2015 REGISTRATION DOCUMENT

CHAPTER 3
SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Tarkett

THE ULTIMATE FLOORING EXPERIENCE

CHAPTER 3
SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

3.1 EMPLOYMENT INFORMATION.....67

3.1.1 Employment.....67
3.1.2 Human Resources Charter and Policy 67
3.1.3 Health and safety 67
3.1.4 Organization of work.....68
3.1.5 Employee Relations.....69
3.1.6 Training and talent development 71
3.1.7 Code of Ethics, Respect and Equality of Treatment 73

3.2 ENVIRONMENTAL INFORMATION 76

3.2.1 General Environmental Policy 76
3.2.2 "Good Materials": Quality of materials 78
3.2.3 "Resource Stewardship": Optimized resource management during the production phase.....79
3.2.4 "People Friendly Spaces": Well-being and quality of life.....82
3.2.5 "Reuse": Recycling and Re-use 83
3.2.6 Training and informational initiatives for employees, customers and other stakeholders with regard to environmental protection 84

3.3 INFORMATION ON COMPANY COMMITMENTS TO SUSTAINABLE DEVELOPMENT 86

3.3.1 Territorial, economic and social impact of the Company's business 86
3.3.2 Relations with people and organizations affected by the Company's activity, including non-profit back-to-work organizations, educational institutions, environmental defense organizations, consumer organizations and local populations .. 87
3.3.3 Subcontracting and Suppliers 88

3.4 GOVERNANCE.....89

3.4.1 Promoting profitable, sustainable and responsible growth..... 89
3.4.2 The United Nations Global Compact 89
3.4.3 The Grenelle Principles of Corporate Social Responsibility 90
3.4.4 Tarkett, member of the KKR Green Portfolio 90

3.5 SOCIAL AND ENVIRONMENTAL REPORT: SUSTAINABLE DEVELOPMENT DASHBOARD91

3.6 SOCIAL AND ENVIRONMENTAL REPORT: METHODOLOGY.....93

3.7 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDEND THIRD-PARTY ORGANIZATION.....97

Over the last several years, Tarkett has integrated sustainable development into the heart of its strategy, in order to ensure profitable and continuing growth while balancing environmental and social issues. It is an integral part of its responsibility, deeply anchored in its values and in the conduct of its business.

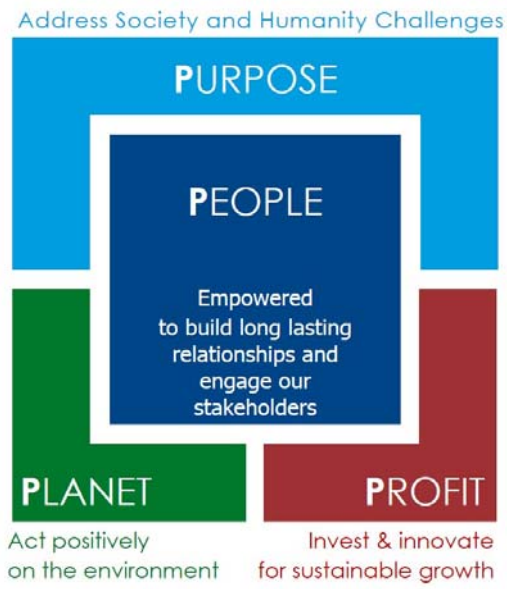
Tarkett's vision is to be the global leader in innovative solutions that generate value for customers in a sustainable way.

With our planet projected to reach nine billion inhabitants by 2050, resource constraints, customer expectations for quality-of-life and respect for health, as well as the requirements of confidence and transparency, are the challenges of tomorrow. Tarkett is convinced that we now need to begin to design economic growth differently.

The Group believes that sustainable development is not a constraint, but an opportunity that opens new perspectives. Tarkett has integrated sustainable development into all of its actions and also in its approach to customers, employees, suppliers, and shareholders, the communities within which Tarkett operates, and society at large.

Tarkett has a role to play in leading the market towards sustainable solutions that are able to meet economic and environmental challenges. The awards and certifications that Tarkett has obtained reward its efforts and show the value and worth of its commitment.

Tarkett's sustainable development strategy is based on four pillars (4P):



"Purpose": By offering solutions that contribute to solving the societal challenges of tomorrow, such as urbanization, an aging population and resource scarcity.

"People": Corporate and Social Responsibility. By making Tarkett a great place to work that is integrated into its local community and by motivating its employees to give the best of themselves and to build sustainable relationships with various stakeholders.

"Planet": Environmental Responsibility. By eco-designing its products to optimize the use of resources at each stage of their life cycle in accordance to Cradle to Cradle® principles and to make a positive contribution to the well-being of people, the environment, and development of the circular economy.

"Profit": **Economic Responsibility,** necessary to invest, innovate, and ensure continued growth.

Implementation of this "4P" strategy also rests on the **Group's fundamental values**, communicated to and shared by Tarkett employees:
- Positive attitude towards customers
- Team spirit
- Respect and integrity
- Autonomy and accountability
- Commitment to the environment

Review of Performance Indicators and 2020 Objectives

In 2013, Tarkett set environmental objectives (the “Planet” pillar) for 2020, approved by the Executive Committee. The performance indicators are monitored annually using a sustainable development dashboard, which covers three pillars: people (Social Responsibility), planet (Environmental Responsibility), and profit (Economic Responsibility).

The more specific indicators such as safety, water, energy and waste are shared each month with the Group's Executive Committee.

The main indicators are also monitored every month by the production plants and the Group's heads of WCM (World Class Manufacturing, the Group's program for continuous improvement).

3.1 EMPLOYMENT INFORMATION

3.1.1 EMPLOYMENT

Indicator		2014/2015 Evolution	2015	2014	2013	2012	2011	2010
Number of employees		+8%	12,367	12,177	10,733	10,545	9,028	8,660
Employees working part-time		+1pt	2.9%	1.90%	2.00%	N		
Share of women among the total of employees		-	27%	27%	26%	27%	26%	
Age	above 60 years		5.4%	5.00%	5.20%	4.80%	3.80%	
	50 to 59 years		22.5%	21.10%	20.90%	20.80%	18.90%	
	40 to 49 years		28.2%	27.40%	28.50%	29.10%	29.40%	
	30 to 39 years		29.1%	28.7%	28.9%	28.8%	30.0%	
	20 to 29 years		14.5%	15.7%	16.3%	16.0%	17.6%	
	under 20 years		0.3%	0.30%	0.30%	0.50%	0.30%	N
Geographies	EMEA		37%	34%	34%	34%	40%	
	North America		30%	30%	30%	32%	21%	
	CIS, APAC, LATAM		33%	36%	36%	34%	38%	
Hirings and terminations	Hirings	-2%	2,111	2,163	1,573	1,232	1,127	
	Terminations	+12%	2,030	1,820	1,455	1,135	699	
Workforce turnover		+2pts	18%	16%	13%	11%	N	
Total number of training hours		+3%	272,501	265,970	199,770	228,916	76,089	
Total training costs (€k)		+6%	3,308	3,130	2,669	N		
Absenteeism**		+0.2pt	2.5%	2.3%	2.5%	2.4%	2.7%	2.6%
% of employees with disabilities		-0.3pt	1.3%	1.6%	1.4%	1.4%	1.4%	N
Total compensation and benefits (€m)		+16%	618	531	518	462	405	367

**EMEA : Europe, Middle East, Africa ; CIS : Commonwealth of Independant States ; APAC : Asia Pacific*
***Manufacturing plants scope*
N = not available

3.1.2 HUMAN RESOURCES CHARTER AND POLICY

In 2014, Tarkett undertook to formalize its Human Resources management values and fundamental principles in the form of a Human Resources Charter and Policy. In 2015, the document was shared with all of the managers and with the Group HR network. It is based on the ten basic principles of the United Nations Global Compact, the principles of the Declaration of the Human Rights, and Tarkett's Code of Ethics.

The document is intended to frame the work of the human resources teams and the Group's managers, particularly in the following areas:

- To promote fundamental human rights:
  - through workplace health and safety measures;
  - by sharing common values, in particular with respect to diversity and non-discrimination, and ensuring the availability of an alert procedure (see page 7 of the Code of Ethics): "any question relating to ethics must be raised to managers or any other authorized person (internal audit departments and human resources),";
  - through compliance with the regulations and of the various countries and with international labor law, in particular with respect to child labor and forced labor.

- To build a learning organization, by encouraging team development, in particular by imparting good practices and training, promotion of entrepreneurial spirit and by talent development (career opportunities, mobility, employability, etc.)

- To implement a fair and equitable compensation and benefits policy, in particular by evaluating and rewarding performance, as well as by deploying transparent rules.

- To encourage dialogue within the Group, by promoting communication and conversations with the entire staff, by pursuing a continuing constructive dialogue with employee representatives, and by managing restructurings responsibly.

3.1.3 HEALTH AND SAFETY

Employee safety is the Group's top priority.

3.1.3.1 Putting safety at the center of the business

Employee health and safety (including workstation ergonomics and illness-prevention campaigns such as against obesity) constitute one of the pillars of the World Class Manufacturing (WCM) program implemented at all of the Group's production plants (including sites that have not necessarily obtained OHSAS 18001 certification but that nevertheless apply the Group's safety principles).

This priority is grounded in the daily work and operations of the factories and is implemented through regular employee training, frequent audits of conduct and practices, ongoing dialogue between managers and their employees, analysis of incidents and action plans, and continuous improvement.

This guiding principle infuses all levels and positions within the business. Monthly meetings of the Group's Executive Committee and quarterly informational meetings of the Group's executives begin with a review of safety results. These results are also presented at meetings of Tarkett's Supervisory Board.

In addition, six collective bargaining agreements signed with employee representatives in four different countries also cover workplace safety.

In September 2015, Tarkett launched an awareness campaign, "SafeTember," in which it posted safety signs at all production sites reminding employees that safety is everyone's responsibility. In November, the awareness and communication campaign focused on safety during maintenance operations.

In 2015, Tarkett strengthened safety communication and training concerning forklifts. For example, in 2015, the Group's largest plant (Otradny in Russia) organized a contest to identify the best forklift drivers. Joining theory and practice, the contest aimed to put safety at the forefront of operators' daily concerns.

3.1.3.2 A steadily improving safety record

This unrelenting commitment has produced improvement in the principal safety indicators at Tarkett's industrial sites:

- Total accident frequency down slightly in 2015: 25.6 in 2014 vs. 22.1 in 2015.

- Severity rate: decreased by 1% in 2015 vs. 2014.

- Number of lost time accidents (excluding Beijing): decreased by 20% in 2015 vs. 2014.

In 2015, 17 of the Group's 38 plants had no accidents with lost time, including four that have had no accidents with lost time for at least the last two years. In addition, there were no deaths at any of Tarkett's factories in 2015.

For example, the Waterloo factory in Canada won the 2015 Canada's Safest Employer Award in recognition of the success of its workplace health and safety action plans and the daily commitment of its teams. The site has recorded no accidents for more than eight years.

Finally, the results of the internal survey distributed to all employees every two years (most recently in 2014) attest to their awareness of the policy: 85% of respondents believe that Tarkett is sufficiently attentive to employee safety, an increase of four points as compared with the 2012 survey.

3.1.3.3 Promoting a pleasant workplace

The Group's 2014 internal survey was also designed to identify areas that could present certain psycho-social risks and stresses, in particular through questions on how work is organized within the business: "The amount of work I am asked to do is reasonable" and "I am able to maintain balance between my work life and my personal life."

At the Group level, results improved by three points as compared with the 2012 survey. The detailed results are monitored by the subsidiaries' heads of HR, and entities that report worsening results are the subject of formal action plans.

In 2015, the Group moved three headquarters: in France (La Défense), the United States (Solon, Ohio), and China (Shanghai), significantly improving the work environment (accessibility by rapid transit, surface area, collaborative work environment, living spaces, etc.).

To create a friendly atmosphere for its employees, Tarkett in Sweden offers activities such as foot races and fishing. Communities have also been created around employee interests. For example, at Tarkett's Paris-La Défense headquarters, employees took the initiative to participate in sports events to raise money for charitable organizations, such as the VertiGo (a vertical race to the top of Radio France's headquarters).

3.1.4 ORGANIZATION OF WORK

Tarkett complies with the provisions of the Labor Code or labor laws in each of the countries where the Group does business.

The organization of work within the Group entities varies depending on the legal and social environment and the individual needs of the organization. Certain rules are established through collective bargaining, such as variable weekly schedules, telecommuting, part-time work, flexible hours, and temporary reinforcement during busy periods. Depending on the site, there are between two and four eight-hour shifts (2x8, 3x8, 4x8 over a work week of five or six days).

In France, the Tarkett Group factories and its administrative and sales locations implemented the law on the 35-hour workweek through company-level or branch-level agreements. In Germany in 2015, a new agreement was signed on flexible working hours. In accordance with the law, 37.5-hour weeks may be extended to 40 hours with full transparency as to the hours worked.

In addition, through the World Class Manufacturing (WCM) program, a system has been implemented to develop operator versatility, thus enabling employees to develop new skills and increase their employability, facilitating replacements, and promoting internal mobility at the Group's production plants. The WCM program offers tools for continuous improvement and skill development to implement best manufacturing practices, in order to increase competitiveness, improve customer satisfaction and demonstrate excellence in safety and environmental matters. The WCM also promotes the active participation of operators and encourages them to make suggestions for improvements, thereby making them stakeholders in the development of their work environment.

Working conditions and work organization are also incorporated into the various collective bargaining agreements signed by the Group's subsidiaries, as well as into the deployment of the WCM program, which covers best safety practices, among other subjects.

In Tarkett's 2014 internal survey to all employees (which had an 82% response rate), 73% of respondents believed that their workload was "reasonable," a slight increase as compared with 2010 (+3%), and 63% of respondents believed that they were able to maintain a "good balance" between their work life and their personal life, as compared with 60% in 2012. In addition, 85% of respondents were satisfied with communication about workplace safety, as

compared with 81% in 2010. For more details on the internal survey, see 3.1.5.2 "Listening to Employees".

In addition, pursuant to the principles of the United Nations Global Compact, the Group's Code of Ethics and its Human Resources Charter and Policy, Tarkett is committed to the fight against forced or mandatory labor.

3.1.5 EMPLOYEE RELATIONS

Listening and Commitment to Dialogue with Employees

- Internal employee-satisfaction survey: 82% response rate in 2014 (8,800 employees). Next survey in 2016.

- Listen to employees and engage in social dialogue: 59% ("In my department different opinions are openly discussed when making decisions" and "Sufficient effort is made to obtain the opinions and advice of people who work at Tarkett")

- Exchange and communication: 63.3% ("My manager keeps me informed," "Management explains the strategic plan," "I am well informed.")

- Experiences, a monthly internal newsletter distributed to all employees in 11 languages, complemented by a worldwide intranet.

