2014
REGISTRATION DOCUMENT

Tarkett
THE ULTIMATE FLOORING EXPERIENCE

TARKETT

Société anonyme with Management Board and Supervisory Board

With a share capital of €318,613,480 euros

Registered office : Tour Initiale – 1 Terrasse Bellini – 92919 Paris la Défense

352 849 327 RCS Nanterre

REGISTRATION DOCUMENT 2014

CHAPTER 1

PRESENTATION OF THE GROUP

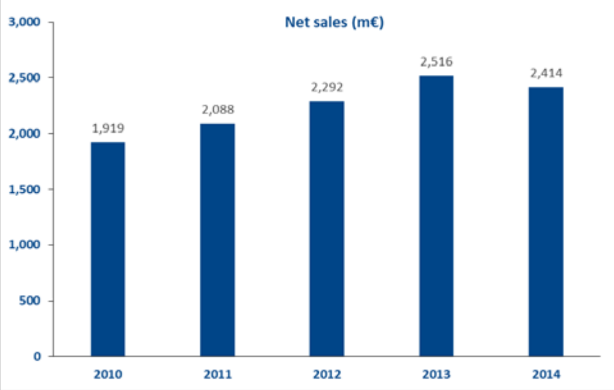
Introduction

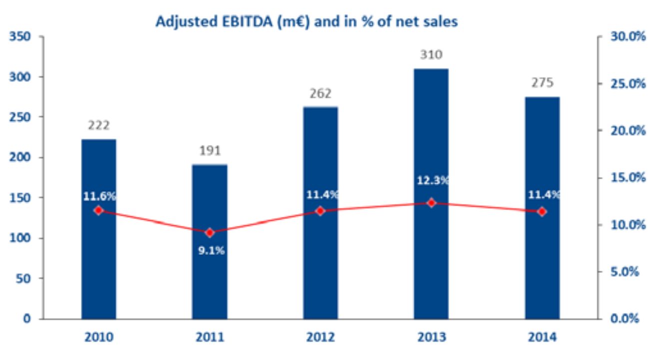
In this Chapter, certain indicators are presented “pro forma for the Desso acquisition”. Tarkett’s acquisition of the Dutch group Desso was announced on October 30, 2014 and finalized on December 31, 2014. In the interest of clarity in the presentation of the Tarkett Group following this significant external growth transaction, certain characteristics of the Group’s business, such as geographic footprint or its range of product offerings, are presented taking Desso into account for 2014. The consolidated financial statements included in Section 5.1 include the effect of the Desso acquisition on the balance sheet but not on the income statement, since the acquisition became effective as of December 31, 2014.

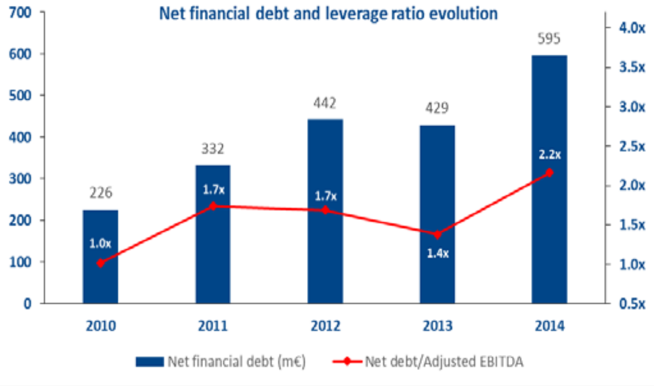
1.1 KEY FIGURES

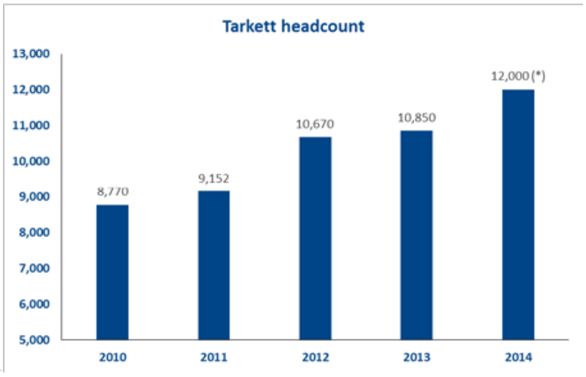
The financial data presented below is derived from the Group’s consolidated financial statements as of and for the fiscal year ended December 31, 2014, prepared in accordance with IFRS as adopted by the European Union, which are included in Section 5.1, “Consolidated Financial Statements as of and for the Year Ended December 31, 2014”. The consolidated financial statements as of and for the year ended December 31, 2014 have been audited by the Company’s statutory auditors. The report of the Company’s statutory auditors is included in Section 5.9, “Statutory Auditors’ Report on the Consolidated Financial Statements”.

The financial information shown below should be read in conjunction with (i) the Group’s audited consolidated financial statements as of and for the year ended December 31, 2014 as presented in Section 5.1, “Consolidated Financial Statements as of and for the Year Ended December 31, 2014”; (ii) the analysis of the Group’s financial condition and results presented in Section 4.1, “Operating Review”; and (iii) the analysis of the Group’s cash position and equity capital presented in Section 4.3, “Liquidity and Capital Resources”.









(*) Pro-forma of Desso

	Dec. 31, 2014	Dec. 31, 2013 restated (1)
CONSOLIDATED RESULTS OF OPERATIONS		
Net revenue	**2,414.4**	**2,516.4**
Adjusted EBITDA (2)	**275.0**	**310.0**
% of net sales	*11.4%*	*12.3%*
Adjusted EBIT	**175.5**	**210.9**
% of net sales	*7.3%*	*8.4%*
EBIT	**136.6**	**180.9**
% of net sales	*5.7%*	*7.2%*
Net result for the period - Group Share	**61.2**	**97.6**
Dividends per share (in euros)	**0.38**	**0.62**
Return on capital employed (ROCE) (3)	**13.8%**	**17.7%**
CONSOLIDATED FINANCIAL POSITION		
Shareholders' Equity	725.8	686.2
Net debt (4)	595.4	429.0
Total Balance Sheet	2,157.3	1,816.4
CONSOLIDATED CASH FLOWS		
Cash generated from operations	250.0	280.2
Capital expenditures	(77.6)	(87.8)
Cash flow from operations (5)	172.4	192.4
Free cash flow (6)	101.0	117.9
Market capitalization as of December 31	**1,141**	**1,817**
Workforce at December 31 (7)	**11,067**	**11,134**

(1) Reflects impact of IAS 12.41 on 2013 comparative information.

(2) Adjusted EBITDA, which is not a standardized accounting term with a generally accepted definition, is equal to operating income before depreciation, amortization and adjustments. Adjustments include, among others, restructuring costs intended to grow the Group's future profits; gains or losses on significant asset sales; costs relating to corporate and legal restructuring, including legal fees and acquisition costs as well as the impact on margins of recording inventory of acquired companies in the Group's balance sheet at fair value; management fees invoiced by the shareholders of the Company; and expenses relating to share-based payments without any cash payment. Adjusted EBITDA is not a financial measure defined under IFRS. It should not be taken as a substitute for operating income, net income or cash flows from operating activities, nor should it be treated as a measure of liquidity. Adjusted EBITDA may be calculated differently by other companies with businesses that are similar to or different from the Group's. Accordingly, the Group's EBITDA calculation may not be comparable to that calculated by other issuers. See Section 4.1.1.8, "Adjusted EBITDA", for a discussion of adjusted EBITDA and a reconciliation to the most comparable IFRS measure.

(3) ROCE corresponds to the ratio between EBIT, which the Group defines as operating income before financial items and taxes and capital employed (which corresponds to tangible and intangible assets (including goodwill), plus working capital). ROCE is not a standardized accounting term corresponding to a generally accepted definition. ROCE may be calculated differently by other companies with businesses that are similar to or different from that of the Group. Accordingly, the Group's ROCE calculation may not be comparable to that calculated by other issuers. See Section 4.3.8, "Return on Capital Employed", for a discussion of ROCE and a reconciliation to the most comparable IFRS measure.

(4)The Group defines net debt as the sum of non-current interest-bearing loans and borrowings and current interest-bearing loans and borrowings, minus cash and cash equivalents. For more information on how net financial debt is calculated, see Section 4.3.3.1, "Net Debt".

