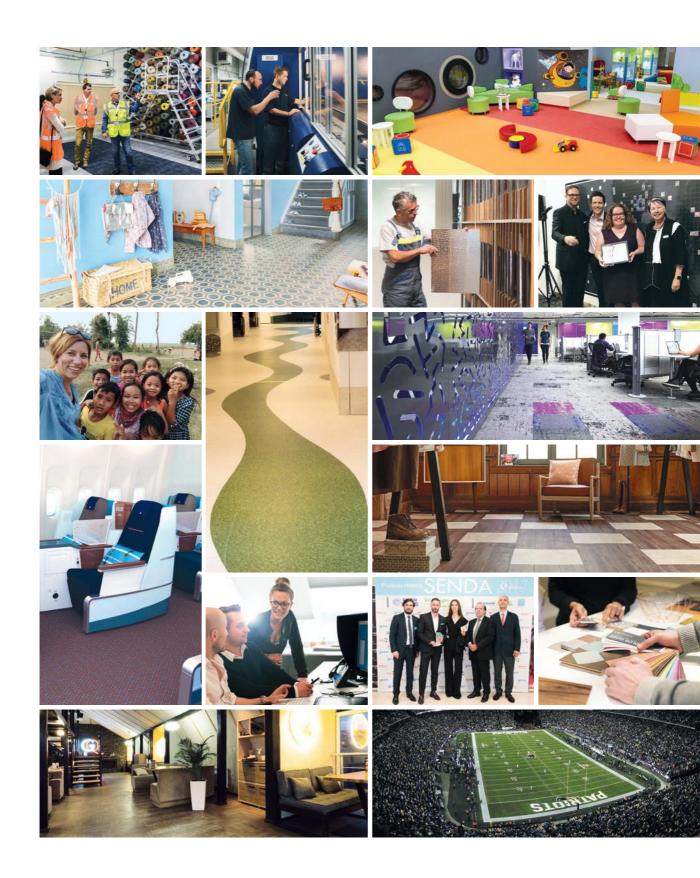
What we believe in drives the choices we make every day and makes us who we are.
Together.





# What we believe in, what we do

At Tarkett, we make a bold promise to our customers, our co-workers, and our partners: to be the easiest and nicest company to interact with. It stems from core beliefs that impact everything we do to build an inspiring customer and employee experience, generating sustainable value for everyone.

We believe in the power of collaboration to go further together. We believe in taking care of our people, our customers, and our planet. We believe in commitment to operational excellence and talent development. We believe in leading in design and innovation through creativity and agility. And we believe that all of this counts more when we take our environment and social responsibility seriously by "Doing Good. Together."

For our diverse, entrepreneurial team worldwide, building the best possible future comes from uniting and empowering all those dedicated to creating happier, healthier, and more productive spaces. All together, we can make a difference in people's lives.

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Reinventing the customer experience with best practices worldwide

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Designing solutions that create sustainable value through collaboration

### A world leader in flooring and sports surface solutions

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

### A BROAD RANGE OF SOLUTIONS

We offer our customers-architects, designers, installers, distributors, home-owners and end-users-one of the largest portfolios of flooring and sports surface solutions, and we share with them our expertise in multiple market segments.









Vinyl

Linoleum

Carpet

Wood









Laminate

**Rubber & Accessories** 

**Artificial Turf** 

Athletics Tracks

### **SEGMENTS**





**HEALTH CARE** & AGED CARE





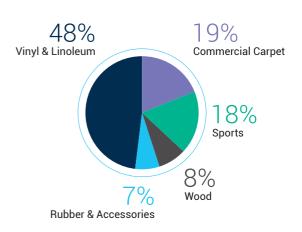












% of 2017 net sales

### **TARKETT WORLDWIDE**

24 R&D laboratories

research & innovation center

4 design centers

34 industrial sites

7 recycling centers



€2.8 billion 2017 net sales

 $\sim$  13,000  $_{
m employees}$ 

NO. 7 in vinyl worldwide



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

### **OUR COMMITMENT: "DOING GOOD. TOGETHER."**

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



Eco-design by applying Cradle to Cradle® principles.



Building a circular economy business model.



Contributing to global debates and combating climate change.



Compliance with the 10 United Nations principles.



Contributing to the Sustainable Development Goals defined by the United Nations.

### Interview with Glen Morrison, CEO



### What were the highlights for Tarkett in 2017?

We are a company with track records of growth and profitability, and in 2017 we demonstrated the strength of our business model again, delivering strong organic growth and a healthy level of profitability in line with our historical performance. We did this despite significant headwinds from raw material price increases and currency fluctuations.

It is our robust business model that fuels this growth and profitability, based upon a balanced geographic presence and a broad product portfolio (vinyl, linoleum, wood, carpet, and sports surfaces) for diversified end-user markets (offices, healthcare, education, hospitality, stores & shops, housing and sports).

"I am convinced that the customer experience starts with a caring employee experience, because what underpins a company's performance is people." "Our consistent performance stems from a deep understanding of our customers' needs, our passion for developing people and our commitment to sustainable growth."

We also have a strong track record of leveraging acquisitions that help us maintain and accelerate our position. We know how to bring teams together to make our business stronger geographically and to extend our product portfolio. Underpinning this model is a company with strong values and a Code of Ethics that guide what we do and provide a solid foundation for success.

### How do you feel about 2018?

I'm excited by our focus on delivering the best possible customer experience thanks to innovative products and services that our customers truly value. We have launched multiple new products fitting market trends and meeting customers' expectations for modularity, customization and solutions mixing materials, design and formats. I can see that our teams are passionate about our ambition to become the partner of choice in our industry.

Our Customer Centric Innovation program allows us to better understand our customers' needs, what they really value in their business life as architects and designers, distributors, and installers. We have many examples, including quick online ordering for rugs, design service on demand, 48 hour delivery, digital printing of personalized designs for small quantities, and turnkey projects for sports surfaces.

Furthermore, we consider end-users who live on our floors to design solutions that contribute to healthier, more beautiful spaces and a better quality of life, whether it be easy-to-install vinyl tiles or low VOC products for good indoor air quality, as just two of our many possibilities.

Our widely deployed World Class Manufacturing program continues to drive our operational excellence, which enables us to deliver the right products and the best quality at the right time and to the right place.

Both programs are the backbone of our ability to offer an inspiring customer experience and to lead in design and innovation, differentiating us from our competitors. We measure progress through our "customer promoter" scores and see the results in our organic and profitable growth.