- Tarkett Forum, the Group's European Works Council, which fosters communication (17 from 8 countries)

3.1.5.1 Maintaining a dialogue with union representatives: the Tarkett Forum

The Tarkett Forum is the Group's European Works Council. Each year, it brings together union representatives from the principal European sites as well as Group management. The council reinforces collaboration and management-labor dialogue and focuses on the general operation of the business as well as human resources questions common to the various countries and sites in Europe.

The Forum is composed of the Group's Director of Human Resources, the EMEA (Europe, Middle East and Africa) Director of Human Resources, and a number of representatives that was increased to 17 people from eight countries, to take into account the recent acquisitions of Desso (in the Netherlands) and of Gamrat's flooring activities (in Poland): three representatives from Sweden, three from France, two from Germany, two from Luxembourg, two from Belgium, two from the Netherlands, one from Italy and two from Poland. In 2015, the Forum met once in plenary session, and the Forum's bureau – composed of one representative per country – met quarterly. Meetings are regularly held with the Chairman of the Group's Management Board.

The framework for relations with employee representatives varies widely from one country to the next. Tarkett promotes dialogue at all of its entities, complies with local labor legislation in each of the countries where it does business, and respects the fundamental principles of freedom of association, in particular for unions.

3.1.5.2 Listening to employees: internal survey

Every other year, Tarkett holds a dialogue with its employees through an internal survey distributed in all of the Group's companies and available in 17 languages. The process is managed by a third-party organization to ensure confidentiality and participant anonymity.

In 2014, more than 8,800 employees, or 82% of the workforce, participated in the survey, which included 76 questions and evaluated the Group's performance in 13 categories: Communications, Corporate Image, Accountability, Leadership, Loyalty and Commitment, Management, Performance Management, Teamwork and Cooperation, Training and Professional Development, Work Organization, Comprehension of the World Class Manufacturing Program, Ethics and Integrity (a new category), and Entrepreneurial Leadership (also a new category).

The high rate of participation (which improved compared to earlier versions) shows the interest and confidence of Tarkett's employees in this program.

The 2014 results show progress in all dimensions measured and are superior to those of the manufacturing companies making up the reference peer group. This progress reflects the continuous improvement that Tarkett has achieved in numerous areas. Tarkett conducted four surveys between 2008 and 2014, and each time there has been an increase in positive opinions as compared with the previous survey.

85% of respondents believe that Tarkett is a company that respects the environment, as compared with 82% in 2012 and 80% in 2010. 70% believe that ethics and integrity are central to Tarkett's culture, and 76% believe that Tarkett's commercial practices and ethical values are clear. 71% of respondents think that Tarkett supports diversity in the workplace, an increase of 6% as compared with 2012. 78% are proud to work for Tarkett, as compared with 74% in 2012.

Finally, 66% of participants understand the purpose and objectives of the World Class Manufacturing method, as compared with 61% in 2012. The WCM program is intended to produce continuous improvement and training in best manufacturing practices, in order to increase competitiveness, improve customer satisfaction and demonstrate excellence in safety and environmental matters.

The internal survey is a valuable management tool, because it can identify the Group's strengths as well as areas in need of improvement. Each company in the Group is responsible for distributing and using the results at the local level (while ensuring anonymity and confidentiality). Action plans are also put in place at the Division level and the Group level to support the local initiatives and respond to Group-wide issues.

In addition to monitoring the results and action plans for improvement, certain criteria are integrated into the indicators used in the Group's sustainable development dashboard. These include the "Listening and Commitment to Dialogue" indicator, the "Respect and Integrity" indicator, and the "Proactive Employee Communication" indicator

(see dashboard in Section 3.5 "Social and environmental report: methodology"). The "Listening and Commitment to Dialogue" indicator, for example, improved from 56% in 2012 to 59% in 2014. It includes the following questions from the internal survey: "In my department, different views are openly discussed when making decisions," and "Sufficient effort is made to get the opinions and thinking of the people who work at Tarkett."

Following the 2012 and 2014 surveys, multiple action plans were prepared and deployed throughout the Group, and will continue in 2016.

3.1.5.3 Promoting listening and dialogue at the industrial sites

In connection with the WCM program, the Group promotes dialogue at its industrial sites, in particular through daily update sessions between the team leaders. In addition, audit systems have been deployed at certain industrial sites to facilitate the transmission of messages to the teams: EMAT (Environmental Management Audits) to enable dialogue with employees to develop their knowledge about environmental topics and to detect any problems; and SMAT (Safety Management Audits) to enable management to transmit a clear message about safety to each employee, to inform employees of the site's results, and to identify critical points.

The WCM program also strongly encourages operators to propose solutions each month to improve work organization.

3.1.5.4 Collective bargaining agreements

The Tarkett Group has 123 collective bargaining agreements, 94 of which are company agreements or site agreements. They apply to 31 entities in 21 main countries where Tarkett conducts industrial and/or sales activities. Sixty company agreements have been entered into over the last few years (including 9 in 2015), demonstrating the Group’s momentum in negotiations. Most of these agreements cover various subjects such as compensation and employee benefits, working hours, work organization and job classification. The new agreements entered into in 2015 primarily address anti-discrimination, but also cover issues relating to workplace health, safety and well-being, career management and skill development, the organization of working hours, restructurings and the rights of employee and union representatives.

In addition, pursuant to the principles of the UN Global Compact, the Group's Code of Ethics and its Human Resources Charter and Policy, Tarkett is committed to respect freedom of association and the right to collective bargaining and employee representation. These principles apply equally in all of the countries where the Group does business, including Brazil, China, India, Russia, Serbia, Ukraine, Kazakhstan, and the United States.

3.1.6 TRAINING AND TALENT DEVELOPMENT

Training and talent development:

- Training: 58% of employees received training (at least one day during the year).

- Internal mobility: 49% of management positions filled by an internal candidate.

- Individualized annual review and skill development: 57% of employees have a performance review or the equivalent (the WCM "skills matrix"), and 85% of managers are also monitored through Talent Reviews.

3.1.6.1 Develop talents through training programs

Training is a key element for motivating, developing and promoting the Group's employees; it also enriches the professional qualifications of Tarkett's business partners.

Training is essential for the development of skills in order to encourage people to develop their employability and to promote mobility. Formalized systems such as the annual Performance and Development Dialogue (PDD) enable the Group to listen to the career goals of all of its employees, evaluate their individual skills and offer them the necessary training to grow within the Group.

Training programs are developed in line with the Group's operational objectives and strategy and are open to a large number of employees.

Each year, the Group measures the number of employees having undergone training in the previous year, to ensure that the efforts to develop skills and employability benefit the maximum possible number of people.

In 2015, 58% of Tarkett employees benefited from at least one day of training.

In 2015, 272,501 hours of training were provided to Tarkett employees, or an increase of three hours as compared with 2014.

3.1.6.2 Develop talents and mobility

The COACH program was introduced in Europe to develop the managerial skills of first-level management. The Tandus Centiva job application system for the Florence, Alabama site was deployed to retain talent and increase internal mobility by making a form available to employees that lists job opportunities.

The internal mobility process is reinforced through the internal mobility charter distributed to employees via the intranet and the mobility guide used by the Human Resources network. Tarkett created an International Mobility Committee, composed of the Directors of Human Resources for each of the Group's divisions, which has met on a regular basis since 2013. The committee, which meets annually, has the objective of reviewing employee desires for mobility, collected in particular through the "Development and Performance Review" and the "Talent Review," and identifying how they may correspond to the needs of the business. The committee's proposals are shared with the Executive Committee.

In 2015, the Clervaux factory in Luxembourg continued to implement its action plans in three areas: training, skill assessment and development, and communication of the Group's objectives and vision to all employees. Training is particularly focused on preventive health and safety relating to movements and positions that are adapted to an employee's workstation, which are a priority for Tarkett. The results are convincing: in 2015, Clervaux had one of the lowest accident rates in the Group (both with and without lost work time and first aid). Skills management was particularly strengthened in 2015 through the expansion of the annual development review to all of the site's employees, including operators. Skill matrices for operators were defined by a working group and deployed with the support of the employee representatives. This allows the development of multiple skills both collectively and on an individual basis, employment management, and the development of the skills needed by the site (in terms of future retirements, ambitious training plans, and anticipation of needs). Finally, the dissemination of the Group's objectives, a key factor in the site's success, was improved in 2015 through site meetings integrated into managerial routines. All employees now have individual annual objectives that are directly tied to the objectives of the department and the site. The site's management was recognized for its actions in these matters with the prize for the best "People-Focused CEO" 2015, presented at the HR ONE gala in Luxembourg.

3.1.6.3 Determine collective training needs in order to share common skills and values and to increase the Group's efficiency

In coordination with the Human Resources Network (Divisions and Countries), the Group defines common training needs, as well as programs for widely disseminating Tarkett's core values, key skills and best practices. A "Learning & Development" committee meets monthly to steer joint initiatives at the Group level and to share best practices among the divisions.

A Talent Resource Planning process was put in place to anticipate organizational and skills-management needs ("Talent Management") three to five years in advance based on the Group's strategic plan. With respect to management training, two major programs have been instituted in all of the Group's subsidiaries: Manager@Tarkett and ProjectManagement@Tarkett. Management@Tarkett trains managers in good management practices (such as listening and giving feedback, motivating teams, setting goals and evaluating performance) and imparting common values (such as positive customer attitude, team spirit, empowerment and accountability, respect and integrity, and commitment to the environment).

ProjectManagement@Tarkett trains people to lead or participate in projects (such as a research projects, putting a product into production, launching a product, etc.). The goal is to impart good practices and project management tools, to learn to mobilize teams for a common purpose, and thus to increase the project success rate. 946 employees have received training since 2009, including 86 in 2015.

In 2015, Tarkett introduced training in cross-functional management for teams involved in multi-disciplinary projects covering multiple entities, functions and countries.

The Group also wishes to promote and encourage entrepreneurial spirit by developing a new training program called "Entrepreneurial Leadership". Launched as a pilot program in 2014 for the EMEA Division, this program was deployed in 2015 with five sessions and 134 employees trained. The program helps to clarify and share the model for entrepreneurs and leaders within the Group. It also responds to the need to better engage the teams and make them accountable, an area identified as needing improvement in the 2014 internal Employee Feedback Survey. The Tarkett entrepreneurial model is based on five themes: Sharing Vision and Ambition, Exploring New Ways, Powering Up People, Being the Solution, and Making it Happen. These themes correspond to Tarkett's "GloCal" approach, intended to give employees accountability and decentralize decision making, while at the same time following and sharing the Group's common values and principles.

Two WCM trainings are also provided at all production plants: Problem Solving Methodology and COACH (management for shift leaders), intended to accelerate the deployment of good practices promoted by the WCM program. Since its creation, 154 people have taken COACH training at the Group's sites in Ronneby, Sweden; Sedan, France; Clervaux, Luxembourg; Konz, Germany; and Mytishchi, Russia.

E-learning programs have also been deployed for all employees with access to a computer:

- "Code of Ethics" (launched in 17 languages for 6,373 people, including 850 in 2015, which is intended to raise employees' awareness to Tarkett's values),
- "Competition" (training to principles and rules applicable on competition - 2,086 people trained in 2014 and 2015).
- Corruption: training on rules and principles applicable on corruption had also been launched end of 2015, which has been completed by 2201 employees out of the 2,408 targeted.

Such interactive online trainings not only help employees understand the values and practices that the Group requires them to apply every day, but also puts them in situations through concrete examples and questionnaires.

Training on the same topics is also available in person, in every division. For example, in 2015, 402 employees in the EMEA division met over several sessions to be trained on the topics of competition, corruption, and, more generally, business ethics.

In Europe, a skills-development program for the sales forces, PowerUp, was initiated in 2014 and deployed in 2015. It includes a plan for training and full development for sales employees, based on a prior detailed analysis of needs that in turn is based on an evaluation of each manager. This program covers close to 500 people in all of the countries in the EMEA zone, including the Desso sales force beginning in 2015.

An integration program for new hires was implemented throughout the Group, beginning in 2009, to facilitate integration and orientation. This program, established by the manager in coordination with the HR departments, includes a presentation of the Tarkett Group, safety rules, the employee's position and working environment, and the administrative rules. Additionally, each new hire is assigned a corporate mentor to facilitate integration and to welcome the employee. Thirty days after starting, the new employee writes a report on his first impressions and gives his opinion on his integration program.

The Live Campus training module complements this integration program in Europe. From one day to four days, depending on the position, it fosters the rapid integration of new hires through knowledge of the Group's projects, of the organization, etc. It is also a way of imparting the Group's rules and common values, including positive customer attitudes, team spirit, empowerment and accountability, respect and integrity, and commitment to the environment. Since 2011, 1,012 new hires in Europe have received this training, including 200 in 2014. In addition, since 2011 new employees have completed online training using the E-Campus program.

3.1.6.4 Identify individual needs in connection with skills development and a personalized development and training plan

In order to anticipate skills and development needs, Tarkett uses the Performance & Development Dialog reviews (PDD) conducted each year between employees and their managers, as well as the Talent Review and the WCM versatility program.

In France, for example, the process of determining needs is carried out in two stages:

- In October, each manager informs human resources of the training needs of each member of his team. A reply to these requests is sent in December, and a preliminary outline for the following year's program is created (80% of the training budget allocated).
- Then, from January until March, following the Performance & Development Dialog review, additional individual training requests are collected. Human Resources replies in March, when the remaining 20% of the budget is allocated.

The individual trainings cover the following themes: Languages, Management, Personal Development, Information Technology, and Technical Skills.

Development and training needs are collected each year at the Performance & Development Dialog (PDD), which is widely deployed within the Group.

In addition, for a certain category of the population, targeted as a priority (managers, supervisors, engineers, and technicians), development needs are also analyzed through the Talent Review, which integrates a longer-term career management dimension into the determination of these

needs. In 2015, 2,600 people were covered by the Talent Review, including 85% of managers.

The Versatility program, part of the World Class Manufacturing program for operational excellence, is intended to identify opportunities and prepare each production plant employee for potential professional growth based on available jobs and skills training. This individualized approach helps operators grow their skill sets, anticipate change and strengthen their employability. Since its creation, more than 3200 people have been trained in connection with the WCM.

3.1.6.5 Promote the development of a learning company and build on skills and success

Tarkett aims to develop its employees' skills and to share best practices and expertise within the Group. The challenge is not only to increase the employability and satisfaction of the Group's employees, but also to reinforce and ensure the Group's continued expertise and to increase its operational efficiency.

Tarkett encourages the use of multidisciplinary teams with different professional profiles through the implementation of cross-Group projects. The deployment of the collaborative intranet, with the ability to create communities of interest and projects, is also part of this process of sharing knowledge and good practices. In addition, a program for the management of experts is in the process of being deployed.

