update in 2017), and by using the outcomes from other initiatives to identify and evaluate risks conducted at various levels of the Group:

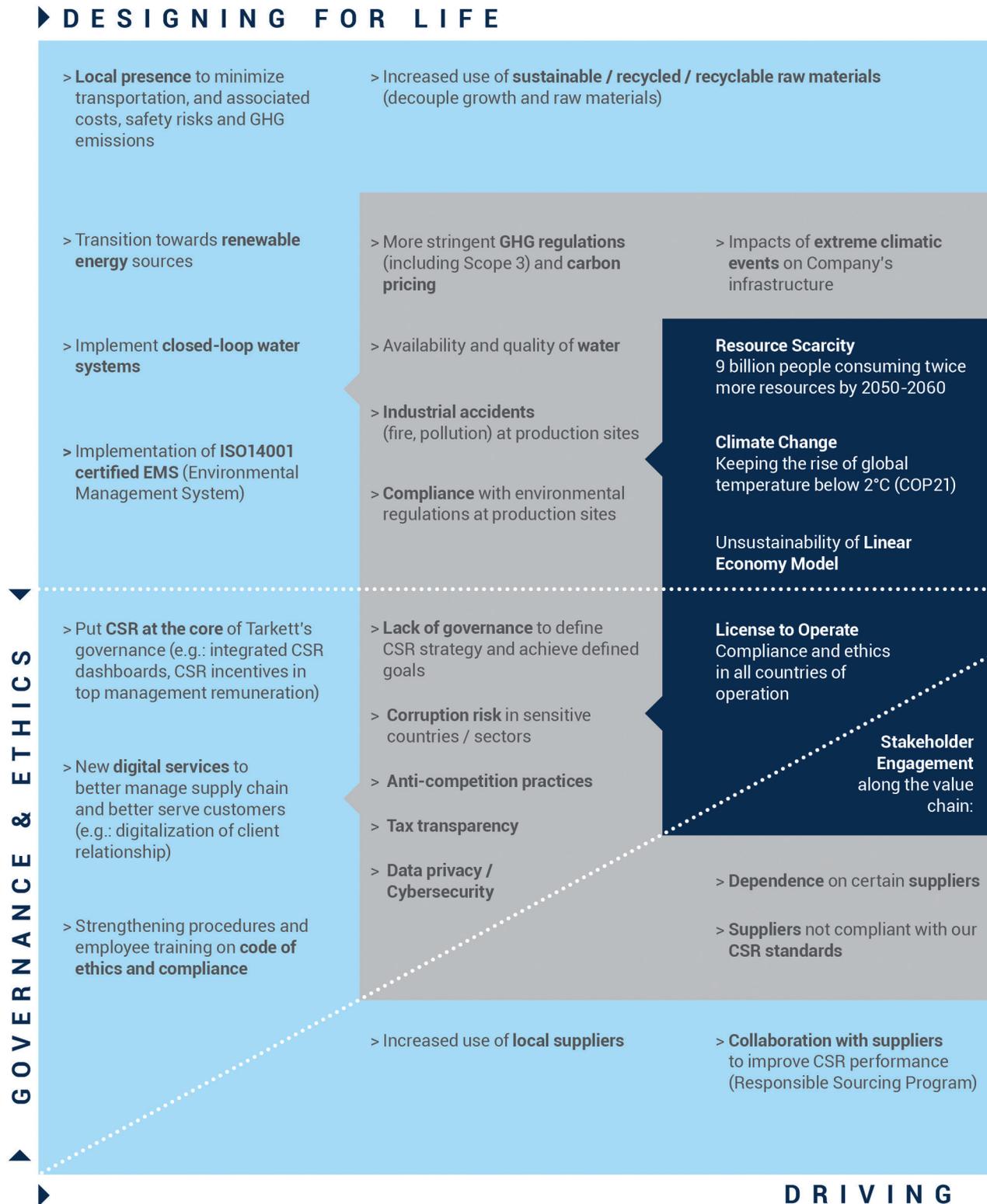
- > at manufacturing sites, Health, Safety and Environmental (HSE) risks are identified and evaluated as part of the World Class Manufacturing program (which includes annual site audits by a third-party consultant – ERM) and of the management systems for health and safety (OHSAS18001), environment (ISO14001) and energy (ISO50001), which are implemented at most of our sites;
- > at supply chain level, a procurement CSR risk mapping covering the vast majority of our suppliers was initiated in 2018 in partnership with Ecovadis (see section 3.8.1.1 "Engaging with responsible suppliers");

- > a specific corruption risk mapping was developed in 2017 and continued in 2018 in line with the requirements of the "Loi Sapin 2" (as previously described in section 3.3.4.2 "Prevention of corruption");
- > finally, Tarkett participated in an assessment, conducted by Trucost (S&P Global), of its performance in light of the sustainable development Goals (SDG) defined by the United Nations. This provided insight to our exposure, risk mitigation and positive impact regarding the most relevant SDGs for our activities.

The methodology for developing Tarkett's Risk Mapping is reviewed every other year. This led for example to improving the methodology for risk quantification in 2017, making it more objective and straightforward: risk evaluation is now based on the importance of the risk (level of impact in terms of strategy, finance, operation, compliance and reputation) and the level of control in place to mitigate the risk. Further to the 2017 update, a total of 40 financial and extra-financial risks were identified and evaluated, amongst which a dozen are directly linked to CSR issues, such as safety, product compliance, environmental accident, corruption, talent management, raw material availability, natural disaster or climate change.

3.4.2 Challenges, risks and opportunities mapping

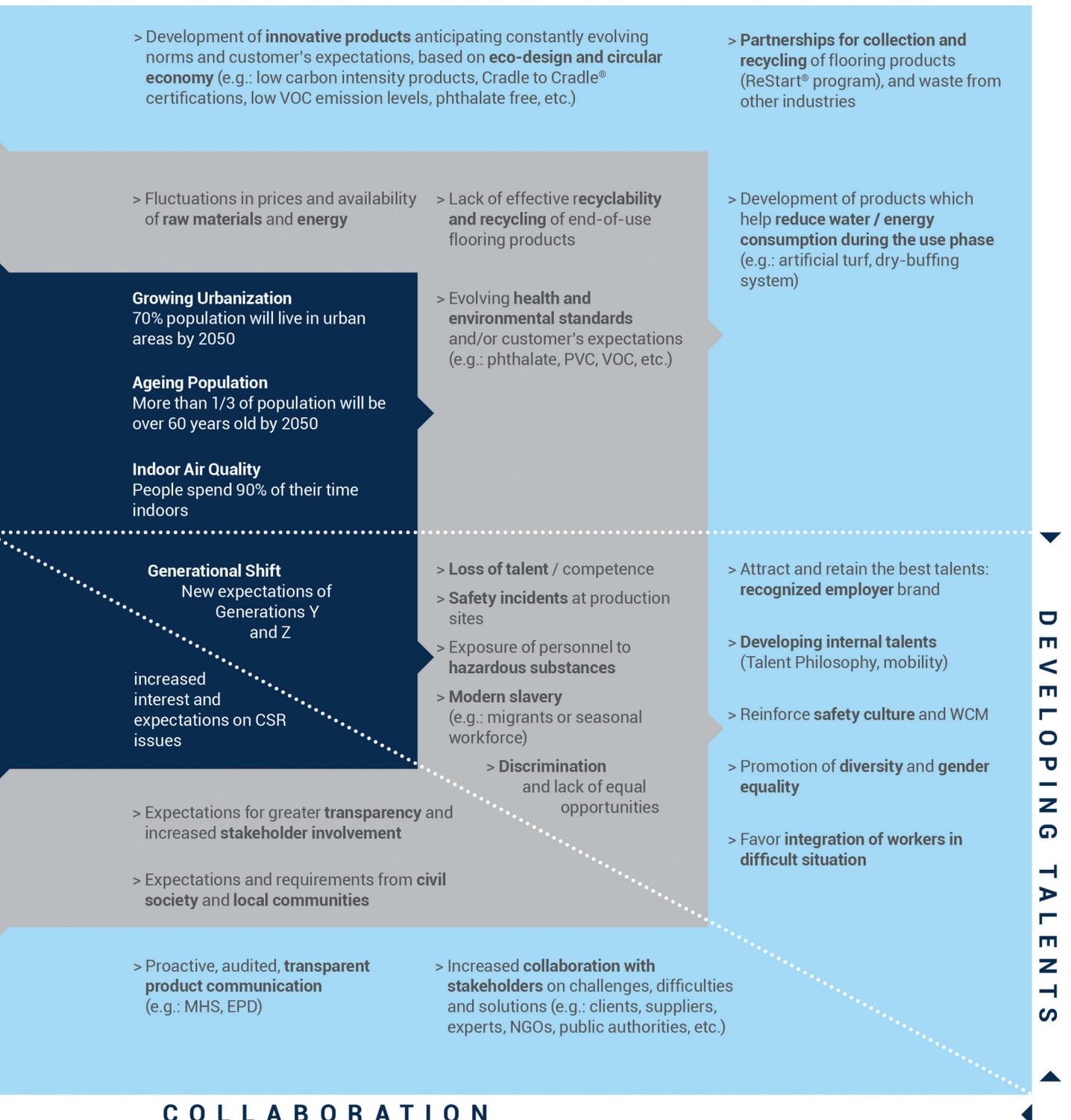
Mapping of major challenges, risks and opportunities



The main worldwide challenges and CSR risks applicable to Tarkett (as identified by Tarkett's Risk Mapping and other risk identification and evaluation initiatives previously described), along with resulting opportunities, are summarized in the above graph.

Worldwide Challenges
 Risks for Tarkett
 Opportunities for Tarkett

CLOSING THE LOOP ◀



3.4.3 Our risk management process

Our systematic and integrated approach towards risk management, which now includes CSR risks, is based on the following steps:

- presentation of the biennial update of the Tarkett's Risk Mapping to the Executive Committee for approval and empowerment;
- regular presentation to the Audit, Risks and Compliance Committee, which is in charge of ensuring the effectiveness of risk-monitoring and internal control procedures;
- integration of the review of risks and controls into the work programs of the internal audit department.

The Group CSR strategy and policies developed to manage our material CSR risks and issues are defined at the Executive Committee level, adapted at Division's level and Function's level, and finally rolled-out at sites/networks level in each country. Different programs are implemented in order to deploy these CSR policies, such as World Class Manufacturing (WCM) for operations, Cradle to Cradle® (C2C) principles for eco-design, ReStart® program for circular economy, or Talent Philosophy for talent management.

Our policies and initiatives intended to manage CSR risks and challenges, their objectives and results, and the related key performance indicators are described in detail in the relevant sections of this CSR Report 2018, namely:

- section 3.3 "CSR governance", for risks and issues related to governance and ethics;
- section 3.7 "Designing for Life" & "Closing the Loop": A healthy circular economy approach to best serve our clients, for risks and issues related to our product's impacts on health and the environment along the value chain (from raw materials supply to end-of-use of flooring products, through manufacturing and use of our products);
- section 3.8 "Driving Collaboration" in value chain and in communities, for risks and issues related to our suppliers and our activities within local communities;
- section 3.9 "Developing Talents" for risks and issues related to our employees.

Example



Focus on our World Class Manufacturing (WCM) operational excellence program

For many years now, the Group has implemented the WCM program for manufacturing sites with the following objectives: improving employee's safety, reinforcing customer service and quality, reducing the impact of the Group's operations on the environment while optimizing resource management, and improving industrial performance.

A central dedicated team at Group level defines objectives and provides the required support to the WCM network for on-site deployment of the program. It also facilitates experience and best practices sharing. Completion of internal WCM audits enables the teams to monitor the progress of production sites and to define action plans.

3.4.4 Our materiality assessment

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, a survey was completed to determine the material topics for Tarkett and ensure that our CSR strategy and our objectives were aligned with them. A stakeholders' mapping 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 Committee, 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 Standards and Cradle to Cradle® principles, organized into five categories: the environmental impacts of production, responsible products, work, human rights, and societal issues.

Four specific issues emerged from the 2016 survey and are still considered to be among the most material CSR topics for Tarkett: 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.

	 Environmental impacts of production	 Product Stewardship	 Labor, Human Rights & Societal issues
Priority topics for both external and internal stakeholders, and relevant for Tarkett's activities		Environmental impact of products Health & Safety of products and materials Resource and material use	Health & Safety at work Child Labor (a key priority for external stakeholders, but not a potential risk for Tarkett activities)
Other priority topics for internal stakeholders	Energy Consumption Production waste	Cradle to Cradle® principles Recyclability of products	Training and talent development Anti corruption
Other topics of importance	Air emissions from production Waste water from production Assessment of suppliers on environmental topics	Transparent marketing communication	Support for local job and income Assessment of suppliers on human rights Forced Labor Diversity, equality, non-discrimination, labor rights

When comparing the materiality matrix with our CSR risk mapping, it is clearly visible that priority topics and other topics of importance identified by the materiality assessment in 2016 are covered by and consistent with the identification of our CSR risks and opportunities.

3.5 Duty of care/Vigilance plan

In line with the requirements of Article L.225-102-4 of the French Commercial Code (*Code de commerce*), Tarkett develops and implements a vigilance plan enabling to identify risks and prevent serious violations towards human rights and fundamental liberties, health and safety of people, and the environment. This vigilance plan must cover the Company's activities, as well as activities of our contractors and suppliers. At Tarkett, the vigilance plan is incorporated into the Group's CSR strategy and policies, as described hereafter.

Risk mapping

Our CSR risk identification process and mapping are described in detail in section 3.4 "CSR risks and opportunities". From a high-level perspective, the Tarkett's Risk Mapping covers risks related to environment, health and safety, and human rights. More specifically:

- at manufacturing sites level, HSE risks are identified and evaluated as part of the WCM program and the management systems implemented at most of our sites: OHSAS18001 for health and safety aspects, ISO14001 and ISO50001 for environmental aspects. Human rights risks have not been assessed as significant for activities at our production sites to date. We are however aware that current geopolitical trends can generate new risks (e.g. risk of modern slavery due to the influx of migrants in Europe), which we endeavor to identify and take into consideration as they appear;
- at supply chain level, a procurement CSR risk mapping covering the vast majority of our suppliers was initiated in 2018 in partnership with Ecovadis, and includes environmental, health and safety risks, as well as those related to a potential violation of human rights, among others (see section 3.8.1.1 "Engaging with responsible suppliers").

Assessment procedures

At manufacturing sites level, the assessment of status in terms of HSE risk management and performance is conducted internally on a continual basis via our WCM program (see section 3.4.3 "Our risk management process"). In addition, all our sites are audited annually by a third-party (ERM), and most of our sites are subject to surveillance and re-certification audits for OHSAS18001, ISO14001 and/or ISO50001.

At supply chain level, the evaluation of our suppliers will be initiated in 2019 as part of our responsible sourcing program based on the outcomes of the procurement CSR risk mapping, in parallel to the deployment of a new Supplier's Code of Conduct (see section 3.8.1.1 "Engaging with responsible suppliers").

Alert mechanism

The Compliance Hotline implemented in 2018 and accessible from 103 countries, and the Ethics Hotline deployed in 2016 in the United States and in Canada, enable Tarkett's employees and business partners (including our suppliers) worldwide to raise any concerns and/or report potential violations they may witness within Tarkett, in particular regarding human rights, environment, health and safety (see section 3.3.4.1 "Our approach to ethics and integrity").

Actions and monitoring scheme

Our objectives and actions/initiatives implemented to prevent risks covered by the vigilance plan, as well as the related key performance indicators enabling to assess the efficiency of implemented measures and their results, are described in details in the relevant sections of this CSR Report 2018, namely:

- section 3.7 "Designing for Life" & "Closing the Loop: A healthy circular economy approach to best serve our clients", for risks and issues related to our product's impacts on health and the environment along the value chain (from raw materials supply to end-of-use of flooring products, through manufacturing and use of our products);
- section 3.9 "Developing Talents" for risks related to our employees' health and safety;
- section 3.8 "Driving Collaboration in value chain and in communities", for risks related to our suppliers.

3.6 Stakeholder engagement

“Driving Collaboration” is a key feature of our “Doing Good. Together.” CSR approach: we seek to enhance internal and external collaboration by building partnerships that help us achieve our objectives and by collaborating with key stakeholders, including NGOs, experts and public institutions, to face together global challenges and find innovative solutions.

This stakeholder engagement and collaboration approach is summarized in the below table for 2018.