### What is the key to the success of Tarkett's model?

Our consistent performance stems from our talent. I am convinced that the customer experience starts with a caring employee experience, because it is people who determine a company's performance. People are the only long-term differentiator a business has and I am proud to lead the most energized, committed group of employees. I want Tarkett to be a talent magnet to attract the best people, retaining them through a diverse and inclusive culture and exciting career opportunities. I want the business to be a place where people can truly bring their whole selves to work, where what counts is ability and ambition, where everyone understands what success looks like and has access to the tools and resources they need to make a difference every day.

### How Tarkett fits into the global community?

Collaboration is part of our commitment to corporate social responsibility. We believe that we must actively work together to meet the world's challenges, such as resource scarcity, climate change, quality of life in cities, and diversity. We take a very collaborative approach with NGOs and with experts in the field, which allows us to simultaneously nurture our ambition and progress. We are contributing to discussions within the World Economic Forum and we are participating in the Alliance for CEO Climate Leaders. We are also following the UN Global Compact principles and we are aligned with UN Sustainable Development Goals. This collaboration is challenging us and guiding our commitment to make a positive contribution to addressing global challenges.

This is the essence of our "Doing Good. Together." philosophy, which guides our day-to-day choices and decisions and transforms our commitment into practical actions: designing solutions for people's wellness, being a good steward of the world's resources through circular economy models, and acting as a trusted partner to the communities in which we live and work around the world.

### **Executive Committee and Management Board**

Led by Glen Morrison, CEO, Tarkett's Executive Committee is composed of 11 experienced leaders. This international and entrepreneurial leadership team shares common Group interests and values, while ensuring operational agility thanks to a decentralized organization.

Glen Morrison<sup>(1)</sup> Chief Executive Officer

Fabrice Barthélemy<sup>(1)</sup> President Tarkett EMEA and LATAM

Wendy Kool-Foulon (3)
Group General Counsel

Éric Daliere 4
President Tarkett Sports

Gilles Lebret (5)
VP Customer Operations and Group CIO

Anne-Christine Ayed <sup>(6)</sup> EVP Research, Innovation and Environment

Antoine Prevost TEVP Operations

Slavoljub Martinovic 8
President Tarkett
Eastern Europe

Raphaël Bauer 9 Group Chief Financial Officer

Sharon MacBeath<sup>(1)</sup> 10 EVP Human Resources and Communications **Andrew Bonham** President Tarkett North America<sup>(2)</sup>





(1) Members of Tarkett's Management Board (2) President Tarkett North America since March 2018

### **Supervisory Board**

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

In line with standard governance practices, the Supervisory Board has set up two committees: the Audit, Risks and Compliance Committee and the Nominations, Compensations and Governance Committee.

### Strong governance, risk management and compliance

Tarkett's corporate governance processes aim to ensure uncompromising business ethics, robust and transparent corporate supervision, and risk management.

### **GOVERNANCE**

In line with standard governance practices, the Supervisory Board has two committees with advisory roles:

- The Audit Committee has a total of three members, two of which are independent. It assists the Supervisory Board in reviewing financial information, internal auditing, and ensuring independence of the statutory auditors.
- The Nominations and Compensation Committee has a total of three members, two of which are independent. Its main function is to assist the Supervisory Board in reviewing compensation for the Group's executive management, succession planning, and independence of the Board members.

Tarkett has chosen to follow the Afep/Medef (3) code of corporate governance.

### **RISK MANAGEMENT**

Tarkett considers risk management to be closely linked to internal auditing. Risk management methods, procedures, and actions identify, analyze and control material risks; oversee operational efficiency and efficient use of resources; and ensure reliability of financial information.

Tarkett's Internal Control and Audit Department coordinates the Group's risk management and internal auditing processes, which are implemented throughout the Group.

These include:

- Risk-mapping exercises and implementation of related action plans.
- Internal monitoring of process-related risks (other than operations).
- · Regular internal audits.
- · Insurance coverage for identified exceptional risks.

(3) Afep/Medef. Association française des entreprises privées (the French Association of Private Companies), Mouvement des entreprises de France(the largest association of employers in France).

#### **COMPLIANCE**

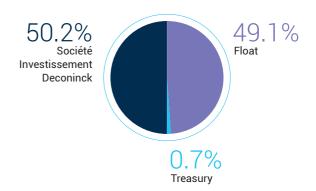
Compliance is one of the Group's core values. It is implemented through a formal program and continuing policies and guidelines, as well as training based on the Code of Ethics, fair competition practices, anti-corruption, fraud prevention, data protection and insider information.

### **Shareholders**

Tarkett is listed on Euronext Paris and is included in the following indices: SBF 120, CAC Mid 60.

#### **BREAKDOWN OF SHARE CAPITAL**

at December 31, 2017



Regular audits

Group perimeter audited over the last four years (% of operatings assets)

Responsible sourcing

イキ / O Raw material purchased with suppliers committing to UN's Global Compact

(% of purchase value)

### Éric La Bonnardière

Chairman as of April 2018\* Member since 2015

### **Didier Deconinck**

Vice-Chairman as of April 2018\* Member since 2001

### Éric Deconinck

Member since 2001

### Julien Deconinck

Member since 2018\*

### **Agnès Touraine** Member since 2016

Jacques Garaïalde

Member\*\* since 2007

### Françoise Leroy

Member\*\* since 2013

### Sabine Roux de Bézieux Member\*\* since 2017

### Guylaine Saucier

Member\*\* since 2015

### Observers:

- Bernard-André Deconinck\*
- Nicolas Deconinck

<sup>\*</sup> As of April 2018, subject to the final vote at the Annual General Meeting. Éric La Bonnardière is a Deconinck family member.
\*\* Independent Member.





### **EDUCATION**

# Contributing to an optimal learning environment



### Visual and acoustic comfort

Educational institutions seek to create spaces that inspire learning, are safe, and are healthy. Children and teenagers develop their learning abilities and well-being by interacting with the world around them, and color plays a specific role in this learning process, having a direct impact on creativity and concentration. On top of visual comfort, acoustic comfort contributes to better learning environments.

### **Tarkett solutions**

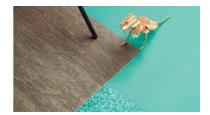
From nurseries and schools to universities, we have expert knowledge of the educational space and we offer a wide range of full solutions. We carried out a study on

the influence of color and materials in learning environments<sup>(1)</sup>, which demontrates how color impacts human development and well-being.

(1) kidsstudy.tarkett.co.uk

The new Vinyl collections - Excellence, Platinium, ProtectWall and Tapiflex Stairs collections offer a large choice of colours, designs and acoustic options. These 100% phthalate-free collections<sup>(2)</sup> can be combined to create bespoke ambiences from floor to wall and create perfectly matched educational environments.