(5) Operating cash flow corresponds to cash flow from operations minus investments

(6) Free cash flow corresponds to operating cash flow minus interest paid, other items and taxes paid.

(7) Workforce as of December 31 does not include the DESSO Group, which was acquired on December 31, 2014.

1.2 HISTORY

The Group takes its name from Tarkett AB, its Swedish subsidiary that began its operations in the late 19th century.

The Group was formed in 1997 through the merger of the French company Sommer Allibert S.A. and Tarkett AG (which were at the time listed on the Paris and Frankfurt Stock Exchanges, respectively). Sommer Allibert S.A. was itself the result of the merger of two French companies created in the early 20th century. The members of the Deconinck family, who own SID (*Société d'Investissement Deconinck*), the majority shareholder of the Group, are the heirs of Mr. Allibert, the founder of one of these companies.

Beginning in 1997, the Group gradually sold off its non-flooring businesses, in particular Sommer Allibert S.A.'s automotive business in 2001, in order to focus its business exclusively on flooring.

At the same time, the Group began a strategy of dynamic growth in the flooring sector through a series of acquisitions and joint ventures. In 2002, the Group strengthened its business in Eastern Europe by forming a partnership with the Serbian company Sintelon AD (then listed on the Belgrade Stock Exchange), which had a particularly strong presence in Russia. The Group then progressively increased its investment in Sintelon AD's capital and bought out all of the minority shareholders in 2009. In 2003, the Group delisted its Canadian subsidiary, Domco-Tarkett, from the Toronto Stock Exchange, combining the Group's activities in North America. In 2004, it acquired the English company Marley Floors Limited, a specialist in commercial flooring, and took a minority interest in the Canadian company FieldTurf, a manufacturer of artificial grass, acquiring control of that company the following year.

In 2005, the Group continued to pursue its development strategy by entering into two joint ventures: one with the Aconcagua group, to develop the Group's production of laminate flooring in North America, and another with Sonae Industria-SGPS, S.A., to develop the Group's production of laminate flooring in Western Europe. The Group also acquired the U.S. company Johnsonite Inc., a manufacturer of resilient flooring and accessories, which strengthened its presence in North America.

In 2006, the Group finalized the delisting of its subsidiary Tarkett AG from the Frankfurt Stock Exchange.

In 2007, investment funds advised and managed by Kohlberg Kravis Roberts & Co. L.P. ("KKR") indirectly acquired approximately 50% of the Company's shares while the Deconinck family retained approximately 50% of the share capital, the remaining shares being held directly or indirectly by management. Also in 2007, Mr. Michel Giannuzzi was appointed as Chairman of the Management Board, and the Group began the process of overhauling its management team.

In the same year, the Group acquired the U.S. company Defargo, which specialized in manufacturing sports surfaces, and began the process of selling its wood floor business in North America, which would be finalized in 2009.

In 2008, the Group acquired the U.S. company Beynon Sports Surfaces, a specialist in manufacturing athletic tracks, bought out the remaining minority shareholders in FieldTurf and sold its share of the laminate-flooring joint venture in North America.

In 2009, to consolidate its leadership in sports surfaces in North America, the Group acquired Atlas Track, a U.S. company specialized in the manufacture of athletic tracks.

It also accelerated its international expansion in regions with strong growth potential. In order to strengthen its presence in Turkey, the Group created a distribution company through a joint venture with the company Aspen. In Brazil, the Group acquired Fademac, the leading Brazilian manufacturer of vinyl flooring.

The Group also applied to delist its subsidiary Sintelon from the Belgrade Stock Exchange in 2009.

In order to strengthen its positions in the residential market in Europe and to enrich its trademark portfolio, in 2010, the Group acquired some of Armstrong's assets in the UK. Next, the Group acquired Centiva, a U.S. company specializing in the design of LVT. It also acquired control of the Spanish company Poligras (which has since been renamed Fieldturf Poligras), the Spanish leader in the manufacture and distribution of sports surfaces, and a specialist in the manufacture of artificial grass.

In the same year, the Group entered into two joint ventures. The first was with the U.S. company EasyTurf, a specialist in the distribution of artificial grass for the U.S. landscaping market. The second was with the German company Morton ExtrusionsTechnik (MET), a specialist in producing fibers for artificial grass. These two partnerships reinforced the Group's artificial grass business and allowed it to in-source fiber production for its artificial grass.

In 2011, the Group continued to reinforce its positions by acquiring Parquets Marty (which became Tarkett Bois), a French wood flooring manufacturer, and creating two joint ventures: one with a Dutch distributor of artificial grass called AA SportSystems (now called Fieldturf Benelux) and the other with a Chinese distributor of resilient flooring, now called Tarkett Asia Pacific (Shanghai) Management Co. Ltd.

In 2012, the Group acquired Tandus, a U.S. company that designs, manufactures and sells carpeting for the commercial market. This acquisition enabled the Group to establish itself as a major player in the North American commercial carpet market.

In 2013, the Group carried out an internal reorganization in connection with Tarkett's initial public offering on Euronext Paris.

In 2014, the Group entered into four external growth transactions. First, the Group reinforced its industrial and commercial presence in China through two transactions: the buyout of the 30% minority interest in the Group's subsidiary that markets Tarkett-brand products in China (located in Shanghai), and the acquisition of a vinyl floor production plant near Beijing. In the same year, the Group acquired Gamrat (a Polish company specialized in high-performance vinyl flooring), Renner Sports Surfaces (an expert in athletic tracks and tennis courts located in the Rocky Mountains in the United States) and the Desso group (a European leader in commercial carpet).

1.3 STRATEGY

The Group's vision is to be the global leader in innovative solutions that generate value for customers in a sustainable way. The Group creates safe and inspiring flooring and sports surfaces that enhance its customers' return on investment and quality of life. The Group's goal is to grow faster and be more profitable than its competitors in comparable geographies or market segments.

1.3.1 THE GROUP'S STRATEGIC OBJECTIVES

The Group intends to take advantage of regional growth opportunities, expanding its offerings of innovative products and solutions, selectively seeking complementary acquisitions, and constantly optimizing operational performance.

a) **Regional growth**: the Group intends to take advantage of its strong positions in key markets to benefit from anticipated regional growth.

- In Europe, where the economic outlook seems relatively limited, the Group believes that the industrial adaptation processes that it has put in place over the past few years position it well to benefit from medium-and long-term economic growth while maintaining strong market positions and good levels of profitability in the near-term. In 2014 the Group made significant investments in its European design and manufacturing capabilities to fully capture the strong growth of the LVT market (see Section 1.6). It completed two acquisitions in Europe in 2014: Gamrat, a Polish company specialized in high-performance vinyl flooring, primarily for non-residential use, and Desso, a European leader in commercial carpet and sports fields. The Desso acquisition expanded the Group's product portfolio by adding carpet, a strong value added product, for its European customers, reinforced the Group's European presence, and also allowed it to offer commercial carpet solutions to all of its customers worldwide, in conjunction with the 2012 Tandus acquisition.

- In North America, the Group seeks to take advantage of the recovery underway to grow across the board in its residential, commercial and sports businesses. The Group has long pursued a strategy of positioning itself with products that best enable it to realize the potential of this market. The acquisition of Tandus in 2012, for example, made the Group a leader in the North American commercial carpet market and provides it with future cross-sales synergy opportunities in the United States and the ability to offer Tandus products in other regions. In 2014, the Group acquired Renner Sports Surfaces, a leading manufacturer of athletic tracks and tennis courts located in the Rocky Mountain region of the United States. This acquisition enables the group to enrich its product offerings and to expand its geographical footprint, thus reinforcing its leadership position in athletic tracks in North America.

- In the Commonwealth of Independent States (*"CIS"*), where the economic outlook remains uncertain, the Group intends to take advantage of its leading position, brand recognition and unique local manufacturing capacity to tap growth in a market that is estimated to have approximately two billion square meters of residential flooring in need of refurbishing in Russia alone. As a large majority of Russian citizens own their own housing, home improvements represent one of the top uses of disposable income. The Group also believes that the commercial flooring market shows significant potential, as many commercial end-users that initially used residential products to cut costs have found those products ill-suited to the heavy traffic of commercial establishments. The ever more stringent regulatory norms and standards being applied in Russia should also favor a high-quality supplier such as the Group.