Stakeholder Groups	Examples of engagement and collaboration in 2018 on CSR topics	CSR Report section
Shareholders/Investors	<ul style="list-style-type: none"> > Shareholder’s Annual General Meeting > Financial statements/Registration Document > Roadshow presentations to asset management companies, e.g. Française Asset Management, Sycamore, Amundi 	-
SRI Community	<ul style="list-style-type: none"> > Participation in SRI rating agencies analysis: Vigeo, Gaia, MSCI, etc. > Participation in Trucost (S&P Global) UN SDG assessment > Response to the Carbon Disclosure Project (CDP) questionnaire 	-
Employees	<ul style="list-style-type: none"> > Biennial employee feedback survey > Group Intranet Tarkett-Inside > Sustainability web application for Tarkett Eastern Europe > Internal newsletter ‘Experiences’ (including a special edition on sustainability in October 2018) > Relationship/dialogue with trade unions, including Tarkett Forum in Europe > Tarkett Awards, recognition program to reward employees’ best contributions > Annual meeting for senior executives (“Focus Meeting”) and quarterly conference call on financial, safety and environmental results 	3.9.4.4 3.9.5.1
Customers/end-users	<ul style="list-style-type: none"> > Transparent product information, via Material Health Statements (MHS), specific Environmental Product Declarations (EPD in Europe, FDES in France, PhD in Australia), environmental tags in Europe > Certifications and labels meeting customer’s expectations, e.g. Cradle to Cradle® (C2C – which positively contributes to achieving LEED certification), asthma and allergy friendly™, Living Product Challenge Imperative, etc. > Tarkett Academy to train professional installers and architects > Green Tours presenting our sustainability approach and initiatives on our production sites in Narni (Italy), Clervaux (Luxembourg), Ronneby (Sweden) and Otradny (Russia) > Showrooms, such as Atelier Tarkett in Paris (France) or San Francisco (US) > Participation in conferences and exhibitions, e.g. Greenbuild in Chicago (US), Sustainable Brands New Metrics 2018 in Philadelphia (US), EuPC Building & Construction Forum 2018 in Milan (Italy) as part of the EU Green Week, Stockholm Furniture Fair (Sweden), Building Green conference in Oslo (Norway), Indoor Air Quality Symposium at the FRONT construction exhibition in Sydney (Australia), Revestir Exhibition (Brazil) > ReStart® program for collection of post-installation and post-use flooring > Customer awards, e.g. ReStart® Reclamation Awards for flooring waste sorting and recycling in the US, sponsorship of the Architecture & Design Sustainability Awards for the commercial segment in Australia > In Australia, Loop circular economy training and demonstration center in Adelaide, and partnership with Supply Chain Sustainability School, an online learning forum designed to help the property and construction sectors improve their knowledge of broad sustainability issues > Participation with Progroup in NESTO, a collaborative social housing project built using circular economy principles and using Tarkett’s flooring products 	3.7.2.2 3.7.4.3 3.8.2.2
Suppliers	<ul style="list-style-type: none"> > Responsible sourcing program > Suppliers involved in materials selection, e.g. work with suppliers to provide phthalate-free plasticizers in the US and in Russia > Suppliers involved in materials assessment and C2C approach, e.g. partnerships with suppliers to propose C2C flooring maintenance and installation option; assessment of the inks and pigments portfolio with key suppliers in 2018; partnership between a strategic supplier and EPEA to develop a C2C assessment tool for the design of new materials 	3.7.2.2 3.8.1.1 3.8.1.2
Industrial Partners	<ul style="list-style-type: none"> > Purchase waste or recycling-based transformed materials from industrial partners for use as raw materials, e.g. Econyl® fibers from Aquafil in Italy and calcium carbonate from a drinking water distribution company in the Netherlands for carpet, recycled PVB safety films from windshields and used protective glass in the US and in Europe > Collaboration for implementation of the ReStart® program logistics, e.g. with Veolia in France and Germany 	3.7.4.2 3.7.4.3

Stakeholder engagement

Stakeholder Groups	Examples of engagement and collaboration in 2018 on CSR topics	CSR Report section
Public Institutions/ Standardization Groups	<ul style="list-style-type: none"> ➤ Participation in European Commission consultations and in standardization works on topics such as hazardous substances, waste or plastics in circular economy ➤ Contribution to the “circular economy roadmap” overseen by the Ministry of Ecology and Solidarity Transition in France ➤ Contribution to the Centre for European Policy Studies (CEPS) task force report on “The Role of Business in the Circular Economy – Markets, processes and enabling policies” ➤ Participation in a working group developing guidelines on circular economy indicators driven by the National Institute on Circular Economy and the French association for environment EPE in France ➤ Participation in the COP24 (24th Conference of the Parties to the UNFCCC) in Katowice (Poland) to promote the REDD+ Business Initiative ➤ Contribution to the Swedish Government mission on environmental impact from plastics ➤ Participation in Almedalen Week, Sweden’s biggest political meeting, during which sustainability and climate change were at the heart of the discussions ➤ Discussion with the City of San Francisco in the US on their specifications for carpet procurement 	3.7.3.1. 3.8.2.4
Academic Institutes/ Experts	<ul style="list-style-type: none"> ➤ Work with EPEA (<i>Environmental Protection Encouragement Agency</i>) scientific institute for material health assessment and C2C certifications 	3.7.2.2 3.7.2.3
Associations/ Organizations	<p>Tarkett is an active member of various associations/organizations, where we contribute to discussions and working groups on sustainability and circular economy:</p> <ul style="list-style-type: none"> ➤ World Economic Forum: participation in Davos 2018 meeting and in the Alliance of CEO Climate Leaders ➤ “Circular Economy 100” (CE100) initiative of the Ellen MacArthur Foundation ➤ European Plastics Converters (EuPC), the professional representative body of plastics converters in Europe, and the Vinyl Foundation to support VinylPlus®, the sustainable development programme of the European PVC industry ➤ GLOBE EU, a think tank of European parliamentarians making reflections and political proposals regarding the environment ➤ EU Business @ Biodiversity Platform, a dialogue and policy interface with the aim to help businesses integrate biodiversity considerations into business practices ➤ Natural Capital Coalition, an international collaboration to conserve and enhance natural capital ➤ Cradle to Cradle Products Innovation Institute (C2C PII), a non-profit organization created to guide product manufacturers and designers in making safe and healthy products ➤ Carpet America Recovery Effort (CARE) in the US, an organization that fosters recycling of carpets and rugs ➤ Chair of the V-Cycle PVC recycling initiative of the Vinyl Sustainability Council in the US, to enable value chain wide recycling efforts ➤ U.S. Green Building Council (USGBC), an organization committed to transforming how buildings are designed, constructed and operated through LEED (Leadership in Energy and Environmental Design), the most widely used green building rating system in the world ➤ Oslo Renewable Energy and Environment Cluster (OREEC) in Norway ➤ Circular Sweden and Cireko, two networks promoting recycling and circular business in Sweden 	-
Non-Governmental Organizations (NGOs)	<ul style="list-style-type: none"> ➤ Tarkett co-financed a study by NGO Healthy Building Network (HBN) on suppliers and technologies used for chlorine and PVC production ➤ Dialogue with organizations Changing Markets and Zero Waste on carpet composition and recycling, and regulatory tools required for implementing systems of extended responsibility for carpet producers within the EU 	3.7.2.1 3.7.3.1 3.8.1.1
Local and Worldwide Communities	<ul style="list-style-type: none"> ➤ Initiatives and donations as part of Tarkett Cares, e.g. partnership with Habitat for Humanity in the US, flooring donations in Serbia and Canada, trees planting in Brazil, education and support around asthma and allergy issue in Australia, Tarkett Cares Day in Sedan (France) ➤ Support to development projects worldwide, e.g. REDD+ Tambopata Project in Peruvian Amazon, partnership with EarthEnable in rural Rwanda and Uganda 	3.8.2.3. 3.8.2.4
Schools/Universities/ Potential Candidates to join Tarkett	<ul style="list-style-type: none"> ➤ Campus recruiting partnerships with local schools/universities, e.g. between the “École des Mines de Nancy” and the Clervaux industrial site (Luxemburg) ➤ Participation in job fairs, such as Expo CIEE 2018 (Brazil). ➤ Tarkett Positive Legacy Design Award with the University of Melbourne (Australia) to support the most sustainable project of the year developed by university students. ➤ Advertisement, e.g. recruitment ads, TV commercials on sustainability at Tarkett broadcasted in Russia 	3.9.4.1.

“Designing for Life” & “Closing the Loop”: A healthy circular economy approach to best serve our clients

3.7 “Designing for Life” & “Closing the Loop”: A healthy circular economy approach to best serve our clients

Our policies and actions, along with their objectives and results/key performance indicators, intended to manage risks and respond to opportunities related to our product’s impacts on health and the environment along the value chain (as identified in section 3.4 “CSR risks and opportunities”) are summarized in the below table and further detailed in the sub-sections of this chapter.

Opportunities/Risks	Policies/Actions	Key Performance Indicators	2018	2017	Objective 2020	CSR Report section
Compliance with environmental regulations at production sites. Industrial incidents (fire, pollution) at production sites	<ul style="list-style-type: none"> > World Class Manufacturing (WCM) program > ISO14001 certified Environmental Management System (transition to 2015 version) 	Percentage of production sites certified to ISO14001	89%	89%	-	-
	<ul style="list-style-type: none"> > Emergency response plans implemented at production sites > Annual audits and follow-up of industrial sites by third party (ERM) 					
Fluctuations in prices and availability of raw materials and energy	<ul style="list-style-type: none"> > Materials selection as part of New Product Development Process (NPDP) > Maximize recycled content in our products: post-installation/post-consumer flooring; waste from other industries 	Percentage of raw materials not contributing to resource scarcity (abundant, rapidly renewable or recycled)	70%	71%	75%	3.7.2.1
		Percentage of recycled raw materials ⁽¹⁾	10%	12%	-	3.7.4.2
	<ul style="list-style-type: none"> > Energy reduction and efficiency projects at production sites 	Energy consumption per m ² of manufactured product	4.29 kWh/m ²	4.17 kWh/m ²	-	3.7.5.2
	<ul style="list-style-type: none"> > Development of renewable energy sources at production sites 	Percentage of energy consumption coming from renewable energies	27%	28%	-	3.7.5.3
Availability and quality of water	<ul style="list-style-type: none"> > Implementation of closed-loop water systems at production sites 	Percentage of production sites equipped with closed loop water circuits (or not using water in their process)	68%	67%	100%	3.7.5.1
More stringent GHG regulations (including Scope 3) and carbon pricing. Impacts of extreme climatic events on Company’s infrastructure	<ul style="list-style-type: none"> > Scope 1 & 2 GHG: energy efficiency projects, development of renewable energies. > Scope 3 GHG: analysis of Scope 3, raw materials selection, post-consumer flooring take-back and recycling (ReStart[®] program). 	Percentage reduction of Scope 1 & 2 GHG emissions per m ² of manufactured product compared to 2010	-8.5%	-8.9%	-20%	3.7.6
	<ul style="list-style-type: none"> > Emergency response plans implemented at production sites. > Annual audits and follow-up of industrial sites by third party (ERM) 					
Effective recyclability and recycling of end-of-use flooring products	<ul style="list-style-type: none"> > New Product Development Process (NPDP) to ensure recyclability of new flooring products. > Post-installation and post-consumer flooring take-back and recycling (ReStart[®] program) 	Tons of collected post-installation and post-consumer flooring through the ReStart [®] program	3,300 tons	4,100 tons	38,000 tons	3.7.4.3
Evolving health and environmental standards and/or customer’s expectations for flooring products (e.g. Phthalate-free plasticizers, alternative to PVC, VOC ⁽²⁾ emission levels, etc.). Expectations for greater product’s transparency	<ul style="list-style-type: none"> > Systematic materials assessment based on C2C criteria > Transparent product information, e.g. Material Health Statements, Environmental Product Declarations > C2C certifications of our products 	Percentage of raw materials third-party assessed for their impact on people’s health and the environment based on C2C criteria	98%	96%	100%	3.7.2.2 3.7.2.3
	<ul style="list-style-type: none"> > Materials selection and assessment as part of NPDP to develop products with low levels of VOC emissions 	Percentage of flooring with low VOC emission levels	97%	96%	100%	3.7.3.1
	<ul style="list-style-type: none"> > Use of non-phthalate plasticizer technology for our vinyl flooring 	Percentage of phthalate-free vinyl flooring ⁽³⁾	65% ⁽⁴⁾	57%	100%	3.7.3.1

(1) Recycled materials: Materials that would otherwise have been sent for waste disposal; internal post-manufacturing recycled volumes are included.

(2) Volatile Organic Compounds.

(3) Except recycled content for certain products

(4) 100% of our vinyl production sites in Europe, in North America, in Serbia and in China use a phthalate-free technology by end 2018.

“Designing for Life” & “Closing the Loop”: A healthy circular economy approach to best serve our clients

3.7.1 Our collaborative approach towards eco-conception and circular economy

Actively engaged in a circular economy, Tarkett applies Cradle to Cradle® (C2C) principles for the design of its products, from materials selection and products manufacturing, to installation, use, maintenance, end of use and products recovery. Tarkett has developed a “closed-loop circular design” eco-design methodology which strives, right from the upstream phase of a design process, to integrate various aspects – economical, performance, respect for the health and the environment – throughout different stages of the product’s 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 & development, marketing, procurement, production and quality, among others.

Example +

The New Product Development Process (NPDP)

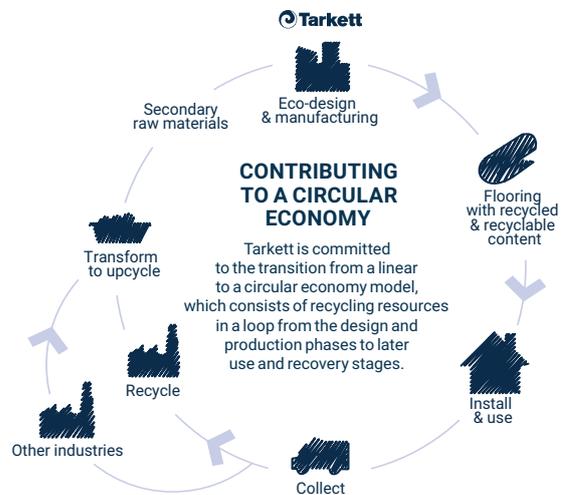
Our NPDP has been in place for several years. Sustainability and circular economy criteria, in line with the Cradle to Cradle® methodology, have been integrated from the design and development phase of a new flooring product. This process encourages on the one hand the selection of “good” raw materials (i.e. positively defined according to C2C assessment) for the product composition, and on the other hand the product design to ensure it is recyclable and potentially “ReStart® ready” (i.e. eligible to post-installation and post-consumer collection as part of our ReStart® program, to be later recycled in one of Tarkett’s recycling centers).

The NPDP is included into our World Class Manufacturing (WCM) program and has been improved in 2018 to further enhance its applicability and efficiency, thus facilitating communication and coordination between the different functions involved in the development of a new product (research and development, marketing, CSR, procurement, operations, etc.), while guaranteeing a quality process from product’s design to manufacturing.

We also use life cycle analysis (LCA), one of the methodologies to assess the environmental impact of a product. This standardized method (ISO 14040 and ISO 14044) identifies and compares the environmental impacts of a system throughout its lifecycle, from extraction of raw materials through its fabrication and processing up to its end-of-life or end-of-use (landfill, recycling...) including use phases, maintenance and transportation. In 2018, to strengthen our capacity and to answer the growing demand of customers and prime contractors, the EMEA Division was equipped with dedicated software to systematically perform LCA and develop specific environmental product declarations.

All these principles applied by Tarkett are part of the same concept and are based on the following pillars:

- > good materials: selecting materials that respect health and the environment (e.g. recycled, renewable, not contributing to resource depletion);
- > resource stewardship: promoting optimized, sustainable use of resources in all phases of production, while protecting the environment (minimization of use of water and energy, and of generation of waste during manufacturing; reduction of scope 1 to 3 greenhouse gas emissions);
- > people-friendly spaces: contributing to the health and well-being of people during the product use and maintenance phase (e.g. products with low VOC emissions, phthalate free);
- > recycling: recycling no longer used products (e.g. post-installation/post-consumer flooring wastes, wastes from other industries) to eliminate waste, while helping to design new products with quality recycled materials.



The ultimate purpose of this approach is to design products which contribute to the health, comfort, well-being and safety of people while also preserving the natural capital of the planet.

(1) Standard NFX30- 264 Environmental management – Assistance to the implementation of an eco-design approach, 2013.

Example**Our new flooring product iD Revolution, an example of our comprehensive eco-conception approach**

In September 2018, Tarkett launched iD Revolution in Europe, a modular resilient flooring comprised of 83% raw materials not contributing to resource scarcity: abundant minerals such as calcium carbonate, bio-plastics and recycled materials. To create this innovative product, Tarkett uses recycled PVB from windshields and safety glasses for incorporation into the product formula.

Not only is iD Revolution's product composition sustainable but the manufacturing process also respects the earth's natural capital: 99% of the water used during the production is recycled, and 50% of the electricity needed comes from renewable sources, while the remaining 50% are offset via carbon credits through Tambopata, a project supporting biodiversity in the Amazon. 100% free from phthalate and solvents, the collection also contributes to good indoor air quality as its levels of volatile organic compounds (VOC) emissions are lower than the strictest standards.

To close the loop, the product has been designed to be 100% recyclable at its end of use. Through ReStart®, Tarkett's take-back programme, iD Revolution's tiles and planks will be eligible to be collected and sent back to the manufacturing site to be re-engineered as a new product.

iD Revolution is thus the first Cradle to Cradle® Gold certified modular resilient flooring made with recycled materials and natural fillers.

Shortly after its launch, iD Revolution received in France the “Innovation Team Best Practices 2018” award, organized by Paris Sorbonne University and Paris Directors of Innovation Club. In addition, iD Revolution has received the UK-based Green World Award where iD Revolution became Global Gold Winner in the Innovation category. These awards demonstrate Tarkett's commitment towards sustainable and innovative flooring solutions.

In a highly competitive sector like flooring, this approach and evolution involve 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 involved in our value chain.

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

3.7.2 Our careful choice of materials and our products evaluation

3.7.2.1 Good materials selection

Choosing quality materials is one of the pillars of our eco-design approach according to Cradle to Cradle® principles, with the objectives to respect people's health, preserve resources and protect the environment.

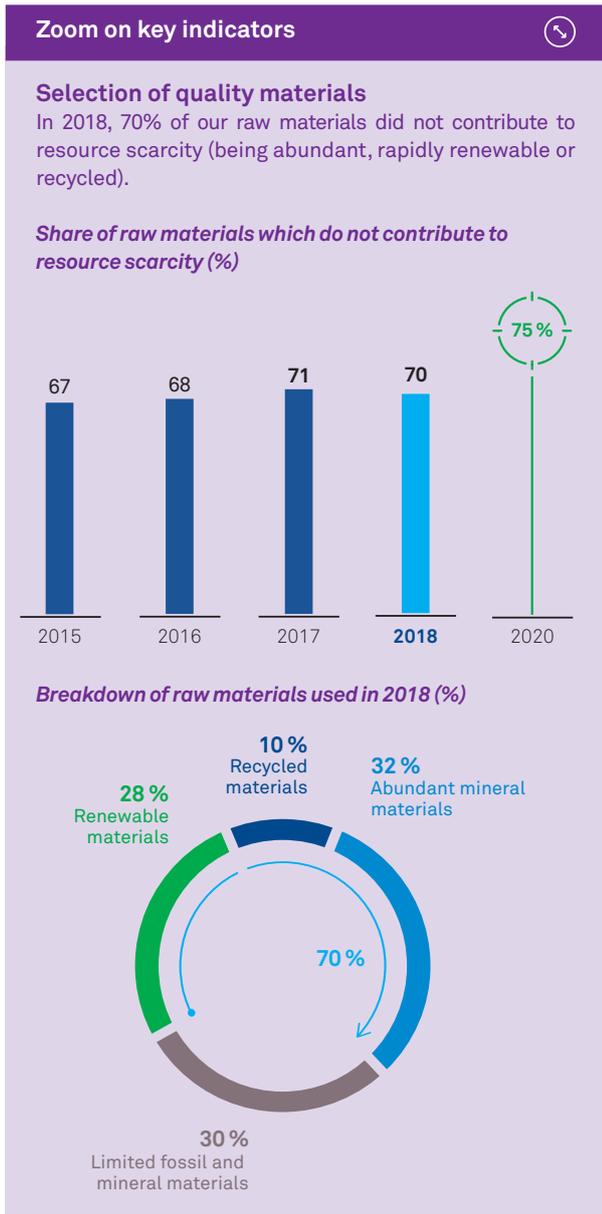
From an environmental point of view, Tarkett strives to privilege raw materials sourced from abundant sources (for example calcium carbonate), rapidly renewable (such as cork or faster-growing wood species e.g. pine and spruce) and recycled (including waste from other industries), so that the materials used for our products do not contribute to resource scarcity.

As an example, Tarkett Sports offers a wide range of performance infill layers for FieldTurf artificial field, either based on recycled rubber granules from tires which would otherwise have been landfilled, or based on rapidly renewable or recycled natural materials: PureFill uses organic cork granules and sand, PureSelect uses locally-sourced olive cores in the United States and PureGeo uses coconut peat.

Another example is the Eco Shell rubber flooring developed in North America, which includes as a component leftover walnut shells from local walnut tree culture.

We also purchase waste or recycling-based transformed materials from many industrial partners that we use as raw materials (for more details, see section 3.7.4.2 “Re-use of waste from other industries”).