Originale is the first Cradle to Cradle® Gold certified™ linoleum, with 100% natural and renewable raw materials, providing acoustic options with a gently marbled or linear design. To complement our floor offering, we have launched LinoWall, the only linoleum to be approved for use on walls.







### **HOME**

# Turning houses into sweet homes

### Design, modularity, and ease of installation

Today, people want their homes to stand out. They want a different solution for every room in the house. One that is theirs alone. And one that is easy to change—because people want to renovate more often. In a quest for greater comfort and well-being, people are seeking authenticity through products that are natural, simple and bring warmth and a friendly atmosphere.

#### **Tarkett solutions**

To provide for everyone's needs and tastes, we offer products for every room in the house, dry and wet, in all kinds of colors, patterns and format, whether it be modular flooring with exclusive colors and patterns, cushion vinyl with a wide range of designs, or the authenticity of wood. We also design flooring with low VOC emissions and non-phthalate<sup>(2)</sup>, thus contributing to healthy interiors.





Our brand new ProGen modular rigid flooring combines top-notch design, high performance, and easy installation.



Starfloor Click 55 and Starfloor Click 55 Plus luxury vinyl tiles offer a selection of soft colors and authentic-looking materials to create subtle and polished decorations.



Our resilient vinyl product, Diva, features a trendy tile motif and makes use of the unique unrepeatable design technology. We have crafted it with homeowners in mind, and it is particularly well suited for kitchens and dining areas.

### **WORKPLACE**

# Creating healthy, inspiring work environments to improve performance

### Design and well-being

The workplace as we know it is changing forever. In a hyper-connected world, people are free to work any time, anywhere. The lines between home and work are blurring, and employees are increasingly interested in health and well-being. Rethinking the working environment to boost employee satisfaction and improve productivity starts with good design. We help our customers create a relaxed, informal, creative setting

with sustainable flooring in an array of colours and textures, designed to contribute to people's health and well-being.

#### **Tarkett solutions**

Our extensive workplace portfolio contributes to employee health and well-being by improving indoor air quality, acoustics and comfort. It includes multiple product ranges including vinyl, wood, carpet rolls and tiles, and linoleum.



To promote healthy, sustainable materials and conserve natural resources, we follow Cradle to Cradle® design principles. Our Tandus Centiva ethos® carpet is made of PVB, a high-performance polymer recycled from end-of-life windshields and safety glass Tandus Centiva ethos® carpet backing by replacing PVC with PVB, a high-performance polymer recycled from end-of-life windshields and safety glass. Ethos® Modular is the first American modular carpet tile to be Cradle to Cradle® Silver Certified™.





Among the innovative Desso carpet collections, AirMaster® carpet tiles feature patented, globally recognized technology to capture and retain fine dust, contributing to better indoor air quality. Soundmaster® tiles deliver state-of-the-art sound insulation. And Light Reflection Master® enhances the brightness of your work space.



Produced in both tile and plank format across a range of patterns, colours and styles, Luxury Vinyl Tiles (LVT) offer diverse layout options thanks to their modular format, to create customized spaces.

### **HEALTHCARE AND AGED CARE**

# Helping to care for people



### Safety, comfort, infection control

As populations grow older around the world, healthcare facilities and nursing homes strive to improve patient and resident experiences in controlled environments where air cleanliness, infection control, and cost control are all essential in contributing to patient recovery and medical staff efficiency.

### **Tarkett solutions**

We have extensive expertise in healthcare flooring and constantly work with experts to fully understand the specific needs from clean rooms to patient rooms, corridors, and wet rooms. In addition to ergonomic environments conducive to healing, our solutions offer top indoor air quality and hygiene, and provide walking, rolling and acoustic comfort.

Flooring and walls with impervious surfaces and minimal watertight joints are cost-effective from installation to upkeep, which is compatible with cleaning chemicals and frequent disinfection procedures. To create the best living environment for the elderly, choosing the right floors with the right properties and designs is crucial. We have conducted field research and published a White paper on "Designing supportive care homes for aged care and dementia" showing how flooring can contribute to the best home care design for elderly people's well-being.

All iQ vinyl ranges come with a next-generation surface treatment that sets new standards in performance. Exclusive to Tarkett, it brings best-in-class protection against marks and stains, even from chemicals like Iodine and Betadine. Combined with our unique dry-buffing technology, it keeps iQ flooring new for life.

The Multisafe vinyl ranges, for use in wet areas, and Safetred vinyl ranges have exceptional, durable slip-resistance properties.

Tactile flooring and contrasting colors are available for orientation and accessibility.







### **STORES & SHOPS**

## Helping stores enhance customer experience



### **Design and customization**

Flooring plays a vital role in choreographing and enhancing the customer experience. Floors can create an instantly recognizable brand identity using modular flooring options and custom solutions. Retail store designers can play with a wide range of materials such as vinyl, wood, laminate, linoleum and carpet for custom design options, all with sound absorption and surface treatments to withstand wear and tear. Flooring solutions must withstand high traffic and be easy and quick to install.

### **Tarkett solutions**

Tarkett's modular flooring options and custom solutions offer unique possibilities to architects and designers to personalize spaces. Retail store designers can play with a wide range of materials such as vinyl, wood, laminate, linoleum and carpet. From edgy boutique to mass-market chains, Tarkett helps stores and shops to create a lasting impression on how people experience space.

iD Supernature & Tattoo is a new modular vinyl tiles collection, it comes in exclusive fine textures of wood and stone, has a non-repeat pattern effect and it is available in 12 formats. In addition to the choice of the base design, it is also possible to tattoo it with one of the 10 tattoo designs, available in 5 hues

Tarkett Digital Lab allows architects and designers to digitally print patterns and images on their wood flooring, providing them with full rein to express their creativity. By offering unlimited color-matching possibilities, our digital printing technology enhances natural materials and textures like never before. Through this service, we are actively collaborating with architects and designers to help them create unique spaces.





### **HOSPITALITY, TRAVEL & LEISURE**

# Inspiring exclusive experiences to build loyalty and customer base

### Unique design concepts

From hotel lobbies and luxury bedrooms to restaurants and bars, floors play a key role in building a unique, immersive experience. Hotels are destinations where guests want to feel at home. Some hotels are going further, offering unexpected experiences, with a remarkable personality signed by a designer/architect.

### **Tarkett solutions**

Acoustic vinyl, wood, laminate, and carpet can create singular spaces and reduce noise for more comfort. We offer a one-stop shop for all types of hotels, restaurants and cultural establishments, with various flooring and customization options to fully create unique designs. Tarkett flooring creates memorable guest experiences and conveys brand identity.