- In other high-potential markets such as Asia Pacific and Latin America, the Group has adopted a disciplined and selective approach in order to capture profitable growth potential with increased penetration of resilient products. In particular, the Group believes there is potentially strong future demand in China and Brazil for high-quality commercial resilient products where its innovation and added value provide a differentiating factor that should serve it well as it develops in these markets. The Group also expects to take advantage of the Tandus manufacturing facility in China to expand its Asian business. In 2014, the Group reinforced its industrial and commercial presence in China through two transactions: the buyout of the 30% minority interest in the Group's subsidiary that markets Tarkett-brand products in China, and the acquisition of a vinyl floor production plant near Beijing.

b) **Expansion of product lines**: the Group intends to build on its long tradition of innovation, which dates back to the 1940s, when it first introduced three-layer hardwood flooring, , continuing into the 1950s, with its offering of durable vinyl flooring and a wide choice of decorations, and then into the 1990s, with the launch of the first infilled artificial turf for athletes, and into recent years, with the Group's creation of various ecologically sustainable flooring solutions. The Group currently maintains one international research and innovation center and numerous product and process development labs. The Group also has a scientific council that brings together its senior R&I officers with external scientists, professors and other experts to review and challenge its technology roadmap, and maintains formal partnerships with suppliers to involve them in the R&I process. The Group's future product innovation and development efforts are focused on renewing its offer with projects that it believes have significant market potential and ecologically sustainable qualities.

c) **The Group plans to continue its strategy of complementing its internal development with targeted acquisitions**, which it has successfully used to accelerate its profitable growth through a broader product portfolio of solutions, as well as through an expanded presence in fast-growing markets. The Group's acquisition strategy focuses on targets that allow for immediate leverage of their industrial and commercial strengths, taking advantage of the expertise of existing management whenever it is feasible and sensible to do so. In the future, the Group intends to maintain its strategy of selective acquisition.

d) **Continued operational optimization: this strategy involves a constant effort to improve the Group's day-to-day operational processes, as well as the implementation of turnaround action plans where required.**

- The Group's ongoing optimization strategy involves constantly seeking ways to improve manufacturing efficiency, such as through continued implementation of the World Class Manufacturing ("WCM") program. The Group believes its WCM program has the potential to produce significant additional cost savings in the future. For that reason, the Group maintains a dedicated WCM team that compares methods and procedures between sites, helps local teams at each manufacturing site implement the program, adapts the program to local specificities and supervises the program's process. The Group's overall objective is to achieve savings from the WCM program of approximately 2% of cost of goods sold per year on average over the next few years. The Group also works constantly to optimize its supply chain strategy in order to offer the best service and lead-time in the most economical way. The Group is continuing the rollout of its SAP system, with a goal of becoming the industry reference for supply chain management.

- The Group's optimization strategy also includes taking affirmative measures where necessary to ensure that its existing businesses successfully weather changing economic and market conditions. The Group has largely achieved the turnaround of its Sports Surfaces segment, which went from negative adjusted EBITDA of €11 million in 2012 to positive adjusted EBITDA of €15 million in 2013 and of €27 million in 2014. The Group is restructuring certain parts of its European wood business in Europe, in particular the French company Tarkett Bois, which is currently in the process of shutting down. In 2014, the Group also consolidated its U.S. production of VCT vinyl tile products (see Section 4.1.5 for a definition) into its Florence, Alabama, facility in order to reduce overall costs. Going forward, the Group expects to continue the efforts already underway to improve its operations and to continue to implement restructuring initiatives such as these when necessary.

1.3.2 TARKETT'S STRENGTHS

The Group has realized significant growth in recent years, while maintaining a high level of profitability and a sound financial structure. Its success is the result of a number of factors that the Group believes make it unique in the international flooring market. These factors include the following:

a) **Global market leadership**. The Group occupies leadership positions among flooring manufacturers for the products that constitute the heart of its business and in the principal geographical markets in which it does business. The Group is the third largest flooring supplier worldwide (on the basis of 2014 sales). Scale is essential in the Group's markets, providing raw material purchasing power (particularly for PVC, plasticizers and polyurethane) and allowing the Group to leverage research and innovation investments. The Group is the number one vinyl flooring company worldwide and the number one global supplier of sports surfaces. It is also the leading flooring company in Russia and more generally in the CIS, as well as in a number of major European countries, including France and Sweden. The Group believes it has one of the broadest product offerings in the flooring industry, including vinyl, linoleum, wood and laminate, commercial carpet and rubber products, featuring one of the strongest brand portfolios, which is critical to the success of its multi-brand distribution strategy. The breadth of the Group's product range allows it to create fully integrated flooring solutions that companies with less diverse offerings cannot match. The Group believes its product and technology development capabilities and in-house research and innovation teams are best-in-class, allowing it to provide innovative products that are tailored to the needs and demands of each of its markets, while promoting environmentally responsible solutions that keep it ahead of regulatory and industry norms.

b) **Attractive geographical footprint with substantial growth potential**. The Group has the widest geographical reach among its peers, with thousands of customers and end-users in over 100 countries and production and sales facilities in Europe, North America, the CIS countries, Latin America and Asia. It has built its geographical footprint through substantial investments realized over many years. Today, this is a unique differentiating factor and essential to the Group's lasting success, for the following reasons:

- The Group is able to capture growth wherever it arises—it can take advantage of the budding economic recovery in the United States; the substantial stock of residential flooring that requires renovation in Russia; the most innovative market segments in Northern Europe, France and Germany; and the early stage markets for sophisticated commercial flooring products in China and Brazil.
- The Group is intimately familiar with the local tastes and design and technical preferences that drive market demand, allowing it to tailor its product range and obtain a competitive advantage over suppliers who do not have the same scale and presence.
- The Group's local manufacturing capacity in each of its principal regional markets allows it to enhance customer service by reducing lead times, while optimizing

transportation costs, minimizing customs duties and limiting working capital requirements.

c) **Balanced geographic and end-market exposure providing resilience to cycles**. The Group's diversified geographic exposure and its large customer base provide the Group with natural protection against regional economic cycles in the construction and renovation sectors. The Group's broad product range allows it to offer flooring solutions that are adapted to meet varied technical specifications, budgets, safety and design requirements, opening up a broad range of attractive end-markets (housing, health care, education, offices, stores and shops, hospitality and sports). Approximately 80% of the Group's product sales, in terms of square meters, are for renovation projects, a market that is subject to less volatility than the new construction market. The Group's sales are divided between commercial end-users, which represented 58% of 2014 sales (pro forma to account for the acquisition of Desso) and residential end-users, which represented 42% of 2014 sales (pro forma for the Desso acquisition). It sells its products to vast numbers of customers worldwide, with little concentration risk; in 2014, no single customer represented more than 5% of the Group's consolidated net revenues. The Group believes its unique product range, diversified exposure to attractive end-markets, extensive customer base and global footprint reduce its dependence on any one industry, region or sector of the economy.

d) **Scale and execution excellence across the value chain providing strong competitive advantages**. The Group's global reach and size enable it to remain close to customers, leverage research and innovation and benchmark best practices across the Group's global operations.