In connection with the WCM program, meetings are organized each year at one of Tarkett's industrial sites to improve the skills of factory experts and leverage the Group's expertise and know-how in operational excellence.

The Group has implemented various initiatives and programs to promote skill sharing and knowledge enrichment and to reward good practices and successes internally:

- Tarkett Awards: The Tarkett Awards recognize initiatives in eight categories: the Chairman's Award, Share a Vision and an Ambition, Explore New Horizons, Create a Solution, Act Concretely, Commit to Sustainability, Accountability and Delegation, and the Employees' Award. One hundred eighty-six applications were submitted in 2015 (as compared with 120 in 2014 and 80 in 2013), involving more than a thousand employees worldwide. Of the eight winning applications, five included a sustainable development component (environment, Cradle to Cradle® deployment, safety, etc.)

- Network of experts: In 2015, Tarkett launched a program designed to better identify technical expertise in Research & Innovation and Operations, and to better leverage the contribution of technical experts, recognize their contributions, share their knowledge know-how, and to support their career development.

3.1.6.6 Train our partners and provide diploma programs through Tarkett Academy

Commitment to our communities:

- Tarkett Academy : 15 centers in 8 countries.

- Number of young professionals or experienced installers trained to install and maintain flooring: 3,974, +6% vs. 2014.

Tarkett also implements training programs for its partners. Through its 15 Tarkett Academy centers, located in eight of the principal countries where Tarkett has industrial sites (Australia, Brazil, China, France, Russia, Serbia, Sweden and Ukraine), Tarkett trained close to 4,000 people in 2015 in flooring installation and maintenance, an increase of 6% as compared with 2014. The courses are aimed at young professionals as well as experienced installers. Sessions may run from two days to one week.

In France, three training centers issue diplomas that are accredited by the Ministry of National Education (Level 5 Flooring and Carpeting CAP [professional certification]) and by the Ministry of Employment (Level IV Flooring certification). In 2013, Tarkett Academy of Sedan celebrated its twentieth anniversary. Finally, Tarkett now provides training to its customers in Serbia in installation techniques, with the opening of its fifteenth Tarkett Academy in Bačka Palanka.

In the United States, architects and designers who are members of professional organizations (IDCEC, AIA, USGBC, ADIS, etc.) are required to earn a certain number of continuing education credits to maintain their licenses and/or certifications. Tarkett is accredited to offer continuing education courses and training sessions.

3.1.7 Code of Ethics, Respect and Equality of Treatment

3.1.7.1 Deploy the Code of Ethics and put it into everyday practice

Tarkett's Code of Ethics defines the fundamental principles that govern the Group and through which it makes a commitment to its customers, its employees, its suppliers, its partners, and all other stakeholders. It is a major tool for encouraging employees to respect Tarkett's core values, the 10 principles of the UN Global Compact, and the principles of the Declaration of Human Rights.

With regard to equality of treatment, "Tarkett is committed to respect individuals, avoid discrimination, and promote health and safety in the workplace, in accordance with local laws and regulations."

Since 2009, the Code of Ethics has been distributed to all new hires, who are required to adhere to its principles, including compliance with competition law and anti-corruption law, where applicable (executives, managers, salespeople, buyers, etc.). Beginning in 2014, new hires throughout the Group have been required to complete mandatory online training and attest that they have read the Code of Ethics. In-person training is provided for employees

without access to computers. For more information, see Sections 3.1.6.2 and 3.1.7.2 and Chapter 6, “Risk Factors and Internal Control.”

3.1.7.2 Promote equality between women and men

An equality indicator was defined at the Group level and included in the Sustainable Development/CSR dashboard. Since 2010 Tarkett has been monitoring the growth in the number of women "Top Managers" (Chairman of the Management Board and the first two hierarchical levels of the organization).

Diversity:

- Women on the Board of Directors: 20%, in accordance with the AFEP-MEDEF principles

- Percentage of executives one and two levels below the Chairman who are women: 18% vs. 16% in 2014

- Percentage of management positions occupied by women: 25%

Tarkett's Code of Ethics and Human Resources Charter and Policy mandate non-discrimination between women and men.

Michel Giannuzzi, Chairman of Tarkett's Management Board, organized meetings with female employees at Tarkett's headquarters in France, in order to begin a dialogue and converse on several subjects, including professional development, respect and equality of treatment, and work-life balance. At a meeting open to all of the headquarters' employees, the Chairman continued the dialogue and shared the subjects being thought about and the actions to be put in place in 2016. The Chairman also emphasized his commitment to compliance with the Group’s value and its Code of Ethics.

For example, in Sweden, an equality-of-opportunity plan was deployed at six different sites in order to reduce the risk of discrimination based on gender, ethnic origin, disability, etc. The programs will be implemented in 2016.

3.1.7.3 Promote employment and integration of people with disabilities

Tarkett is committed to developing a policy to integrate workers with disabilities and has put in place local initiatives for that purpose. For example, since 2009 Tarkett's headquarters in France has worked with a disability-friendly company (entreprise adaptée) to package and ship some of its marketing materials. The Tarkett factory in Sedan has also made workstation accommodations to limit the need for disabled workers to handle materials. It should be noted that it is difficult to use the same indicator worldwide, since regulations differ widely from one country to the next as to whether they authorize the identification and monitoring of disabled workers within a company.

In 2015, in countries in which disability is defined by law, 1.4% of Tarkett’s employees were disabled, as compared with 1.6% in 2014. It is difficult to measure the disability indicator at the worldwide level, since the laws are not identical in different countries with respect to the definition of disability or whether there is a requirement to monitor this indicator, for example.

3.1.7.4 Fight against discrimination

The fight against discrimination is included in the Code of Ethics, through the values of respect and non-discrimination as well as in the application of the principles of the UN Global Compact. Within the Human Resources network, anti-discrimination is also a particular focus and is formally included in the Human Resources Charter and Policy. Human resources departments are asked to give a copy of the Code of Ethics to each new hire.

Forty-six policies or rules in favor of diversity and non-discrimination are in force at the Tarkett Group entities. These procedures include measures relating to equality between men and women, disability, age, protection of pregnant women, sexual orientation, ethnic or national origin and religious diversity. For example, since 2013 the Group has been putting "generation contracts" in place (a mechanism to encourage the recruitment of young workers and the retention of older workers).

In addition, pursuant to the principles of the UN Global Compact, the Group's Code of Ethics and its Human Resources Charter and Policy, Tarkett strives to eliminate job and professional discrimination.

For example, in the United Kingdom, each new hire receives the equality policy, providing that the company has undertaken to respect equality in job opportunities and not to discriminate in its hiring practices or with respect to its customers.

Beyond the fight against discrimination, Tarkett emphasizes that it wants each employee to practice its values of respect and integrity. For example, Michel Giannuzzi, Chairman of the Management Board, wrote to all of Tarkett’s employees, in his editorial in the internal newsletter "Experiences" (translated into 11 languages) his dedication to the Group's values, his desire to see everyone practice respect and integrity, and his vision of inclusion. Beyond respect for diversity -- diversity of ethnicity, education, nationality, age, gender, and sexual orientation -- the Chairman encouraged inclusion of all within a single community of work, enabling each person to express the best of himself.

3.1.7.5 Implement restructuring or layoff plans with respect

The Group has a medium and long-term vision of its business plan and seeks to ensure profitable and sustainable growth. The Group wants to develop the skills and employability of its workforce, first to enable each employee to contribute and to develop fully within the business, but also to anticipate the possible consequences of changes in the organization.

The Group also endeavors to anticipate the consequences of business fluctuations to the extent possible. In the event of a decline in a particular activity, an activity that cannot be turned around and/or a difficult or volatile economic environment, the Group may be forced to reduce its workforce on a one-off or structural basis. Adapting the work organization to the level of activity, reducing the size of the workforce or implementing a restructuring plan must be done in compliance with local regulations and the principles of Tarkett's Code of Ethics and in cooperation with employee representatives. In connection with these measures to adapt to declines in activity, Tarkett seeks above all to adapt the organization of work (paid vacations, reorganization of working hours, temporary layoffs, etc.), to reduce the number of temporary workers (those with short-term employment agreements), to promote internal transfers, and to take social criteria into consideration depending on departure measures (retirement, age, professional or personal projects, etc.).

For example, the necessary workforce adjustment carried out in Russia, Ukraine, Sweden, the United States and Canada in 2014 and 2015 were implemented pursuant to agreements with the Group's labor partners. In order to support its employees, Tarkett offered measures such as severance pay, prior notice, training, and support in searching for and returning to work, that complied with and in many cases exceeded the legal requirements in force in the countries in question.

In 2014 and 2015, the Group faced a deteriorating and volatile economic situation in Russia and Ukraine and was therefore forced to adapt its cost structure and workforce to the decrease in activity and production. In a very seasonal industry, the number of temporary workers was reduced and temporary contracts were either terminated or not renewed.

In 2015 in Russia, the vinyl floor production plant in Otradny was forced to terminate 38 short-term employment agreements that had been entered into in early 2014 based on annual sales and production forecasts that were revised downward during the year. Tarkett did not lay off any employees but encouraged voluntary departures. The sales force also eliminated 10 positions.

In an extremely difficult political and economic context in Ukraine, Tarkett was forced to adapt the size of the work force at his production plant at Backa Palanka in 2015 and eliminate 35 positions. In France, Tarkett had announced in 2014 a contemplated project to stop the Marty wood floor plant activity in Cuzorn (Lot-et-Garonne) due to structural losses incurred over several years and the steep decline in the wood floor market in France, which showed no prospect of recovery. Tarkett had acquired this site in 2011 when it was in bankruptcy proceedings. Tarkett searched for more than a year for potential buyers for all or part of the business and/or the site. Out of more than 200 contacts and/or files studied in 2014, only seven offers had been submitted, none of which were economically and socially viable as of the end of 2014. In 2015, an offer was made that is still being considered. Tarkett Bois put in place a procedure to inform and consult with employee representatives and entered into an agreement with those representatives, signed by the majority union, in order to define the procedures and the schedule of discussions. During these discussions and in the context of a constructive dialogue with labor, Tarkett continually and significantly adapted and improved the various measures in its Redundancy Plan. Tarkett undertook to act in a responsible manner by proposing a variety of measures for internal and external redeployment and support tailored to the 119 affected employees in order to reinforce their employability and support their professional plans. The Redundancy Plan was implemented in 2015 and production ceased. By the end of December 2015, a professional transition plan (whether through professional reassignment, personal plans, or otherwise) had been identified for more than two-thirds of the employees affected by the Redundancy Plan.

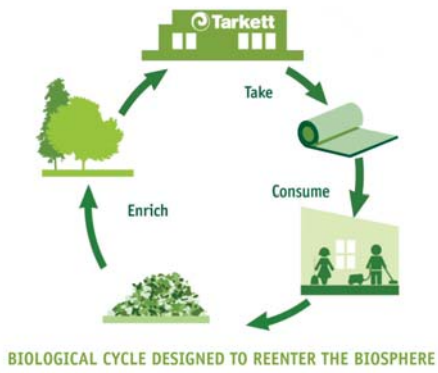
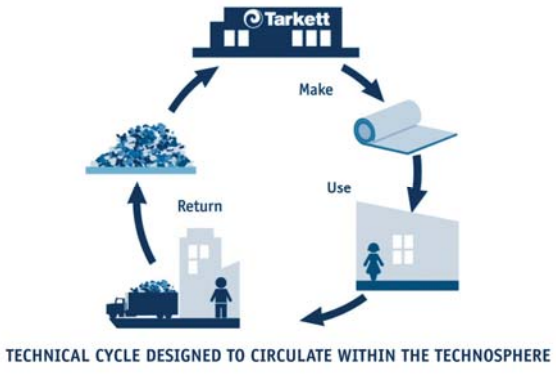
3.2 ENVIRONMENTAL INFORMATION

3.2.1 GENERAL ENVIRONMENTAL POLICY

In connection with its Sustainable Development policy (the "4Ps" -- Purpose, People, Planet, and Profit -- see the introduction to this section), over the last several years Tarkett has put in place a voluntary and ambitious strategy for the protection of the "Planet".

Based on its closed-loop circular design and respect for human health and the environment at every stage of a product's lifecycle (design, production, use, and recycling), Tarkett applies Cradle to Cradle® principles and is committed to the development of the Circular Economy. Tarkett was one of the first French companies to join the Ellen MacArthur Foundation's Circular Economy 100 Circular Economy: program in February 2013, and has been applying Cradle to Cradle® principles since 2011.[1]

Tarkett is committed to the transition from a linear economy to a circular economy, while at the same time ensuring profitable and continued growth. The concept is to replace the linear approach, which consists of extracting resources, using them for manufacturing, and eventually throwing them away, with the design of products that reuse resources in a loop from the beginning to the end of the products' use phase. Thus, the ingredients or components of a product at end of use goes back to hte biosphere (biodegradable products that enter a biological cycle), or raw materials for the production of quality products (the technical cycle.)

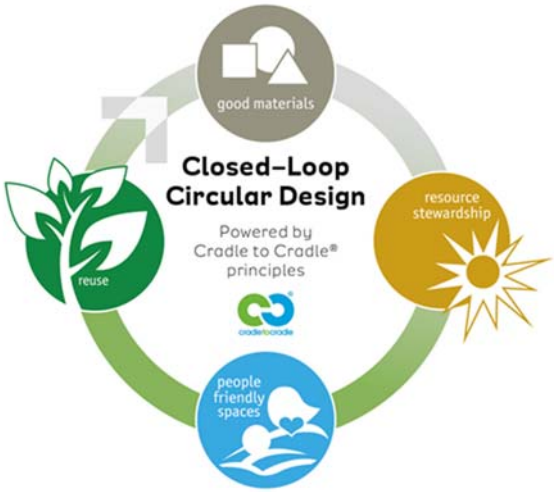
Biological Cycle	Technical Cycle
	

Furthermore, the Group believes that it has a responsibility to meet the values and expectations of customers and users, without having to choose between quality of life, protection of the planet, performance and design. That is the challenge of the closed-loop circular design powered by the Cradle to Cradle® principles: choosing materials at the very beginning that respect the health and the environment and that can be recycled in a technical or biological cycle ("doing the right things from the very beginning").

To apply the Cradle to Cradle® principles at each step of the product's life cycle, Tarkett has worked over the last several years in close collaboration with the Environmental Protection and Encouragement Agency (EPEA), a scientific research institute, to evaluate and select materials that respect human health and the environment. The objective is to design products that no longer have an end of life, but rather an end of use that enables them to be recycled several times and to be incorporated into new quality products, all while offering comfort and respect for health.

Tarkett puts the Cradle to Cradle® principles into practice through its closed-loop circular design organized around four key steps:

[1] Cradle to Cradle® is a trademark of McDonough Braungart Design Chemistry, LLC.