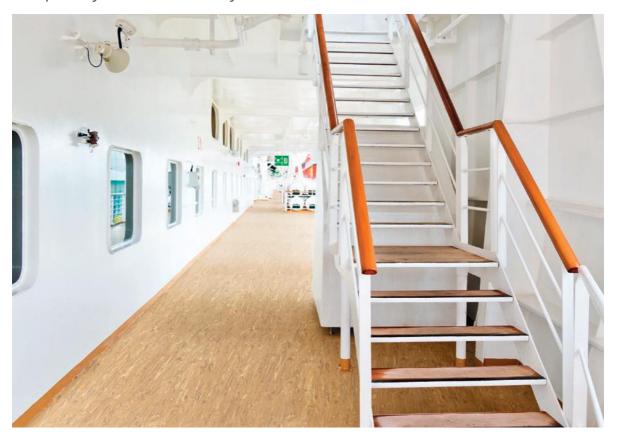
Collection Infinies<sup>TM</sup> is a digitally printed luxury vinyl tile (LVT) featuring designs from five internationally renowned artists and offer a co-creation tool enabling architects and designers to personalize designs.

Luminous flooring integrates Philips LED technology to greet, impress, and inform people in new ways.

Mix wood and carpet make it possible to play with zoning to signal or guide customers or simply for visual effect. Here, it contributes to providing a feeling of comfort through the contrasting wood and carpet textures.



# MARINE, AVIATION, TRANSPORT & INDUSTRY Meeting the highest standards of quality and durability



### Innovative products and services

Airlines need light-weight products that are durable with full design options. The marine industry is looking for global services offering high quality products, design flexibility and technical support.

### **Tarkett Solutions**

Tarkett offers a whole range of floorings specifically designed to be resistant to heavy traffic. As a major player in flooring solutions for the aviation, marine, automotive, bus and coach, and train industries, we offer many solutions with unified design that meet the strictest requirements. We have dedicated teams to support projects from start to finish, committed to delivering carpets, vinyl floors and linoleum that meet the highest standards.

Desso Hook'nFly™ is an innovative carpet refurbishment concept for the aviation industry. Our solution makes it easier and significantly faster to replace carpets in aircrafts.

Homogeneous vinyl flooring provides tough and ultra durable solutions for heavy and very heavy traffic areas. Composed of a single compact layer of vinyl they are glued to the sub floor and welded for optimal durability and hygiene.





### **SPORTS & WELLNESS**

# Enhancing performance and safety on sports fields and in gymnasiums

### **Performance and Safety**

Athletes want to perform to their full potential in safe facilities, and stadiums want to give a unique experience as they expand and renovate. Omnisports installations have increased in popularity since people are more and more concerned with their well-being.

### **Tarkett solutions**

From vinyl and linoleum to wood surfaces, tracks, and artificial turf, we offer a full range of sports solutions to fulfill the needs of all levels of practice, from leisure to competition-level sports.



We offer the most advanced artificial turf systems with FieldTurf and hybrid grass technology with GrassMaster® and Playmaster®. FieldTurf CoolPlay is a leading field cooling technology infill material composed of extruded composite.

The hybrid grass, GrassMaster, reinforces a natural grass surface with artificial fibers for improved stability and performance.



In addition to exceptional longevity and performance for running tracks with Beynon, we also have several types of sports hall flooring designed to enhance performance, absorb shocks, and prevent injuries. We have also launched Rise-N-Run which upgrades existing technology in indoor banked hydraulic tracks to improve performance and facility management.



We have sports hall flooring designed to enhance performance, absorb shock, and prevent injuries. We offer GreenLay semi-loose lay installation for omnisport gymnasium installations, which can lower refurbishment costs.



# Customer Centric Innovation: anticipating customer needs

In today's fast-paced and highly competitive world, it is key to innovate and monetize quickly. But the real competitive advantage comes from having a deep understanding of the customer to anticipate needs and offer differentiated services and products specific to their challenges as architects, designers, installers, distributors or end-users of our flooring.

Success stems from finding a sweet spot between what people want, what is technically feasible, and what is viable as a business. For this, we use customer-centric innovation (CCI). As part of an overall approach to improve the customer experience, we started adapting Design Thinking to Tarkett in 2015. This led to the CCI approach we are deploying around the world.

The CCI approach is our way of ensuring that what we design is actually desirable from a user's point of view.

The methodology mixes design thinking and agility, so we do things quickly. Empathy is key to design, and the process starts with discovery. The principle is first observe, identify

the essence of the need, then co-create and experiment with our customers, and then if it works, scale it or if it fails, drop it.

This methodology empowers teams to solve customer challenges. All the while, this process is very human-centric, focused on people getting to the heart of what customers need.



### **Net Promoter Score**

A qualitative approach such as Customer Centric Innovation is best complemented by quantitative measurement. NPS helps to measure how well customers' needs are satisfied and their willingness to recommend Tarkett.



"Today, customers have never been more eager to participate in design and test new concepts. This creates new ways of collaborating, which is part of customer experience and helps build stronger relationships. Design Thinking is a way to start from the user point of view and only later add the internal filters of feasibility (can we do it) and viability (can we sustain it?)."

Benjamin Huneau, Customer Experience Transformation Director

### Enhancing the retail experience

By better understanding their needs, the team developed new displays and services making the customer selection process easier. In Serbia, our retail chain Galerija Podova's team applied the CCI methodology directly with end-consumers' decorative shops.

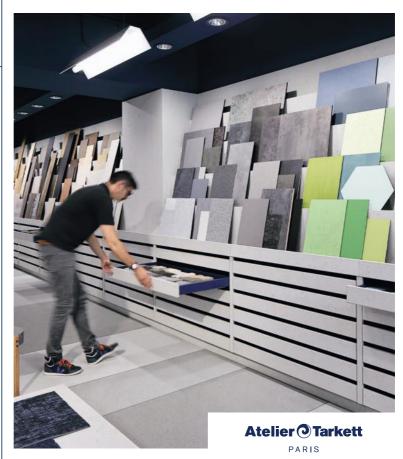
### A simplified ordering process

In the United States, commercial area rugs are a growing market, just as modular vinyl flooring is growing. And there's a link between the two: the more vinyl flooring installed, the greater the opportunity for area rugs. We used CCI to simplify area rug creation and ordering, making things easier for customers—it only takes some steps to select and order on-line area rug and fifteen days to receive it.