- Its three regional design teams continuously monitor local trends to adapt product designs and meet customer preferences. The Group's sales force of approximately 1,500 (pro forma for the Desso acquisition) is in regular contact with distributors and retailers, providing them with the selection, brands and service that make the Group's products an attractive choice for their end-user customers.
- The Group maintains close long-term relationships with architects, designers, installers and contractors, who play an essential role in the choice of flooring solutions, particularly in the commercial market. The Group's training programs for building sector professionals and installers—"Tarkett Academies"— develop loyalty to its brands and ensure that end-users receive installation services commensurate with the quality of the Group's products.
- The Group's WCM program, managed by a dedicated team that regularly visits and benchmarks the Group's operating units, spreads expertise and best practices while ensuring quality, operational optimization, cost efficiency and best-in-class service.

e) **Track record of profitable growth, strong cash flow generation and Return on Capital Employed (ROCE)**. The Group has demonstrated a consistent ability to grow profitably, both organically and externally, even through periods of economic downturn. It has, for example, successfully integrated 13 acquisitions over the past five years. Since 2009, consolidated net revenues and adjusted EBITDA have grown at a compounded annual growth rate of 7.2% and 5.7%, respectively. The Group has maintained an adjusted EBITDA margin in the range of 9.2% to 12.3% since 2007 The Group's profitability has been enhanced by the productivity improvement aspects of the WCM program, which include reducing raw material costs and streamlining operations. The WCM program has enabled the Group to achieve significant cost savings. The Group believes that the WCM program will continue to generate substantial savings in the coming years. The Group's profitable operations, combined with disciplined asset management, have translated into strong cash generation and return on capital employed. The Group's ROCE (which the Group defines as earnings before interest and tax divided by the sum of tangible and intangible assets (including goodwill and working capital) has averaged 14% over the past seven years, allowing the Group to maintain a strong financial structure and giving it the financial capacity to invest in future development.

f) **Experienced and international management team leading a decentralized and agile organization**. The Group's internationally diverse management team is deep and has extensive experience, leading the Company in an entrepreneurial spirit. The current management team has been instrumental in the successful implementation of the Group's internal development strategy, while successfully managing several turnaround projects (such as the sports surface segment), and acquiring and integrating 13 targets over the past five years. The management team includes a mix of experience in the flooring business as well as in other industries such as the automotive and chemicals sectors. The efforts of the Group's management team have received the strong backing of the Group's family shareholder, which has supported the Company as it has grown and remains its largest shareholder.

1.4 BUSINESS

1.4.1 Note on Sources of Information

Unless otherwise noted, the information included in this section is based on Group estimates for 2013 and is provided solely for informational purposes. The Group is currently in the process of updating its estimates for 2014. To the best of the Group's knowledge, there are no authoritative external sources providing exhaustive and comprehensive coverage or analysis of the flooring market. Consequently, the Group makes estimates based on a number of sources, including studies and statistics from independent third parties (in particular Freedonia, the European Federation Parquet Industry Federation and the European Resilient Flooring Manufacturers' Institute), data published by other market participants and data from the Group's operating subsidiaries. These various studies, estimates, research and information, which the Group considers reliable, have not been verified by independent experts. The Group does not guarantee that a third party using other methods to analyze or compile the market data would obtain the same results. In addition, the Group's competitors may define their economic and geographic regions differently.

1.4.2 OVERVIEW

The Tarkett Group is a leading global flooring company, providing integrated flooring and sports surface solutions to professionals and end-users in the residential and commercial markets. Leveraging over 130 years of experience, the Group offers fully-integrated flooring solutions that it believes represent one of the widest and most innovative product ranges in the industry. The Group currently sells in the aggregate an average of 1.3 million square meters of flooring per day, and operates 35 manufacturing sites located around the world in each of its principal geographic regions. The Group has a diversified geographical footprint, which enables it to capture growth opportunities wherever they arise. The Group holds leading positions in each of its principal product categories and geographic regions, built through robust organic development, as well as successful and profitable external growth.

In 2014, the Group generated net consolidated revenues of €2,414.4 million, adjusted EBITDA of €275.0 million and net profit attributable to owners of the Company of €63.2 million. The Group's segment reporting is based on four operational segments—three of which relate to its flooring products and their geographic regions (EMEA; North America; and CIS, Asia Pacific ("APAC") and Latin America), and one of which relates to its sports surfaces products.

1.4.3 TARKETT'S MARKETS

The Group sells its products in more than 100 countries. With local sales forces and manufacturing facilities in each of its principal geographic regions, the Group is able to match its products to local and regional demands and tastes. Pro forma for the Desso acquisition, the Group's sales are well balanced geographically, with 36.3% of 2014 sales realized in EMEA, 34.3% in North America and 29.4% in CIS, APAC and Latin America.

The Group's sales are divided between commercial end-users, which represented 58% of 2014 sales (pro forma for the Desso acquisition) and residential end-users, which represented 42% of 2014 sales (pro forma for the Desso acquisition). In these two principal channels, renovations typically account for the large majority of sales (approximately 80% in terms of square meters). The Group sells residential products with designs and styles that are adapted to each geographical region that it serves. The CIS countries represent the Group's largest geographic region for residential products. The Group's products for commercial end-users are sold mainly in North America and Western Europe, although the Group's business is growing in the promising CIS, APAC and Latin American markets. The Group's commercial products benefit from its substantial research and innovation capacity, which is essential for meeting the technical specifications of commercial end-users such as schools, universities, hospitals, health care facilities, offices, hotels and retail establishments. The Group's capacity for innovation is also key to its success in the sports surface market, where it holds leading positions in artificial turf and athletic tracks in North America, as well as leading positions in artificial turf in key countries in Europe.

The Group has strong global and national brands that are recognized by end-users and professionals and adapted to the distribution strategy used in each market. Tarkett uses a diversified mix of distribution channels that include wholesalers, specialty chains, installers and contractors, independent retailers, DIY (do-it-yourself) retailers, direct key accounts and builders-merchants. The quality of the Group's products is recognized by architects, installers and contractors who are instrumental in specifying and choosing flooring solutions, particularly for commercial applications. The Group's distribution strategy is tailored to each market in which it operates and includes service centers that put the Group close to its customers and training facilities that generate brand loyalty and ensure the highest quality installation services for the Group's products. The Group has a network of 60 sales and marketing offices with a local sales force in each of its main markets.

1.4.4 TARKETT'S PRODUCTS

Tarkett offers products with innovative designs and textures adapted to local tastes and demand in each of its markets. It designs, manufactures, markets and sells five key types of flooring:

- **Resilient Flooring (Vinyl and Linoleum)** ***(approximately 54% of 2014 revenues, pro forma for the Desso acquisition)***: The Group's resilient products include a broad range of flooring options, including vinyl sheet, vinyl tile, safety and static-control vinyl flooring, luxury vinyl tiles (LVT) that simulate wood, ceramic or stone flooring, and linoleum products. The Group's resilient products are offered to both residential and commercial end-users and have experienced strong growth in recent years. The Group's strength in design and innovation allows it to offer resilient flooring in a wide variety of styles and colors, providing end-users with ease of installation, durability and reduced maintenance. The

Group is currently the leading supplier of resilient flooring solutions worldwide.

- **Carpet Flooring *(approximately 19% of the Group's 2014 revenues, pro forma for the Desso acquisition)***: The Group's carpet products include a wide range of modular, broadloom and hybrid products (such as Powerbond®) for commercial end-users such as offices, universities, schools, health care facilities and government facilities. Tarkett's presence in the carpet segment was reinforced by the December 2014 acquisition of the Desso Group, which expanded the Group's product portfolio by adding carpet, a strong value added product, for its European customers, reinforced the Group's European presence, and also allowed it to offer commercial carpet solutions to all of its customers worldwide, in conjunction with the 2012 Tandus acquisition.

- **Wood and Laminate Flooring *(approximately 9% of 2014 revenues, pro forma for the Desso acquisition)***: The Group's wood and laminate flooring products are used primarily in residential renovation projects and, to a lesser extent, in commercial applications such as retail, hospitality, offices and indoor sports facilities. The Group's wood product range includes high-quality engineered wood floors in a variety of wood species, colors, tones and finishes. The Group's laminate product range offers a functional alternative to wood flooring that is both stylish and affordable. The Group is a leading supplier of wood flooring in Europe and the CIS countries.

- **Rubber Flooring and Accessories *(approximately 6% of 2014 revenues, pro forma for the Desso acquisition)***: The Group's rubber flooring products and rubber and vinyl accessories are sold mainly to commercial end-users in North America, primarily in the healthcare, education, industrial and indoor sports sectors. They include rubber tiles and sheets, vinyl baseboards, stair nosing, stair borders, tactile warning strips, decorative wall skirting and other accessories. They are shock-absorbent and slip-resistant and offer natural acoustic properties with low maintenance requirements. The Group is currently the leading supplier of vinyl accessories in North America.

- **Sports Surfaces *(approximately 12% of the Group's 2014 revenues, pro forma for the Desso acquisition)***: The Group's sports products include innovative synthetic turf and track solutions for a wide range of sports venues ranging from community multi-purpose sports fields to professional football, soccer and rugby stadiums. The Group also offers artificial grass for landscaping purposes as well as indoor sports flooring. The Group has been recognized by the International Rugby Board (IRB) and FIFA (*Fédération Internationale de Football Association*) for the quality of its patented FieldTurf technology. The Group is currently the leading global supplier of artificial turf for sports surfaces worldwide and the leading provider of athletic tracks in North America.