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A subject of discussion in terms of materials selection is the responsible use of PVC (polyvinylchloride), a plastic resin of which the building industry is the first consumer. Since 2010, we have initiated a transparent dialogue with various stakeholders on the topic, defining conditions for sustainable design and production, usage and recycling of PVC for long-term applications such as flooring.

Our current approach in this regard is to develop the use of phthalate-free plasticizers, to favor suppliers using newer, less polluting manufacturing technologies, and to promote the recycling of PVC-containing flooring notably through our ReStart® program.

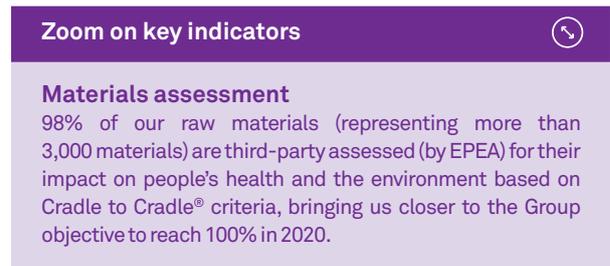
Tarkett also pays attention to the upstream production of PVC, one of our main raw materials. In 2018, Tarkett co-financed a study by NGO Healthy Building Network (HBN) on suppliers and technologies used for chlorine and PVC production (technologies with/without mercury or asbestos) to obtain a better understanding on which PVC suppliers use which technology, to encourage suppliers to improve their technologies, and to steer raw materials purchase in the future.

One of the main conclusions of this study is that, while most chlorine produced in Europe comes from more recent membrane technology, approximately 45% of chlorine production capacity in the Americas, including 8 of the 12 largest plants in operation, still use asbestos diaphragms.

3.7.2.2 Assessment of materials and their impact on health and the environment

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, so as 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.

With 36 plants worldwide and an active pipeline of new and improved products, there are always new materials that we need to evaluate. For example, in 2018, we assessed our portfolio of inks and pigments with key suppliers, and over 60 wood accessories for installation and maintenance in the Eastern Europe division.



This materials assessment work with the EPEA is the origin of the creation of a new transparency tool, the **Material Health Statements (MHS)** launched in 2016 in North America and expanded to Europe in 2018. More than a simple list of ingredients, 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, notably for the user of the flooring and for those who install the floors. The MHS process encompasses several steps:

- > material inventory: in collaboration with our suppliers, we compile an inventory of the raw materials used in our products, down to 100ppm (parts per million/0.01%);
- > material Screening: the hazard rating of individual chemicals is analyzed according to European REACH and CLP⁽¹⁾ regulations, the Green Screen List Translator (GSLT), and based on more than 100 other chemical hazard lists and scientific sources of toxicological information used by EPEA;
- > material assessment: materials are assessed over their lifecycle including sourcing, production, use and post-use handling. The safety of every chemical ingredient is assessed using eco-toxicological information, scientific literature, supplier data and analytical testing. The chemical role in the finished product and its effect on occupant exposure is also evaluated;

(1) REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals; CLP: Classification, Labelling and Packaging of substances and mixtures.

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- > verification: MHS are verified by an independent third-party organization;
- > optimization: we then strive to reformulate our products using Cradle to Cradle® principles, by selecting materials that are safer and healthier for people and the environment and can be recycled.

At the end of 2018, in North America we had published MHS for a range of products and references, including vinyl flooring, vinyl tiles and strips, carpet, linoleum and rubber. After North America, the MHS information tool is being deployed at the global scale, with EMEA having published MHS for 12 products by end 2018.

The MHS tool was developed to promote product transparency, making available to our customers easy to read and easy to understand information tools.

How to understand and use the MHS

Unique numerical identifier assigned by the Chemical Abstracts Service (CAS) to every chemical substance described in the open scientific literature

Formula of the product

Rate of the component in the formula

Colour-coded rating given by the EPEA

- No concern
- Moderate concern
- High concern – Task for material optimization
- Unknown concern - Task for knowledge development

Comment of the EPEA on the use or the exposure to this component

GreenScreen List Translator Score and GreenScreen Benchmark Score according to Toxnot classification, an American classification of chemicals (<https://toxnot.com>) More information in the legend

REACH is the European Community Regulation on chemicals and their safe use. ✓ Non hazardous substance or <0,1%

Function	Component	CAS	Content	Rating	Comment	GS-LT GS-BM	REACH
Filler	Calcium carbonate	1317-65-3	< 50%	Green		LT-UNK	✓
	Polyvinyl butyral	27360-07-2	< 40%	Green	Polymers contributing to the build-up of the different layers, partially with a prehistory of use in former applications	LT-UNK	✓
Polymers	Polylactic acid	9051-89-2		Green		N.I.	✓
	Additional polymers with minor contributions	Proprietary 2		Green		LT-UNK	✓
Plasticizers	2-Ethylhexanoic acid diester with triethylene glycol	94-28-0	< 10%	Green	Plasticizers and additives with an annex role as plasticizers have for a part an agricultural origin and for another part a prehistory of use in former applications	LT-UNK	✓
	Glycerides, castor-oil mono-, hydrogenated, acetates	736150-63-3		Green		N.I.	✓
	Soybean oil, epoxidized	8013-07-8		Green		LT-UNK	✓

Abstract of the MHS of iD Revolution

We also use other product information and transparency tools, depending on the regions and countries where we operate:

- > environmental Product Declarations (EPDs) are developed in Europe on the basis of life cycle analysis (LCA), according to a standardized framework and process for development, verification and communication. There is a strong demand for EPDs in Europe, in particular because it enables the clients to earn points for sustainable building labels (such as BREEAM, LEED, HQE). Generic EPDs have been issued by professional associations based on consolidated information from manufacturers since 2013, and in 2018 Tarkett started developing specific EPDs for some of its products so as to provide more specific and transparent information: by end of 2018, 13 specific EPDs had been issued for various vinyl, linoleum, wood, laminate and carpet products;

- > in France, the EPDs are available as Health and Environmental Product Declaration (Fiches de Déclaration Environnementale et Sanitaire – FDES), adding health information to the environmental ones;
- > in Australia, Tarkett utilizes the Global GreenTag Product Health Declaration™ Phd, a certification tool that recognizes manufacturers who fully disclose with 100 percent transparency the toxicity information of their product;
- > since 2011, most of our products in Europe moreover have an environmental labeling system, which specifies the percentage of recycled content, usage or not of plasticizers containing phthalates, as well as the total VOC emissions.



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3.7.2.3 Our product 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: material health, material reutilization, renewable energy and carbon management, water stewardship, and social fairness. Each criterion is given a score from Basic to Platinum (from the lowest to the highest: Basic, Bronze, Silver, Gold and Platinum) and the lowest ranked criterion defines the global score.

Tarkett was in particular one of the first flooring manufacturers to obtain C2C Gold level certifications for certain product categories. Our latest product to achieve C2C Gold certification was our new modular resilient flooring iD Revolution launched in September 2018.

In 2018, Tarkett had 22 C2C certifications, the largest number of C2C certifications in the flooring sector, covering a wide range of product categories, including carpet, linoleum, rubber, wood, artificial turfs and adhesives. The detailed list of products covered by C2C certifications is provided in appendix to the CSR report.

Some of our products also hold other certifications, such as Living Product Challenge Imperative in North America. We moreover ensure that Tarkett obtains a range of third-party certifications to prove that our products can help architects and project developers reach the highest standards in green building – whether LEED (international), BREEAM (UK), or HQE (France).

Example



Tarkett Achieves Living Product Challenge Imperative Certifications in North America

The Living Product Challenge (LPC) is a rigorous certification encouraging manufacturers to use healthy materials, optimize the chemistries of products, create environments that promote well-being, drive circular economy, and support a just and sustainable world. The LPC is organized into seven performance areas called Petals: Place, Water, Energy, Health & Happiness, Materials, Equity, and Beauty. Each Petal subsequently has more detailed requirements, called Imperatives. Imperative certification requires the achievement of at least seven of the twenty imperatives.

Our rubber tile collection and all our products with ethos® Modular carpet backing earned the International Living Future Institute (ILFI) LPC Imperative certification, both collections being able to achieve twelve of the twenty imperatives. In North America, Tarkett is thus the first flooring manufacturer to achieve an LPC Imperative certification for both resilient and soft surface flooring products.

3.7.3 Our flooring products contributing to healthy and people-friendly spaces

3.7.3.1 Contributing to healthy spaces and indoor air quality

Flooring with low VOC emissions

For the past twenty years, both new and renovated buildings are more and more effective in terms of insulation, and consequently 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 and preserve indoor air quality. This challenge is especially critical for the most sensitive populations such as the elderly, young children, or people with allergies or asthma.

Since 2011, Tarkett has been a pioneer in developing flooring with low or ultra-low levels of Volatile Organic Compounds (VOC) emissions in nearly all of its product ranges. Tarkett offers products with total VOC emissions that are 10 to 100 times lower than the most stringent world standards, at levels that are so reduced they are non-quantifiable⁽¹⁾. This effort had been recognized by several certifications:

- > 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 all FiberFloor® vinyl ranges as well as to other products (I.D. Inspiration™, Acczent, and several laminated ranges);
- > in 2018, several linoleum ranges manufactured in the Narni factory received the label Allergy UK Seal of Approval from the British association Allergy UK, which is valid in 135 countries;
- > several vinyl and linoleum ranges manufactured in Europe are subject to regular plant audits by Eurofins (an international laboratory network conducting consumer product testing) to ensure that our products have low or very low levels of VOC emissions (Tarkett labels “Indoor Air Quality Gold” and “Indoor Air Quality Platinum”).

Phthalate-free flooring

Phthalates are mainly used in the plastics industry, in order to give the plastic a certain flexibility. The potential impact on human health of certain phthalates in this group of chemical products is the subject of scientific debate and is regularly featured in regulatory news and general public news stories, notably through work carried out by health agencies that assess the impact of substances on health and the environment (ANSES in France and EFSA at the European level); at the level of ECHA (European Agency for Chemical Products), within the framework of evolutions in REACH and CLP regulations⁽²⁾; or in information campaigns run by health and environmental protection non-profit organizations.

(1) Total VOC at 28 days < 100 µg/m³ or even < 10 µg/m³.

(2) REACH: Registration, Evaluation, Authorization and Restriction of Chemicals; CLP: Classification, Labelling and Packaging of substances and mixtures.

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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. 100% of our vinyl production sites in Europe, in North America, in Serbia and in China use a phthalate-free technology⁽¹⁾ by end 2018. At some sites, we also use recycled contents in addition to virgin raw materials for some products which may then contain traces of plasticizers with phthalate. EMEA sites have however stopped using recycled materials with residual phthalate content during the course of 2018, and consequently produce 100% phthalate-free vinyl flooring by end 2018, recycled content included. The phthalate-free plasticizer technology has been gradually deployed in Brazil, Ukraine and Serbia since 2016, and development tests are underway for the site of Otradny in Russia.

The entire flooring industry gradually follows our example in the interest of flooring customers and users: for example, in North America, certain DIY and decoration retailers have changed their supplier specifications to exclude phthalate products.

Zoom on key indicators

Indoor air quality:

Our 2020 objective is to reach 100% of our flooring with low total VOC emissions (< 100 µg/m³). In 2018, the percentage of m² of products with low VOC emissions rate slightly increased to reach 97%, bringing us closer to our 2020 objective.

Phthalate-free flooring:

Our 2020 objective is to reach 100% of phthalate-free vinyl flooring (except recycled content). 100% of our vinyl production sites in Europe, in North America, in Serbia and in China use a phthalate-free technology by end 2018. At global level, we reached 65% in 2018, compared to 57% in 2017, taking into consideration that deployment also depends on availability of plasticizers alternatives (in volumes and in quality).

Dust retaining flooring

Tarkett has developed carpet tiles which retain dust particles: the Desso AirMaster® carpet tile combined with the EcoBase® backing range is designed using a patented technology which retains four times more fine dust particles than traditional carpets. Since 2015, this product is the first worldwide to be certified with a GUI Gold Plus Label, the highest possible accreditation awarded by GUI, Germany's leading independent air quality testing organization.

Example



City of San Francisco – Raising the bar on sustainable carpet

In 2018, the city of San Francisco adopted comprehensive carpet specifications with minimum recycled content requirements and prohibitions on a long list of hazardous chemicals, including highly fluorinated compounds. San Francisco's strict new requirements cover every detail throughout a carpet's lifecycle, from manufacturing to installation and maintenance. Tarkett, with its non-PVC, low VOC, Cradle to Cradle® certified ethos® Modular carpet with Omnicat Technology™, was one of the only two flooring companies meeting or exceeding every requirement.

Example



Airmaster identified as one of few carpet products where no toxics were detected according to a report by Changing Markets Foundations

The report titled “Testing for Toxics – How chemicals in European carpets are harming health and hindering circular economy” published in October 2018 by Changing Markets Foundation, in collaboration with independent researchers and academics, shed light on specific issues related to carpet manufacturing and recycling in Europe. According to this report, of the 15 European carpet samples tested, no toxics were detected in only three carpets, including Tarkett's Desso Airmaster carpet. Changing Markets concludes that “it is encouraging to see that cleaner carpets already exist on the market. Additionally, as two of the three products [including the Desso range of Tarkett] contain recycled content and are also marketed as being designed for a circular economy, this lends weight to the argument that the goals of a circular economy and non-toxicity can be realized in parallel.”

3.7.3.2 Contributing to wellbeing

Tarkett products have the qualities which create pleasant spaces, improving people's well-being and comfort.

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

(1) Phthalate-free products: except recycled content for certain products.

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capacities are 55 to 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 Alzheimer’s specialists, in order to analyze 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⁾.

Lighting and Acoustics

Tarkett has developed carpet products which help improve the lighting and acoustic environment of buildings: the Desso Light Reflection Master® carpet has the ability to enhance brightness on interior walls and ceilings by up to 14%, leading to reductions of as much as 10% in artificial lighting; while the Desso SoundMaster® carpet can improve impact sound insulation by up to +10 dB⁽³⁾ compared to standard carpets.

Health and Safety

In areas with a high risk of hospital-acquired infections – such as operating theatres, medical laboratories and cleanrooms – floors must meet the highest hygiene standards to ensure infection control and air cleanliness. To this end, our floors provide sealed surfaces and fewer joints, and are resistant to stains and chemicals. They also prevent electrostatic discharges, so that the risk of equipment malfunction or discomfort during surgeries is drastically reduced. Our solutions, including several homogeneous vinyl products from our iQ range and our static control linoleum products, thus offer durable and easy-to-maintain flooring options that meet the health and safety requirements of the healthcare sector.

Tarkett has also developed seamless, anti-slip vinyl flooring solutions specially designed to reinforce health and safety conditions in bathrooms (“Wetroom System”).

In the sports area, Tarkett develops artificial turfs for sports grounds with the objective to improve quality gameplay and athlete safety.

3.7.4 Our commitment to limiting waste and closing the loop

3.7.4.1 Production waste

Tarkett is committed to avoiding the generation of waste where possible and in other cases to closing the loop by recovering and by recycling waste. As such we have developed systems to minimize, recover and recycle our production waste.

On several sites we have installed systems for collecting and recycling manufacturing waste from our different plants, including both nonconforming products and production scraps. These collected wastes are either directly recycled in one of our seven recycling centers and reinjected into our manufacturing process, or sent to other industries for external recycling. Other industrial waste generated at our manufacturing sites (such as metal, paper, cardboard, electronic waste, used oils, etc.) are sorted and managed using the 4 R’s approach (reduce, reuse, recycle, recover), with disposal to landfill being used in last resort.

(1) <http://kidsstudy.tarkett.co.uk/>

(2) https://professionals.tarkett.com/en_EU/node/designing-facilities-for-alzheimer-s-and-dementia-patients-830

(3) A 10 dB decrease in the sound pressure level will be perceived by human’s hearing as a halving of the loudness.

Zoom on key indicators

Waste
67% of our industrial waste is effectively recycled, and 12 plants already do not dispose any production waste to landfill.

Compared to 2017, our production of industrial waste (including hazardous waste) disposed to landfill has increased by 26% in 2018, from 13,600 tons to 17,000 tons, mainly due to operational efficiency and waste recycling difficulties faced at one of our sites in North America (notably in relation with stocks of obsolete materials). If we exclude this particular site (which alone accounts for 74% of the Group’s waste disposed to landfill), the total volume of industrial waste disposed to landfill by all the other production sites of the Group has decreased by 26% between 2017 and 2018 (from 6,000 tons to less than 4,500 tons), and only 6% of industrial waste from these sites is disposed to landfill, while 76% is sent to external recycling.

Despite our continual efforts, reaching our objective of zero production waste to landfill by 2020 will be challenging, primarily due to the lack of recycling facilities or other alternative options than landfilling in some countries where we operate.

Share of production waste (hazardous and non-hazardous) by type of processing (%)

Type of processing	Percentage
Recycling	67%
Landfill	18%
External processing	8%
Incineration with energy recovery	7%

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3.7.4.2 Re-use of waste from other industries

We also 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:

- > we buy Econyl® fibers from Aquafil, an Italian company, which are composed of 100% regenerated nylon threads from discarded fishing nets and used fiber waste from Desso carpets;
- > we have developed, in partnership with a drinking water distribution company in the Netherlands, a technique to recover calcium carbonate from water treatment. This calcium carbonate is then used as a raw material for EcoBase® carpet backings.

In North America, the ethos® carpet tile backing is made from recycled PVB (polyvinyl butyral) security films from windshields and used protective glass. From 2004 to 2018, we reused close to 23,500 tons of PVB films from 22.8 million windshields.

Example
+

Turning waste into resources in Brazil

At our Jacarei plant in Brazil, we began studying alternative sources of material as early as 2012. We identified the potential of using medical blister packaging and mobile SIM cards, and following trials began working on incorporating these into our VCT (vinyl composite tile) product formulation and in the core layer of LVT (luxury vinyl tile). We now have a smooth-running supply from two local producers less than 100km away. These materials are four times less expensive than virgin raw materials and we can include up to 50% of recycled content in our products, while avoiding 960 tons of waste per year to landfill.

One of the main challenges 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, and which can guarantee a consistent level of quality in line with our specifications.

Zoom on key indicators
↻

Recycled Materials

In 2018, we used nearly 134,000 tons of recycled materials⁽¹⁾ as an alternative to virgin materials, which represents over 10% of our raw materials in purchased volumes.

3.7.4.3 Post-installation and post-consumer flooring waste

Integrating flooring waste into our products

In addition to production scraps, we have developed our capacity to recycle post-installation flooring scrap and post-used flooring in our own manufacturing processes, which required developing on-site recycling units. Tarkett has seven recycling centers on its production sites all over the world: Florence (US), Dalton (US), 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 using this recycled material is used at several vinyl flooring manufacturing sites in Europe and on the 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 carpets. Clervaux and Dalton recycling centers are moreover certified for their recycling process (EuCertPlast certification for Clervaux, SCS Recycling Facility certification for Dalton).

Example
+

EuCertPlast certification in Clervaux recycling center

Our recycling center in Clervaux achieved EuCertPlast certification recognizing its environmentally-friendly and traceable plastics recycling process. It shows our suppliers and customers that the vinyl off-cuts collected via our take-back program ReStart® as well as other sources of recycled materials are treated according to best sustainable practices.