- "Good Materials": Quality of materials: Choosing materials that respect both health and the environment and can be recycled.
- "Resource Stewardship": The responsible use of resources: Optimizing the use of resources such as water and energy and limiting greenhouse gas emissions and waste during the production phase of our manufacturing activities.
- "People Friendly Spaces": Wellbeing and quality of life: Contributing to the health and wellbeing of people during the product's use.
- "Reuse": Recycling and Re-use: Recycling products at end of use to eliminate waste and close the loop.

In recent years Tarkett has obtained several Cradle to Cradle certifications (*Cradle to Cradle Certified™*)[2], renewed in 2014 and 2015 based on the 3.0 and 3.1 versions, which guarantee a higher level of sustainable development: Basic level for artificial turf, Basic level in 2014 and Bronze level in 2015 for rubber tiles and sheets floors and rubber accessories (BaseWorks®), Silver level for linoleum, wood, and ethos® carpet tiles, hybrid grass, Gold level for the Veneto Essenza 100% Linen linoleum and the DESSO EcoBase® backing. Desso carpet products were also designed in accordance with Cradle to Cradle® principles. Today, 93% of Desso's commercial carpet tiles are certified Cradle to Cradle, representing 65% of Desso's commercial carpet business in EMEA. In 2014, Evolay, a new resilient flooring that is an alternative to vinyl, was Cradle to Cradle Certified™ at the Bronze level. In 2015, the "Gold Collection" carpet line was Cradle to Cradle Certified™ Gold level.

Management and tracking of environmental policy

In 2010, Tarkett created a performance indicator dashboard to track environmental progress in four areas: Good Materials, Resource Stewardship, People Friendly Spaces and Reuse. In 2013, Tarkett set environmental objectives to be achieved by 2020. The objectives were approved by the Executive Committee, communicated internally and externally, and tracked through action plans.

The 2020 Objectives concern the main environmental indicators:

Pillars	Initiatives	2020 objectives
Materials that are safe for people & the environment and that can enter into a technical or biological cycle	Choose good materials in terms of potential risk towards people and the environment	1. 100% of materials used in our products are continuously assessed by a third party
	Increase the share of abundant, renewable and recycled materials	2. 75% of the materials at the source of our supply chain do not contribute to resource scarcity (incl. recycled materials)
The responsible use of natural and non-renewable resources in our operations	Reduce usage of fresh and potable water	3. 100% of our manufacturing sites haves implemented closed-loop water circuits
	Decrease energy consumption and greenhouse gas emissions	4. 20% reduction of GHG emissions against a 2010 baseline
Well-being of people during product use and maintenance	Design solutions ensuring indoor air quality, health and well-being	5. 100% of flooring products are phthalate-free and have low emissions
	Design solutions that are eco-effective to install and maintain	6. 100% of our flooring solutions offer maintenance and installation procedures following Cradle to Cradle principles
All waste and products at end-of-use enter into a biological or technical cycle	Ensure that all manufacturing waste enter into a biological or technical cycle	7. 0 industrial waste going to landfill
	Develop take-back programs for our flooring solutions, allowing to close the loop	8. Double volume of collected post-installation or post-consumer flooring and sports surface products, compared to 2010

[2] *Cradle to Cradle Certified™* is a certification trademark filed by the Cradle to Cradle Products Innovation Institute.

3.2.2 "GOOD MATERIALS": QUALITY OF MATERIALS

Good Materials:

- Assessment of materials using Cradle to Cradle® principles: 80% vs. 75% in 2014 and 7% in 2011.

- 2,535 materials assessed using Cradle to Cradle® principles since 2010 (materials used by Tarkett and Desso as well as materials related to flooring such as adhesives, glues and detergents)

- Materials that respect our natural resources (that do not contribute to using up resources: mineral materials that are abundant, renewable, or recyclable): 67%.

The objective is to eco-design products that respect human health and the environment and that are recyclable in a production / technical cycle or in a biological cycle. Products are evaluated in partnership with the German scientific institute EPEA (for Tarkett and Desso ingredients), and the ingredients are selected according to strict criteria. Tarkett also uses Life Cycle Assessment for the majority of its products. "Good materials" means choosing materials that respect human health and the environment and do not contribute to the depletion of natural resources. Materials should be abundant, rapidly renewable, and recycled as well as recyclable.

The percentage of non resource-depleting materials used by the Group decreased from 71% in 2011 to 67% in 2015, due to the sales volumes decrease in wood and laminates (which are renewable categories) and to the integration of the Tandus and Desso carpet flooring businesses, which use synthetic materials. However, significant progress has been made in the use of recycled materials (either scraps or post-production waste obtained internally, or from other industries or the recycling of installation scraps or used floors), which represented close to 5% in 2015 (as compared with 3.6% in 2011). (For more information, see Section 3.2.5, “Reuse: Recycling and Re-use.”)

For example, linoleum is made from renewable materials such as pine resin and cork. Certain formulations for manufacturing vinyl products are designed to be able to contain up to 60% of recycled materials, and some carpet tile backing may be up to 100% recycled.

In collaboration with local drinking water companies, Desso, a Tarkett group brand, has found a way to upcycle re-engineered calcium carbonate (chalk). The drinking water process leaves a residual of calcium carbonate after it has softened groundwater, a necessary step to make it suitable for drinking. Chalk is positively defined in accordance with C2C criteria and is used for the production of Desso's carpet tiles with EcoBase™ backing. This backing is C2C Gold certified and 100% recyclable in Desso’s own production process. Over 50 % of Desso’s carpettile range is available with ECONYL® yarn, also including post-consumer yarn waste from DESSO’s Refinity® plant.

In 2015, Desso reached a major new milestone in its Cradle to Cradle® journey in becoming the first carpet tile manufacturer in the world to achieve Cradle to Cradle® Gold level certification for a new carpet tile collection. The new ‘Gold Collection’ comes standard with an EcoBase™ backing and 100% regenerated ECONYL® yarn. To reach this golden milestone, Desso has had to fulfil a broad range of tough environmental and human health criteria, as defined within the Cradle to Cradle Certified™ Product Standard.

In addition, in North America, Tandus Centiva perfected a sub-layer for ethos® modular carpet tiles composed of recycled film from windshields and safety glass. This product achieved a Cradle to Cradle® version 3 Silver level certification.

For the manufacture of wood flooring, Tarkett selects wood types based on respect for their natural cycle and their availability in nature. For example, for multi-layer wood floors, Tarkett prioritizes the use of species of wood that grow fast and are therefore rapidly renewable, such as spruce. All unused wood (sawdust, shavings and scraps) that is not reused during the production process is used to generate energy, either internally at Tarkett or through resale to external energy producers.

The Group has also partnered primarily with wood suppliers that are certified by the Forest Stewardship Council™ (FSC™) or the Programme for the Endorsement of Forest Certification (PEFC™), thus ensuring ethical practices and sustainable forest management that are respectful of the environment and of human rights, pursuant to the principles of the "Chain of Custody" standards. Again, in 2015 Tarkett also renewed its multisite "Chain of Custody" certificate not only for PEFC™ but also to FSC™ where a total of 12 production sites and sales companies are covered.

In addition, in 2013-2014, a program for internal training, evaluation of our wood suppliers, and traceability of our wood sources was put in place. In 2015, the number of supplier audits was increased, as a result of which Tarkett is in full compliance with the European Union's EU Timber regulations, issued in March 2013.

As a result of these actions, since 2012 Tarkett has been certified Cradle to Cradle™ Silver, version 3.1, for all of the wood floor product lines manufactured at its four production sites.

3.2.3 "RESOURCE STEWARDSHIP": OPTIMIZED RESOURCE MANAGEMENT DURING THE PRODUCTION PHASE.

The objective is to reduce and optimize the use of resources during manufacturing operations, in order to prevent the depletion of resources and to address the challenges of climate change. The goal is to reduce consumption of drinking water, to optimize energy consumption and to minimize greenhouse gas emissions.

3.2.3.1 Water

Resource Stewardship: WATER

- Significant decrease in water consumption since 2010 : 3.32 liters per square meter of manufactured products as compared with 5.16 in 2010, - 7% vs 2014.

- 73% of our plants that produce final products have reduced their water consumption per square meter of product manufactured.

- Total amounts: 995,618 $m^3$of water used, -9% as compared with 2014 and -38% as compared with 2010.

- Industrial sites equipped with closed-loop water circuits (or that do not use water in their manufacturing processes): 57%

In 2014, the Sedan site used 3.48 liters of water per square meter of manufactured products, or a decrease of more than 30% as compared with 2010. This significant improvement resulted primarily from the installation of a water-cooling system for the production lines' smoke purifiers. In 2014 this action plan was recognized at the Group level by nomination for the Tarkett Awards, an internal prize. This decrease was also the result of a modification in the ink used to print patterns on vinyl floors. Thanks to the use of biodegradable components, the water used to clean the printing cylinders can be recycled.

In 2014, the Konz site in Germany also reduced its water consumption, using 4.51 liters of water per square meter of manufactured product, a reduction of more than 64% as compared with the previous year. The production site installed a closed-loop water circuit and renovated its pipe system.

In 2014, the Waterloo site in Canada installed a closed-circuit water recovery system on its cooling equipment. An old reservoir was repaired and put back into service to store the water used in the cooling system; this water is then reused and recycled continuously in the production process. Thanks to this installation, the factory reduced its water consumption, in cubic meters, used during the cooling process by more than 30% (May to December 2014 as compared with May to December 2013).

Since 2010, three closed-loop water circuits have been installed at the Narni, Italy site. The 2015 year was dedicated to team-training and prevention.

The Group has not to date identified any local constraints with respect to water supply. Nevertheless, the factories are taking measures to limit their use of municipal water and ground water, such as installing closed-loop water circuits in 20 factories and collecting rain water at Otradny.

Tarkett does not publish information concerning the quality of its water emissions (suspended solids or heavy metals), because these indicators are not significant for the Group's industrial activity. However, the factories monitor these items in connection with local regulations, the WCM program and the prevention of environmental risks (see Section 3.2.3.8, "Evaluation and tracking of sites' progress in environmental matters and in the prevention of environmental risks ").

3.2.3.2 Energy

Resource Stewardship: ENERGY

- Energy consumption per square meter of manufactured products has decreased since 2010: 4.21 kWh per square meter as compared with 4.34 in 2010 (-3% vs 2010 and -4% vs 2014)

- 67% of our plants have improved their energy efficiency, reducing their energy consumption per square meter of manufactured product.

- Total: 1,263 GigaWatthours (GWh), or a decrease of 6% as compared with 2014 and 6% as compared with 2010.

The wood floor production plants have made significant progress in recent years in improving their manufacturing processes and installing energy production systems using biomass, a renewable energy source. These factories use sawdust as a raw material for generating their own energy.

The wood and laminate floor production plants in Hanaskog, Sweden; Mytishi, Russia; Orzechowo, Poland; Kalush, Ukraine; and Backa Palanka, Serbia now use this renewable energy system.

Since 2012, the wood floor production plant in Orzechowo, Poland, has produced wood bricks, which are sent to a nearby power plant to be transformed into electricity. The sawdust produced during the manufacturing process is used to make the bricks. When a wood plank is sawed, sawdust is generated, as well as pieces of wood that are not used in the final product. Previously, the sawdust was sent to an outside recycling center.

The industrial site in Kalush, Ukraine, which produces both vinyl and wood flooring, has been recovering its wood dust since 2014. The dust is used in the boilers for the vinyl and wood floor production lines, which previously used gas.

The laminate flooring production site in Mytishchi, Russia, can reach temperatures of up to 45°C. The factory now recovers its wood shavings post-production to be used as fuel for the air conditioning system. These wood shavings may also be transformed into bricks to be sold to other businesses, resulting in a significant decrease in waste.

As another example, the Otradny production plant in Russia significantly reduced its energy consumption in kWh, by 22%

as compared with 2014. This decrease was achieved primarily by modernizing the boiler burners to improve efficiency, changing the distribution of the two lines over the coolers to improve electrical efficiency, and the introduction of a consumption oversight system.

In recent years, the production site of Backa Palanka in Serbia has invested in new equipment to increase the use of renewable energies in manufacturing, heating and cooling. For example, a wood-burning boiler was installed that uses shavings from the production of wood floors. The energy produced by the boiler is used in the manufacturing of vinyl. The site also invested in an absorption chiller that uses thermal energy to produce 2.4 MW of cooling power in its production of vinyl, thus avoiding the use of electricity in the spring and summer.

The Narni, Italy site installed a thermal insulation system in the linoleum-drying zone, which reduced the time needed for drying to two days per cycle and per oven. Burlap, used in manufacturing linoleum, is also used in the biomass boiler that heats the oven. The burlap is separated from the linoleum and recycled in the factory recycling center.

3.2.3.3 Greenhouse gas emissions

Resource Stewardship: Greenhouse Gas Emissions

- Greenhouse gas emissions per square meter of manufactured products: 1.02 kgC02e, a decrease of 2% from 2014 and an increase of 1% from 2010.

- 73% of our plants have reduced their greenhouse gas emissions per square meter of manufactured product.

- Total: 305,944 metric tons equivalent of C02, or a decrease of 4% as compared with 2014 and 3% as compared with 2010.

- Renewable energies: In 2015, 11.4% of energy consumption (in GWh) came from biomass, thus without any greenhouse gas emissions. Other renewable energies such as geothermal and solar are being developed, in particular for administrative buildings.

Since 2010, Tarkett has made progress in reducing its overall energy consumption while at the same time increasing the proportion of renewable sources in its energy mix, by using biomass and choosing green electricity suppliers, for example. Geothermal and solar energy are also being used for some administrative buildings, including the Narni, Italy linoleum site and Desso's carpet site in Dendermonde, Belgium.

Greenhouse gas emissions have remained essentially stable since 2010, despite improved energy efficiency (energy consumption per square meter of manufactured products of 4.21 kWh/m^2 in 2015 as compared with 4.34 kWh/m^2 in 2010). This is due in part to the increased share of manufacturing that has moved to countries where electricity production emits higher levels of greenhouse gases, such as the United States, Germany, Poland and China. Second, since 2010 production has significantly decreased at the Group's wood- and laminate-producing factories, resulting in a decrease in the percentage of biomass (wood bricks and shavings) in the total energy mix.

Tarkett has put action plans in place at its production sites in order to reduce greenhouse gas emissions.

Since 2013, the Narni industrial site in Italy has improved its oven isolation systems in order to decrease its greenhouse gas emissions.

In December 2013, the Farnham site in Canada obtained authorization from the local authorities to process atmospheric emissions without using a regenerative thermal oxidizer. This has permitted a reduction in the use of natural gas and in greenhouse gas emissions beginning in 2015.

In addition, although the indicator that monitors greenhouse gas emissions does not currently take into account emissions relating to transportation (which are difficult to measure), Tarkett nevertheless strives continually to make improvements.

For example, in Northern Europe several years ago trucks were replaced with ferries for certain destinations, since ferries emit fewer greenhouse gases. Local purchasing and local supply chains, where possible, are favored, to avoid unnecessary transport and support the development of the local economy.