1.5 GENERAL PRESENTATION OF THE FLOORING AND SPORTS SURFACES MARKET

The Group estimates that approximately 12.2 billion square meters of flooring were sold globally in 2013, excluding sales of specialized products such as concrete, bamboo and metal flooring. The categories of products that Tarkett sells account for approximately 27% of the total global flooring market, or approximately 3.3 billion square meters in 2013.

The table below presents an estimated breakdown of the global flooring market in 2013 by product category, based on the number of square meters of product sold.

	Volume in millions of square meters	% Percent of global market
Vinyl, linoleum and rubber	1,043	9%
Wood and laminate	1,452	12%
Carpet (commercial)	845	7%
Total for product categories sold by the Group	**3,340**	**27%**
Carpet (residential)	2,536	21%
Ceramic	5,983	49%
Other	376	3%
Total	**12,234**	**100%**

The market segments in which the Group is present are resilient flooring (vinyl, linoleum and rubber), wood flooring, laminate flooring and carpeting products for the commercial market, an area that the Group strengthened with the 2014 acquisition of Desso. The Group believes that its current product categories benefit from strong growth potential, but it may expand its portfolio to new categories if they present opportunities for profitable growth in line with the Group's strategy. For more information, see Section 1.3, "Strategy".

The flooring market is divided into residential and commercial end-users. In 2014, for the product categories in which the Group is present, the residential market represented approximately 42% of global sales (pro forma for the Desso acquisition), while the commercial market represented approximately 58%. In these two primary market categories and in each region, the vast majority of sales (approximately 80%) are for renovation projects, while a minority is for new construction.

The Group's sports surface products are generally intended for commercial use, primarily by universities, schools and public facilities. Artificial turf, on the other hand, is also sold to residential end-users, particularly for landscaping purposes in the southern United States.

1.5.1 GENERAL PRESENTATION OF THE FLOORING MARKET

The demand for a particular flooring product can vary significantly from one geographic region to another as a result of cultural differences, as well as differences in climate and regulatory requirements that can vary from region to region.

The table below presents a breakdown of the global flooring market in 2013 by product category and geographic region, based on the number of square meters of product sold.

(in millions of square meters)	EMEA		North America	CIS, APAC and Latin America			Total
	Western Europe[(1)]	Middle East/Africa		CIS and Balkans	Asia-Pacific	Latin America	
Vinyl, linoleum and rubber	250	37	248	208	275	24	1,043
Wood and laminate	309	197	168	154	579	45	1,452
Carpet (commercial)	148	51	290	14	292	50	845
Total for product categories sold by the Group	**707**	**285**	**706**	**376**	**1,146**	**119**	**3,340**
Carpet (residential)	445	154	870	40	877	150	2,536
Ceramic	454	850	195	182	3,337	966	5,983
Other	44	2	2	0	327	0	376
Total	**1,650**	**1,291**	**1,773**	**598**	**5,687**	**1,235**	**12,234**

(1) The countries included in Western Europe are Germany, Austria, Belgium, Luxembourg, Denmark, Finland, France, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom and other Central and Southern European countries.

The information below presents the principal characteristics of the geographic regions in which the Group sells its products.

1.5.1.1 EMEA

■ *Characteristics of the market*

In 2013, demand for flooring in Western Europe was 1.7 billion square meters, representing 13.5% of global demand for flooring. The categories of products that the Group sells accounted for 707.0 million square meters in 2012, or approximately 42.9% of flooring products sold in Western Europe, including 18.7% of sales for wood and laminate products, 15.2% for resilient flooring and 9.0% for commercial carpet. Products in these categories are used in both the residential and commercial markets.

In Western Europe, demand for different categories of flooring products varies significantly from country to country, especially between Northern and Southern Europe. For example, carpet is frequently used in the United Kingdom, whereas wood floors are more popular in Scandinavian countries and ceramic is more in demand in the South. In Germany and France, the breakdown by product category is more balanced.

The Group sells primarily vinyl resilient flooring, wood flooring and laminate flooring in Western Europe, mainly in France, Sweden, Germany and the United Kingdom. Most of the Group's sales of resilient flooring are in France, Germany and the United Kingdom, while the majority of its wood and laminate flooring sales are in Scandinavia.

■ *Growth Drivers*

Recent trends in the EMEA region vary from country to country. In the United Kingdom, total construction activity has decreased in recent years, despite an increase in do-it-yourself improvements and home renovations. The French flooring industry suffered as a result of a difficult economic environment, while flooring demand was less affected by the economic crisis in Scandinavia and Germany (although there was a decrease in sales of wood and laminate flooring in a highly competitive environment).

The Group believes that flooring demand in this region is currently stable, despite an economic context that continues to be uncertain and shows limited prospects for potential growth. Demand for wood floors may stabilize, in particular in Scandinavia. On the other hand, sales volumes of laminate flooring are likely to decline slightly. The sources the Group analyzed indicate, however, that there may be growth in resilient flooring for the commercial market, in particular in Germany and the United Kingdom.

■ *The Group's Competitive Position*

The Group is a leader in the Western European flooring industry. It is a leader in vinyl flooring in Europe and a leading flooring company overall in France and Sweden. It is also the third largest manufacturer of wood and linoleum flooring in Western Europe. It accounts for less than 5% of laminate flooring sales in most countries. However, it is a leader in wood and laminate flooring in Scandinavia, with approximately 15% of sales in that region.

The Group's main competitors in this region are European groups, which generally concentrate their businesses on a limited number of countries and products. Its most important competitors in this region are Forbo (resilient flooring), Gerflor (resilient flooring), Kahrs-Karelia Upofloor (wood flooring), IVC (resilient flooring and wood flooring), Beauflor (resilient flooring), James Halstead (resilient flooring) and Bauwerk-Boen (wood flooring). The American groups Mohawk (Unilin/Marazzi) and Armstrong Flooring (DLW) are present in Europe, but with relatively modest business volumes compared with their presence in North America. Moreover, in certain countries the Group faces local competitors. Finally, with respect to commercial carpet, Desso's main competitor is the American group Interface.

1.5.1.2 North America

■ ***Characteristics of the market***

In 2013, demand for flooring in North America was 1.8 billion square meters, representing 14.5% of global demand for flooring products. Demand in North America is dominated by carpet, which represented 65.5% of total volumes sold in 2013. The categories of products that the Group sells represented 706 million square meters in 2013, or approximately 39.8% of the total volume of flooring sold in North America, including 9.5% of total flooring sales for wood and laminate products and 14.0% of sales for resilient flooring. In North America, the Group sells these products primarily to commercial end-users and, to a lesser extent, to residential end-users. Commercial carpet represents 16.4% of total North American demand.

The Group's flooring sales in North America are divided fairly evenly among carpet, resilient flooring, rubber flooring, and vinyl and rubber accessories, with wood and laminate flooring accounting for a smaller portion of sales. The Group sells its products primarily in the United States, and to a lesser extent in Canada (14%). The Mexican market is considered to be part of Latin America, in the CIS/APAC/Latin America segment.

■ ***Growth Drivers***

Between 2006 and 2011, North American demand for flooring fell, in particular as a result of the decrease in new construction in that region. However, the U.S. construction market grew in 2013 and continued to improve in 2014, due primarily to the residential market.

In the coming years, the Group expects significant growth to result from the U.S. economy's recovery. The sources that the Company analyzed indicate a potentially significant increase in demand for all products, including the Group's principal products in this geographical segment: residential and commercial resilient flooring, rubber and vinyl accessories for the commercial market, and commercial carpeting.

■ ***The Group's Competitive Position***

The Group has a strong presence in several product categories in North America. In this region, it is the second largest resilient flooring company (including LVT, following the acquisition of Centiva at the end of 2010) and the second largest rubber flooring company. Following the 2012 acquisition of Tandus, it is also the fourth largest commercial carpet company in North America. The Group's Johnsonite products occupy a leadership position in the vinyl and rubber accessories market.