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

ReStart®, a flagship Tarkett program on collection, meets a double goal:

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

Flooring products collected via ReStart® are primarily meant to be reinjected into our manufacturing cycle, but we also evaluate other recycling opportunities when relevant. For example, in Australia, we participate with Vinyl Council Australia and other flooring manufacturers in a government funded recycling project, with the objective to reuse granulated post-consumer homogenous vinyl flooring as filler material in masonry products.

(1) Recycled materials: Materials that would otherwise have been sent for waste disposal; internal post-manufacturing recycled volumes are included.

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Today, the ReStart® program exists in several formats in different countries in Europe (France, Nordics, United Kingdom, Belgium, Germany, Spain, Netherlands, Italy, Portugal) and North America:

- > 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 2018, ReStart® was launched for vinyl flooring in Italy, Spain and Germany, in collaboration with local partners such as Geodis in Spain or Veolia in Germany;
- > 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, 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.

continue a few more 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. Separation technologies of different layers and materials employed are being improved through our Refinity® recycling facility which can separate the yarn and other fibers from the backing. 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 has been redeployed in 2018 in France and in other European countries. We hope to accelerate our customers' engagement by offering an enticing, economically viable and easy to implement reversed logistics service.

We are also experimenting alternative models, such as leasing options for short cycle products (typically 4-5 years), ensuring that Tarkett, which remains the owner of the product, can collect the flooring at end of use.

Zoom on key indicators

Flooring collection program ReStart®



From 2010 to 2018, Tarkett has collected 102,000 tons of flooring (post-installation and post-consumer flooring: vinyl, linoleum, carpet). In 2018 however, only 3,300 tons of installation scrap and used flooring were collected through the ReStart® program, far from our objective for 2020 to collect 38,000 tons per year, i.e. double volume compared to 2010.

The main reasons for this decrease are commercial (end of key client contracts including collection and recycling activities in North America), technical (difficulties for separating the different layers to be recycled, materials traceability...) as well as structural (reverse logistics, regulations lacking incentives, level of client's maturity...) – see below for more explanations and the challenges of circular economy.

In spite of Tarkett's commitment to the circular economy, collected volumes in 2018 are comparable to 2017 and represent a significant decrease compared to preceding years, which sets us back from our 2020 objective of doubling the volume collected (38,000 tons) compared to 2010 (18,900 tons).

This situation can be explained by technical reasons, but also by structural issues linked to the challenges of circular economy:

- > 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 carpets are no longer compatible with the compositions of new eco-designed carpets. Unfortunately, this trend should

Example

Recycling wood flooring: the Lignum Aeternam project

Wood flooring is currently not included in our ReStart® program, and post-consumer wood flooring is generally incinerated rather than recycled. In 2018, we conducted a pilot project for wood recycling in collaboration with Bouygues at the occasion of the former 3 Suisse warehouse decommissioning in Northern France. We took back 1,000 m² of old solid oak parquet, reprocessed it and reengineered it to make a new wood flooring product, thus testing and demonstrating the feasibility of recycling wood flooring in our manufacturing process. Nordic customers from both project and distribution sides are particularly interested in this newly created recycled-based wood flooring, which we called Twirl. We are now working on building a robust intake process to allow us to acquire more volumes of old parquet in the future, with the objective to go into production from 2019 onwards in our Orzechowo (Poland) and Hanaskog (Sweden) production sites.

Example

Carpet replacement and recycling for the California Environmental Protection Agency (EPA) building in the United States

In 1999-2000, our Tandus ER3 carpet was selected by the State of California for the EPA building. After 18 years, the space is now ready for renovation, and our ethos® carpet was chosen for its high recycled content and its recyclability. In 2018, we have thus started to remove the 65,000 m² of used ER3 carpet and send it to our Dalton facility for recycling, while we install our new ethos® product in the EPA building.

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Eco-designing the flooring installation system for easy removal and effective recycling

Tarkett endeavors to integrate easy removal right from the design stage, ultimately allowing more efficient collection, sorting and recycling. Beyond the flooring product itself, the challenge is to design flooring systems including products, installation and removal methods, which facilitate the collection of flooring at end of use while allowing the separation of different layers.

For example, the modular vinyl ranges in freestanding installation and with clip-on system do not require any adhesives, enabling the flooring to be very easily removed. Cementi Click,

our new category of premium mineral tiles and planks produced from 95% clay, also uses the click system for easy installation and removal. In North America, Tarkett has launched the modular range ProGen™, a new generation of flooring which is waterproof, and resistant to shocks, traffic and heavy use, while being easy to install and remove thanks to a fast lock mechanism. Quick-Fix carpet tiles (produced in partnership with Velcro®) and the Tape+/Tape products offer solutions so that carpets can be installed, re-installed, and recycled easily, without damaging the flooring surface. Our new modular resilient flooring iD Revolution can also be installed with a tackifier, enabling quick installation and removal.

Tarkett feedback: the challenges of collection and reuse of flooring

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

- > **ensuring product traceability**, as well as that of collected, recycled materials. In view of recycling, it is essential to know exactly the composition of products that have been collected, in order to use good and healthy recycled materials. It is also as part of this approach that Tarkett has developed the MHS (see section 3.7.2.2 “Assessment of materials and their impact on health and the environment”) and positions itself in favor of the implementation of “**products passport**”;
- > **implementing reverse logistics** with a dense network of collection points, near building or renovation sites, to facilitate the process for customers sorting and returning their installation off-cuts and post-use flooring waste;
- > **developing an enticing, economically viable ecosystem for the different stakeholders**:
 - urge the prime contractors or architects/designers to demand and prescribe floorings made from recycled and recyclable products, and compliant with established standards and labels,

- encourage the installers or the construction managers to sort and carry away their waste rather than paying for it to be sent to landfill or incineration,
- facilitate for the intermediaries the collection and sorting of waste to optimize the quality of volumes collected and ensure its traceability,
- commit the flooring manufacturers to eco-design and use recycled materials on the one hand, and to train their sales teams and customers to collection and recycling on the other hand,
- implement regulations and a taxation system favoring circular economy (at national and territorial levels): penalize landfilling and incineration, promote recycled, recyclable and/or reusable products in public tenders,
- strengthen consistency between public policies related to circular economy, in particular regulations on waste management and chemicals (such as REACH), with products regulations,
- develop research programs and inter-industry dialogue to transform waste from one industry into quality resources for another industry.

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3.7.5 Our preservation of natural capital: water & energy

3.7.5.1 Reducing water consumption

Aware of the critical importance of preserving this vital resource, Tarkett has been managing water responsibly on its production sites for many years as part of its World Class Manufacturing program. Our 2020 water consumption goal is ambitious: all our industrial sites should not use water in their industrial process, or should be equipped with a closed loop water system, in other words reusing a minimum of 98% of the water used.

In 2018, we kept working on improving water management and increasing the number of closed loop water systems at our production sites, for example:

- > the Jacarei vinyl site (Brazil) reduced its water consumption by 46% in 2018 compared to 2017 by implementing a 100% plant mapping with electronic flow sensors, thus improving water consumption monitoring and enabling to immediately identify and tackle losses. This project brought the Jacarei site around 98% water recycling rate, which is the closed loop target;
- > the Dalton carpet site (US) reduced its water consumption by 26% between 2017 and 2018, by eliminating the jet dye process and improving water monitoring.

Some of our flooring and sports surface solutions moreover contribute to reduce water and chemicals consumption during the use phase of our products.

For example, cleaning the iQ range vinyl flooring by using our dry buffing cleaning system can reduce the consumption of water by 18% and the requirement for detergents by a factor 2.3.

The use of our artificial turfs instead of natural grass for sports grounds also helps reducing water consumption by removing the need for watering, thus saving up to 4,000 m³ water per year and per field, in addition to eliminating the use of fertilizers.

3.7.5.2 Improving energy efficiency

Since 2011, the ISO 50001 standard has recognized the engagement of companies towards better energy management. In 2018, all Tarkett European sites that employ more than 250 people are ISO 50001 certified. 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.

In 2018, our production sites have kept working, as part of the WCM program, on optimizing their manufacturing processes and improving their energy efficiency, to reduce their energy consumption per square meter of manufactured product, for example:

- > at the Sedan vinyl site (France), a daily maintenance routine was implemented, which enables to improve plant performance and energy efficiency;
- > at the Narni linoleum site (Italy), optimization of the trigeneration system and biomass boiler through a collaborative effort between operations and maintenance teams helped further improve energy efficiency;
- > at the Dalton carpet facility (US), the ongoing replacement of battery-powered forklifts with hydrogen forklifts (11 forklifts replaced in 2018, around 30 remaining forklifts expected to be replaced in 2019), and the installation of timer switches and motion sensor lights participate in the reduction of energy consumption.

Zoom on key indicators

Water consumption

The proportion of sites using closed loop water systems or not consuming any water in their manufacturing process has increased in the past years, from 57% in 2015 to 68% in 2018. The goal of the Group is to reach 100% in 2020.

Thanks to these actions, Tarkett was able to reduce by 11% water consumption in absolute value between 2017 and 2018 (0.85 million m³ in 2018, against 0.96 million m³ in 2017), and improved by 5.6% water consumption per m² of manufactured product (2.91 l/m² in 2018, compared to 3.09 l/m² in 2017).

Share of sites which have implemented a closed loop water system, or which do not use water in their manufacturing process (%)



Example

Optimizing energy to produce more FieldTurf fiber

The FieldTurf synthetic fiber production process for sports surfaces at our Absteinach plant in Germany involves several high-energy intensive steps (extrusion process). As part of our ISO 50001 energy management certification process, our main goal has been to optimize energy efficiency of our processes by increasing output from 200kg to 500kg of fiber produced for the same amount of energy. Over the past 7 years we have been able to triple our production while decreasing our energy consumption by 20% and our production costs by 50%.

Zoom on key indicators

Energy efficiency
 Since 2010, we have made some progress in terms of energy efficiency, with a slight decrease in average energy consumption per m² of manufactured product (-1.1% from 2010 to 2018).
 Between 2017 and 2018, the energy consumption per m² of manufactured product has however increased (4.29 kWh per m² in 2018, compared to 4.17 kWh per m² in 2017), in relation with the decrease in production volumes at Group level, which automatically results in a degradation of energy efficiency.
 Some of our flooring solutions moreover contribute to reduce energy consumption during the use phase of our products. For example, cleaning the iQ range vinyl flooring by using our dry buffing cleaning system can reduce the consumption of electricity by 20%.

3.7.5.3 Developing renewable energy

Developing the use of renewable energy sources on our sites represents one solution to combat climate change. In this area, different initiatives have been implemented which continue to produce and use renewable energy:

- > wood waste from our production is used as biomass for energy production at nine of our factories;
- > geothermal and solar energies are used at some administrative buildings and factories, such as carpet sites in Dendermonde (Belgium) and in Waalwijk (The Netherlands), as well as at the linoleum site in 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.

Worldwide, seven of our factories buy 100% renewable electricity: Chagrin Falls (United States), Middlefield (United States), Narni (Italy), Dendermonde (Belgium), Goirle and Waalwijk (The Netherlands) and Jacarei (Brazil). This prevents 22 ktCO₂e per year (base 2018 for these factories) of greenhouse gas emissions.

Zoom on key indicators

Renewable energies
 The share of renewable energies has slightly decreased between 2017 and 2018, accounting for 27% of the Group's total energy consumption.

Share of renewable energies in energy consumption (%)

Category	Percentage
Generated renewable energy (biomass, geothermal, photovoltaic)	12.2%
Purchased renewable energy (electricity)	14.8%
Non-renewable energy	73%

3.7.6 Our greenhouse gas emissions and our commitment to combating climate change

Industrial activity is only 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 act beyond the scope of their direct responsibility, and impact the entire life cycle of their products. This involves not only the reduction in energy requirements (production, transport, etc.) and an increased use of renewable energy, but also eco-design, use of recycled raw materials, and implementation of waste recycling in a circular economy approach. In the scenarios detailed by experts, more effective use of resources is a key factor to attenuate climate change.

Tarkett is committed to fighting climate change, notably through its WCM program on production sites, through its initiatives in favor of circular economy, but also through its assessment of the positive and negative impact of its activities and products on the environment.

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3.7.6.1 Greenhouse gas emissions at our production sites (Scope 1 and 2)

As detailed in sections 3.7.5.2 “Improving energy efficiency” and 3.7.5.3 “Developing renewable energy”, our approach to continually reduce our Scope 1 and 2 GHG emissions from fuel and electricity consumption at our production sites is based on the following hierarchy:

- > improve energy efficiency through changes and optimization of our manufacturing processes;
- > develop on-site renewable energy production (e.g. biomass, geothermal, solar);
- > purchase 100% renewable electricity.

3.7.6.2 Greenhouse gas emissions throughout the value chain (Scope 3)

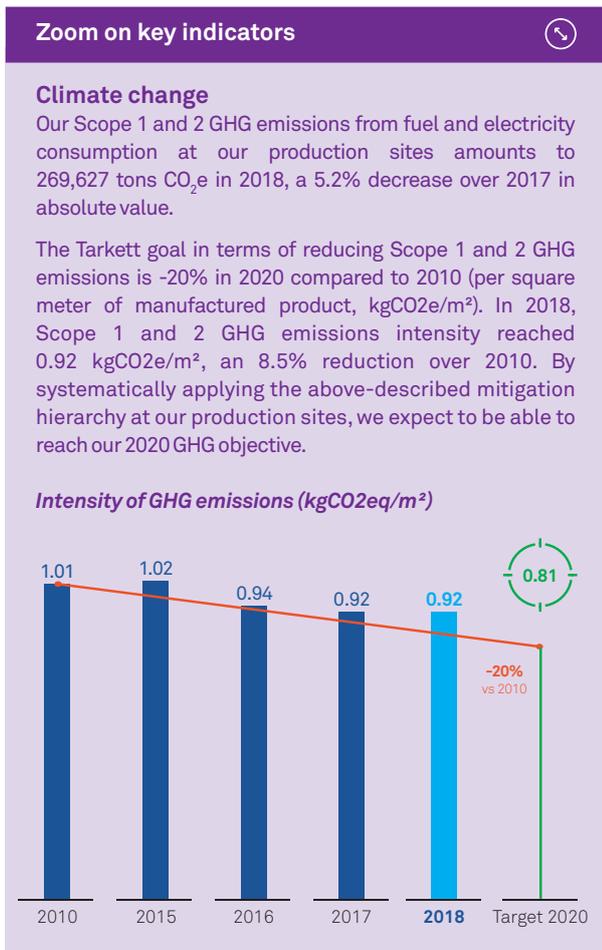
A Scope 3 GHG assessment project was launched in 2018 in order to obtain a better understanding of our impact on climate change across the entire life cycle of our products and our activities. Based on the methodology of the “GHG Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard”, we estimated Scope 3 GHG emissions for the following categories:

- > upstream: purchased goods and services, waste generated in operations, and business travel;
- > downstream: transportation and distribution, processing (i.e. installation) of sold products, use of sold products, and end-of-life treatment of sold products.

Other categories such as employee commuting, leased assets, franchises or investments were excluded from the assessment, as they were determined to be either not relevant to Tarkett’s activities or not material based on a preliminary analysis. Using actual and estimated Tarkett’s activity data for 2015, and conversion factors from various sources (e.g.: generic datasets such as GHG Protocol, Ecoinvent, European Life Cycle database; or supplier specific data), Scope 3 GHG emissions were calculated for each category.

This study enabled to identify four main sources of Scope 3 GHG emissions along the value chain, as summarized in the below table. Our main efforts on Scope 3 are already and will keep focusing on our circular economy initiatives:

- > raw materials selection;
- > product eco-design to ensure recycled content and recyclability;
- > collection and recycling of post-consumer flooring.



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Scope 3 Category	Emissions (tCO ₂ eq/year)	Share of Scope 3 Emissions(%)	Comments/Actions	CSR Report section
Use of sold products (use phase)	2,900,000	49%	<ul style="list-style-type: none"> > Estimated GHG emissions during the use phase include emissions related to the use of water, detergent and electricity for cleaning, considering a 10 years lifetime of the flooring. > We recognize the importance of potential GHG emissions arising from the cleaning of our flooring products during their life, and some of our products contribute to reduce water and energy consumption during their lifetime. > However, considering the uncertainties of the assessment (variability of conversion factors, assumptions on flooring lifetime, lack of conventional cleaning procedures, etc.) which can lead to very different results (emission levels up to five times higher or lower depending on assumptions), and the fact that Tarkett has no control and limited influence on the type of equipment and cleaning protocol used by its diverse customers (floor cleaning is only an indirect use of the product, while being necessary for all types of flooring), we do not consider this category as the most critical compared to other sources of emissions on which Tarkett has greater leverage. 	3.7.5
Raw materials purchases	1,200,000	20%	<p>Upstream, Tarkett can have an impact on GHG emissions resulting from raw materials by:</p> <ul style="list-style-type: none"> > assessing and selecting raw materials which have a lower contribution towards GHG; > increasing recycled content in our products, as recycled materials contribute less to GHG compared to extraction and transformation of virgin materials. 	3.7.2 3.7.4.2
End-of-use of sold products	1,000,000	17%	<p>Tarkett contributes to reducing GHG emissions resulting from the end of use of its products through:</p> <ul style="list-style-type: none"> > design to ensure recyclability of flooring products; > flooring take-back ReStart® program; > recycling of post-installation and post-consumer flooring (in our manufacturing process or by other industries). 	3.7.4.3
Products transportation and distribution	300,000	5%	<ul style="list-style-type: none"> > Favor local presence > Use rail transportation (e.g.: Otradny in Russia) 	-

“Driving Collaboration” in value chain and in communities

3.8 “Driving Collaboration” in value chain and in communities

Our policies and actions, along with their objectives and results/key performance indicators, intended to manage risks and respond to opportunities related to our suppliers and our activities within local communities (as identified in section 3.4 “CSR risks and opportunities”) are summarized in the below table and further detailed in the sub-sections of this chapter.