### A new generation workspace in Paris

In Paris, Tarkett opened up a new showroom concept called the Atelier Tarkett, in collaboration with design studio 5.5. More than just a showroom, it is a co-working space, a new destination for architects, designers and their clients to accelerate interior design projects, and serve as a source of inspiration, discovery and creativity.



### Supporting architects and designers



A design support and live chat system has been created for architects and designers in North America. By being available during and after business hours, it makes it easier and quicker for them to submit projects and design beautiful renderings.

# Excellence through World Class Manufacturing

We have a focused program to deliver operational excellence with a focus on safety, quality, customer service, environment and cost optimization.

Being a global company offers an opportunity to share best practices and set worldwide operational excellence goals. Being easy and nice to do business with means we need to deliver high quality products on time everywhere. We drive our efforts to do so with our World Class Manufacturing (WCM) program. This continuous improvement program inspired by lean manufacturing focuses on eliminating waste, loss, and anything that does not contribute to adding value for the customers or for the company. At Tarkett, WCM is a global program, applied in almost all our plants and distribution centers. The target is to improve industrial performance in terms of safety, customer service, quality, environment, and cost.

### **OPERATIONAL EXCELLENCE**

Our approach is structured and progressive, based on sharing best practices and ideas, and internal benchmarks through a network of experts. WCM coupled with customer experience initiatives enable tremendous improvements in product availability and quality, commercial excellence, and

responsive customer service, in addition to improving efficiency and safety. As an example of our commitment to caring for our customers by improving customer satisfaction, we reduced claims by 30% year on year, while also reducing cost.

### SAFETY

Safety is our top priority. Via the WCM program, we share best safety practices throughout all our sites, aiming to continually improve our performance. The WCM safety pillar also promotes training, risk assessment, and safety behavior acquisition.

### PRODUCTIVITY AND ENVIRONMENT

In addition to sharing best practices, we monitor key indicators, implement action plans and cost reduction plans, thus continually improving operational efficiency and competitiveness. We also focus on reducing energy consumption, water use, and waste. One result in 2017 was a decrease of energy consumption per square meter manufactured in half of our sites, thus reducing greenhouse gas emissions.

Customer service
Our OTIF (on-time, in-full delivery)
is consistently at





"Using WCM, we are now reaching best-in-class safety performance. In five years, we have divided the number of accidents by 4.5 at our plants. We also improved our customer service performance. And lastly, we are very proud to deliver consistent productivity savings above 2% of production cost\*."

Antoine Prevost, Executive Vice President Operations

\* Cost of sales minus depreciation of industrial assets.

# A Tarkett Award for the installation of a new production line in Jasło (Poland)

This award commends a pluridisciplinary team which implemented a new LVT (Luxury Vinyl Tiles) production line on the Jaslo site, to meet growing market demand for modular flooring. By applying the ProjectManagement@Tarkett methodology and tools, the teams met the different strategic objectives of cost, production efficiency, and product quality.



### The third world forum on professional maintenance

The aim of professional maintenance is to set up an effective maintenance system to increase availability of equipment while reducing costs to maintain them in operational order. The third Tarkett Professional Maintenance Forum organized by the WCM team brought together experts from 21 sites on the Bačka Palanka site (Serbia) sharing experiences and best practices.



### Develop a safety culture worldwide

Tarkett organized a two and a half day safety seminar with managers and Environmental Health & Safety experts from North American productions sites and distribution centers.

The WCM team brougth on-site support and coaching on the safety pillar in Beijing and Suzhou production sites in China. WCM experts from 20 sites also shared their expertise on early equipment management at the Ronneby (Sweden) site.



of Tarkett production sites apply the WCM program.







# We are committed to creating sustainable value through collaboration

Today, the world is undergoing profound changes at an unprecedented pace. The population is growing and ageing and becoming more urban, seeking for healthy interiors, wellness and an inclusive environment. The climate is changing. The natural capital of our planet is under stress and resources are becoming scarce. At Tarkett, we are committed to addressing these global challenges and developing sustainable solutions, by "Doing Good. Together."



By "Doing Good. Together.", we strive to contributing to the ambitious Sustainable Development Goals set by the United Nations.

Urban population

of the world's population living in urban areas by 2050

Resources

3 billion additional middle-class people consuming more resources by 2050

Climate change
+4°C
of the global
temperature by 2050

Sources: World Business Council for Sustainable Development (WBCSD), World Meteorological Organization.



"We take a very collaborative approach with NGOs and experts in the field. We can only do that if we really want to build a business that has corporate responsibility, good governance and sustainability at its core. We don't believe we know all the answers, but we believe if we collaborate with others we will constantly improve our business and help drive the industry on this journey."

**Glen Morrison,** CEO of Tarkett at the World Economic Forum's annual meeting in Davos in January 2018.

### **Doing Good. Together.**

By Doing Good. Together, we believe we can have a positive impact on people and the planet by:



### **DESIGNING FOR LIFE**

Developing products based on Cradle to Cradle® principles that contribute to people friendly spaces and respect the planet's natural capital and the climate.



#### **CLOSING THE LOOP**

Building an inclusive circular economy in which resources are responsibly stewarded. encouraging take-back, reuse, recycling and elimination of waste.



#### **DEVELOPING TALENTS**

Promoting a safe, diverse and inclusive work environment, and supporting local communities.



#### DRIVING COLLABORATION

Inviting our customers and partners to join us in "Doing Good" through education, collaboration, transparency and communication.

### DRIVING COLLABORATION

We are collaborating with our customers and suppliers, with NGOs and scientific experts, as well as public institutions, to figure out how we can all together have a positive impact on people and the planet throughout the value chain.

Through on-going dialog with our stakeholders and a materiality analysis, we ensure that our sustainability priorities meet their expectations and global challenges.

We are also inspired by the best standards such as the GRI(1) and the 10 principles of the UN Global Compact, and the Cradle to Cradle® principles, all of which help us to continuously progress in our journey.

We also openly share our results and challenges with our various stakeholders(2)

### PARTNERING FOR GOOD

From our membership in the World Economic Forum and the Alliance of CEO Climate Leaders since the COP 21 in 2015 to partnering with Circular Economy 100 from the Ellen MacArthur Foundation since 2013 or the Cradle to Cradle Products Innovation Institute, and the scientific institute EPEA (Environmental Protection and Encouragement Agency), we are contributing to debates on the built environment including healthy buildings, on circular economy, climate change and diversity.

Furthermore, we are engaging our teams on our sustainability journey thus contributing to Tarkett's 2020 environmental targets: 83% of employees "believe that Tarkett is an environmentally responsible company(3)".

- (1) GRI: Global Reporting Initiative.
- (2) Consult our CSR Report 2017 audited by a third-party-tarkett.com
- (3) 2016 Employee Engagement Survey.