The Group's main competitors in this region are the Mohawk, Shaw, Armstrong, Interface and Mannington groups. For most of these competitors, the large majority of their sales are in the U.S. market. In keeping with the strong North American preference for carpet, this product category represents a significant share of these companies' sales (this is particularly the case for Mohawk, Shaw and Interface). However, some of these companies, including Mohawk, Armstrong and Mannington, also market resilient flooring, as well as wood and laminate flooring. Johnsonite's competitors include Nora, a rubber flooring manufacturer, as well as local manufacturers.

1.5.1.3 CIS & Balkans

■ ***Characteristics of the market***

In 2013, demand for flooring in Russia, the other CIS countries and the Balkans (the former Yugoslavia) was 0.6 billion square meters, representing 4.9% of global flooring demand. In these countries, resilient flooring is most popular, representing 34.7% of total flooring demand, as compared with 8.5% for the global market as a whole. Other than resilient flooring, the main products sold are ceramic tiles (30.3% of total flooring demand), wood and laminate flooring (approximately 25.7%) and carpet (9.0%).

Unlike Western Europe and North America, resilient flooring is used primarily by the residential market in the CIS countries. Most of the residents of these countries became the owners of their homes following the dissolution of the Soviet Union. For these new homeowners, renovation is a high priority, and resilient flooring is both well suited to local tastes and to the climate, and attractive for household budgets. The commercial market in this region has been slower to develop, but shows strong growth potential. Commercial end-users initially chose residential resilient flooring for their first renovation projects. These floors are not well adapted to high-traffic commercial premises. Moreover, Russia has adopted stringent fire regulations for commercial products. As a result of these factors, the resilient flooring market has shown moderate growth in recent years, although its size remains modest compared to the residential market. In Russia and the other CIS countries, the Group sells primarily vinyl flooring to residential end-users, and to a lesser extent wood and laminate flooring.

■ ***Growth Drivers***

As indicated above, following the dissolution of the Soviet Union in 1991, most homes were given to their occupants, resulting in a homeownership rate of more than 80%. Due to economic growth in these countries, renovation demand has grown significantly in recent years. This trend is expected to continue. Today, two-thirds of flooring in the Russian residential sector is in need of substantial renovation, according to Rosstat, the Russian government statistics agency. Moreover, over the last several years Russians have begun to buy laminate floors in order to give the appearance of wood floors while remaining within a reasonable budget.

In the CIS countries, residential and commercial resilient flooring demand is expected to continue to grow, as is demand for wood and laminate flooring. Today, residential renovation represents a significant growth area, with approximately two billion square meters requiring renovation out of the three billion square meters currently installed in Russian residential housing stock, according to Rosstat.

■ ***The Group's Competitive Position***

The Group has been doing business for more than 20 years in the CIS and the Balkans, primarily in Russia, Serbia, Ukraine and Kazakhstan. As a result of its long-standing presence in this geographic region, the Group considers itself to be a local company and a market leader. It is the number one resilient flooring company in Russia, Ukraine, Kazakhstan, Serbia and Belarus, and the number one wood flooring company in the CIS. It is also the number four laminate flooring company in Russia.

Tarkett's market leadership in the Russian resilient flooring market is the result of its well-known brands, local production, well-developed distribution platforms and deep understanding of local tastes. In the Group's opinion, Komiteks and Juteks/Beaulieu, two local companies, are the other leading companies in this region, alongside the international suppliers IVC and Forbo.

The Group is a significant distributor of laminate flooring. However, it is not as strong in laminate flooring as it is in resilient flooring.

In the laminate flooring market, Chinese manufacturers occupy a leading position due to their ability to offer low-cost entry-level products. The other principal companies in this market are Kronostar, Kronospan, Classen and Unilin (a member of the Mohawk group). Finally, the Group is a major player in sales of wood flooring in the CIS countries, where its main competitors are Barlinek and Kährs-Karelia Upofloor.

1.5.1.4 Latin America and APAC

■ ***Characteristics of the market***

In 2013, demand for flooring in Latin America and APAC was 1.2 billion and 5.7 billion square meters, respectively, representing 10.1% and 46.5% of global flooring demand. Ceramic is the most frequently used material in Latin America and APAC, as a result of local climate, ease of manufacture and the multiplicity of local suppliers.

In Latin America, the Group does business principally in Brazil, where most of its sales are vinyl products for commercial end-users. In APAC, the Group sells primarily carpet and vinyl flooring to commercial users in Australia and China.

■ ***Growth Drivers***

The Group believes that demand for the product categories that it offers in Latin America could grow, in the context of an overall market that is stagnant or even declining. In Brazil, in addition to structural factors, the economy could benefit significantly from the 2016 Olympic Games, after having benefited temporarily from the 2014 Soccer World Cup. In this region, sales of luxury vinyl tiles continue to grow at a faster pace than the general flooring market.

With respect to APAC, governmental initiatives in China should continue to sustain the construction market, according to a market study that the Group conducted in collaboration with a consulting firm. The aging of the Chinese population should also fuel growth in the retirement home sector, in addition to projected growth from the healthcare and education markets. Given the size of its residential housing stock, China is, by volume, the largest in the world. Vinyl flooring's market penetration is still limited, but this product category may grow in the future.

■ ***The Group's Competitive Position***

The Group's position in Latin America and APAC is in a development phase. Its position in Latin America was strengthened in 2009 with the acquisition of Fademac, a Brazilian vinyl flooring manufacturer; it is now the number one commercial vinyl flooring manufacturer in this country.

In 2014, the Group reinforced its manufacturing and sales presence in APAC through two transactions in China: the acquisition of the remaining 30% of the Group's subsidiary that markets and distributes Tarkett-brand products, and the acquisition of a vinyl flooring production plant near Beijing.

In addition, since the 2012 Tandus acquisition, the Group has benefited from a commercial carpet production site in China.

The Group's main competitors in vinyl flooring in Latin America are Gerflor and Forbo. Its main competitors in APAC for vinyl flooring are Armstrong, Gerflor, LG and Forbo, as well as local Chinese manufacturers.

1.5.2 Sports Surfaces

■ ***Characteristics***

Within the sports surfaces segment, the Group primarily sells artificial turf, athletic tracks and indoor sports flooring. The Group sells sports surfaces mainly in the United States and Canada, but also sells elsewhere, particularly in European countries including France, Spain, the Benelux countries and the United Kingdom.

The Group's sports surface products are generally intended for commercial use, primarily by universities, schools and public facilities. In addition, artificial turf is sold to residential end-users, particularly for landscaping purposes in the southern United States.

■ ***Growth Drivers***

As a result of the financial crisis that began in 2007, this market has been characterized by a downturn caused by a significant decrease in public spending in both North America and Europe. The resulting overcapacity generated extremely intense competition, which had a significant impact on prices. Given this market environment, customers are less interested in innovations and novelties, and instead seek functional products at attractive prices.

The first signs of a North American recovery appeared in 2012. Following the expiration of numerous manufacturers' warranties and given the fact that many surfaces will be approaching the end of their useful lives, a significant amount of artificial turf will need to be replaced, resulting in increased demand, which could increase the Group's sales.

■ ***The Group's Competitive Position***

The Group is the leading provider of artificial turf in North America and the leading provider of athletic tracks in the United States. It has numerous competitors, including small companies and resellers who outsource the manufacture of synthetic fiber. In the artificial turf market, the Group's strongest competitors in North America are AstroTurf, Hellas, Shaw and Sprinturf. In Europe, the Group is the second artificial turf player behind Tencate, and its other large competitors include Polytan, Limonta and Domo. Its principal competitors in athletic tracks are Hellas, APT, Stockmeier and Mondo.

1.6 PRODUCTS SOLD BY THE TARKETT GROUP

The Group offers a diversified range of flooring solutions, enabling it to tailor its products to the needs of each market and region. The choice of a flooring solution depends heavily on the type of premises where the product is used. In addition, the products demanded by both professionals and individuals tend to vary significantly from one geographic region to another, due primarily to cultural differences but also due to differences in climate and environmental factors.

The Group designs and sells products as a function of the needs, tastes and budgets of various end-users and differentiates its products through choice of materials, design and compliance with differing regulatory standards, as well as resistance to varying levels of foot traffic. Its large product range allows it to offer integrated decorative and functional solutions using several product categories in a single project, by coordinating accessories with floor coverings. By combining and coordinating its products, the Group can respond to several different needs at a single site.