Opportunities & Risks	Policies/Actions	Key Performance Indicators	2018	2017	CSR Report section
<ul style="list-style-type: none"> > Engaging suppliers to meet required CSR standards > Dependence on certain suppliers 	<ul style="list-style-type: none"> > Responsible sourcing program > Suppliers involved in materials selection, materials assessment and C2C approach > Diversification of supplier’s portfolio and use of local suppliers 	Percentage of raw materials purchased from suppliers committing to United Nations Global Compact	76%	74%	3.8.1
<ul style="list-style-type: none"> > Expectations and concerns from local communities 	<ul style="list-style-type: none"> > Tarkett Academy > Tarkett Cares. > Support to worldwide development projects 	Total value of contributions to Tarkett Cares community initiatives (financial, product and employee hours donations)	€808k	€508k	3.8.2

3.8.1 A responsible and collaborative supply chain

3.8.1.1 Engaging with responsible suppliers

The commitment of Tarkett to shifting to a circular economy model, founded on the Cradle to Cradle® principles, 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 also seek to develop long-term sales relationships with companies that share our ethical values. In particular:

- > we commit our main suppliers to respecting the principles of the United Nations Global Compact (UNGC), which cover the themes of human rights, working conditions, the fight against corruption and respect for the environment;
- > we have established partnerships with wood suppliers that are either FSC® (Forest Stewardship Council®) and/or PEFC™ (Program for the Endorsement of Forest Certification) certified, which enhances the sustainable management of forests and respect for human rights throughout the value chain. Since the late 1990s in EMEA we have annually maintained our Chain of Custody certification that today covers 12 production sites and sales subsidiaries; more than 60% of our wood is FSC® (FSC® C008972) or PEFC™(PEFC™/05-35-125) certified. In Eastern Europe division, 10% of the purchased wood is covered by FSC® certification. Finally, in North America, on the maple wood ClutchCourt range, used for production of basketball courts, we offer an FSC® certified product;

- > we have obtained the Social Responsibility SA 8000 certification for our linoleum manufacturing plant in Narni (Italy).

Zoom on key indicators ↻



Responsible suppliers
 In 2018, we purchased 76% of our raw materials from suppliers that respect UNGC principles (compared to 74% in 2017). They commit to respect these principles within the scope of our contractual terms and conditions.

To further strengthen our responsible supply chain approach, we started in 2018 an initiative to formalize and deploy a **responsible sourcing program**, which includes the following components:

- > a **procurement CSR risk mapping covering the majority of our suppliers** (87% of our total purchase value) is being performed in partnership with Ecovadis. It will allow us to identify the main environmental, social and ethical risks along our supply chain, based on procurement categories, countries of operation, availability of products/services, potential dependability on certain suppliers, etc. This mapping constitutes a new starting point enabling Tarkett to develop and deploy a responsible sourcing program, with a primary focus on the identified high-risk suppliers;

“Driving Collaboration” in value chain and in communities

- **the Code of Conduct for Tarkett Suppliers** was developed in 2018 and sets out Tarkett’s Social Responsibility expectations for its suppliers on modern slavery, child labor, freedom of association, discrimination, health and safety, working conditions, business ethics, and environmental compliance. It is consistent with the UNGC principles and International Labor Standards as defined by the International Labor Organization (ILO). The Code of Conduct will be tested with a few suppliers and progressively deployed in 2019;
- **suppliers will be evaluated** using various tools such as self-assessment questionnaires or on-site audits. This evaluation process is expected to start in 2019 with identified high-risk suppliers and will form the basis for determining improvement action plans to be implemented by the suppliers, in order to meet our CSR requirements and ensure that CSR risks along the supply chain are properly mitigated;
- **alert mechanisms** are in place via our Compliance Hotline and our Ethics Hotline (see section 3.3.4.1 “Our approach to ethics and integrity”).

Example



Methodology and results of our procurement CSR risk mapping

Tarkett appointed Ecovadis, an international reputable CSR ratings consultant, to perform a procurement CSR risk mapping covering most of Tarkett’s suppliers worldwide. The results of this mapping have been shared and analyzed internally.

The EcoVadis methodology covers 21 criteria across four themes: environment, fair labor & human rights, ethics (including corruption), and sustainable procurement. It is built on international CSR standards including the Global Reporting Initiative, the UNGC, and the ISO 26000, and uses a comprehensive database covering over 50,000 companies, 190 spend categories and 150 countries.

Example



Progressing thanks to NGO reports and dialogue

We collaborate with NGOs and are constantly on the lookout for NGO reports relevant to our activities, as ways to help us better identify, assess and mitigate our supply chain risks. For example, in 2018, Tarkett co-financed a study by NGO Healthy Building Network (HBN) on suppliers and technologies used for chlorine and PVC production, in order to obtain a better understanding on which PVC suppliers use which technology (for more details see section 3.7.2.1 “Good materials selection”).

3.8.1.2 Involving suppliers in our eco-design approach

We involve our suppliers in the development and assessment of new materials, in line with the Cradle to Cradle® (C2C) principles or when we need data for the lifecycle analysis of our products.

For example, in 2018, we closely worked with key suppliers to assess and optimize our portfolio of inks and pigments and over 60 wood accessories for installation and maintenance in the Eastern Europe division.

Tarkett was also instrumental in the development of a partnership between a strategic material supplier and EPEA to develop a C2C assessment tool for the design of the supplier’s new materials, which we use as raw material in our flooring products.

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 C2C commitment, we 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, in particular Royal Adhesives & Sealants, to ensure that the adhesives we provide are assessed and certified using the C2C methodology.

3.8.2 Our impacts and support towards local communities

3.8.2.1 Locally rooted activities

The nature of Tarkett activities, its development through acquisition of local companies and the Group’s decentralized structure contribute to the development of local economic activity. Tarkett sells its products in over 100 countries and has a worldwide presence through its 36 industrial sites, its commercial networks and local branches, as well as its research and design centers. Products are manufactured in 17 countries (France, Italy, Luxemburg, United Kingdom, Poland, Belgium, Sweden, the Netherlands, Germany, Russia, Serbia, Ukraine, USA, Canada, Brazil, China and Australia), located in the heart of commercialization areas to serve our highly fragmented and diverse customer base.

Tarkett develops relationships with local stakeholders including installers, sub-contractors, and distributors, while respecting local cultures: in its way, Tarkett is Russian in Russia, American in the United States and Chinese in China. 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.

“Driving Collaboration” in value chain and in communities

3.8.2.2 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. In France, Tarkett Academy, created as early as 1993 in the Sedan factory, trains professionals or future professionals in vinyl, linoleum, wood and carpet flooring installation techniques. The training is validated by a degree (CAP flooring-carpet installer) recognized by the Ministry of National Education or a professional degree (flooring-carpet installer) recognized by the Ministry of Employment.

Zoom on key indicators



Tarkett Academy
 From 2012 to 2018, Tarkett trained over 23,000 professionals and students in the flooring profession and in installation techniques at Tarkett Academy centers all over the world, including 3,669 people in 2018.

3.8.2.3 Engaging with and helping local communities: Tarkett Cares

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 done individually or as part of a team;
- > 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 protecting the environment. For Tarkett teams, these voluntary initiatives offer invaluable opportunities to share common values, in particular generosity, solidarity, and team spirit.

Zoom on key indicators



Tarkett Cares in 2018

- > 2 days of volunteer activity for charity initiatives possible for all employees;
- > nearly 170 initiatives worldwide;
- > nearly 1,300 employees involved;
- > 978 work days, the equivalent of 6,846 hours of work;
- > 17,560 m² of flooring donated;
- > a total value of more than €800k (values of financial and product donations and employee hours donated).

In 2018, Tarkett Cares supported many communities through different initiatives, a few examples of which are provided below:

- > FieldTurf strengthened a partnership initiated in 2016 with the community of Longueuil in Montreal (Canada) by donating and installing a new 3,200 m² artificial turf at a primary school;
- > employees from Tarkett Serbia installed 600 m² of donated vinyl flooring for a Serbian kindergarten funded by the Foundation Novak Djokovic. Computers were also donated in November 2018 to four schools in Serbia to facilitate access to digital tools for pupils;
- > as part of the World Environment Day, more than 40 Tarkett volunteers took part in “environmental” activities (cleaning a park and playground, planting flowers) near the Bačka Palanka site (Serbia);
- > at the occasion of Tarkett North America’s 2018 reUNION Sales Meeting in New Orleans (United States), over 300 volunteers participated in a charity day to help several nonprofits organizations focused on assisting families and children of the local communities;
- > in the Netherlands, Tarkett employees teamed up with environmental organizations, local schools and families to clean up a beach at the Dutch seaside town Katwijk aan Zee;
- > tarkett supported the “Tour of Friendship”, a 1,000-kilometer fundraising cycling tour between Germany and France to gather donations for two humanitarian projects in Madagascar and Argentina, and in which one of our employees participated;
- > in La Défense (France), Tarkett donated old computers to the association “Travailler et Apprendre Ensemble” (Work and Learn Together), which helps professional reintegration. Teams have also collected clothes and accessories for “La Cravate Solidaire” (The Supportive Tie), an association helping people looking for a job;
- > Tarkett Asia made a donation to Mocaboc Island, an island located in a very poor area of the Philippines where most of the income is from fishing and rice agriculture. The donation enabled to acquire a generator to continuously supply electricity to the island. Our Singapore team moreover helped the Willing Hearts charity to prepare meals for low income families. Our sales team in India also donated and installed LVT flooring in a class room in the small Himalayan town of Manali in Himachal Pradesh;
- > teams of our Jacare’ plant (Brazil) were involved in tree plantation activities, and in the installation of flooring and renovation of a nursery in Jacare’.

Example

**Tarkett North America develops partnership with Habitat for Humanity with flooring product donations worth approximately US\$ 400,000**

In 2018, Tarkett North America has donated flooring products worth approximately US\$400,000 to the nonprofit housing organization Habitat for Humanity: one part to help with habitat's disaster recovery and rebuilding efforts in Texas and Florida (United States), and another part for the Home Builders Blitz. Tarkett teams participated in the Home Builders Blitz initiative that enlists help from thousands of professional home builders who help families to repair and renovate their homes.

Example

**Tarkett Sedan holds day-long Tarkett Cares event to lend a helping hand to local associations**

Tarkett Sedan (France) held in October 2018 a day-long Tarkett Cares event, helping local associations and participating in workshops organized in 11 towns with 14 associations. Over 140 employees committed to help local communities (senior citizens, children) and participated in activities supporting Handi'sport (“Disabled Sports”), Road Safety (“Sécurité Routière”), the local hospital (“Centre Hospitalier de Sedan”), a primary school and sports clubs.

3.8.2.4 Supporting development projects worldwide

The Group and its employees also get involved in economic and social development projects worldwide.

Example

**Combating climate change and improving livelihoods in the Peruvian Amazon**

Tarkett is one of seven companies who are supporting a sustainable agro-forestry project in the Peruvian Amazon as part of the REDD+ Business Initiative. The Tambopata-Bahuaja Biodiversity Reserve project aims to protect local biodiversity (including over 30 high conservation value species), conserve endangered forests in a 591,000-ha area and restore 4,000 ha of damaged land, while supporting the livelihoods of 288 farmers by cultivating high quality cacao in a sustainable way – offering them a better income and avoiding further deforestation. Stopping deforestation is one of the most effective measures in the fight against climate change. Tarkett and the other companies in REDD+ Business Initiative are buying carbon credits through this project which is expected to avoid over 4 million tons of carbon emissions by 2021.

Example

**Contributing to health and well-being in Africa**

Since February 2018, Tarkett has partnered with EarthEnable, a social enterprise that aims to improve health and housing in low-income communities in rural Rwanda and Uganda (Africa). Tarkett provides its flooring expertise to help EarthEnable replace dirt floors with affordable, sanitary flooring that can be washed, cleaned and used to create healthy home environments. EarthEnable's earthen floors, made of local natural materials, will be tested at our R&D facilities in Narni (Italy) and Wiltz (Luxembourg).

Example

Tarkett supports NESTO, a collaborative social housing project built using circular economy principles

Tarkett has participated in an innovative social housing project in Luxembourg, helping to create a modular apartment block that can be disassembled and rebuilt elsewhere, when it reaches end of life. The three-storey NESTO building in Wiltz comprises six affordable apartments for underprivileged families and is the first of its kind to be built fully using circular economy principles. The building benefits from two healthy, environmentally-friendly Tarkett flooring solutions. First, 330 m² of the Cradle to Cradle® Gold-certified resilient modular flooring solution, iD Revolution, and second, 230 m² of our new mineral-based tile, Cementi Click. NESTO was conceived by renewable energy specialist Heliosmart and engineering consultancy ProGroup. Its name refers to birds' ability to build nests using only the materials they need from nature, with no waste. In particular, the project has been designed to prioritize residents' wellbeing, while respecting natural resources and optimizing the total cost. The building's economic viability has thus enabled to rent NESTO to Luxembourg's social housing agency (*the Agence Immobilière Sociale*) at a lower than market rate.

3.9 Developing Talents

Our policies and actions, along with their objectives and results/key performance indicators, intended to manage risks and respond to opportunities related to our employees (as identified in section 3.4 "CSR risks and opportunities") are summarized in the below table and further detailed in the sub-sections of this chapter.

Opportunities/Risks	Policies/Actions	Key Performance Indicators	2018	2017	Objective 2020	CSR Report section
Safety at production sites.	> World Class Manufacturing (WCM) program	Percentage of production sites certified to OHSAS 18001	69%	69%	-	3.9.1 3.9.2
Exposure of personnel to dangerous substances	> OHSAS 18001 certified Health and Safety Management System (transition to ISO 45001)	Recordable Lost Time Accident Frequency Rate (FR1t ⁽¹⁾) in production sites	2.14	1.87	0	
Non-discrimination, diversity and equal opportunities	> Non-discrimination policies > Promotion of gender equality > Employment of people with disabilities	Percentage of management positions filled by women	27%	27%	-	3.9.3
Management of talent/competence (attraction, retention)	> Recognized employer brand	Percentage of employees trained at least 1 day during the year	60%	56%	-	3.9.4
	> Talent Philosophy					3.9.5
	> Performance and Development Review	Percentage of permanent employees who had a Performance & Development Review (or equivalent) during the year	53%	56%	-	
	> Learning and development programs					
	> Career mobility					
	> Tarkett Awards					
	> Biennial employee feedback survey	Percentage of open management positions filled by internal candidates	53%	52%	-	
		Absentee rate (employees)	2.7%	2.5%	-	
		Permanent employee turnover rate	16%	13%	-	

(1) Number of accidents with lost time < 24 hours per million hours worked of employees and external workers at Tarkett production sites.

“One Tarkett, Agile and Performance-driven”

We have developed our Human Resources 2021 Vision based on four pillars: Tarkett recognized employer brand, Entrepreneurial leaders, Organizational agility, and High-performance culture. Our objectives are to increase our ability to accelerate our development and to strengthen our customer centric capability by being “One Tarkett, Agile and Performance-driven”, with four priority actions:

- > apply our Talent Philosophy;
- > promote and develop Tarkett's seven entrepreneurial leadership traits: Think business, Accountable, Risk for results, Kind to customers, Empowers collaboration, Talent developer and Thorough;
- > have the best talents in critical positions; and
- > implement a compelling employee value proposition, based on three promises: “Expand your horizons, Change the game, Design the future of society. Together.”

Our 2021 Vision is translated into actions through a Group roadmap and a detailed action plan, while a Tarkett HR indicators dashboard has been developed to monitor progress and measure performance.

3.9.1 Make employees' safety our number one commitment

Beyond regulatory compliance, the Tarkett Group considers safety as its number one commitment, and sets a zero-accident rate as its objective.

Over the past ten years, Tarkett has made substantial progress in terms of safety and has significantly reduced the number of accidents on production sites. This progress results from the commitment of all employees, from managers and supervisors to operators, and from the implementation of the safety pillar as part of our World Class Manufacturing (WCM) program, which brought methodologies, procedures, objectives and key performance indicators. The feedback survey covering all employees completed in 2018 showed that 84% of our employees consider that Tarkett provides a safe working environment. In addition, 83% of the latter consider that managers lead by example in the area of safety (a 9% improvement over 2016).

This progress is encouraging but far from being sufficient.

Indeed, in 2018, Tarkett had to face a fatal accident on a production line at our Ronneby manufacturing site in Sweden. Further to this tragic event which deeply affected the Group, Tarkett's Executive Committee decided to implement an action plan to strengthen safety measures and to mobilize all employees around safety. The main actions launched are the following:



- > the top 100 leaders of the Group signed a Safety Pledge during the annual seminar in December 2018: “Safety is our #1 commitment. Every day. Everywhere”;
- > a Global Safety Day was organized for most of Tarkett plants worldwide (in December 2018) with a video from the Chief Executive Officer and the Executive Vice President Operations (Member of the Executive Committee), training workshops, experience and knowledge sharing, and the signature on each site of the Safety Pledge. The objective is to increase awareness on equipment risks and to empower employees to identify and report risk areas for themselves and for their colleagues;
- > a strict action plan was launched in each plant, notably concerning the assessment of risks specific to Tarkett production lines. This plan is monitored at Executive Committee level;
- > a number of WCM safety procedures and standards have been reviewed and strengthened, in particular regarding personal protective equipment, clothing rules, hazardous installations and machine guarding.

The challenge is to reinforce safety culture in the plants, but also for all Group employees (sales force, offices, headquarters), and to train and empower each employee to have safe behavior at any time, in every situation. In addition to the above specific action plans, Tarkett further proceeds with the measures already implemented at different levels of the organization, including:

- > **safety results (including fire risks) are monitored and analyzed during the Group's Executive Committee meetings, as well as Tarkett's Supervisory Board;**
- > they are also **presented and discussed with senior executives** as an introduction to each Quarterly Information Session;
- > **the safety topic is also evaluated by all employees** during the biennial internal employee feedback survey;
- > **competency development** in terms of safety on production sites is a major focus of the WCM safety pillar, thanks to complementary measures: regular employee training, frequent audits of practices on our sites (via our Safety Management Audit Training – SMAT process), open and continuous dialogue between managers and employees on risks and safety behaviors at work stations, testing and implementation of best practices shared after annual site audits;

Developing Talents

- > an active global network of safety experts facilitates knowledge sharing among sites and encourages dialogue on risk identification and reduction, audit conclusions and outcomes of measures tested and implemented at site. This network also enables to relay safety news and information to all plants. In addition to monthly conference calls, the extended safety network meets annually at the occasion of a global safety forum;
- > after each incident or accident, a rigorous assessment of causes (“root cause analysis”) is carried out. Action plans are then developed and deployed, within the scope of our WCM continual improvement approach. Safety alerts summarizing the incident’s causes, its outcomes and the corrective actions implemented to prevent re-occurrence are systematically prepared and shared with all manufacturing sites.

By the end of 2018, 69% of the Group’s manufacturing sites had obtained the OHSAS 18001 health and safety certification and are transitioning to the ISO 45001 standard. These international standards are benchmarks in managing workplace health and safety.

Example 

Tarkett’s Global Safety Day

Following the fatality that occurred in Ronneby in November 2018, the Executive Committee has decided, among others, to dedicate one full day to safety in all Tarkett plants to raise employee awareness about safety risks.

On this occasion, the Chief Executive Officer and the Executive Vice President Operations both emphasized the importance of safety as our number one commitment at Tarkett. They reminded all of us that there is no compromise on safety and that safety is the responsibility of each of us, firstly for ourselves, but also for our colleagues, for our family and friends. The CEO also invited each employee to join the top 100 Leaders who signed the Tarkett Safety Pledge: “Safety is our #1 commitment. Every day. Everywhere”.

During this Global Safety Day held on December 14th 2018 for most plants, our employees participated in numerous activities and were trained on safety topics: equipment representing a risk (such as forklifts, rolling parts...), the new global safety policy for personal protection equipment, the risk assessment WCM methodology and the awareness of operators on workplace risks. They also listened to testimonies from injured plant employees.