At Tarkett, Doing Good means designing for life – a life where good materials contribute to people's wellness and where we are good stewards of resources. We consider the impact of everything we do, on people and on the planet. To do so, we develop products based on Cradle to Cradle® (C2C) principles that contribute to people-friendly homes, workplaces, healing and leisure spaces and respect the planet's natural capital.

### **ECO-DESIGN WITH GOOD MATERIALS FOR LIFE**

We prioritize the health and well-being of the people who live, work, play, and learn on our products. We start by focusing on materials health, evaluating the ingredients that go into our products by third parties. Using the Cradle to Cradle® methodology helps us gain a deeper understanding of the many ingredients we use, thus selecting good materials for human and planet health and improving our products step-by-step with new formulations and alternative ingredients.

We work with the scientific institute EPEA to apply the Cradle to Cradle® principles throughout our activities, starting from the conception of our product, over its life cyles, and at our plants. Since we started applying C2C principles, we have assessed several thousand ingredients for their impact on our health and the planet.

We also share with our customers comprehensive information about the composition of our products, and their impact on human health and the broader ecosystem.

In North America, we've started to develop a transparent tool easy to understand for our customers—the Material Health Statements developed with EPEA based on the Cradle to Cradle® criteria.

### **DESIGNING FOR PEOPLE-FRIENDLY SPACES**

As we spend up to 90% of our time living in buildings, indoor air quality is crucial. In addition, the focus on buildings' energy efficiency increases thermal insulation and building air tightness, but limits air renewal with a negative impact on indoor air quality. We are also seeing more people suffering from asthma and allergies.

At Tarkett, we create flooring products for good indoor air. We changed the industry standard developing products with low volatile organic compound (VOC) emissions, 10 to 100 times better than the strictest standard in the world.

**Good materials** 

96%

of raw materials are third-party assessed for their impact on people's health and the planet, based on Cradle to Cradle® criteria. Good indoor air 96% of our floorings

are low VOC\*.

\* Total Volatile Organic Compounds



"At Tarkett, we believe the future is good—healthy, safe, beautiful with enough for all. And the way to get to that good future is by Doing Good. For all our customers and with the Cradle to Cradle principles in mind, we are designing our products for life—a life where good materials contribute to good health and where we are good stewards of resources that are continually re-used."

Anne-Christine Ayed, EVP Research, Innovation and Environment



We design products for healthier buildings. We started many years ago to develop alternatives to phthalate plasticizers, adapting our product formulations and our production process.

We think beyond our products because a floor is much more than flooring. We eco-design our products considering the installation and the maintenance. We also take into account the positive impact of our flooring within a space in terms of acoustic, lighting, and color perception (see pages 10-17).

### PRESERVING OUR PLANET'S NATURAL CAPITAL

Our natural capital—the ground beneath our feet, the resources we derive from nature—and the climate we rely on are both valuable and finite.

To preserve it, we responsibly steward water, energy, and resources at our plants, continuously improving our production process thanks to our World Class Manufacturing program. 67% of our production sites are equipped with closed loop water circuits (or do not consume any water in their production process).

We also take positive climate action as we strive to replace fossil fuels by renewable energy.

Our effort to reduce emissions are multifold-from energy efficiencies at our factories to renewable energy like wind, solar and biomass.

In addition, using recycled materials instead of virgin materials helps us to reduce greenhouse gas emissions.

**Good resources** 

71%

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

-9%

of greenhouse gas emissions (kgC0<sub>2</sub>e/m²) between 2010 and 2017.



At Tarkett, we believe in a positive and collaborative circular economy. This means going beyond recycling and reducing waste. It means developing inclusive programs and business models that encourage not only take-back, reuse, recycling and elimination of waste, but where everything we design begins with the end in mind. We believe we have a role to play in building a healthy circular economy throughout the entire supply chain and with all our partners.

The transition to a circular economy pushes us to rely more on materials that are recycled while being good for people's health. We recycle our production scrap and flooring, and we also source recycled materials from other industries. We also eco-design our flooring to close the loop at the end of their use.

### **RECYCLING AT OUR SITES**

Our plants also contribute to our circular approach, included in the environmental pillar of our WCM program. We optimize the production cycle in our manufacturing

sites, where we recycle our own production scraps. We have been recycling vinyl production since 1957 at our Sweden site and we have now 7 recycling centers accross the world. In addition, 65% of our manufacturing waste is recycled externally and only 18% goes to landfill.



### TAKE-BACK AND CLOSING THE LOOP WITH FLOORING

We've built our take-back Restart® program in Europe and North America to collect not only our own flooring but also flooring from our competitors. ReStart helps our customers to manage their flooring waste from job installation, collecting off-cut and used vinyl, linoleum and carpet flooring. Then we sort and select flooring that can be used as a source of quality raw materials in our own production process.

ReStart program

99,000

tons of collected floorings from 2010 to 2017.





"We are working on two main drivers to boost our ReStart program: collaborating with partners to implement cost-effective local take-back logistics, making it easy to sort and recycle for our customers; eco-designing our flooring systems that contribute to creating healthy interior spaces, keeping good materials and recycling in mind."

Myriam Tryjefaczka, Director, Sustainability and Public Affairs EMEA

### TURN WASTE INTO RESOURCES FROM OTHER INDUSTRIES

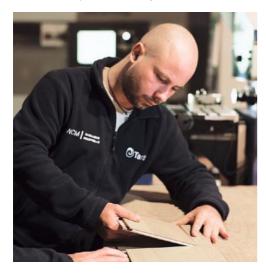
We also look for resources in other waste streams, which means exploring new opportunities, testing new materials, collaborating with different industries.

Recycled resources

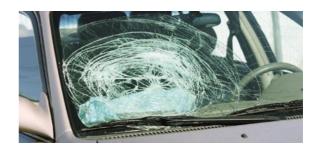
tons of recycled materials 12% of our raw materials.

### **ECO-DESIGNING TO CLOSE THE LOOP**

It starts with eco-designing flooring, keeping in mind end of use to be able to disassemble and recycle separately the various components: we have developed looselay and click vinyl tiles systems and taped and adhesives carpet systems to make flooring easy to install, remove, take-back, separate and recycle.







Since 2004, we have been harnessing the PVB film in windshields and safety glass, thus creating a responsibly sourced alternative from post-consumer materials to traditional carpet backing polymers. In North America, our ethos® backing used over 18,500 tons of PVB—18 million windshields from 2004 to 2017—that otherwise would have gone to landfill.