Each of the Group's products features technological enhancements that improve product quality for end-users. Each of the Group's products is engineered with environmental stability in mind through a focus on the raw materials used in production, environmentally sound manufacturing processes and ecologically safe product disposal. The Group designs-in the use of renewable and recycled resources wherever possible. The Group's products are also designed to protect indoor air quality. For example, the levels of volatile organic compounds ("VOCs") emissions given off by the Group's products are lower than current standards, and the Group uses phthalate-free plasticizers for its vinyl floors in certain regions.

The Group's products are also designed to be recyclable, either within its own production chain or in other uses. The Group's production process is designed to minimize the use of water and energy at its production sites.

The Group has been doing business for decades throughout the world, and its brands are internationally and locally recognized, associated with high quality at competitive prices. The Group provides training to local installers to optimize the performance of the products purchased by commercial end-users, thereby improving installation quality. The Group's customer service representatives provide support throughout the life of its products.

1.6.1 PRESENTATION OF THE GROUP'S PRODUCTS

The Group sells the following types of flooring:

- ***Resilient flooring (vinyl and linoleum), including:***

  - resilient flooring for residential end-users, including heterogeneous (multi-layer) vinyl, which can be sold in rolls or as tiles, especially high-end vinyl tiles (luxury vinyl tiles, or "LVT"), and

  - resilient flooring for commercial end-users, including heterogeneous vinyl, which can be sold in rolls or as tiles, including LVT, homogeneous vinyl (single-layer), and linoleum floors;

- ***Wood and laminate flooring***, including plain wood and engineered wood floors as well as multi-layer laminate floors using several materials, sold to both residential and commercial end-users;

- ***Carpets*** for commercial end-users (and, to a much lesser extent, for residential end-users since the acquisition of Desso), a product line that was reinforced by the December 2014 of the Desso Group;

- ***rubber flooring and accessories***; and

- ***sports surfaces*** (primarily artificial turf and athletic tracks).

The following table presents the breakdown of the Group's 2014 consolidated net revenues by product type (pro forma for the Desso acquisition).

2014 Net Revenues	% of 2014 Net Revenues
Resilient flooring (vinyl and linoleum)	54.1%
Wood and laminate flooring	8.5%
Carpets	19.2%
Rubber and accessories	5.7%
Sports surfaces	12.3%
Total	**100.0%**

The Group's business is organized into four segments—three geographical segments for flooring (EMEA, North America and CIS/APAC/Latin America) and one global segment for sports surfaces. The following table presents the breakdown of the Group's 2014 consolidated net revenues by segment (including sports surfaces and pro forma for the Desso acquisition).

2014 Net Revenues	% of 2014 Net Revenues
EMEA	36.3%
North America	34.3%
CIS, APAC and Latin America	29.4%
Total	**100.0%**

1.6.1.1 Resilient Flooring (Vinyl and Linoleum)

The Group offers a large range of resilient flooring, including homogenous and heterogeneous vinyl and linoleum. Both residential and commercial end-users purchase heterogeneous vinyl. Homogeneous vinyl and linoleum, on the other hand, are purchased primarily by commercial end-users. Residential end-users and commercial end-users purchase resilient flooring with similar characteristics, and the Group's LVT products for residential end-users are very similar to the resilient flooring that it sells to commercial end-users in terms of design, price ranges and the materials used.

The Group has a very strong position in the resilient flooring market as a result of being the largest vinyl-flooring manufacturer in the world. Resilient flooring represents the largest portion of the Group's sales in the EMEA and CIS, APAC and Latin America regions, and also accounts for a significant share of its sales in North America. In particular, the Group is the largest manufacturer of resilient flooring in France, Germany, Sweden, Russia, and Ukraine. It is also the number two North American manufacturer of resilient flooring, and it offers these products in Latin America (in particular in Brazil, where it is the largest manufacturer of commercial vinyl flooring) and in APAC (in particular in China).

- ***Residential Vinyl Flooring***

The Group offers a variety of heterogeneous vinyl floors for the residential market, which includes apartments and houses (the common areas of multi-family residences and apartment buildings are considered commercial premises).

Design, appearance and price ranges of residential vinyl flooring must be adapted to the budgets, uses and tastes of the residential users in each geographical region, which can be very culturally specific.

Heterogeneous vinyl flooring is composed of felt or fiberglass backing covered with compact PVC and foam padding for insulation, covered successively with a printed decorative layer, a wear layer coating and a scuff-resistant finishing treatment. Heterogeneous vinyl flooring for residential end-users contains a thin wear layer, which enables it to be sold at competitive prices while maintaining the level of durability needed for residential use.

In terms of the pattern printed on the flooring surface, the Group offers its end-users a variety of colors and designs. In order to keep up with decorating trends, the Group must tailor its product lines to conform to prevailing styles and fashions, which can vary widely from one geographic region to the next. Heterogeneous vinyl products offer several advantages in terms of livability and remain attractive over a long period of time.

Residential heterogeneous vinyl flooring can be sold in rolls or in modular format (tiles or plates). Rolls are generally installed with glue, whereas modular products may be installed using glue, self-adhesive attachments or they may be snapped together, which facilitates installation and repair.

The Group helps customers choose flooring that matches their tastes and interior decoration. Tarkett also designed

Starfloor Click, a line of modular, easy-to-install LVT with a solid click-locking installation system that is resistant, durable and adapts well to different types of architecture.

- ***Commercial Resilient Flooring***

Commercial resilient flooring is specifically designed for high-traffic areas and can withstand numerous shocks. It is used in commercial premises including offices, administrative buildings, schools, hospitals, retirement homes, hotels, stores, the common areas of apartment buildings and in train stations and factories.

Resilient flooring for commercial uses includes a large range of products, including homogeneous and heterogeneous vinyl and linoleum flooring.

- ***Heterogeneous Vinyl Flooring***

Heterogeneous vinyl flooring for commercial use is designed to withstand intense foot traffic. A thicker wear layer is applied to the product than is used on the Group's residential resilient flooring products in order to reinforce the product and ensure its durability. Heterogeneous vinyl flooring is suitable for almost any commercial use.

The Group classifies its heterogeneous vinyl flooring products into two types: acoustic products, which are designed to absorb ambient noise (such as footsteps and talking) and compact products, which reinforce the floor's robustness.

The Group offers a diverse range of designs and patterns printed on the decor layer, for both rolled and modular products (including LVT, as further described in the next paragraph, and loose lay tiles). These frequently updated product lines give end-users a wide product selection.

Among the Group's other heterogeneous vinyl flooring products, it has developed LVT, which is a high-end modular product designed primarily for the commercial market. This product offers high precision printing of designs and patterns, which can simulate wood, ceramic or stone, using sophisticated graphics techniques. Luxury vinyl tiles are available at prices that are extremely competitive compared to the cost of the materials they mimic.

- ***Homogeneous Vinyl Flooring***

Unlike heterogeneous flooring, homogeneous vinyl flooring is made in a single layer with the pattern embedded directly into the material. This type of flooring is covered with a layer of pigment and reinforced by a polyurethane surface treatment that prevents metallization and facilitates maintenance.

Homogeneous vinyl flooring has many advantages. Its resistance to wear-and-tear makes it a durable solution for high-traffic areas. It comes in a compact version for high-traffic areas and in an acoustic version. The absence of multiple layers in its composition makes the design simple and offers advantages in terms of hygiene and maintenance.

As a result of its particular acoustic benefits, anti-bacterial properties and reinforced durability homogeneous vinyl flooring is frequently used in the healthcare and educational sectors, as well as in aged-care facilities.

- ***Linoleum Flooring***

The Group has been making linoleum for more than one hundred years.

Linoleum is composed of a jute backing treated with renewable raw materials such as linseed oil, rosin, cork flour or wood flour, to which a surface treatment is added.

Linoleum is a natural product covered with a surface treatment that makes it extremely robust and easy to maintain. The Group's linoleum products are extremely durable and therefore well adapted to the intense use of flooring that is typical of common areas in educational buildings and healthcare facilities, as well as offices and indoor sports facilities.