In North America, Tarkett optimized its logistics system for transporting finished products to reduce the distances travelled each day, thus reducing greenhouse gas emissions.

In Brazil, the Jacarei production site had been sourcing its mineral filler for the production of vinyl flooring from a distance of more than 700 kilometers. The plant switched to a supplier located 60 kilometers from the site, reducing the number of kilometers of transport and thus reducing its transport-related greenhouse gas emissions.

Tarkett has also undertaken to support initiatives to combat climate change (see Section 3.2.6).

3.2.3.4 Waste prevention, recycling and elimination

In connection with the World Class Manufacturing program, operational efficiency and cost-reduction action plans have been identified and implemented at the production sites. Their goal is to limit waste production and to optimize the use of raw materials. For example, Tarkett has put in place systems to recover waste, defective products and production scraps and reincorporate them into its manufacturing process.

The Clervaux site in Luxembourg owns a recycling center for both post-production waste and clean post-installation flooring, which is used to produce sub-layers for vinyl flooring lines produced at its production site, as well as for the Sedan, France and Kalush, Ukraine sites. Another portion of the waste will be transformed for use in the LVT product line.

The Dalton, Georgia Environmental Center recovers post-industrial scrap as well as post-use commercial carpet and

incorporates it into the production of ER3 backing. In addition, all of Tandus Centiva's manufacturing sites in North America have a robust program for recycling raw material packaging and household waste from offices and employee breakrooms.

Tarkett also uses waste from post-installation or post-use flooring as a raw material, as well as scraps from other industries (such as medication packaging in Brazil), as described in Section 3.2.5, "Reuse: recycling and re-use". Tarkett in North America recycles post-use resilient flooring from retail outlet, as well as soft surface flooring into new products.

3.2.3.5 Adaptation to Climate Change

In connection with its program to evaluate industrial and environmental risks, the Group has identified sites that may be subject to risks relating to climate change, such as floods and storms. Emergency plans have been put in place at those sites in order to anticipate and limit the potential impact of these risks.
In addition, Tarkett participates in climate-change adaptation and water management through its product offerings, with its line of synthetic grass used for sports fields and gardens. The use of synthetic grass reduces water consumption (estimated at 2 million liters of water per year to maintain a sports field made of natural grass), a major issue in arid zones.

3.2.3.6 Noise pollution and other forms of pollution specific to an activity

Noise pollution is monitored through environmental audits performed by an independent organization. Action plans are put in place depending on the results. For example, the Ronneby site in Sweden, which is located near a residential zone, has implemented a system to measure and analyze noise at critical points inside and outside the site. The results are shared with the local authorities.
In an audit for the prevention of environmental risks performed in 2010 by a third-party independent organization (see Section 3.2.3.8), the Orzechowo site in Poland recorded unsatisfactory results with respect to noise pollution. The site conducted a study, identified the origin of the problem, and replaced its filtering station for the department manufacturing the vinyl wear-layers. The level of noise pollution at 4 meters was reduced by more than 30%, from 89 dB to under 60 dB.

3.2.3.7 Air emissions and other types of local pollution

Tarkett does not publish specific information about the quality of its air emissions, dust emissions or any other type of pollution not already covered by the Group's indicators, because these items are not significant in its industrial activity. However, the factories monitor these items in connection with local regulations, the WCM program and the prevention of environmental risks (see below).

3.2.3.8 Evaluation and tracking of sites' progress in environmental matters and in the prevention of environmental risks

Since 2008, Tarkett has conducted an annual audit, performed by a third-party organization, at all of the Group's sites. The audits identify areas of progress and monitor corrective actions taken based on a number of environmental and health criteria including air emissions, energy consumption and climate change, water consumption, waste management, noise pollution and ground pollution. Tarkett's Executive Committee monitors the action plans. In five years, 80% of the issues identified were dealt with, including 100% of the priority subjects. In 2014, audits were also performed at Tandus Centiva's textile plant in the United States (which was acquired in late 2012) and at the Eiweiler site in Germany.

Tarkett regularly audits its production plants to monitor compliance with each pillar of the WCM program, one of which is the environment. It takes place over two days, in the presence of the central team and the site manager responsible for each pillar. In 2015, nine sites were audited: Ronneby (Sweden), Orzechowo (Poland), Clervaux (Luxembourg), Backa Palanka (Serbia), Sedan (France), Mytishchi (Russia), Otradny (Russia), Konz (Germany), and Kalush (Ukraine). The audit team then grades each site according to a strict scale. Depending on the number of points earned, the factories are labeled Bronze, Silver or Gold. In 2015, Ronneby joined Narni in reaching the Silver level, with Clervaux and Sedan obtaining the Bronze level.

The vinyl site in Sedan, France, is classified as subject to authorization by a Prefectoral Order dated July 2008, in particular for categories relating to the transformation and storage of plastics.
For example, the site is subject to authorization for the following categories:
- 2450-2-a rotogravure printing works;
- 2663-2-b storage of polymers (for its final products)
- 2662-2 storage of polymers (for its raw materials)

The Sedan site entrusted its regulatory monitoring to a specialized firm, which helped it identify changes in the regulations applicable to classified installations. In particular, the site provided all information to authorities concerning the new categories 3000 and 4000. The site has an Internal Operation Plan to be used in the event of major damage from fire or pollution, and an internal team of firefighters that is able to respond 24 hours a day, seven days a week. In that regard, a departmental exercise with firefighters was organized in November 2014 in order to train the Sedan workforce for any eventuality. The site's organization was recognized as meeting the highest standards. For example, the site is certified ISO 9001 (Quality), ISO 14001 (Environment), ISO 50001 (Energy) and OHSAS 18001 (Health and Safety), and received WCM Bronze level in September 2015.

Thanks to a policy of voluntary action, the site has considerably reduced its environmental impact since 2011. Since that year, industrial VOCs have been cut by two-thirds. Water consumption was cut in half between 2012 and 2014, and non-recyclable waste is more than 4.5 times lower. To

accomplish this, the site uses a structured method for analyzing and reducing environmental concerns.

Finally, in order to protect the surroundings from any accidental pollution, the site has put in place hydrocarbon separators on wastewater as well as a continuous pollution scanner on industrial wastewater.

The application for authorization to operate the Auchel site was filed with the Prefecture in January 2016 and was prepared by the Enviro'Conseil firm. The Auchel site's facilities are subject to a registration requirement. Version 27.01 (October 2015) of the nomenclature was used for this classification.

Thus, the site is subject to registration in category 2661. And 2661.2 – Transformation of Polymers.

The following categories are subject to a reporting requirement:

- 2662 – Storage of Polymers
- 2663.2 – Storage of tires and products of which at least 50% of the total unit mass is composed of polymers
- 4719 – Storage of Acetylene

Category 2910.A – Combustion, excluding facilities covered under categories 2770 and 2771 – was classified as subject to reporting with periodic verification.

As of December 31, 2015, the provision for environmental risks recorded in Tarkett's financial statements totaled €152,000, a 20% decrease from 2014.

3.2.3.9 ISO Certifications

Several years ago Tarkett put in place an ISO 9000 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Health and Safety) certification program. As of year-end 2015, 91% of the Group's sites were ISO 9001 certified, 91% were ISO 14001 certified and 70% were OHSAS 18001 certified.

A new certification is now required in Europe for businesses with more than 250 employees: ISO 50001, for energy efficiency. In 2015, all of Tarkett's European sites subject to this requirement were ISO 50001 certified.

These certifications are audited by an external accredited body (SGS) for all of the Group's production sites. Tarkett and the certifying body conduct quarterly monitoring.

3.2.3.10 Use of floor space

Tarkett seeks to use already-existing space when it expands. In 2014, the Group expanded its business in various forms that optimized the use of floor space:

- The addition of production lines, such as in Otradny (Russia) and Florence (United States), using existing indoor space; and
- An increase in capacity through the purchase of already-existing industrial units, such as in Jaslo, Poland and Beijing, China.

3.2.4 "People Friendly Spaces": Well-being and quality of life

- Non-phthalate products: 54% of vinyl flooring produced, as compared with 38% in 2014 and 0% in 2010 (excluding recycled content)

- Products with low VOC (volatile organic compound) emissions (<100 µgr/m^3 after 28 days): 92%, as compared with 90% in 2014 and 21% in 2010

According to research, people spend on average 90% of their time indoors, where air quality may be worse than outdoor air quality, due to poor ventilation as a result of improvements in the insulation of buildings. Therefore, it has become a key issue to improve indoor air quality for all users, and in particular for the growing population of asthma and allergy sufferers. Users are looking for a healthy, comfortable and pleasant environment.

Tarkett's eco-innovations respond to this health and wellbeing challenge by contributing to improved indoor air quality and indoor environment.

Since 2011, Tarkett has been a pioneer in developing flooring products with low or extremely low Total Volatile Organic Compounds (TVOC) emissions in nearly all of its product lines. Tarkett offers products with TVOC emissions of 10 to 100 times lower than the strictest standards in the world (TVOC emissions lower than 100 (low) to 10 (very low) µg/m^3 - at 28 days or fewer).

In connection with its commitment to sustainable development and continual progress, Tarkett is developing responsible PVC flooring applications by designing products with materials that respect human health and the environment, and making it possible to recycle quality vinyl at its end of use.

In 2009, Tarkett developed its first vinyl flooring line, iQ Natural, which has a bio-based plasticizer, is 100% recyclable and is composed of 16% renewable natural materials (castor oil).

In 2010, Tarkett used a new technology in Sweden and North America, a non-phthalate vinyl flooring plasticizer for both commercial and residential use. Phthalates are the subject of scientific debate about their potential negative impacts on human health, as potential endocrine disruptors and/or carcinogens. Tarkett sought alternatives and invested significantly in research and development to select non-phthalate plasticizers. It then adapted its floor manufacturing formulations and processes. The non-phthalate plasticizers that Tarkett selected are approved for use as plastics that come in contact with food and for use in toys that children may put in their mouths.

In 2013 and 2014, Tarkett put in place an ambitious program to deploy this technology at all of its vinyl flooring production plants (excluding recycled materials). Through this major eco-innovation and its broad deployment, Tarkett is reaffirming its leadership in sustainable development.

In 2014 and 2015, Tarkett progressively deployed this non-phthalate plasticizer technology (excluding recycled

materials) in all of its production plants in Europe. In North America, the use of non-phthalate technology also continued to expand, in particular at the carpet sides for production of vinyl sub-layers, as well as at the LVT site in Florence.

Its deployment in the remaining regions of the world is in progress, in particular at the vinyl sites in Serbia, Brazil, and China, depending on the quantity and quality of local technologies available (in particular in Russia).

In addition, Tarkett seeks to develop products that contribute to solving health problems, in particular for asthma and allergy sufferers. In 2013, the Asthma and Allergy Foundation of America (AAFA) awarded asthma and allergy friendly™ certification to several vinyl floors for hotels, stores (I.D. Inspiration™), hospitals (the vinyl floor iQ™) and for indoor sports (Omnisports 6.5mm and 8.3mm). FiberFloor® received the same certification in 2012. In 2015, the vinyl product Starfloor Click was recommended by the Swedish Asthma and Allergies Association -- the first time that a flooring solution had been included on its list.

The DESSO AirMaster® carpet tile collection also contributes to improving indoor air quality with its patented technology that captures four times more fine dust than standard carpet solutions, and up to eight times more than smooth flooring solutions. In 2015, this product became the first in the world to receive Gold Plus certification from the German testing institute GUI.

Tarkett also seeks to design complete and modular solutions that take into account installation, removal, maintenance and cleaning. Examples include the modular, loose-lay or locking Luxury Vinyl Tile line that avoids the use of adhesive; the Quick-Fix system carpet tiles (made in partnership with Velcro®) and Tandus Tape+ that make it possible to install and re-install the carpet easily without damaging the flooring, thus facilitating easier recycling; and the "dry-buffing" system for vinyl floors, which reduces the use of water and detergents.For example, dry buffing of the iQ Natural vinyl floor use 18% less water, 2.3 times less detergent and 20% less electricity. On the basis of a 20-year life cycle, it is estimated that this floor can reduce impact on resources and climate change by close to 40%.

3.2.5 "REUSE": RECYCLING AND RE-USE

- Industrial waste going to landfill, including hazardous waste: 125 g/m^2

- 58% of plants have reduced the amount of industrial waste going to landfill (in g/m^2)

- Recycled materials that reduce the use of virgin resources: 4.9% in 2015 (as compared with 3.6% in 2011) of volumes of materials purchased, for a total of 55,000 metric tons (an increase of 47% from 2010)

- Collection of flooring: 9,900 metric tons of installation scraps and used products recovered

At this stage, the challenge is to transform waste and products at end of use into resources and new, high-quality products. Tarkett no longer thinks in terms of a product's end of life but of its end of use, after which it is collected and then reincorporated into a new production cycle or a new biological cycle. (See diagram of the circular economy in Section 3.2, "Environmental Information").

For example, we have installed systems to recover production scraps and waste to be reincorporated into our manufacturing process. (See Section 3.2.3, "Resource Stewardship: Optimized Resource Management During the Production Phase").

At Tarkett's production sites, the discharge of non-recycled industrial waste increased significantly in 2015 (125 g/m^2 of manufactured product as compared with 64 g/m^2 in 2014), essentially due to the complex start-up of the vinyl tile (VCT) line in Florence, Alabama following its transfer from Houston, Texas. Excluding the Florence site, the indicator remained basically stable in 2015 (+3% from 2014), but it has significantly improved since 2010 (-10% excluding Florence).

Recovery programs such as ReStart in North America and in Europe have also been developed to collect and recycle leftover material from installation (post-installation flooring) as well as used flooring (post-consumer flooring), through our eight internal recycling centers and through partnerships with collection networks.

In connection with our circular economy and closed-loop design approach, our new products are eco-designed with "good materials" that can also be recycled at end of use. Certain vinyl products are designed to contain up to 60% recycled materials while maintaining the same level of quality and performance. For example, certain products in our iD Freedom line contain up to 53% recycled material, and others such as linoleum, wood, and certain carpet sub-layers are 100% recyclable.

In North America, Tarkett promotes circular economy and encourages its customers to collect and recycle flooring by giving the "ReStart" award to the customers that recycle the largest quantities of used flooring.

In connection with the ReStart program, Tarkett works closely with its customers to gather and sort clean carpet waste after installation on site, as well as used flooring in North America. The goal is to broaden its network of local partners in order to use these resources at Tarkett's eight

recycling centers throughout the world, including the European recycling site in Luxembourg at the Clervaux production plant. Any collected flooring materials that do not comply strictly with Tarkett's specifications for "quality materials" are transformed and put to use in other industries. Tarkett is a major player in this sector, implemented in France by the SFEC (Syndicat Français des Enducteurs Calandreurs, the French Union of Coating and Calendaring Companies).