In Brazil, in addition to recycling our own production scraps, we also use recycled materials from various industries such as medicine blister packaging and mobile cards for our vinyl floor production, avoiding 960 tons of waste per year going to landfill.



The Desso Ecobase backing is eco-designed based on C2C principles: we first have developed, in partnership with a drinking water distribution company in the Netherlands, a technique to recycle calcium carbonate from water treatment. This calcium carbonate is used as a raw material for EcoBase® carpet backings.

### Healthy materials for healthier buildings

In 2017, 100% of our European\*, North American and Chinese vinyl production sites

\* FMFA Division



used non-phthalate plasticizer technology. Year after year, we are extending it to the rest of our sites, including for recycled materials. On a global level, carpet production in Europe and in North America does not use fluorine, as it has been replaced by safer alternatives. In North America, we now apply Eco-Ensure soil treatment, a fluorine-free protection for our Tandus Centiva carpets, woven and tufted rugs.

### Inspired by Cradle to Cradle® principles

We apply the C2C principles across our activities. In addition, year after year, we renew and extend our C2C certified product portfolio. In various flooring materials, we have obtained Cradle to Cradle® level Gold certification, such as iQ One and Evolay multipolymer based materials, Desso Ecobase backing for carpet tiles, Tandus Centiva carpet adhesives and Linoleum Essenza.

The C2C certification covers five key dimensions: healthy and recycled materials, renewable energy, water, and social criteria.



### Good air for good health

In addition to offering flooring with low VOC emissions, we also develop installation and maintenance systems using Cradle to Cradle® adhesives, glue-free modular flooring, dry-buffing and neutral cleaning products, all of which contribute to preserving the quality of indoor air.

Our Desso Air Master carpet tiles also use a patented technology to retain fine dust particles from circulating in the air and has received Gold Plus certification from GUI, the German Institute specialized in indoor air quality.





### Protecting from asthma and allergies

We were the first North American flooring manufacturer to offer both commercial and residential products that are certified Asthma and Allergy Friendly by the Asthma & Allergy Foundation of America. The Swedish association against asthma and allergies had been recommending our modular vinyl Starfloor Click since 2015. And the British Allergy Foundation also granted several linoleum ranges the Allergy UK Seal of Approval used in 135 countries worldwide.

### Good partnership for recycling



We partner with Veolia in France and in Germany to offer a take-back service to our customers, thus collecting and sorting post-installation flooring off-cuts to be recycled at our flooring production sites in Europe.

### Recycling award

The 2017 Tarkett North America ReStart Reclamation Award went to Katy Independent School District, in Texas, which has been partnering with Tarkett for nearly 10 years, allowing Tarkett to collect and recycle more than 110,000 square meters of post-installation and post-used flooring from 17 different schools.

### Switching to renewable energies

More than 28% of the energy Tarkett consumes comes from biomass, geothermal, solar or purchased "green" electricity, a positive step for climate change.

Our 9 plants using biomass increased the total of produced biomass energy in 2017 by 14%. Our Hanaskog wood plant in Sweden uses now 80% of renewable energy from biomass combustion and green electricity. And our team at the Bačka Palanka plant in Serbia implemented a thorough energy management plan, including producing energy from wood scraps used for the vinyl unit. Now, 52% of the plant's total energy needs come from self-produced or renewable energy sources.

100%

renewable electricity powers our factories, distribution centers and headquarters sites in Ohio (USA), through a contract with Engie Resources. 100%

"green" electricity purchased by our carpet and linoleum facilities in Europe and vinyl site in Brazil.

### Cross-border collaboration promoting a circular economy

Tarkett actively contributes to debates and panel discussions focusing on the transition to the circular economy:

- Luxembourg Circular Economy Hotspot 2017 and Green tour at our Clerveaux vinyl site.
- Almedalen Week, Sweden's biggest political meeting (see photo below).
- World Circular Economic Forum in Helsinki, Finland.
- European Commission's conference on "Reinventing plastics, closing the loop".
- The French Government's Circular Economy roadmap.
- The "Alliance for cities in transition" conference held at the HEC business school in Paris.
- The New York University conference about "Frugal innovation: co-building sustainable world with fewer resources".



### Green Tour - Sharing sustainability best practices

Tarkett's Green Tour presents our sustainable actions to encourage partners to commit alongside us, and to engage employees on our sustainability journey. After Clervaux (Luxembourg), Narni (Italy) and Ronneby (Sweden), our largest vinyl site in Otradny (Russia) opened in June 2017 its Green Tour.

Participants discovered initiatives ranging from separation of residual raw materials and recycling PVC scraps, to water and energy savings initiatives.





# We are committed to people

"Our teams are the most powerful and longterm differentiator we have. In the end, the best customer experience starts with the best employee experience." These are the words of Tarkett's CEO Glen Morrison.

### THREE REASONS TO WORK FOR TARKETT

In 2017, we talked to our people through focus groups and interviews to better define the Tarkett employee experience and clearly articulate what we aspire to for the future. The outcomes are expressed as three promises which Tarkett can offer and which differentiates us:

- **Expand horizons** through a broad range of jobs and geographies, from manufacturing to marketing & sales, from research to design. Our teams are encouraged to be best in class whether it be through WCM or Customer centric innovation and the learning opportunities are real.

Our teams also take part in multiple expertise networks, contribute to global initiatives to ultimately satisfy a wide variety of customers.

- Change the Game through initiatives which have a direct impact on our business, take risk for results and contribute to Tarkett's success. In line with our entrepreneurial roots, we trust our people and empower collaboration. We expect accountability for results while learning from failure as part of innovation and development process.
- Design the future of society through taking a long term view and build sustainable practices from product design to recycling, in collaboration with our multiple partners. We engage our teams in a journey to do good for all stakeholders, including the communities in which we work through our Tarkett Cares program.

Gender diversity

27%
of our Executive
Committee members
and our managers
are women

Tarkett Academy

19,500
professionals or students trained in flooring and installation techniques from 2012 to 2017







Tarkett launched a new website to share our employee value proposition with interested candidates and to invite them to discover Tarkett, through testimonial videos from employees, the CEO and Executive members.

#### **OUR TALENT PHILOSOPHY**

Because people are central to our success, we have defined a Talent Philosophy to guide all managers in their efforts to attract, develop and reward our employees, managers and teams across the Group. It sets out our commitment to employees and what they can expect from Tarkett during their career with us.

### GUIDING PRINCIPLES OF OUR TALENT PHILOSOPHY TALENT ACQUISITION

We are committed to the principle, "inside first, outside with potential, diversity always." We believe in developing our talents through internal mobility and giving people the opportunity to work in different parts of the business. We value having a variety of perspectives and look to broaden the diversity of our already international teams.