Example 

Implementation of a new lock-out tag-out procedure in our manufacturing sites

A new 7-steps lock-out tag-out (LOTO) process was developed and rolled out for any maintenance activity on energized equipment at our manufacturing sites, in order to ensure that energy sources (electrical, pneumatic, hydraulic, etc.) are properly identified, shut off and isolated prior to starting work. All our plants have already or are implementing this new LOTO procedure, which involves an inventory and risk assessment of all concerned equipment and activities, an update of relevant site maintenance and work procedures, and training of personnel accordingly.

Example 

Family Safety Day in Bačka Palanka (Serbia)

Under the slogan “Safety – My Priority”, our Bačka Palanka plant in Serbia organized their first Family Safety Day in September 2018. Over 460 visitors consisting of employees and their families were informed about Tarkett and our commitment to safety, as well as participating to various activities related to health and safety throughout the day.

Zoom on key indicators 

Safety

In 2018, we recorded one fatality at one of our plants (Sweden).

The Recordable Lost Time Accident Frequency Rate FR1t for our plants (number of accidents with days off work less or more than 24h per million hours worked for employees and external workers at Tarkett’s plants) was otherwise 2.14 (compared to 1.87 in 2017), a 14% deterioration over 2017, but a 64% improvement over 2013.

The Recordable Lost Time Accident Frequency Rate FR1t for the whole Tarkett Group employees (plants, sales force, headquarters...) was 2.18 (compared to 2.07 in 2017).

We also monitor accidents concerning our teams outside of factories (in administrative buildings and for the sales network). In 2018 Tarkett’s WCM experts cooperated more closely with Division teams to share best practice and guidance on safety in the sales networks. In EMEA a dedicated safety community for the sales network and offices was created on the company intranet to share information and in North America a Sales Safety Force was created to drive safety initiatives. This work will continue over the coming years as Tarkett looks to develop the same safety culture outside its manufacturing sites.

3.9.2 Ensuring the health and well-being of our workforce

Professional health risks, such as exposure to hazardous materials, musculoskeletal disorders, etc. are identified and mitigated via the WCM program and the OHSAS 18001 certified health and safety management systems implemented at our manufacturing sites. The occupational illness frequency rate for Tarkett employees has significantly decreased in 2018 (at 0.13, compared to 0.90 in 2017).

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. 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.

Promoting health and improving wellbeing at work comes in addition to the measures related to occupational health and work-life balance. The initiatives are engaged locally and focus 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.

Example



Medical prevention in Jaslo (Poland)

A medical prevention information campaign targeting female employees was organized at our Jaslo plant (Poland) in 2018. Leaflets and educational materials were distributed and female employees were invited to attend a meeting with a women's health problem specialist and workshops on the subject of medical prophylaxis for women, including diagnosis of breast and cervical cancer. In addition, female employees were offered to attend medical checks fully covered by Tarkett.

A medical questionnaire was also sent to the employees and led to the purchase of a medical equipment (including a blood-pressure measuring device) available for use by employees when needed.

3.9.3 Promoting equality, diversity and non-discrimination

The fundamental principles of non-discrimination and equality are an integral component of our Code of Ethics and our Human Resources policies, for use on a daily basis by all employees. 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.

Tarkett cares deeply about the principle of diversity and inclusion, and defends equal treatment for men and women.

We are striving to implement concrete measures in the field to further promote the role of women within the company, notably through internal mobility or during the external recruitment process. We follow progress by monitoring the share of women among different categories of managers.

Zoom on key indicators



Parity between men and women

Several indicators allow us to monitor the number of women managers in the company. After achieving a certain stability in recent years, we noted an increase in the share of women among senior executives since 2017 (27% in 2018, or 22 women out of 82 top senior executives for the Executive Committee and those reporting to them, compared to 24% in 2017 and 18% in 2016).

In terms of managers, the share of women is stable at 27% (in other words 468 women out of 1,759 managers), considering 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 is stable with 44% of women in the Supervisory Board (in compliance with French regulations and AFEP-MEDEF principles) and 27% of women in the Executive Committee in 2018.

Depending on the country, the local regulations permit or not the identification and tracking of people with disabilities within the company. For this reason, it is difficult to determine a unique global indicator to track progress in this area. In 2018, the share of Tarkett's disabled employees identified as such was 1.2%.

Tarkett is working to facilitate the integration of disabled employees in the work environment, through the implementation of concrete measures at the local level. 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, our Eiweiler plant in Germany has been working with the non-profit organization AWO, in which about 17 people with disabilities cut around 700 laminate floor samples every day.

3.9.4 Recognizing and developing talents

3.9.4.1 Identifying and promoting talents

Tarkett has experienced continuous growth for the last ten years. Because our 13,000 employees are an essential asset and the leading actors in this growth, the Human Resources function 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 result of a Human Resources policy that has both preserved entrepreneurial spirit in the field, and the advantages of an international group.

Developing Talents

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**, which is based on five main pillars:

- > talent acquisition: systematically promote internal mobility, recruit outside high potential candidates, always foster talent diversity;
- > accountability: to develop our people, to role model the values and drive performance;
- > performance: expect and enable high performance with ambitious goals and regular feedback;
- > differentiation: value high standards, where level of reward will reflect contribution; and
- > development: promote continuous learning and anticipate developmental career moves.

Example +

Promote our employee value proposition

To promote the expertise of its teams, the career development opportunities and the work experience within the Group, Tarkett decided to launch in 2017 a plan to promote its employer brand, both internally and externally. The objective is to attract the best talents and to value the teams within the Group. A specific career website was created with employee testimony videos to inform about company’s jobs and culture. Three Tarkett promises as an employer were defined for this new policy:

- > “Expand your horizons. Together.” – Because Tarkett offers a rich working environment through the diversity of its clients, its range of jobs and its geographic coverage, creating development opportunities for its teams;
- > “Change the game. Together.” – 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. Together.” – 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.

In 2018, we deployed our employee value proposition in 10 major countries of Tarkett’s operations through communication plans including information booklets, mini-websites and active communication on social media.

Sustainability, which is an integral component of Tarkett’s work experience and of our brand, is increasingly becoming an element of attractiveness to recruit and retain talent. In Russia, we produced and broadcasted TV commercials solely focused on sustainability at Tarkett, while in Australia our recruitment ads highlight Tarkett’s sustainability focus.

Example +

Our campus recruiting program with the ‘École des Mines de Nancy’ in Clervaux (Luxemburg)

In Luxemburg, Tarkett has adopted since 2013 an internship policy to offer students about to graduate the opportunity to lead one project of our improvement plans – the ultimate objective being to invite the best students to join Tarkett. As an industrial company, we have targeted top engineering schools, and in particular the ‘École des Mines de Nancy’ due to its good reputation and geographical proximity. After having accommodated interns for several years and appreciated the quality of their work, we decided to go further by establishing a special partnership with the ‘École des Mines de Nancy’: beyond simply offering internships, we wish to share our industrial expertise through conferences, plant visits by students and teachers, and implementation of common projects. Since 2013 we have hosted 87 long-term interns from several engineering schools including ‘École des Mines de Nancy’, and 16 of them have been hired as permanent employees. Our successful internship and recruitment approach has now been extended to other Tarkett plants such as Sedan (France), Konz (Germany) and Lenham (UK) in EMEA, and similar programs exist in Eastern Europe and in the United States.

Having a proactive talent management approach is our priority. A formal process for resource and talent planning ensures 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 years and is based on the vision of the future presented in the strategic plan of the Group. This formal approach is articulated through a set of initiatives, described below:

- > **the Performance and Development Review:** this annual interview is the foundation of our performance management system. It is an opportunity for managers and their teams to spend valuable time together to engage in a constructive, attentive dialogue. From the company’s perspective, this allows us to understand the career goals of our employees and to assess their progress;
- > **Talent Inside, a career management digital platform,** was deployed in 2016 to complete the Performance and Development Review process. 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;

- › **the Talent Review** is a structured process which aims to assess career opportunities against the company's long-term needs and the mobility options for our employees. 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, which mainly concerns managers, experts and critical positions essential for the Group's operations and expertise, makes it possible to define succession planning and internal mobility. In 2018, 1,490 employees were included in the Talent Review process carried out by HR teams and supervisors. Talent Forums focused on international mobility were in particular organized for all functions at Group level in 2018 and will be completed in 2019, providing the forum for divisions and functions to exchange on short- and mid-term job and mobility opportunities;
- › **the WCM program development plan** has the objective to identify key skills for implementation of the WCM program 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.
- › Tarkett's management was **trained on talent management**, notably during preparatory meetings as part of the Performance and Development Review and Talent Review campaigns, as well as via a Talent Developer mobile learning application for the top 150 Tarkett managers;
- › various **trainings on health, safety and environmental topics** are delivered on the plants as part of the WCM program;
- › we have developed **targeted training programs on sustainability**, mainly for our sales force, in order to leverage our approach and the sustainability features of our products. In the EMEA division, we have implemented a program of webinars, training sessions and roadshows, and we trained in 2018 over 260 employees on sustainability topics such as Cradle to Cradle® principles, product's transparency and Tarkett products' sustainability benefits – an initiative that will continue in 2019. Tarkett North America has moreover trained 12 sales professionals to become sustainability ambassadors;
- › a new **compliance training** program focusing on fair competition and anti-corruption was launched, consisting of six tailored e-learning modules which have to be completed every year by all Tarkett employees who have internet access (see section 3.3.4 "A Commitment to high ethical standards");
- › we moreover train our employees and **develop their competences through experience**, by having them participate in cross-functional initiatives and multidisciplinary projects, and by encouraging best practice sharing and knowledge transfer (for more details see section 3.9.4.4 "Sharing expertise and recognizing achievements").

Zoom on key indicators



Performance and Development Review

53% of Tarkett permanent employees had a Performance and Development Review (or equivalent) in 2018, compared to 56% in 2017.

3.9.4.2 Strengthening learning & development programs

We are convinced that training programs, whether for experienced employees or new hires, must be tailored to people's specific needs. Several learning and development programs were newly developed or strengthened in 2018, for example:

- › **the BusinessLeader@Tarkett program**, launched in 2016 in partnership with the London Business School (LBS), 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: for example, in 2018, strategic execution workshops were organized in the Tarkett Eastern Europe division. By end 2018, 137 people from 22 different countries participated in this advanced managerial improvement program;
- › other targeted training programs on **management skills**, launched in previous years, continue to be deployed, such as Manager@Tarkett and the COACH program for middle management (around 1,400 managers involved, mainly in manufacturing plants) or the Operations Leadership program for future plant directors. In addition, a Leadership development program and an Early career program have been designed in 2018 and will be launched in 2019;

Example

**A complete Operations Leadership Training program for plant managers**

Plant managers from different countries have been participating in the Operations Leadership Program, consisting of three sessions of training organized at three different Tarkett's production sites. The first session was dedicated to the challenges of developing a World Class Manufacturing culture and to the role of management beyond the WCM methodological and technical aspects. The safety dimension is of course included in this program. The second session is based on essential features from the Manager@Tarkett training and from project management techniques, adapted to the role of plant manager. The third session enables to put the training in practice through workshops, notably on project management, problem-solving methodology, leadership role, performance evaluation, and action plans resulting from internal employee feedback surveys.

Zoom on key indicators

**Training**

60% of Tarkett employees were trained (at least 1 day) in 2018, compared to 56% in 2017.

3.9.4.3 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:

- **Tarkett Careers**, a platform for international mobility and recruitment: employees who join the platform can be informed about internal job opportunities 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 Talent Review process** focuses on internal career mobility, and in particular international mobility, as described previously;
- **orientation documents** are available, such as the Internal Mobility Charter available to all employees via intranet, and the Mobility Guide, a reference document used by the Human Resources network.

Zoom on key indicators

**Internal mobility**

53% of open management positions were filled by internal candidates in 2018, compared to 52% in 2017 and 45% in 2016.

3.9.4.4 Sharing expertise and recognizing achievements

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.

Many initiatives and networks promote **expertise sharing and competency development**, for example:

- we strongly encourage multidisciplinary 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, we organize every year 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, benchmark 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;
- the Tarkett Expert Network, launched in 2015, capitalizes 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.

Tarkett also recognizes its teams, successful initiatives and best practices through its renowned **Tarkett Awards** program implemented in 2010. The goal of the awards is to encourage exceptional achievements and the ambitious projects of each team.

The 2018 edition in particular distinguished people dimension and collaboration. Out of more than 200 projects submitted, seven teams were celebrated for their impressive, inspiring achievements, such as:

- the implementation of a Virtual Reality Empathy Platform, a tool intended for architects and designers to better understand space perception by elderly people and thus help them create tailored spaces;
- the organization of a Family Day on the Jacarei site in Brazil, which hosted over 600 participants to promote and strengthen employees' team work and engagement.

3.9.5 Engaging in proactive social dialogue

3.9.5.1 Listening: the internal employee feedback survey

To efficiently organize on-going dialogue with all employees, across all our sites, we conduct an internal employee feedback survey every two years. The survey covers all of the Group's divisions and functions and includes all employees worldwide. It is translated into 17 languages, is totally anonymous and entirely overseen by an independent third party to prevent any bias. It consists of 69 questions organized in 15 different categories: employee engagement, employee enablement, loyalty and engagement, empowerment and accountability, performance management, communication, management, training and development, entrepreneurial leadership, teamwork and collaboration, work organization, ethics and integrity, leadership, company image, World Class Manufacturing.

In 2018, 88% of employees, representing 10,635 people, participated in the survey (vs. 89% in 2016). The high participation rate reflects employee commitment and confidence in the independent nature of the survey, and in the fact that results are acted upon.

For the 2018 edition of the internal employee feedback survey, while some results may significantly differ depending on the divisions, functions or countries of operation, Tarkett's employees generally appear to be rather satisfied with their work situation, which is demonstrated by some significant progress:

- out of 54 comparable questions between 2016 and 2018, 26 have improved significantly, primarily around management (notably regarding the ability by managers to develop and empower their teams, the care and concern they demonstrate for their teams, and how they provide feedback), communication of the Group's strategy and commitment to the success of Tarkett;
- results are moreover generally higher than the industrial benchmark: out of 44 questions having a benchmark, 29 are above the industrial norm, especially on the topics of safety, Environmental Responsibility, interest in work, ability to make good use of skills, understanding of how performance is evaluated, belief in the success of the company and intention to stay a long time;
- some items however showed a decrease between 2016 and 2018 in some entities, such as the feeling that Tarkett has changed for the better or the collaboration between departments. Some results are moreover behind the industry benchmark, for example those regarding the definition of responsibilities.

At both the scale of the Group and locally, the Tarkett employee satisfaction survey is an invaluable and used management tool. Based on the analysis of the survey results, 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 consistently implemented.

3.9.5.2 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.

The Tarkett Forum, the Group's European works council, has been created to foster social 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 focusses on issues pertaining to the general functioning of the company and discusses HR issues common to different sites and countries in Europe.

In Tarkett Eastern Europe, representatives of the trade union JSO Tarkett (Serbia) participated in two national conferences supported by the Friedrich Ebert Foundation. The main goal was to share best practices among Sweden, Serbia and other countries, to improve social dialogue and consider the migration of workforce, as an actual and important topic.

3.9.5.3 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.

In line with this policy, 144 collective agreements are in place at Tarkett (agreements identified as of 2017), 100 of which concern the Group or the sites as a whole 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.

3.9.5.4 Changes and adjustment of the workforce to 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 and support the evolution of the organization. Whenever possible, the Group strives to anticipate the consequences of variations in activity. In case of reduction in activity, 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

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(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 2018, Tarkett made some adjustments to the workforce based on local activity. Due to the significant drop of the vinyl business and its profitability in Ukraine, the Kalush site laid off 63 employees in 2018 and early 2019. In Serbia, the decline of textile business led the Bačka Palanka manufacturing plant to lay off 31 employees in 2018 to maintain its profitability. In the United Kingdom, as part of the transfer of the Abingdon customer service (former Desso) to Lenham, Abingdon

employees were offered to transfer to Lenham, but most of them refused due to the distance, thus having their contracts terminated by end 2018 or early 2019. Support was provided to the 11 concerned employees in their new job search. In Poland, the automation of a manufacturing line at the Orzechowo production site led to some job reductions, which were managed mostly through the termination of temporary contracts and by bringing back some outsourced activities. Taken as a whole, these departures are the main cause of the degradation of the permanent employee turnover rate in 2018 (16% in 2018 against 13% in 2017).