Desso also collects and recycles carpets post-use through its "ReStart program (formerly called Take Back™) to integrate recycled materials into new carpet products, or used in other recycling initiatives. Carpets are recycled using Desso's innovative separation technique called Refinity®, which separates the yarn and other fibres from the backing. Desso's Refinity® program is co-financed by the LIFE+ program and the European Union.

In Narni, Italy, certain waste from linoleum production is used to make packaging stoppers for rolls of flooring. The waste is processed in the internal recycling center, transformed into powder and sent to an external company.

Tarkett has launched various initiatives with its partners and customers that contribute to the development of the circular economy:

- In North America, Tarkett was a pioneer in the recycling of post-use flooring. Tandus Centiva began recycling postconsumer vinyl-backed carpet more than 20 years ago, in 1994 with more than 127,000 metric tons recycled between 1994 and 2015. As early as 2009, Tarkett had put in place a recycling program with a large retail chain, collecting used flooring to produce new VCT (Vinyl Composition Tiles) and sending them to stores to be reinstalled. In 2015 Tarkett deployed this program with its customer Academy. This program is a model of sustainable development for the circular economy, reducing the use of virgin resources, energy consumption, greenhouse gas emissions and waste.

- In the United States, the Chattanooga, Tennessee, airport decided to renovate the flooring in its terminal. Through the ReStart program, the Powerbond® hybrid resilient carpet installed more than 20 years ago was removed, sent to a Tandus Centiva recycling center used to make new ER3® Modular carpet tile and reinstalled at the airport.

- In the United States, Tandus Centiva uses recycled materials from the automotive industry as the basis of its soft surface ethos® backings. Polyvinyl butyral, or PVB, is the film layer found in windshields and safety glass. When the glass is recovered for recycling, the film waste is collected, pelletized and extruded as new backing for Tandus Centiva products. This recovery reduces the natural resources and embodied energy associated with virgin raw materials, it is lighter in weight which reduces transportation cost and fuel, and it provides significant performance advantages including high subfloor moisture tolerance.

- At Clairefontaine near Paris, France, the National Technical Center of Football decided to use the FieldTurf replacement program for its training fields, reusing or recycling the materials of the synthetic grass. In 2014, Tarkett replaced three fields in this way. FieldTurf also offers the TotalCare program, which integrates consultation, recycling, maintenance and, in certain cases, financing (in North America). The goal is to reuse or recycle as much as possible of the material used in synthetic turf: the backing turf and the sand and rubber filling. This process is not only beneficial for the environment, reducing water and pesticide use, but also offers long-term financial advantages.

- In Europe, Tarkett launched a personalized program for the collection and recycling of post-installation flooring (clean scraps), ReStart (formerly called ReUse). These materials are sent to recycling centers in Clervaux (Luxembourg) and Ronneby (Sweden) to be transformed into granules that are then reincorporated into the manufacture of new vinyl flooring.

- In Brazil, Tarkett uses recycled materials from other industries to produce PVC floor tiles and planks. Tarkett recovers aggregates of medication packaging (blisters) and transforms it into granules used in the manufacture of modular vinyl products (LVT and VCT). The recovery of recycled material not far from the production site not only enables the factory to reduce energy consumption but also makes our products more competitive against low-price Asian products and contributes to the development of the local economy.

3.2.6 TRAINING AND INFORMATIONAL INITIATIVES FOR EMPLOYEES, CUSTOMERS AND OTHER STAKEHOLDERS WITH REGARD TO ENVIRONMENTAL PROTECTION

Tarkett uses WCM training modules to educate and train operators to adopt good safety and environmental practices, such as handling of chemical products, prevention and management of spills, waste sorting, energy reduction, environmental impact, etc.

Tarkett also seeks to educate and involve its employees and customers in the challenges of sustainable development.

In 2015, Tarkett's Swedish marketing teams received online training to increase their knowledge and confidence on questions of sustainable development.

Tarkett has also trained 64 people in Cradle to Cradle and Life Cycle Assessment practices since 2010.

The Group maintains various communication tools, such as videos, activity and sustainability reports, customer brochures adapted to each country, general presentations, and websites, in order to share and explain its sustainable development strategy, including its performance indicators, as well as its 2020 objectives for certain environmental indicators and certain local labels and standards.

Meetings and seminars are also organized with customers and internally, in particular with the sales forces. In the United States, Tarkett held two events; one in New York City and another in San Francisco. More than thirty architects, designers and end-users participated in the sustainability summit. Experts were invited to share their vision and commitment to sustainable development. Additionally, 3 days of training were put together for Tarkett's distributor network to help distributors understand Tarkett's

sustainability strategy and the market drivers such as Cradle to Cradle®, transparency tools, circular economy.

At the C2C Products Symposium and Innovation Celebration in the United States, held in New York in November 2015, Tarkett presented its experience in the circular economy using C2C principles and participated in a round table on the responsible use of PVC in sustainable applications, along with Michael Braungart, EPEA and co-founder of C2C, and other experts from building and construction organizations, such as Healthy Building Network and StopWaste.

Tarkett announced in 2015 that it would join the World Economic Forum (WEF) in 2016 as an Industry Partner, participating in the annual meeting, in Davos, Switzerland, in January 2016, as well as other regional events throughout 2016. Tarkett contributed to the discussion at the World Economic Forum through a double partnership: the company participated in the "Global Challenge" on "Environment and Resource Security" and is also an Industry Partner in the area of "Infrastructure and Urban Development". The Group is also participating in the Project Mainstream, which aims to accelerate the development of the circular economy (initiated by the WEF and the Ellen MacArthur Foundation). Prior to Tarkett becoming a member of WEF, its subsidiary Desso contributed to Project Mainstream since 2014 and participated in various forums organized by the WEF at the global and regional levels (Davos, China, Latin America, Middle East and North Africa).

In 2015, Tarkett participated in debates about industrial and global challenges.

In October 2015, Michel Giannuzzi, the Chairman of Tarkett's Management Board, participated in the ICCM4 of the United Nations in Geneva, where he presented his vision of sustainable development and the importance of using quality materials to chemical industry leaders. Mr. Giannuzzi also shared Tarkett's experience at the C2C Congress in Germany. Anne-Christine Ayed, Tarkett's Vice President in charge of Research, Innovation and Environment, joined French governmental representatives in Berlin at the first G7 meeting dedicated to the efficient use of resources. At the meeting, she shared Tarkett's experience in moving from a linear economic model towards a circular one. While governments have the regulatory tools needed to impose change, Tarkett has showed that businesses are often in favor of change, proposing new solutions to preserve resources and build sustainable growth.

Tarkett also shared its experience at the stakeholders' conference organized in 2015 by the European Commission in connection with the launch of its public consultation to solicit input on its Circular Economy Package, as well as at the conference on its financing organized jointly by the Luxembourg Presidency, the European Investment Bank, and the European Commission.

At COP 21 (the Conference of the Parties of the United Nations on climate change) in France, in connection with an initiative organized by the WEF, Tarkett undertook alongside 77 multinationals to take concrete actions to combat climate change and reduce environmental impact and our carbon footprint. In connection with this worldwide coalition of businesses, Tarkett also joined the Paris Pledge, in which "businesses, cities, civil society groups, investors, regions, trade unions and other signatories promise to ensure that the ambition set out by the Paris Agreement is met or exceeded to limit global temperature rise to less than two degrees Celsius."

In Australia, Tarkett (through Desso) joined the "Sustainable Business Australia" network on the circular economy, under the aegis of the World Business Council Sustainable Development (WBCSD).

Recognition, Prizes, Awards and Certifications

Tarkett has obtained certifications or awards for several product lines, thus illustrating its commitment to offering products that improve human wellbeing and contribute to a healthier indoor environment. For example:

- The Asthma and Allergy Foundation of America (AAFA) awarded asthma and allergy friendly™ certification to several vinyl floors for hotels, stores (I.D. Inspiration™), hospitals (the vinyl floor iQ™) and for indoor sports (Omnisports 6.5mm and 8.3mm), and for residential use (FiberFloor®)
- All of the heterogeneous products manufactured in Serbia have received the eco-label "Vitality Leaf," certifying the use of materials that respect health and the environment as well as management of resources (2013)
- For its Beynon athletic tracks, Tarkett received "US Greenguard Gold" certification (for PolyTurf®, PolyTurf Plus®, PolyTurf Pad & Pour®, and BSS 1000®), following rigorous testing of ingredients and TVOC emissions. (2013)

Tarkett has been recognized twice for its eco-innovation strategy:

- Prize for responsible innovation at the 6th "Trophées du Management de l'Innovation" awards in France. (2013)
- Special Jury Prize at the 7th "Best Innovator 2013" awards in France

The characteristics of certain products also enable the Group's customers to obtain very strict and rigorous building certifications, such as USGBC LEED.

In Russia in 2015, Tarkett was the only vinyl-flooring manufacturer to be approved and included in the Green Book. The Green Book lists quality materials (for both structural work and finishing work) recommended by the Russian government for construction projects. The Green Book is maintained in Russia by the Ministry of the Environment and Natural Resources, the Ministry of Construction and Residential Services, and the EcoStandard group.

Tarkett also received a prize in 2015 for its linoleum production plant in Narni, Italy, recognizing the site's sustainable development strategy and good practices.

In Australia, Tarkett also obtained "Best Practice PVC" certification for its homogeneous vinyl products, in

accordance with the directives of the GBCA (Green Building Council Australia).

Anne-Christine Ayed, Tarkett's Executive Vice President in charge of Research, Innovation and Environment, won the "Woman of Sustainable Development 2014" prize at the Women in Industry Awards organized by the French magazine Usine Nouvelle (New Factory) for the third consecutive year. This prize not only recognizes Ms. Ayed's commitment and ability to transform Tarkett, but also demonstrates the Group's proactive sustainable development strategy. This trophy honors concrete initiatives: eco-design, the use of non-phthalate plasticizers in vinyl flooring, and the reduction of TVOC emissions to levels of 10 to 100 times less than the strictest regulations for resilient flooring.

In 2015, Tarkett received the "Business in Transition" prize at the Trophées de l'Economie Circulaire in France. The Group was also selected in December 2015 as a finalist for the Multinational Circular Economy Prize, the "2016 Circulars," organized in connection with the Worldwide Economic Forum in Davos, in cooperation with Accenture. Tarkett's subsidiary, Desso, had also been a finalist for the 2015 Circulars.

In 2015, the Cranfield School of Management (ranked among the top five university programs in the United Kingdom) published a case study on Desso's Cradle to Cradle strategy.

3.3 INFORMATION ON COMPANY COMMITMENTS TO SUSTAINABLE DEVELOPMENT

3.3.1 TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S BUSINESS

3.3.1.1 Employment, regional development and integration of local communities

The flooring industry is closely linked to local characteristics and constraints in order to:

- adapt product design to local tastes;
- regularly visit our customers;
- deliver voluminous and heavy products rapidly, to their installation sites or distributors.

For these reasons, manufacturing and sales activities are located as closely as possible to our customers, which contributes to the development of the local economic fabric. In rare cases, Tarkett serves markets from a more distant industrial base.

For example, in 2014 Tarkett developed its LVT production capacities in Brazil, whereas that product line had previously been manufactured in Europe. Similarly, Tarkett acquired in 2014 (and developed in 2015) a site and a production plant for the manufacture of commercial vinyl flooring in Beijing, China in order to better serve its local customers and reduce delivery time. This site complements Tarkett's industrial presence in China with a carpet plant (formerly Tandus) serving the local market.

In addition, certain Tarkett sites open their doors to students or to employees' families for open houses or for the site's anniversary. In 2013, the factory in Clervaux, Luxembourg welcomed its neighbors and the families of its employees (about 900 people) on the occasion of its twentieth anniversary. In September 2014, the Tarkett International Center for Research and Innovation in Wiltz, Luxembourg also welcomed 170 people to celebrate its tenth anniversary. Employees' families and the mayor of the city were invited to visit the center.

3.3.1.2 Commitment and aid to local communities

Tarkett employees in many countries are engaged in their local communities, through product and financial donations and also through volunteer work, offering a portion of their time and offering their expertise.

Beginning in 2014 and continuing in 2015, Tarkett in North America has supported the "SeriousFun Children's Network," which provides free summer camp and leisure and personal development programs to seriously ill children. SeriousFun Children's Network runs 30 programs and camps throughout the world. For their first collaboration, Tarkett is helping the North Star Reach center in Pinckney, Michigan (United States), for which construction began in July 2014, by equipping the premises with residential and commercial flooring. The center welcomed its first visitors during the last quarter of 2015. In addition to flooring, Tarkett North America donated $25,000 to finance stays at the center for at least 10 children.

Since 2009, at the annual sales meeting, the U.S. and Canadian Tandus Centiva teams have devoted one day to a Community Service Day for the local community. Each year Tandus Centiva partners with non-profit organizations to repaint, install flooring, or install playground equipment in various locations. In total, more than 200 employees of Tandus Centiva North America participated in the Community Service Days as volunteers.

In 2015, the Beynon teams in North America participated in a race sponsored by Susan G. Komen Race for the Cure, a breast cancer organization. Fifteen participants were able to raise $1,735.

Through Desso, Tarkett also worked alongside several Dutch companies, through the "Holland Water Goes Africa" foundation, to finance a well drill for the Gambian population, thus offering access to water for farming and animal agriculture.

Tarkett, through its subsidiary Desso, joined one of the initiatives of the REDD+ Business Program (Reducing

Emissions from Deforestation and Forest Degradation) organized by the United Nations. Desso is supporting a project in the Madre de Dios region in Peru, addressing deforestation, supporting biodiversity, and aiding the local economy,

At the end of 2015, Tarkett announced that in 2016 it would introduce the program Tarkett Cares, to formalize and promote employee involvement in initiatives to provide aid and support to local communities. Depending on the decision of each Division or Country, it will be possible for each employee to volunteer up to two days per year out of their work time for a charity initiative and thus to share their time and expertise. A guide to the principles and rules of this program will be distributed in 2016 to the Human Resources network to be deployed progressively in each Tarkett entity.

3.3.2 RELATIONS WITH PEOPLE AND ORGANIZATIONS AFFECTED BY THE COMPANY'S ACTIVITY, INCLUDING NON-PROFIT BACK-TO-WORK ORGANIZATIONS, EDUCATIONAL INSTITUTIONS, ENVIRONMENTAL DEFENSE ORGANIZATIONS, CONSUMER ORGANIZATIONS AND LOCAL POPULATIONS

3.3.2.1 Customer dialogue and transparency

Tarkett has developed expertise in the health sector, working in close collaboration with health institutions such as hospitals, retirement homes and nursing homes. The Group has carried out in-depth studies on the problem of the aging population and on Alzheimer's Disease. Through its knowledge of the market and of the needs of caregivers, institutional directors, and patients and residents of healthcare institutions, in 2014 Tarkett was the first to launch an intelligent, connected floor linked to an alarm and monitoring system, called FloorInMotion, which detects falls and monitors unusual behaviors in senior citizens or residents of healthcare facilities.