### **DEVELOPMENT**

Since 80% of what people learn is on-the-job, we aspire to give individuals opportunities to develop through stretch assignments, involvement in specific projects and expert networks, or exploring internal promotion. We also combine local training initiatives and signature programs, such as Manager@Tarkett or the new Operations program.

### PERFORMANCE

We expect and enable high performance through setting powerful goals and providing regular and open feedback from managers.

### DIFFERENTIATION

We believe in ambitious goals and high standards and reward our top achievers based on the contribution they've made. But reward isn't only financial, we also acknowledge teams which have good ideas and achievements through the annual Tarkett Awards.

#### **ACCOUNTABILITY**

We believe managers play a vital role in Talent management, developing the contribution of others and the performance of individuals leading by example.

### **Tarkett Awards**

24

projects submitted in 2017 to celebrate successful initiatives and best practices across the entire company



### Giving back to our communities



Our corporate volunteering program, Tarkett Cares, mobilizes teams worldwide to share their time and talents with local communities. Based on the company's values and sustainable development approach, employees are encouraged to spend 2 days a year during their working time supporting local communities. Tarkett Cares also includes financial and product donations.



"I believe it is important to be very clear about the employee experience we aspire to offer, that means creating the conditions so people can expand their horizons, change the game and design the future of society, all together. Our Talent Philosophy provides a common framework which includes our commitment to the way we manage our teams every day."

Sharon MacBeath, EVP Human Resources & Communications

### Developing manufacturing talents

In the framework of our World Class Manufacturing program, we have developed a specific talent management approach focused on teams working at our plants, from managers to operators. COACH and Problem Solving training programs are also good examples of how we develop managerial skills on an operational level in our plants. In 2017, we developed a new program dedicated to the plant managers covering various management dimensions in manufacturing sites including WCM, team coaching and project management.



### Online career management

Talent Inside is an online career management tool to follow and manage individual annual reviews and define professional objectives. This input fuels our Talent Review and people development process to ensure we proactively offer carreer opportunities and develop all talents.

"For companies, the most important challenge is winning the war for talent, attracting and retaining the best people. As business leaders, our role is to create an inclusive environment where people feel comfortable bringing their whole selves to work each day. In my experience, developing diversity and fostering a culture of inclusion unleashes employees' potential and engagement thus accelerating company's performance."

**Glen Morrison,** CEO of Tarkett, at the World Economic Forum, during a 2018 Davos conference focused on "Decoding biases: diversity be design".

### **Sharing our flooring expertise**



Tarkett Academy trains professionals and future installers in flooring installation. Courses are provided in twelve Tarkett Academy centers located in eight different countries—Australia, Brazil, China, France, Poland, Sweden, Russia, and Serbia. In France, about 370 young people have obtained official installation certification in our Tarkett Academy since 1993, and we train 180 professionals a year. In the UK, partnership with Floorskills trains flooring installation at the highest standards. In North America, experts from Tarkett train architects and designers, who can get continuing education credits.



"I started in the technical department 4 years ago, first as a manager of maintenance and a few years later taking responsibility over the engineering department. Today I'm the plant manager of Jacareí vinyl site in Brazil. Tarkett offered me a great opportunity to expand my skillset in quality, production, maintenance, and management. Being part of Tarkett's World Class Manufacturing network also provides me with valuable insights and support from multiple experts across the globe."

Hugo Silva, Plant Manager of Jacarei vinyl site in Brazil

### Caring around the world

In 2017, Tarkett Cares supported a variety of different initiatives. The Tarkett India sales team cleaned up the mile-long, crescent-shaped Palolem Beach in South Goa. Tarkett Hong Kong volunteered to join the Food Angel team to serve underprivileged communities. In Serbia, 7,000 children learned about safe behavior. Tarkett North America sales teams participated in building & decoration community programs, while teams also celebrated the Earth Day. In France, 170 employees volunteered to distribute meals with Les Resto du Cœur.





### **International mobility**

After deployment in North America, in 2017 Tarkett extended to Europe the Tarkett Careers platform for international mobility and hiring. Employees have access to job opportunity alerts and can recommend people. Managers can post job offers and follow the hiring process.



### **Comprehensive training programs**

2017 saw a new Group e-learning platform. This platform promotes individual easy-training as well as collaborative learning, connecting with experts, trainers and tutors. The goal is to accelerate the sharing of best practices and the transfer of knowledge. Tarkett also launched an online training for its environmental strategy, and reinforced its compliance and code of ethics training programs.

Other signature development programs continue, including BusinessLeader@Tarkett, in partnership with London Business School. In 2017, about 80 managers from 12 different countries benefited from this Leadership program.



### A recognized employer

In Serbia where Tarkett has an historical presence, we have been actively cooperating with universities since 2008 to offering internships and developing training programs for young talents. Over time, Tarkett in Serbia has built a solid employer reputation to attract and develop talents: 80% of managerial positions are filled internally.



## Doing Good. Together.



### **Designing for Life**

### **Natural Capital**

### **Good resources**

71%

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

### Good for water

67%

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

### **Good climate**

-9%

of greenhouse gas emissions (kgC0<sub>2</sub>e/m²) between 2010 and 2017

### Good energy

28%

of energy consumption comes from renewable energies

### People Friendly Spaces

### **Good materials**

96%

of raw materials are third-party assessed for their impact on people's health and the planet, based on Cradle to Cradle® criteria

### Good indoor air

90% of our floorings

are low VOC\*

\* Total Volatile Organic Compounds

### Healthy Materials

100%

of our vinyl production sites in Europe, North America and China use non-phthalate plasticizer technology

\* Except recycled content for certain products. Europe is equivalent to Tarkett EMEA division.









### **Closing the Loop**

### Recycling

Recycled resources

160.000

tons of recycled materials are used as raw materials 12% of our raw materials (in volume)

#### **Production waste**

-31%

of non-recycled industrial waste vs 2015

### Take-Back

ReStart program

99,000 tons of collected

tons of collected floorings from 2010 to 2017





### **Developing Talents**

### Safe and inclusive work environment

Safety at work

1.87

Record safety year at our plants

\*Recordable Lost Time Accident Frequency Rate (number of accidents/millions of hours worked)

### Gender diversity

27%

of our Executive Committee members (in 2018) and our managers are women

### Supporting local communities

**Tarkett Academy** 

19,500

professionals or students trained in flooring and installation techniques from 2012 to 2017

### Charity program

2 days/year

opportunities for all employees to support local communities

**1,400** employees involved **140** initiatives worldwide





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