3.10 Social and Environmental Report

3.10.1 CSR indicators dashboard

Social Indicators

GRI	Indicator	Variation 2018 vs. 2017	Variation 2018 vs. base year	2018	2017	2016
Workforce						
102-7a	Total number of employees (as of 31/12)	3.4%	-	13,255	12,819	12,428
102-8a	Total number of permanent contract female employees	9.3%	-	3,520	3,221	
102-8a	Total number of permanent contract male employees	3.3%	-	8,855	8,576	
102-8a	Share of permanent employees	+1.3pts	-	93%	92%	
102-8a	Total number of fixed-term contract female employees	-44%	-	215	385	
102-8a	Total number of fixed-term contract male employees	4.4%	-	665	637	
102-8a	Share of fixed-term employees	-1.3pts	-	7%	8%	
102-8b	Total number of permanent contract employees	4.9%	-	12,375	11,797	
102-8b	Total number of fixed-term contract employees	-13.9%	-	880	1,022	
102-8d	Number of external workers (FTE)	50%	-	572	381	
102-8d	Share of external workers (% of total FTE)	+1.4pts	-	4.3%	3.0%	
-	Total compensation and benefits (€m)	-0.1%	-	671	672	639
New Employee Hires and Employee Turnover						
401-1a	Number of employee hires	-0.8%	-	2,690	2,713	1,883
401-1a	Rate of employee hires	-0.1pts	-	21%	21%	
-	Number of permanent contracts ended by employee (e.g. resignation, retirement)	22%	-	1,311	1,073	1,102
-	Number of permanent contracts ended by employer (e.g. lay-off)	32%	-	624	474	589
-	Permanent employee turnover rate	+3.1pts	-	16%	13%	14%
401-1b	Total number of employee departures	16%	-	2,873	2,470	
401-1b	Total employee turnover rate	+3.2pts	-	22%	19%	
Diversity						
405-1a	Percentage of female administrators in Tarkett Supervisory Board	+0.0pts	-	44%	44%	33%
405-1a	Percentage of administrators in Tarkett Supervisory Board below 30 years	+0.0pts	-	0%	0%	
405-1a	Percentage of administrators in Tarkett Supervisory Board between 30 to 50 years	+11pts	-	22%	11%	
405-1a	Percentage of administrators in Tarkett Supervisory Board above 50 years	-11pts	-	78%	89%	
405-1b	Percentage of females in Executive Committee (EC)	-2.7pts	-	27%	30%	20%
405-1b	Percentage of female top senior executives (EC to EC-1)	+3.0pts	-	27%	24%	18%
405-1b	Percentage of female senior executives (EC to EC-2)	+0.4pts	-	25%	24%	28%
405-1b	Percentage of female managers	-0.6pts	-	27%	27%	26%
405-1b	Percentage of female other employees	-0.5pts	-	28%	28%	
405-1b	Percentage of female employees	-0.5pts	-	28%	28%	28%

GRI	Indicator	Variation 2018 vs. 2017	Variation 2018 vs. base year	2018	2017	2016
405-1b	Percentage of employees below 30 years	-0.8pts	-	14%	15%	14%
405-1b	Percentage of employees between 30 to 49 years	+0.1pts	-	56%	56%	57%
405-1b	Percentage of employees above 50 years	+0.7pts	-	30%	29%	29%
405-1b	Percentage of employees with disabilities	-0.1pts	-	1.2%	1.3%	1.4%
Training and Development						
-	Share of employees having received training [base year 2011]	+3.9pts	+23.3pts	60%	56%	54%
-	Training hours (thousand hours)[base year 2013]	-22.1%	34.4%	268	345	255
412-2a	Total number of hours of employee training on Code of Ethics	9.9%	-	11,422	10,396	
412-2b	% of employees who have received training on Code of Ethics	+4.1pts	-	45% ⁽¹⁾	41%	99%
404-1	Average number of training hours per employee	-22%	-	21	27	
404-3	% of employees who had a PDR, Polyvalence Matrix or equivalent appraisal	-3.0pts	-	52%	55%	
-	% of permanent contract employees who had a PDR, Polyvalence Matrix or equivalent appraisal	-3.3pts	-	53%	56%	56%
-	% of open management positions filled with an internal candidate	+0.8pts	-	53%	52%	45%
203-2	Number of external people who received Tarkett Academy training	35%	-	3,669	2,723	3,575
Proactive Internal Communication and Social Dialogue						
-	Progress on "Listen to employees and engage in social dialogue" in employee feedback survey [base year 2010]	-6pts	+0.5pts	54.0	-	60.0
-	Progress on "Communicate proactively towards all employees" in employee feedback survey [base year 2010]	+4.3pts	+10.3pts	66.0	-	61.7
Occupational Safety & Health						
403-9a	Injury frequency rate – LTA only [FR0t] – employees	-6.1%	-	1.46	1.55	1.25
403-9a	Injury frequency rate – LTA and lost time < 24 hours [FR1t] – employees	5.7%	-	2.18	2.07	
403-9a	Lost day rate due to LTA – accident severity rate [TG0t] – employees	-25%	-	0.055	0.073	0.045
403-10a	Occupational illnesses (OI) frequency rate – employees	-86%	-	0.13	0.90	
403-9a	Absentee rate % – employees	+0.2pts	-	2.7%	2.5%	2.3%
403-9a	Absentee rate % – employees and external workers – plants only [base year 2014]	+0.2pts	+0.5pts	2.8%	2.6%	2.5%
403-9a	Injury frequency rate – LTA only [FR0t] – employees and external workers – plants only [base year 2010]	2.2%	-67%	1.41	1.38	1.46

(1) The objective is to train all employees to the Code of Ethics over 2 years and newcomers within their first year of joining.

GRI	Indicator	Variation 2018 vs. 2017	Variation 2018 vs. base year	2018	2017	2016
403-9a	Injury frequency rate – LTA and lost time < 24 hours [FR1t] – employees and external workers – plants only [base year 2013]	14%	-64%	2.14	1.87	3.68
403-9a	Injury frequency rate – LTA, lost time < 24 hours & first aid [FR2t] – employees and external workers – plants only [base year 2013]	-13%	-49%	12.38	14.32	18.98
403-9a	Lost day rate due to LTA – accident severity rate – employees and external workers – plants only [base year 2013]	-26%	-13%	0.066	0.088	0.059
403-9a	Number of fatal accidents	-	-	1	0	0
403-9b	Injury frequency rate – LTA only [FR0t] – external workers	19%	-	7.90	6.62	
-	% of formal agreements covering health & safety topics	-	-	-	15%	
-	Progress on “Ensure respect and integrity through adhesion to Tarkett values” in employee feedback survey [base year 2010]	+6.5pts	+12pts	68.0	-	61.5
Tarkett Cares						
203-1	Number of community initiatives supported through time, flooring, other material or funding contributions	19%	-	168	141	
203-1	Number of employees involved in community initiatives	-8%	-	1,288	1,398	
203-1	Number of days of donated time through volunteering (based on 7 hours per day)	40%	-	978	700	
203-1	Quantity of flooring products donated to community initiatives (m ²)	8%	-	17,560	16,322	
203-1	Total value of contributions to community initiatives (in k€)	59%	-	808	508	

Environmental Indicators

GRI	Indicator	Variation 2018 vs.2017	Variation 2018 vs. base year	2018	2017	2016
Good Materials						
416-1	Share of raw materials for which material assessment following Cradle to Cradle® principles has been performed (% of purchase volume)[base year 2011]	+2.4pts	+91pts	98%	96%	95%
-	Share of materials at the start of supply chain which do not contribute to resource scarcity (% of purchase volume) [base year 2011]	-0.3pts	-0.7pts	70%	71%	68%
301-1	Share of renewable and recycled materials	-1.0pts	-	38%	39%	31%
301-2	Share recycled materials (% of raw material purchasing)	-1.4pts	-	10%	12%	6%
Resource Stewardship						
303-5	Water consumption (liters/m ²)[base year 2010]	-5.6%	-43%	2.91	3.09	3.33
303-5	Water consumption (million cubic meters)	-11%	-	0.85	0.96	1.00
-	Share of manufacturing sites that have implemented closed- loop water circuits (or do not use water in their process) [base year 2010]	+1pts	+7pts	68%	67%	60%
302-3	Energy intensity (kWh/m ²)[base year 2010]	2.8%	-1.1%	4.29	4.17	4.09
302-1a	Non-renewable fuel energy consumption (GWh)	-1.0%	-	577	583	
302-1b	Renewable fuel energy consumption (GWh)	-4.2%	-	153	160	
302-1c	Purchased electricity consumption (GWh)	-3.9%	-	526	547	
302-1d	Generated electricity sold (GWh)	-	-	5	0	
302-1e	Total energy consumption (GWh)	-3.0%	-	1,251	1,290	
305-4a	GHG market-based emissions intensity (Scope 1 & Scope 2) (kgCO ₂ e/m ²)[base year 2010]	0.4%	-8.5%	0.92	0.92	0.94
305-1a	Gross direct (Scope 1) GHG emissions (tCO ₂ equivalent)	-0.8%	-	112,108	112,972	
305-1c	Biogenic CO ₂ emissions (tCO ₂)	-5.3%	-	53,071	56,057	
305-2a	Gross location-based indirect (Scope 2) GHG emissions (tCO ₂ equivalent)	-10.9%	-	198,159	222,479	
305-2b	Gross market- based indirect (Scope 2) GHG emissions (tCO ₂ equivalent)	-8.2%	-	157,519	171,549	
People-friendly Spaces						
416-1	Share of non-phthalate products (% of m ² produced) [base year 2010]	+8pts	+65pts	65%	57%	57%
416-1	Share of low Volatile Organic Compound (VOC) emission products (% of m ² produced)[base year 2010]	+1pts	+76pts	97%	96%	92%

GRI	Indicator	Variation 2018 vs. 2017	Variation 2018 vs. base year	2018	2017	2016
Recycling and Reuse						
-	Non-recycled waste intensity (g/m ²)[base year 2015]	24%	-14%	108	86	105
306-2a	Hazardous waste (thousand metric tons)	7%	-	10.1	9.5	
306-2b	Non-hazardous waste (thousand metric tons)	26%	-	84.1	66.6	
306-2	Total waste to landfill (thousand metric tons) [base year 2015]	26%	-16%	17.0	13.6	18.4
306-2	Share of total waste sent to landfill	+0.2pts	-	18%	18%	
306-2	Share of total waste sent to external recycling	+1.8pts	-	67%	65%	
306-2	Share of total waste sent for energy recovery	-0.9pts	-	7%	8%	
306-2	Share of non-recycled waste sent to landfill [base year 2015]	+3pts	-9pts	54%	51%	58%
301-3	Post-installation or post-consumer products collected (metric tons)[base year 2010]	-20%	-83%	3,300	4,100	8,900

Other CSR Indicators

GRI	Indicator	Variation 2018 vs. 2017	Variation 2018 vs. base year	2018	2017	2016
-	Share of raw materials purchased with suppliers committing to UN Global Compact (% of purchase value)[base year 2011]	+2.2pts	+33pts	76%	74%	64%
-	Audited entities [base year 2011]	-10pts	+34pts	86%	96%	97%

Social Indicators by Region

GRI	Indicator	2018	Europe ⁽¹⁾	North America ⁽²⁾	Rest of World ⁽³⁾
Workforce					
102-7a	Total number of employees (as of 31/12)	13,255	36%	34%	30%
102-8b	Total number of permanent contract employees	12,375	4,495	4,162	3,718
102-8b	Total number of fixed-term contract employees	880	326	331	223
New Employee Hires and Employee Turnover					
401-1a	Number of employee hires	2,690	756	1,302	632
401-1a	Rate of employee hires	21%	16%	32%	16%
401-1b	Total number of employee departures	2,873	727	1,381	765
401-1b	Total employee turnover rate	22%	15%	34%	19%
Occupational Safety & Health					
403-2a	Injury frequency rate – LTA and lost time < 24 hours [FR1t] – employees	2.18	3.80	1.22	1.32
403-2a	Lost day rate due to LTA – accident severity rate [TG0t] – employees	0.055	0.065	0.061	0.036
403-2a	Occupational illnesses (OI) frequency rate – employees	0.13	0.24	0.14	0.00
403-2a	Absentee rate (%) – employees	2.7%	3.3%	2.0%	2.5%
403-2b	Injury frequency rate – LTA only [FR0t] – external workers	7.90	12.35	2.77	0.00

(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 & Tarkett Sports Australia.

3.10.2 CSR methodological 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 fulfil 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 European Union Non-Financial Reporting Directive 2014/95/EC and the French regulations on non-financial statement, known as the extra-financial performance declaration: the social, environmental and societal information required by Article L.225-102-1 of the French Commercial Code is included in the form of indicators or quantified 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 3.10.3 "GRI and DPEF concordance table") 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 organization, 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 2017 reporting. The finalized version of the Handbook was presented to and approved by the Executive Committee. The Handbook is 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 2018 to 31st December 2018.

Reporting frequency

CSR reporting for external publication needs is conducted annually. Intermediary reporting for internal purposes is conducted for certain topics (e.g. monthly reporting of WCM industrial KPI). Following the implementation of the new CSR Reporting Handbook, Tarkett carries out a complete intermediary reporting exercise at the end of October. This helps to prepare for the end of year campaign.

Scope of reporting

The scope of reporting is Group-wide, covering all activities over which the Group has operational control, except for Cuzorn, where production ceased in 2014. This includes, with certain limitations detailed below, the following entities acquired in 2018: Lexmark carpets in Georgia, US; Tennis & Track in Utah, US and Grassman in Sydney, Australia.

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, excluding the newly acquired Lexmark carpets plant and the Grassman plant;
- > 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 organization

The reporting process of CSR/sustainability indicators is managed and consolidated since 2018 by the Financial department with the support from the different concerned functions (including Operations/WCM, HR, Legal, Research & Innovation & Environment...), divisions and sites. Each CSR topic and its relevant indicators are owned by a member of the Tarkett Executive 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.

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

Managers: excluding Lexmark.

Hirings, departures and turnover: excluding Lexmark.

Safety: excluding FieldTurf North America & Sales Network, FieldTurf USA Sales Network, Beynon Sales Network, Tennis & Track and Lexmark (these entities represent approximately 9% of Tarkett's headcount).

Absence: excluding the following entities in the US, where hours lost for unplanned absence are not tracked according to Group rules: FieldTurf North America & Sales Network, FieldTurf USA Sales Network, Beynon Sales Network, Tennis & Track and Lexmark (these entities represent approximately 9% of Tarkett's headcount).

Training hours: excluding FieldTurf EMEA HQ & Sales Network and Lexmark. Not all training hours were tracked and reported in 2018 by Sweden Sales Network and by Tarkett entities in the Netherlands (Goirle, Waalwijk & Oss). These entities are working on improving their monitoring of training hours.

Share of employees receiving training: excluding FieldTurf EMEA HQ & Sales Network and Lexmark.

Annual performance appraisal: excluding FieldTurf EMEA HQ & Sales Network and Lexmark (these entities represent approximately 5% of Tarkett's headcount).

Internal management positions filled internally: excluding FieldTurf EMEA HQ & Sales Network and Lexmark.

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 Clervaux and the laminate flooring branded Hornitex 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: EMEA 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, Latin America and Tarkett Sports Australia.

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 labor laws where permitted.

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

Senior executives (EC to EC-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 over 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, Polyvalence 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.

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 people 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 programs (in flooring installation and maintenance) at dedicated training centers and at other locations.

Dedicated Tarkett Academy technical training center: 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 include Tarkett employees visiting other sites.

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 <24hours: 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 [FR0t]: # LTA x 1 000 000/worked hours, where the number of LTA include fatal accidents.

Injury frequency rate – LTA and lost time < 24 hours [FR1t]: # LTA + # Injuries with lost time < 24 hours x 1 000 000/worked hours, where the number of LTA include fatal accidents.

Injury frequency rate – LTA, lost time < 24 hours & first aid [FR2t]: # LTA + # Injuries with lost time < 24 hours + # injuries with first aid x 1 000 000/worked hours, where the number of LTA include fatal accidents.

Lost day rate due to LTA – accident severity rate [TG0t]: # of working days lost for LTA x 1000/worked hours. [Restatement: 2017 values (Group & Plants only) restated to include lost days for an accident occurring before 2017 at one plant]

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.

Progress on “Ensure respect and integrity through adhesion to Tarkett values”: Average score to 2 questions in the biennial (every two years) employee feedback survey: “Tarkett has clearly communicated its standards of business conduct and operates in an ethical manner” and “Senior leader’s actions and behaviors are consistent with Tarkett’s values, including standards of business conduct and ethics”.

Progress on “Listen to employees”: Score to the following question in the biennial employee feedback survey: “Sufficient effort is made to get the opinions and thinking of people who work in Tarkett”. This replaces the previous indicator based on the average of 2 questions.

Progress on “Communicate proactively towards all employees”: Average score to 2 questions in the biennial employee feedback survey: “My manager does a good job of keeping me informed about matters that affect me” and “I am kept informed about matters that affect me”. In previous editions this was the average of 3 questions.

Total compensation and benefits: Total of short-term employee benefits (as per Group Accounting Manual): wages, salaries and social security contributions; paid annual leave and paid sick leave; profit-sharing and bonuses payable within twelve months of the end of the period; non-monetary benefits, such as medical care, housing, cars and free or subsidized goods or services.

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 recognized 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"/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 (21%) 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.c2certified.com. Tarkett uses ABC-X classification, which evaluates risks related to the impact of chemical substances on the environment and human health. For raw materials in SAP the ratings A, B, C, [], X and [X] are considered as assessed at a SKU level. For other raw materials the ratings A, B, C, [], X, [X] and Grey are considered as assessed by raw materials family. For PVC materials, an evaluation has been performed among the supply chain to verify use of BAT (Best Available Techniques) technology on chloralkali process as well as additives involved. PVC has been rated according to specific EPEA criteria. For those PVC suppliers that have not yet provided information a precautionary approach is taken and pre-assessed [X] until information will be provided.

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: Materials that would otherwise have been sent for waste disposal 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 (including regrind) 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 meter 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 meters. 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 (21,7 k cubic meters).

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/or butane, other petroleum gas (e.g. ethane).

Renewable fuel consumption: Includes the consumption of biomass, biofuel, geothermal, solar thermal and solar photovoltaic energy. 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 (currently a negligible quantity).

Total energy consumption: renewable fuel + non-renewable fuel + purchased electricity consumption. Steam consumption is excluded (15 GWh in 2018 at one plant).

Greenhouse gas (GHG) emissions reporting: Since 2017 Tarkett aligned its inventory of GHG emissions with the GHG Protocol and GRI 2016 standards. As such it now includes the CH₄ and N₂O biomass scope 1 emissions) 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 include CH₄ and N₂O as well as CO₂ emissions).

Gross direct (scope 1) GHG emissions: Natural gas, fuel oil, LPG, propane, butane, other petroleum gas (e.g. ethane) and biomass consumption multiplied by their respective emission factors (for biomass consumption this relates only to scope 1 CH₄ and N₂O 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.

Source of emission factors: Scope 1 and out of scope biogenic emission factors (kgCO₂e per kWh) are taken from Defra's 2018 – UK Government GHG Conversion Factors for Company Reporting. Scope 2 location-based emission factors (kgCO₂e per kWh) are taken from 3 sources: Defra 2018 for UK purchased electricity; US EPA: eGRID 2014v2 – Subregion Emissions – Greenhouse Gases for US regional purchased electricity and IEA "Emissions Factors (2018 edition considering 2016 results)" all other countries purchased electricity.

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 or/and sent to other Tarkett plants for internal 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. Polyvinyl butyral (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 organized 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 course of the last 4 years.

Environmental risks: amount (in '000s euros) of provisions and warranties for risks related to the environment (provided the publication of the information is not creating a serious prejudice to the company as part of a potential ongoing litigation).

3.10.3 GRI and DPEF concordance table

Tarkett has developed a reporting system that follows and goes beyond the French extra-financial performance declaration (DPEF), based on challenging frameworks and guidelines published by international bodies such as the Global Reporting Initiative (GRI).