Every other year, Tarkett carries out a customer satisfaction survey worldwide (alternating with an internal survey distributed to all of its employees). In 2015, 6,259 customers participated in the survey, which covered 18 countries in Europe, North America and Latin America, CIS, Asia, and Australia. The survey helps evaluate product and customer service satisfaction in several areas, including customer service, product quality, advice, and delivery times. In 2015, 97% of customers who responded expressed a positive opinion as to their level of satisfaction (good, very good, or excellent). The results of the survey are analyzed in detail by each entity in order to put action plans in place to improve the level of service and offer a better customer experience.

In 2015, Tarkett's subsidiary Desso carried out a materiality survey in connection with the Global Reporting Initiative (GRI) with various parties to identify the most relevant subjects in sustainable development. The significant themes were customer health and safety, environmental impact of the products, and design for recycling. The survey thus confirmed the relevance and the priorities of the sustainable development strategy led by Desso and Tarkett, applying the Cradle to Cradle® principles, selecting materials that respect the environment and human health, and developing circular economy initiatives.

In accordance with its values of respect and transparency, Tarkett seeks to provide the necessary information to its customers to enable them to make their selection.

For this reason, since 2011 Tarkett has implemented an environmental tag system, the Tarkett Sustainability Tag, which provides the following information for each product: the percentage of recycled materials, the product's recyclability, non-phthalate technology and total VOC emissions (in µg/m3 at 28 days or fewer).

In North America, in 2013 Tarkett developed a new tool for transparency on the composition of its products: the Environmental & Health Statement (EHS). The tool complements the Environmental Product Declaration (EPD), integrating the health risk associated with the product. These documents present a set of characteristics to provide assurance that the products are respectful of the environment. The deployment began in North America with linoleum and rubber products. In 2014, Tarkett extended this tool to carpet products (ethos®), and in 2015 to homogeneous vinyl products and rubber accessories.

Tarkett regularly conducts focus groups bringing together customers, architects and designers to discuss their needs and to show them product prototypes and hear their reactions. This collaborative work enables the marketing and design teams to adapt products to local needs.

3.3.2.2 Collaborations and Sponsorship

The Group has numerous arrangements with private and public laboratories, universities and professional schools.

For example, Tarkett signed a long-term (six-year) collaboration with a team of students and professors from the ENSAD (Ecole Nationale Supérieure des Arts Décoratifs) in Paris, France, to imagine the floors of tomorrow, through a process of "Design Thinking".

In the environmental sector, Tarkett works in collaboration with the EPEA, a German scientific institute, to implement Cradle to Cradle® practices (see Section 3.2.1, General Environmental Policy). Tarkett also collaborates with the scientific laboratory Centre Henri Tudor in Luxembourg on product life-cycle assessment (LCA), to evaluate the impact of products on health and the environment throughout their life cycle and use.

In addition, Tarkett is a member of professional associations such as the SFEF “Syndicat Français des Enducteurs, Calandreurs et Fabricants de Revêtements de Sol et Mur“ (French Union of Coating and Calendaring Companies and Manufacturers of Flooring and Wall Coverings) and ERFMI (European Resilient Flooring Manufacturers' Institute).

A major player in the healthcare sector, Tarkett collaborates with various organizations to promote the comfort, healing and wellbeing of people staying in healthcare establishments.
In France, Tarkett has been a member of “Clubster Santé” (Health Cluster) since 2012, a cluster of healthcare professionals in the region of Nord Pas de Calais. Tarkett actively participates in Concept Room projects, providing flooring for projects such as a "bedroom of the future" and an outpatient surgery department.

In North America, Tarkett has undertaken to create innovative flooring solutions to provide an important part of the patient's healing and care environment. To do so, in 2014 Tarkett entered into a collaboration with Planetree, a non-profit organization that works to promote the needs of individuals undergoing medical treatment.

Tarkett is also committed to developing skills and transmitting know-how to its partners and to future flooring experts. In 2014, Tarkett signed a collaboration with WorldSkills France, an organization that promotes careers for young people by organizing the "Olympiades des Métiers" (Career Olympiad), to incorporate the career of floor-laying into the competition. Through this collaboration, Tarkett works to support the young French people selected for the career of floor-laying at the regional and national level, by providing them with the necessary materials for their competition, and also by helping them prepare to the best of their ability for the national competition, in particular by taking courses at Tarkett Academy in France.

In the artistic and cultural arena, Tarkett supports certain artists, such as Franck Loret, a French artist who creates sculpture, until 2015, and other artwork from vinyl floors. Tarkett supported Mr. Loret by housing his workshop at the Tarkett Studio of Paris (Aubervilliers), by providing him with flooring and by transmitting its know-how as a floor-layer.

In 2014, through its subsidiary Tandus Centiva in North America, Tarkett began supporting the Publicolor Summer Design Studio project in the United States in collaboration with designer Suzanne Tick and Antron® Carpet Fiber. The Publicolor Summer Design Studio is a design-related training and activity summer program for underprivileged young people. Students participate in a variety of activities, including product production. In addition, Tarkett contributes a portion of its proceeds on sales of a flooring line co-created with Suzanne Tick and Antron® Carpet Fiber. In 2015, the partnership raised USD 289,000 for the Publicolor Summer Design Studio.

3.3.3 SUBCONTRACTING AND SUPPLIERS

Tarkett requires its main suppliers to comply with the principles of the UN Global Compact by including a specific clause on those subjects in its contracts. The principles of the Global Compact cover topics including respect for human rights, working conditions, environmental protection, the fight against child labor and forced labor, non-discrimination, the rights of free association and collective bargaining.

In 2015, suppliers representing 72% of the Group's raw materials purchases signed the clause.

Moreover, each supplier is evaluated for compliance with CSR criteria: environment, safety, and training policy. Thus, the choice of a supplier is not based solely on quality and cost, but also on whether the supplier works in a manner that is respectful of people and of the environment.

In 2015, Desso began working with Sedex, a platform for the evaluation and management of ethical practices throughout the supply chain. A pilot program was launched to evaluate Desso's more than 3,500 suppliers by reference to the the United Nations Global Compact.

Tarkett is especially involved in working with its suppliers in the wood-flooring sector to make progress on workplace safety, by purchasing protective equipment and investing in safer, more modern machines.

With respect to subcontracting, the Group uses very few subcontractors, as the large majority of finished products are manufactured in the Group's factories. Certain subcontractors are managed directly by the Group. Most of these are in modular vinyl production; they represent an insignificant percentage of the Group's purchases of raw materials. The agreements with the principal subcontractor used in that product category contains a clause requiring compliance with the 10 principles of the UN Global Compact.

3.4 GOVERNANCE

Governance and Ethics:

- Adherence to the United Nations Global Compact, Advanced Level.

  The Group's five core values: positive customer attitude, entrepreneurial and team spirit, empowerment and accountability, respect and integrity, commitment to the environment

- Sharing and respecting the Group's values: 63% of employees who responded to the 2014 internal survey agreed that "Tarkett's values give clear guidance" and that "managers conduct themselves in accordance with Tarkett's values"

- Code of Ethics training online (in 17 languages): 73% of targeted employees took this online training. The e-learning module is supplemented by group training for factory employees without computer access

- Anti-corruption practices: 91% of targeted employees took this monitored online training

- Trade practices and compliance with competition rules: 89% of targeted employees took this online training module

- Suppliers adhering to the UN Global Compact principles: 72% of direct purchases (in value), +13 points in 2014

- Internal audit: 92% of activities audited (in four years)

3.4.1 PROMOTING PROFITABLE, SUSTAINABLE AND RESPONSIBLE GROWTH

In connection with its corporate governance, Tarkett created and deployed a Code of Ethics, as well as fair competition practices and anti-corruption compliance policies, through the use of e-learning or in-person training.

The Group also uses an internal control software package called TRACE - Tarkett Risks & Control Evaluation, which sets the common standards and references to be applied by the Group's various entities and used by the Audit and Internal Control Department in its work. Between 2012 and 2015, 92% of the value of operational assets were the subject of an internal audit (see the indicators on the sustainable development dashboard in Section 3.5.).

Governance practices cover the information presented in the report of the Chairman of the Supervisory Board on the composition of the Supervisory Board, the application of the principle of balanced representation of women and men on the Supervisory Board, and the conditions under which the Supervisory Board's work is prepared and organized, as well as the internal control and risk management procedures put in place by the Company. The report also includes provisions applicable to the determination of the compensation and benefits of any nature granted to the company officers. The Company's governance practices are described in Chapter 2.

Tarkett demonstrates its commitment by implementing and monitoring the good practices defined by the UN Global Compact, adhering to the AFEP/MEDEF Code, by the Grenelle Principles of Corporate Social Responsibility, and by the principles established by the Mouvement des Entreprises de France (MEDEF) for the presentation of its public CSR reports.

3.4.2 THE UNITED NATIONS GLOBAL COMPACT

Tarkett has adhered to the UN Global Compact and its ten principles since 2010.

Human rights
1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

Labor
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labor;
5. The effective abolition of child labor; and
6. The elimination of discrimination in respect of employment and occupation.

Environment
7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption
10. Businesses should work against corruption in all its forms, including extortion and bribery.

This commitment requires adopting strong policies and setting up robust procedures and processes in the areas of human rights, working conditions, the environment and the fight against corruption. In adhering to the UN Global Compact, Tarkett undertakes, in particular, to respect

freedom of association and the right to collective bargaining, to eliminate employment and professional discrimination, to eliminate forced and compulsory work, and to abolish child labor. Each year, Tarkett communicates its commitments and actions at an "advanced" level, in particular through the Activity Report.

According to Michel Giannuzzi, CEO of Tarkett: "*Tarkett is building its commitment to sustainable and responsible development by incorporating into its strategy and its operations not only the three dimensions, "People, Planet and Profit," but also "Purpose," in order to contribute to society challenges including urbanization, the aging of the population and resource scarcity. At the heart of this "4P" approach, we motivate our teams to build long lasting relationships and gain the confidence of our customers, our suppliers, our investors and local communities so that together we can build a better world, for today and for tomorrow.*

In accordance with the Tarkett Code of Ethics, we are also committed to respecting and promoting fundamental social rights, the ten principles of the UN Global Compact, and the principles of the Declaration of Human Rights to our various stakeholders."

3.4.3 The Grenelle Principles of Corporate Social Responsibility

These principles, which are mandatory for public companies in France, measure businesses' social and environmental responsibility. The Grenelle law requires companies to publish a report each year on forty-two themes, divided into three general categories:

1. Labor information, including employment, work organization, working relationships, health and safety, education and training, equality of treatment and respect for the conventions of the International Labor Organization.

2. Environmental information, including the company's general policy, anti-pollution and waste-management measures, sustainable resource use, climate change, and the protection of biodiversity.

3. Sustainable development, including the impact of the company's business on the communities in which it operates, its economic and social commitments, its relationships with its partners and third parties such as suppliers and subcontractors, and compliance with its own principles.

These principles are included in the recommendations of the Mouvement des Entreprises de France (MEDEF) with respect to the social and environmental responsibility information that companies must regularly provide to all stakeholders, including the Company in general.

The Group's Code of Ethics and anti-corruption practices are also described in Sections 3.1.17, "Code of Ethics, Respect and Equality of Treatment" and 3.4, "Governance".

3.4.4 Tarkett, member of the KKR Green Portfolio

Tarkett has been a member of the KKR Green Portfolio since 2010. This program, designed by KKR in collaboration with the Environmental Defense Fund, promotes the sharing and application of good practices for sustainable and responsible development.

In connection with this program, each year Tarkett publishes its progress in terms of water consumption, greenhouse gas emissions and waste generation. This information is available on the KKR website: http://green.kkr.com/results/tarkett

3.5 SOCIAL AND ENVIRONMENTAL REPORT: SUSTAINABLE DEVELOPMENT DASHBOARD

Social indicators

Indicator		2014/2015 Evolution	2015	2014	2013	2012	2011	2010
Safety, Respect, and Integrity								
Frequency of accidents	Lost time accident frequency rate	+1%	2.32	2.30	2.52	3.40	5.50	4.30
	Total accident frequency rate	+16%	25.6	22.1	24.2	27.3	15.8	17.8
	Severity rate	-1%	0.070	0.070	0.075	-	-	-
Progress on Tarkett values adhesion in employee feedback		+4.5pts	-	63.0	-	58.5	-	56.0
Talent development, Empowerment, and Diversity								
Share of women in top 100 positions		+2pts	18%	16%	17%	18%	16%	N
Share of employees trained		+1pt	58%	57%	49%	50%	37%	
Share of management positions filled with internal candidates		-	49%	N				
Share of people who benefited from an annual appraisal and development plan		-	57%	N				
Proactive communication and Social dialogue								
Listen to employees and engage in social dialogue		+3.0pts	-	59.0	-	56.0	-	53.5
Communicate proactively towards all employees		+4.6pts	-	63.3	-	58.7	-	55.7
Involvement with local communities								
Number of people who received Tarkett Academy training		+6%	3,974	3,754	2,903	2,541	1,893	N
Other social indicators								
Number of employees		+8%	12,367	12,177	10,733	10,545	9,028	8,660
Employees working part-time		+1pt	2.9%	1.90%	2.00%	N		N
Share of women among the total of employees		-	27%	27%	26%	27%	26%	
Age	above 60 years		5.4%	5.00%	5.20%	4.80%	3.80%	
	50 to 59 years		22.5%	21.10%	20.90%	20.80%	18.90%	
	40 to 49 years		28.2%	27.40%	28.50%	29.10%	29.40%	
	30 to 39 years		29.1%	28.7%	28.9%	28.8%	30.0%	
	20 to 29 years		14.5%	15.7%	16.3%	16.0%	17.6%	
	under 20 years		0.3%	0.30%	0.30%	0.50%	0.30%	
Geographies	EMEA		37%	34%	34%	34%	40%	
	North America		30%	30%	30%	32%	21%	
	CIS, APAC, LATAM		33%	36%	36%	34%	38%	
Hirings and terminations	Hirings	-2%	2,111	2,163	1,573	1,232	1,127	
	Terminations	+12%	2,030	1,820	1,455	1,135	699	
Workforce turnover		+2pts	18%	16%	13%	11%	N	
Total number of training hours		+3%	272,501	265,970	199,770	228,916	76,089	
Total training costs (€k)		+6%	3,308	3,130	2,669	N		
Absenteeism**		+0.2pt	2.5%	2.3%	2.5%	2.4%	2.7%	2.6%
% of employees with disabilities		-0.3pt	1.3%	1.6%	1.4%	1.4%	1.4%	N
Total compensation and benefits (€m)		+16%	618	531	518	462	405	367