GRI Standard Disclosure/Description	Registration Document sections	Correspondence DPEF
102 General Disclosures		
Organizational Profile		
102-1 Name of the organization	3.1	
102-2 Activities, brands, products, and services	1.4, 1.6, 3.1	
102-3 Location of headquarters	7.1.1	
102-4 Location of operations	1.5, 1.6, 3.1	
102-5 Ownership and legal form	7	
102-6 Markets served	1.5, 3.1	
102-7 Scale of the organization	1, 3.1	
102-8 Information on employees and other workers	3.10.1	Art. R225-105 II. A. 1° a)
102-9 Supply chain	3.8.1	Art. R225-105 II. A. 3° b)
102-10 Significant changes to the organization and its supply chain	1	
102-12 External initiatives	3.6	
102-13 Membership of associations	3.3.3, 3.6	
Strategy		
102-14 Statement from senior decision-maker	3.2.1	
102-15 Key impacts, risks, and opportunities	3.4, 6.1	Art. R225-105 I. 1°
Ethics and Integrity		
102-16 Values, principles, standards, and norms of behavior	3.3.4	
102-17 Mechanisms for advice and concerns about ethics	3.3.4	
Governance		
102-18 Governance structure	2.1, 2.2, 3.3.1	
102-19 Delegating authority	2.1, 2.2, 3.3.1	
102-20 Executive-level responsibility for economic, environmental, and social topics	3.3.1	
102-21 Consulting stakeholders on economic, environmental, and social topics	3.6	
102-22 Composition of the highest governance body and its committees	2.1	
102-23 Chair of the highest governance body	2.1	
102-24 Nominating and selecting the highest governance body	2.2	
102-25 Conflicts of interest	2.2.6.1	
102-26 Role of highest governance body in setting purpose, values, and strategy	2.2	
102-27 Collective knowledge of highest governance body	2.1	
102-28 Evaluating the highest governance body's performance	2.2	
102-29 Identifying and managing economic, environmental, and social impacts	3.4, 6.1	
102-30 Effectiveness of risk management processes	3.4, 6.2	
102-31 Review of economic, environmental, and social topics	3.3.1	
102-32 Highest governance body's role in sustainability reporting	3.3.2	

GRI Standard Disclosure/Description	Registration Document sections	Correspondence DPEF
102-35 Remuneration policies	2.3, 2.6	
102-36 Process for determining remuneration	2.2, 2.6	
102-37 Stakeholders' involvement in remuneration	2.6	
Stakeholder Engagement		Art. R225-105 II. A. 3° a)
102-40 List of stakeholder groups	3.6	
102-41 Collective bargaining agreements	3.9.5.3, 3.10.1	Art. L225-102-1 III.
102-42 Identifying and selecting stakeholders	3.6	
102-43 Approach to stakeholder engagement	3.6	
102-44 Key topics and concerns raised	3.6	
Reporting Practice		
102-45 Entities included in the Consolidated Financial Statements	3.10.2, 5	Art. L225-102-1 III.
102-46 Defining report content and topic boundaries	3.10.2	
102-47 List of material topics	3.4.4	
102-48 Restatements of information	3.10.1, 3.10.2	
102-49 Changes in reporting	3.3.2, 3.10.2	
102-50 Reporting period	3.10.2	
102-51 Date of most recent report	3.10.2	
102-52 Reporting cycle	3.10.2	
102-53 Contact point for questions regarding the report	3.10.2	
102-55 GRI content index	3.10.3	
102-56 External assurance	3.10.4	Art. L225-102-1 V.
103 Management Approach	3.2, 3.7, 3.8, 3.9	Art. R225-105 I. 2° & 3°
200 Economic		
201 Economic Performance		
201-1 Direct economic value generated and distributed	3.1, 4, 5	
201-2 Financial implications and other risks and opportunities due to climate change	3.4	Art. L225-102-1 III.
203 Indirect Economic Impacts		
203-1 Infrastructure investments and services supported	3.8.2	
203-2 Significant indirect economic impacts	3.8.2	Art. R225-105 II. A. 3° a)
205 Anti corruption		Art. L225-102-1 III. Art. R225-105 II. B. 1°
205-1 Operations assessed for risks related to corruption	3.3.4.2, 3.4	
205-2 Communication and training about anti corruption policies and procedures	3.3.4.2	

GRI Standard Disclosure/Description	Registration Document sections	Correspondence DPEF
300 Environmental		Art. L225-102-1 III. Art. R225-105 II. A. 2° a)
301 Materials		Art. R225-105 II. A. 2° c) ii)
301-1 Materials used by weight or volume	3.7.2.1, 3.10.1	
301-2 Recycled input materials used	3.7.4.2, 3.10.1	
301-3 Reclaimed products and their packaging material	3.7.4.3, 3.10.1	
302 Energy		Art. R225-105 II. A. 2° c) ii)
302-1 Energy consumption within the organization	3.7.5.2, 3.10.1	
302-3 Energy intensity	3.7.5.2, 3.10.1	
302-4 Reduction of energy consumption	3.7.5.2	
302-5 Reductions in energy requirements of products and services	3.7.5.2	
303 Water and Effluents		
303-5 Water consumption	3.7.5.1, 3.10.1	Art. R225-105 II. A. 2° c) ii)
305 Emissions		Art. R225-105 II. A. 2° b) & d)
305-1 Direct (Scope 1) GHG emissions	3.7.6.1, 3.10.1	
305-2 Energy indirect (Scope 2) GHG emissions	3.7.6.1, 3.10.1	
305-3 Other indirect (Scope 3) GHG emissions	3.7.6.2, 3.10.1	
305-4 GHG emissions intensity	3.7.6.1, 3.10.1	
305-5 Reduction of GHG emissions	3.7.6	
306 Waste		Art. R225-105 II. A. 2° c) i)
306-2 Waste by type and disposal method	3.7.4.1, 3.10.1	
308 Supplier Environmental Assessment		Art. R225-105 II. A. 3° b)
308-1 New suppliers that were screened using environmental criteria	3.8.1.1	
308-2 Negative environmental impacts in the supply chain and actions taken	3.8.1.1	

GRI Standard Disclosure/Description	Registration Document sections	Correspondence DPEF
400 Social		Art. L225-102-1 III.
401 Employment		
401-1 New employee hires and employee turnover	3.10.1	Art. R225-105 II. A. 1° a)
402 Labor/Management Relations		
402-1 Minimum notice periods regarding operational changes	3.9.5.4	
403 Occupational Health and Safety		Art. R225-105 II. A. 1° c)
403-1 Occupational health and safety management system	3.9.1	
403-2 Hazard identification, risk assessment, and incident investigation	3.4, 3.9.1	
403-3 Occupational health services	3.9.2	
403-5 Worker training on occupational health and safety	3.9.1, 3.9.4.2	
403-6 Promotion of worker health	3.9.2	
403-8 Workers covered by an occupational health and safety management system	3.9.1	
403-9 Work-related injuries	3.9.1, 3.10.1	Art. R225-105 II. A. 1° c)
403-10 Work-related ill health	3.9.2, 3.10.1	Art. R225-105 II. A. 1° c)
404 Training and Education		Art. R225-105 II. A. 1° e)
404-1 Average hours of training per year per employee	3.10.1	
404-2 Programs for upgrading employee skills and transition assistance programs	3.9.4.2	
404-3 Percentage of employees receiving regular performance and career development reviews	3.9.4.1, 3.10.1	
405 Diversity and Equal Opportunity		Art. L225-102-1 III. Art. R225-105 II. A. 1° f)
405-1 Diversity of governance bodies and employees	3.9.3, 3.10.1	
407 Freedom of Association and Collective Bargaining		Art. R225-105 II. A. 1° d)
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.9.5.3	
412 Human Rights Assessment		Art. L225-102-1 III. Art. R225-105 II. B. 2°
412-2 Employee training on human rights policies or procedures	3.3.4, 3.10.1	
413 Local Communities		Art. R225-105 II. A. 3° a)
413-1 Operations with local community engagement, impact assessments, and development programs	3.8.2, 3.10.1	Art. L225-102-1 III.
414 Supplier Social Assessment		Art. R225-105 II. A. 3° b)
414-1 New suppliers that were screened using social criteria	3.8.1.1	
414-2 Negative social impacts in the supply chain and actions taken	3.8.1.1	
416 Customer Health and Safety		Art. R225-105 II. A. 3° c)
416-1 Assessment of the health and safety impacts of product and service categories	3.7.2, 3.7.3, 3.10.1	
417 Marketing and Labeling		
417-1 Requirements for product and service information and labeling	3.7.2.2	

3.10.4 Report of an Independent third-party Organization

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, appointed as an independent third party, of Tarkett S.A., certified by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049⁽¹⁾, we hereby report to you on the consolidated non-financial performance statement for the year ended 31 December 2018 (hereinafter the "Statement"), included in the Group Management Report, in accordance with the legal and regulatory provisions of Articles L.225 102-1, R.225-105 and R.225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

It is the Board of Directors' responsibility to prepare a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators.

The Statement has been prepared applying the procedures of the Company (specify where appropriate), (hereinafter the "Guidelines"), the most significant aspects of which are presented in the Statement and available upon request at the Company's headquarters).

Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Moreover, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with applicable ethical rules, professional standards, laws and regulations.

Statutory Auditor's responsibility

On the basis of our work, it is our responsibility to express a limited assurance opinion about whether:

- the Statement complies with the provisions of Article R.225-105 of the French Commercial Code (*Code de commerce*);
- the information provided (hereinafter the "Information") is fairly presented in accordance with Article R.225-105-I (3) and II of the French Commercial Code (*Code de commerce*) concerning policy outcomes, including key performance indicators and actions relating to the main risks;

However, it is not our responsibility to express an opinion on:

- the Company's compliance with any other applicable legal and regulatory provisions, relating, in particular, to the duty of care requirement and the fight against corruption and tax evasion;
- the compliance of products and services with applicable regulatory provisions.

Nature and scope of our work

We performed our work described below in compliance with Article A.225-1 *et seq.* of the French Commercial Code (*Code de commerce*), 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* or CNCC) relating to this engagement, and with ISAE 3000 (International standard on assurance engagements other than audits or reviews of historical financial information).

We conducted work to form an opinion on the Statement's compliance with legal and regulatory provisions and the fair presentation of the Information therein:

- We gained an understanding of the activity of all companies in the consolidation scope, of the Entity's exposure to the main social and environmental risks relating to the business activity and, if applicable, of its effects on respect for human rights and the fight against corruption and tax evasion, including any related policies and their outcomes;
- We assessed the appropriateness of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, by taking into consideration, where relevant, the sector's best practices;
- We verified that the Statement covers every category of information required under Article L.225-102-1, Paragraph III concerning social and environmental matters as well as respect for human rights and the fight against corruption and tax evasion;
- We verified that the Statement presents the business model and the main risks relating to the activity of all companies in the consolidation scope, including – if relevant and proportionate – risks due to its business relationships, products or services, in accordance with the disclosures required under Article R.225-105-I, and policies, due diligence procedures and outcomes, including key performance indicators;
- We verified that the Statement presents the disclosures required under article R.225-105-II if they are relevant given the main risks or policies presented;
- We obtained an understanding of the process for identifying, prioritizing and validating the main risks;
- We enquired about the existence of internal control and risk management procedures implemented by the company;
- Where applicable We verified that the Statement includes a clear, substantiated explanation of the lack of policy for one or more of

(1) Scope available at www.cofrac.fr.

these risks;

- Where applicable We verified that the Statement covers all companies in the consolidation scope in accordance with Article L.233-16 within the limits specified in the Statement;
- We assessed the data collection process implemented by the entity to ensure the completeness and fair presentation of the policy outcomes and key performance indicators that must be mentioned in the Statement;
- For key performance indicators and the other quantitative outcomes⁽¹⁾ that we considered the most important, we set up:
 - analytical procedures to verify that data collected are correctly consolidated and that any changes to the data are consistent;
 - tests of details based on sampling to verify that definitions and procedures are correctly applied and to reconcile data with supporting documents. The work was carried out with a selection of entities contributing⁽²⁾ to the reported data and represents between 17% and 34% of consolidated data of key performance indicators and outcomes selected for these tests;
- We referred to documentary sources and conducted interviews to corroborate the due diligence procedures that we deemed the most important⁽³⁾ (organization, policies, actions, qualitative outcomes);
- We assessed the overall consistency of the Statement based on our understanding of the Company.

We believe that the sampling methods and sample sizes we have used, based on our professional judgment, are sufficient to provide a basis for our limited assurance opinion. A higher level of assurance would have required us to carry out more extensive procedures.

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 Statement cannot be totally eliminated.

Means and resources

Our work drew on the skills of six individuals.

To assist us in conducting our work, we called on our firm's sustainable development and corporate Social Responsibility specialists. We conducted around twenty interviews with the individuals responsible for preparing the Statement.

Opinion

Based on our work, and given the scope of our responsibilities, we have no material misstatements to report that would call into question the Statement's compliance with the applicable regulatory provisions, or the fair presentation of the information, taken as a whole, in accordance with the Guidelines.

Paris-La Défense, February 7, 2019.

The Statutory Auditors/French original signed by KPMG S.A.

KPMG S.A.

Fanny Houlliot
Partner
Sustainability Services

Philippe Grandclerc
Partner

(1) **Quantitative social information:** Total number of employees (as of 31/12/2018) split by gender, age and geographical region; Number of employee hires; Total number of employee departures including layoffs; Training hours; Absentee rate; Injury frequency rate – LTA only; Lost day rate due to LTA – accident severity rate; Percentage of female top senior executives.
Quantitative environmental information: Energy consumption (electricity, gas, fuel); Greenhouse Gas emissions; Water consumption; Quantity of non-recycled waste and split by type of treatment; Post-installation or post-consumer products collected; Production volume; Share of non-phthalate products; Share of low Volatile Organic Compound (VOC) emission products; Share of raw materials for which material assessment following Cradle to Cradle® principles has been performed; Share of materials at the start of supply chain which do not contribute to resource scarcity; Share of renewable and recycled materials.

(2) Tarkett Inc. (Canada); Tandus Centiva Limited (Canada); FieldTurf USA Inc. (USA); Tandus Centiva Inc. (USA); Tarkett USA Inc. Chagrin Falls and Solon & Resilient (USA) – social information only; Tarkett AB Ronneby (Sweden) – information on energy consumption only.

(3) Talent development; Health & Safety at work; Measures implemented to reduce waste and enhance the recyclability of products; Environmental impact of products; CSR assessment of suppliers; Action implemented against corruption.

Appendix

[List of Cradle to Cradle® \(C2C\) certifications](#)**C2C Certifications**

Product categories	Product References	Certification Level
Carpet	Desso®PA6 Solution Dyed Carpet Tiles Gold	Gold
	EcoBase® Carpet Tile Backing	Gold
	Desso® Axminster Gold	Gold
	Ecobase™ PA 6 Continuous Dyed Carpet Tiles	Silver
	Ecobase™ PA 6 Solution Dyed Carpet Tiles	Silver
	Ecobase™ PA 6.6 Continuous Dyed Carpet Tiles	Silver
	Tandus Centiva ethos® Modular	Silver
	Continuous Dyed Broadloom	Bronze
	Desso®PA6 Continuous Dyed Carpet Tiles	Bronze
	Desso®PA6 Solution Dyed Carpet Tiles	Bronze
	PA6 Solution Dyed Carpet Tiles	Bronze
	Solution Dyed Broadloom	Bronze
	Resilient flooring	iQOne
iD Revolution		Gold
Linoleum	Linoleum Originale Collection	Gold
	LinoWall	Silver
	Tarkett Linoleum Flooring	Silver
Rubber	Johnsonite Rubber Wall Base (BaseWorks®)	Silver
	Johnsonite Rubber Tile and Sheet	Bronze
Artificial turf	FieldTurf	Bronze
Wood	Parquet	Silver
Adhesives	Tandus Centiva C-14e Pressure Sensitive Adhesive	Silver

C2C Material Health Certificates

Product categories	Product References	Certification Level
Anti-soil	Eco-Ensure	Gold
Adhesives	Tandus Centiva B-19 Adhesive	Platinum
	Tandus Centiva C-56 Floor Primer	Platinum
	Tarkett 959 Vinyl Tile and Plank Adhesive	Platinum
	Tarkett 901 Resilient Flooring Spray Adhesive and Sports HS Spray Adhesive	Platinum
	Tarkett Resilient Flooring Adhesives	Platinum
	Tandus Centiva C-12e Pressure Sensitive Adhesive	Silver
	Tandus Centiva C-14e Pressure Sensitive Adhesive	Silver
	Tandus Centiva C-TR Adhesive	Silver
	Tarkett C-EX Pressure Sensitive Adhesive	Silver
	Tarkett RollSmart Adhesive	Bronze

ICPE Production Sites in France (Classified Installations for Environmental Protection) – Sedan and Auchel sites

In France, ICPE refers to 'Installations Classées pour la Protection de l'Environnement' – Classified Installations for Environmental Protection.

The vinyl production facility in Sedan, France is ranked as an Authorization-level Classified Installation by a Prefectural Decree of July 2008 in particular for sections with regard to the processing and storage of plastic materials. Hence the site is subject to "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 3000 and 4000 ICPE 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 (Energy) and OHSAS 18001 (Health & Safety), and has maintained the bronze WCM level in July 2018.

Thanks to the site's deliberate policy, it has considerably reduced its environmental impact. Since 2011, VOC (Volatile Organic Compounds) industrial emissions and water consumption have been reduced by a factor 3, and non-recyclable waste has been reduced 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.

Artificial turf production facility in Auchel: 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 ENVIRO CONSEIL. The Auchel site factory installations are subject to the registration scheme. The nomenclature version considered to carry out this classification is version 27.01 (October 2015). Accordingly, the site is now subject to registration for sections 2661.1 and 2661.2 – Transformation of polymers. The following sections were moreover 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;
- > 2910.A – Combustion except for facilities subject to sections 2770 and 2771 (classified as being subject to declaration with periodic controls).

List and justification of non-material CSR topics

The CSR topics listed in the below table are not highly material for Tarkett and were therefore not developed in the CSR report.

CSR Topic	Justification of Low Materiality for Tarkett
Biodiversity	Tarkett does not operate in areas of high biodiversity value such as natural protected areas, and does not develop new activities in pristine areas. As such, our activities do not have a direct impact on sensitive biodiversity features. We can however have an indirect impact on biodiversity, e.g. through natural resources consumption, air emissions or waste generation – topics which are duly addressed in the CSR report.
Air emissions (other than greenhouse gases)	Our main focus in terms of air emissions is on greenhouse gas (GHG) due to its global impact on climate change. Some actions implemented to reduce GHG emissions (such as improvement of energy efficiency, development of renewable energies, etc.) in turn reduce emissions of other air pollutants such as nitrogen oxides (NO _x), sulphur oxides (SO _x) or particulate matters (PM). Most of our direct emission sources (e.g. boilers) at our manufacturing sites use natural gas as fuel, thus leading to minimal SO _x and PM emissions. We monitor our air emissions as per regulatory requirements to confirm compliance with applicable emissions standards for other pollutants such as NO _x .
Wastewater discharges	Our main focus is to reduce water consumption, by implementing closed-loop water systems or manufacturing processes which do not consume any water (topic addressed in the CSR report). This in turn minimizes the volume of wastewater discharges at our manufacturing sites. In terms of pollutants, we monitor our wastewater discharges as per regulatory requirements to confirm compliance with applicable standards.
Noise and other nuisances	At our manufacturing sites, we measure boundary noise as per regulatory requirements to confirm compliance with applicable standards and to ensure that we minimize the nuisances for our neighbors. Complaints regarding noise or other nuisances (e.g. odors, lighting, smoke), which very rarely occur, are discussed with the complainant, investigated and subject to appropriate corrective actions as relevant.
Food wastage	Food waste is limited to restaurant services and is managed by external suppliers with their own action plan.
Environmental incidents	Our activities are not likely to generate catastrophic environmental incidents such as a significant oil or chemical spill. We however have emergency response plans in place at our manufacturing sites, which include environmental emergencies. We systematically report and investigate environmental incidents.
Child labor	Tarkett does not operate in countries with a high risk of child labor. Our internal policies and our Code of Ethics completely prohibit child labor.
Rights of indigenous people	Tarkett activities do not involve direct impact or relationship with indigenous people (such as resettlement, land acquisition, etc.).
Combat against food insecurity, respect of animal welfare, responsible fair and sustainable food supply	These topics are not applicable to Tarkett activities (topics included in the French regulations on non-financial statement – DPEF further to the publication in October 2018 of law n° 2018-938 on balanced trade relations in the agricultural and food sectors and on healthy and sustainable food supply accessible to all).



Tarkett

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