**EMEA : Europe, Middle East, Africa ; CIS : Commonwealth of Independant States ; APAC : Asia Pacific*

N = not available

***Manufacturing plants scope*

Environmental indicators

Indicator	2014/2015 Evolution	2015	2014	2013	2012	2011	2010
Good materials							
Share of raw materials for which material assessment has been performed (% of purchase volume)	+5pts	80%	75%	63%	11%	8%	N
Share of materials at the start of supply chain which do not contribute to resource scarcity (% of purchase volume)	-1pt	67%	68%	69%	70%	71%	N
Resource stewardship							
Fresh water consumption (liters/m²)	-7%	3.32	3.56	4.04	3.92	4.50	5.16
Share of manufacturing sites that have implemented closed-loop water circuits (or do not use water in their process)	-4pts	57%	61%	48%	48%	64%	61%
Energy Consumption (kWh/m²)	-4%	4.21	4.37	4.21	4.21	4.36	4.34
Greenhouse gas emissions (kgCO2e/m²)	-2%	1.02	1.04	0.98	0.93	1.00	1.01
People-friendly spaces							
Non-phthalate products (% of m² produced, vinyl flooring only)	+16pts	54%	38%	19%	17%	14%	0%
Low VOC emission products (% of m² produced, flooring only) (<100µg/m³ after 28 days)	+2pts	92%	90%	89%	91%	88%	21%
Non detectable VOC emissions products (% of m² produced, flooring only)	+1pt	49%	48%	47%	45%	8%	0%
Recycling and Reuse							
Industrial waste going to landfill (g/m²), including hazardous waste	+97%	125	64	58	62	71	72
Post-installation or post-consumer products collected (metric tons)	-27%	9,900	13,500	16,400	11,500	15,800	18,900

N = not available

Corporate Governance indicators

Indicator	2014/2015 Evolution	2015	2014	2013	2012	2011	2010
Percentage of employees who completed the e-learning on Code of Ethics (cumulative)	-	73%	73%	N			
Raw material purchased with suppliers committing to Global Compact (% of purchase value)	+13pts	72%	59%	60%	50%	42%	N
Audited entities	+7pts	92%	85%	74%	93%	52%	N

N = not available

3.6 SOCIAL AND ENVIRONMENTAL REPORT: METHODOLOGY

The Tarkett Group's sustainable development dashboard is an essential tool for monitoring and guiding performance. Its principal objective is to provide the Group with relevant indicators to evaluate the deployment of its strategy and fulfill its regulatory obligations. The reference year against which change is measured is 2010.

Tarkett is subject to the French law known as "Grenelle 2," and in accordance with that law, its 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, is attached as an annex.).

Indicator Reference

Our sustainable development dashboard was constructed based on the three 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.
- The Grenelle 2 law: the corporate and environmental 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 dashboard is built around three dimensions: social responsibility, environmental responsibility, and corporate governance.

Methodological Procedures

Each of the indicators was defined in a separate file for collection and/or consolidation. The reporting procedure is summarized in a single file that consolidates the separate files and reports the synthesis in a single dashboard.

This procedure also appoints the individuals responsible for each indicator, as well as the scope, definitions, units, sources and consistency checks. The reporting period for published information is the same as the one for financial reporting (January 1, 2015 through December 31, 2015). The source of data and the frequency of monitoring vary depending on the indicator:

- Indicators on water, energy, waste, safety and absenteeism: collected and monitored monthly at Group level by the World Class Manufacturing organization, through a dedicated scorecard for each manufacturing site.
- Indicators on social statistics: collected annually under the responsibility of the local Human Resources departments on a special form and consolidated at the Group level.
- Indicators on materials ("Good materials"): put together annually under the responsibility of the Research and Innovation Group (R&I), on the basis of purchasing data and classification of materials.
- Indicators on products ("People-friendly spaces"): put together annually under the responsibility of the R&I Group, on the basis of volume data by site and of the production mix of the various product types.
    - Indicators on employee satisfaction: measured every two years through the internal employee satisfaction survey
    - Other indicators (Tarkett Academy, financial indicators, external recycling, audit, suppliers): collected annually, with each indicator having a single responsible party and a dedicated collection format.

The reference year is 2010 for the majority of the progress indicators. For certain progress indicators and for most of the labor statistics, the reference year is 2011. Certain new indicators may also have a later reference year (see dashboard in Section 3.5 for detail).

Scope of reporting and methods of consolidation

The scope of reporting is Group-wide, covering all activities of which the Group has operational control, except for Renner and Ambiente, which are recent acquisitions, and Cuzorn, where production ceased in the fourth quarter of 2014. In all, these sites represent less than 0.3% of the Group's total headcount.

In addition, the Eiweiler site (a 50/50 joint venture) is:

- 100% consolidated with respect to safety and absenteeism indicators, but excluded for other social indicators;
- included pursuant to the rule explained below with respect to environmental indicators.

However, the scope may vary by indicator as a function of the relevance of the subjects and the maturity of the entities:

- Safety indicator: all industrial sites within the scope of reporting
- Absenteeism indicator: all of the industrial sites within the scope of reporting, with the exception of Beijing, where WCM methods are in the process of being deployed. The Group's plans to extend monitoring of the safety and absenteeism indicators is currently limited by the constraints of the information systems in about one third of the locations.
- Water, energy, greenhouse gas emissions, and waste indicators: all industrial sites within the scope of reporting, except for:
    - The Beijing site, where WCM methods are currently in the process of being deployed.
    - For the three sites that manufacture only semi-finished products (Kalush Bois, Calhoun/Tandus, and Absteinach), production volumes are

excluded from the indicator. However, water and energy consumption and waste tonnage are included.

- For the Clervaux site, which produces both finished products and semi-finished products; only the latter are excluded. All consumption is included.
  - .
- Consumption for the MDF line at the Eiweiler site, is included in the performance indicators pro rata (below 50%) to the production of semi-finished products for the .laminate flooring line at the same site.
  - .

- Indicators on materials: purchases of raw materials only (excluding indirect purchases and finished products).
- Indicators on products: sites that manufacture finished products for which the characteristic measured by the indicator is relevant (for example: wood sites are excluded from the indicator on the percentage of products without phthalates), as well as subcontracted flooring products.
- Indicator on suppliers: purchases of raw materials and finished products only (excluding indirect purchases).
- For the other indicators and in order to specify certain specific cases, details on scope by indicator is indicated in the table of definitions and methodological comments below.

Review of historical data

Historical data for the four environmental indicators relating to water consumption, energy consumption, greenhouse gas emissions and waste generation have been restated.

Environmental data and production volumes prior to the acquisition of a given entity by Tarkett were including into the calculation of indicators in order to maintain a constant scope for measuring progress between 2010 and 2015. The restatement was necessitated by the Group's significant external growth since [2010]: only 27 of 39 production sites were in the scope of CSR reporting in 2010.

In the case of the three Desso factories and the two Tandus factories (Dalton and Truro), data prior to the acquisition was already reported by the previous management.

In the other cases, the first data reported by Tarkett was reported by default for the previous years. For example, the environmental indicators for Kalush Bois were monitored in 2012; this data was used to restate the 2010 and 2011 data.

Indicator definitions

Indicator	Scope	Definition
Environmental		
Share of raw materials for which material assessment has been performed (% of purchase volume)	All raw materials	Share of materials purchased (in metric tons), for which an impact study was carried out pursuant to Cradle-to-Cradle principles. Tarkett uses ABC-X classification, which evaluates risks related to the impact of chemical substances on the environment and the recyclability of thoses substances
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)
Fresh water consumption (liters/m²)	Manufacturing sites*	All consumptions (except captured rain water)
Share of manufacturing sites that have implemented closed-loop water circuits (or do not use water in their process)		Share of sites with closed-loop water circuit or that do not use water in their production process
Energy Consumption (kWh/m²)		Energy consumptions: electricity, gas, fuel, biomass
Greenhouse gas emissions (kgCO2e/m²)		Estimate of greenhouse gases emissions (reported as CO2 equivalent) per unit of production. - Scope 1: calculated for industrial sites based on measure of energy consumption by type of energy (gas, fuel, biomass, other) - Scope 2: calculated for industrial sites based on measure of electricity consumption - Scope 3: not reported Calculation based on conversion factors GWh/tCO2e published by DEFRA in 2015
Non-phthalate products (% of m² produced, vinyl flooring only)	Vinyl flooring and accessories, rubber, carpet (semi-finished products not included)	products "without added phthalates" mean that no phthalate plasticizers (DOP or DINP) are contained in virgin raw material in the product composition, but recycled material content could contain some residual phthalates
Low VOC emission products (% of m² produced, flooring	Indoor flooring (semi-finished products not included)	TVOC emissions ≤ 100 µg/m³ according to ISO 16000-9 guidelines (emission chamber) and local test methods (wood floorings: excluding natural emissions
Non detectable VOC emissions products (% of m² produced, flooring only)		Non quantifiable VOC: TVOC, SVOC and formaldehyde emissions ≤ 10 µg/m³ according to ISO 16000-9 guidelines (emission chamber) and local test methods.
Industrial waste going to landfill (g/m²), including hazardous waste	Manufacturing sites*	Waste sent to landfill or external incineration: amount of waste produced by the site and removed from the site to be sent to landfill or external incineration (i.e. hazardous waste) and for which Tarkett pays. The waste included in the KPI can be directly sent to landfill/incineration or first go through a treatment process outside the company.
Post-installation or post-consumer products collected (metric tons)	Group	Quantity of post-consumer (= post-installation and post-use) waste collected to be recycled into our products, excluding Tarkett internal post-manufacturing waste (even from a different entity)

Indicator	Scope	Definition
Social		
Lost time accident frequency rate (FR0t)	Manufacturing sites* (~75% of workforce)	Lost time accident: accident leading to an employee's absence >24h Lost Time Accident Frequency Rate (FR0t) = (# Lost Time Accidents x 1,000,000) / Hours Worked
Total accident frequency rate (FR2t)		Lost time accident: accident leading to an employee's absence >24h Total Accident Frequency Rate (FR2t) = (# ALL Accidents x 1,000,000) / Hours Worked
Severity rate (TG0t)		Severity Rate (TG0t)= # of working days lost / Hours Worked
Progress on Tarkett values adhesion in employee feedback	Group	2 questions in the biannual satisfaction survey: "I believe that Tarkett's values provide employees with clear guidance" and "I believe that manager conduct is consistent with Tarkett's values"
Share of women in top 100 positions		Senior management = Chairman of the Management Board and the firts two hierarchical levels of the organization
Share of employees trained		An employee is considered to have been trained if he or she has received at least 8 hours of training over the course of the year
Share of management positions filled with internal candidates		A management position has at least one direct report
Share of people who benefited from an annual appraisal and development plan		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
Listen to employees and engage in social dialogue		2 questions in the biannual satisfaction survey: "In my department, different opinions are discussed openly when decisions are made", and "Sufficient effort is made to obtain the opinions and advice of the people who work at Tarkett"
Communicate proactively towards all employees		3 questions in the biannual satisfaction survey: "My manager keeps me sufficiently informed on questions that affect me", "Management sufficiently explains strategic plans", and "Overall, I am well informed at Tarkett"
Number of people who received Tarkett Academy training		Number of people outside of Tarkett having received training at one of the centers of the Tarkett Academy (technical training in flooring installation and maintenance)
Number of employees		Total workforce as of December 31, 2015 and temporary workforce in equivalent full time, according to the methodology of the financial report
Terminations		Terminations of short and long term contracts (at the employer's initiative, as well as the employee's one)
Workforce turnover		Number of contract terminations reported over the average number of employees for the year
Absenteeism	Manufacturing sites*	Absenteeism = lost hours / expected hours Lost hours are hours of absence for illness, work-related accident, strikes or other unforeseen absences. Hours of absence greater than 30 days are note included.

Indicator	Scope	Definition
Corporate Governance		
Percentage of employees who completed the e-learning on Code of Ethics (cumulative)	All employees with access to a computer	E-learning campaign to promote and raise awareness of employees to the Group Code of Ethics
Raw material purchased with suppliers committing to Global Compact (% of purchase value)	Direct purchases	Share of direct purchases from suppliers that are contractually committed to comply whit the principles of the UN Global Compact
Audited entities	Group	Share of assets of entities audited over the course of the last 4 years

**Exceptions listed in methodological note*

3.7 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD-PARTY ORGANIZATION

To the Shareholders,

In our capacity as Statutory Auditor of the company Tarkett S.A., (the "Company"), appointed as independent third party and certified by COFRAC under number 3-1049[3], we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2015, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

Company's responsibility

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

Independence and quality control

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

Statutory Auditor's responsibility

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

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);

- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved six persons and was conducted between July 2015 and February 2016 during a nine weeks intervention period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement, and with International Standard ISAE 3000[4] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR information

Nature and scope of our work

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

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

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

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

Conclusion

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

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted approximately twenty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;

[3] whose scope is available at www.cofrac.fr

[4] ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

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

Regarding the CSR Information that we considered to be the most important[5]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;

- at the level of a representative sample of sites selected by us[6] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 18% of headcount and between 15% and 30% of quantitative environmental data disclosed.

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

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

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 conclusion; 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 CSR information cannot be totally eliminated.

Conclusion

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

French original signed by:

Paris - La Défense, February, 18th 2016

KPMG S.A.

Philippe Grandclerc	Philippe Arnaud
Partner	Partner

Climate Change and Sustainability Services

[5] Quantitative social information: Total headcount (split by gender, age and geographical region); Recruitments; Departures; Training hours; Absenteeism rate; Frequency rate of work-related accidents and Severity rate of work-related accidents.
Quantitative environmental information: Energy consumption; Water consumption; Quantity of non-recycled waste; Quantity of waste collected post-installation (tons of used flooring, collected in order to be reintegrated in new products) and Quantity of phthalate-free products.
Qualitative social information: Summary of collective agreements; Working time organization; Policies implemented regarding training; Occupational health and safety conditions.
Qualitative environmental information: The organization of the company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues; Energy consumption and measures implemented to improve energy efficiency and renewable energy use; Measures regarding waste prevention, recycling and disposal.
Qualitative societal information: Conditions of the dialogue with stakeholders; Measures implemented to promote consumers health and safety; Integration of social and environmental issues into the company procurement policy.

[6] Social and environmental information: Chagrin Falls (USA), Middlefield (USA), Narni (Italy), Clervaux (Luxembourg), Sedan (France) and Tarkett Polska (Poland). The verification work was done remotely for the information of the Poland site.
Social information only: Waterloo (Canada), Tarkett Alabama (USA) and Diamond W (USA). The verification work was done remotely for the information of the two USA sites.
Environmental information only: Florence (USA) and Ronneby (Sweden). The verification work was done remotely for these sites and refers exclusively to water consumption and quantity of waste collected post-installation for the USA site and to energy consumption for the Sweden site.