1.6.1.2 Wood and Laminate Flooring

- ***Wood flooring***

The Group sells wood flooring in Europe (EMEA segment), primarily in Scandinavia. It also markets these products in the CIS countries and the Balkans and, to a lesser extent, in North America. The Group is a leading manufacturer of wood flooring in Europe and is number one in wood flooring in the CIS. Wood floors are generally sold in the residential market. Although most of the wood the Group uses comes from Europe, it uses a staining process to adapt to demand in different markets and regions, in particular by offering wood flooring that resembles exotic wood.

The engineered wood flooring that the Group sells is composed of three main layers: the bottom stabilizing layer; a middle layer in soft wood such as pine or spruce or HDF (high density fiber); and a top layer of high-quality wood. This composition results in a more responsible use of the high-quality wood in a thin layer and allows the Group to optimize the hidden layers of fast-growing species of wood. These three stacked layers ensure the longevity of the Group's wood floors, in addition to reinforcing their structural integrity.

The Group uses high-performance protection techniques to reinforce resistance to scratches and wear. Engineered wood helps limit the use of high-grade wood, such as oak, which requires relatively long regeneration cycles. In this way, the Group contributes to sustainable forest management.

- ***Laminate flooring***

Laminate flooring is primarily sold to end-users in the residential market and can be designed to reproduce the pattern that the end-user wants—wood, stone, ceramic or a graphic design—but with enhanced durability and at a lower cost.

Laminate flooring consists of a paper balancing layer, a core board of high-density wood fiber or HDF, a decor layer of printed paper and an overlay to protect the visible surface.

Laminate flooring is sold at competitive prices compared to wood and provides a durable flooring solution. The Group offers a large range of designs to end-users to satisfy all of their wishes, although this product type is intended primarily for the residential market through DIY (do-it-yourself) distribution channels and construction materials, in particular.

Laminate flooring is easy to install thanks to the Group's *2*-Lock Click and T-Lock systems, which make it possible to lock the plates to each other without gluing them to the supporting layer. Laminate flooring can also be adapted to the specific needs of each end-user: heavy use and weight, high resistance to shocks or high-traffic areas. Due to its modular nature, Laminate flooring also allows users to easily change their flooring without incurring prohibitive costs.

1.6.1.3 Carpets

The Group offers carpets for use in commercial spaces such as office buildings, governmental institutions, hospitals and schools. The Tandus acquisition in September 2012, reinforced by the Desso acquisition in December 2014, enlarged the Group's product portfolio to include commercial carpets. As a result, Tandus's historical market, North America, is currently the Group's principal geographic region for commercial carpeting.

The Group offers three types of carpeting, which correspond to three generations of the product:

- broadloom carpet, which is made from a polypropylene backing and fibers that are either tufted or woven;
- modular carpet, which is sold in tiles, and made of a vinyl or urethane backing and tufted (nylon) fibers; and
- hybrid resilient sheet flooring, which is an inseparable structure made of a resilient base, a nylon carpet and a specific foam that contributes to its performance and enhances design options.

Carpet is a shock-absorbent floor covering with good acoustic properties that adds comfort and warmth to an interior environment. The Group offers a wide selection of colors and patterns that are frequently updated and tailored to appeal to customers in different geographic regions. The different carpet products also offer acoustic properties and high-performance resistance to rolling and heavy traffic, as well as ease of maintenance.

1.6.1.4 Rubber Flooring and Accessories

The Group sells a wide range of rubber flooring as well as rubber and vinyl accessories. Flooring products include rubber sheets and tiles, while accessories include stair nosing, tactile warning strips, tactile paving tiles, warning tiles, baseboards, decorative wall skirting, thresholds and adhesives.

Sold primarily in North America, these products are used mostly by commercial end-users in the healthcare, educational and industrial sectors, as well as in indoor sports facilities. The Group is the leading supplier of vinyl accessories in North America.

As part of the Group's sustainable development initiative, it can produce these products with recycled rubber.

The Group offers rubber flooring and accessories in a wide variety of colors, patterns and textures, in order to coordinate with its other flooring solutions. These products and accessories are slip-resistant and shock-absorbent and provide a high level of safety. They have natural acoustic properties, require little maintenance, and are easy to install and replace.

1.6.1.5 Sports Surfaces

The sports surfaces that the Group manufactures are used throughout the world by amateur and professional athletes, providing safety, comfort, performance and aesthetic enjoyment. Sports surfaces are installed at universities, schools and public sports facilities, primarily in North America, as well as in Europe (in France, Spain and the Netherlands).

The Group has a strong presence in the sports market due to the diversity of its products. It is one of the only flooring manufacturers able to provide such a wide range of sports surface solutions.

The Group's sports surfaces include three product types: artificial turf, athletic tracks and indoor sports flooring.

- ***Artificial Turf***

Artificial turf represents the largest portion of the Group's sales of sports surfaces. The Group is the leading artificial turf manufacturer in the world, and particularly in North America. Artificial turf can be used for both sports surfaces and landscaping.

The Group is certified as an artificial turf manufacturer by FIFA (*Fédération Internationale de Football Association*) and the IRB (International Rugby Board), and its turf is used for training and competition fields by some of the leading European soccer clubs, for hockey, tennis and other multi-purpose sports facilities. However, the principal end-users of this product are universities and high school facilities, and to a lesser extent, local municipalities for landscaping purposes.

The manufacture of artificial turf is a three-step process for which the Group has numerous patented innovative processes: fiber production, tufting and backing coating.

For sports facilities, the Group produces high-quality fibers, whose properties result from the chemical composition, extrusion parameters and unique, carefully designed geometry. The Group has become a leader in fiber extrusion technology since 2010, when it entered into a joint venture with Morton Extrusionstechnik, a German company specialized in fiber extrusion. This joint venture enables the Group to control the fiber production process for its artificial turf.

Artificial turf is a cost-effective solution for owners or maintenance personnel of sports facilities because it is less expensive to maintain than natural turf. From a sustainable development standpoint, it also reduces water use and eliminates the need for fertilizers. Artificial turf offers resistance to wear and tear from constant, year-round play.

The Group also offers an innovative range of landscaping products with a variety of designs that respond to the specific needs of end-users, in particular hotels and commercial campuses. The Group also sells these products to residential end-users, particularly in the southern United States.

- ***Athletic tracks***

The Group offers athletic tracks that promote athlete speed, safety and comfort. It sells them principally in North America, where it is the leading manufacturer.

Athletic tracks are composed of successive shock-absorbing layers of composite rubber, to which a polyurethane layer is applied, with the surface then worked on to give a particular color and external appearance, whether smooth or rough.

Because of the polyurethane surface layer, the Group's athletic tracks are extremely durable and provide athletes with important safety advantages, in particular due to their stability and shock absorption. The track surface essentially acts like a trampoline, propelling the athlete slightly with each stride. Easy-to-install, these tracks can be used in any weather conditions and also have good acoustic properties.

- ***Indoor Sports Flooring***

The Group offers indoor sports surface products in wood, vinyl or linoleum for multi-purpose sports venues and gymnasiums.

Within the vinyl flooring line, the Omnisports collection is adapted to multi-purpose sports venues. It is available in several thicknesses to respond to the technical requirements of a wide range of sporting events, and to offer performance qualities adapted to the needs of its end-users. The Group also offers lines of wood flooring for sports such as basketball, handball, dance, volleyball, badminton, squash and martial arts.

The Group's wide range of indoor sports surfaces satisfies the requirements of both experienced athletes and amateurs in terms of shock absorption, ball bounce and anti-slip surfaces. Certain of the Group's wood flooring product lines are popular for their ease of installation, such as its removable wooden floors, Sportable.

Indoor sports surfaces are marketed by a dedicated sales force in the North America sports segment and by the general flooring sales forces in other regions. These indoor sports sales are then recorded in the corresponding segments.

1.6.2 MANUFACTURE OF THE GROUP'S PRODUCTS

1.6.2.1 Raw Materials and Suppliers

The Group uses several categories of raw materials to manufacture its products: PVCs and plasticizers for vinyl flooring, wood for wood and laminate flooring, polymers and fibers for carpets and artificial turf, rubber for rubber flooring and accessories (such as baseboards) and artificial turf, and cork for linoleum flooring. The Group builds and maintains close and structured relationships with all of its suppliers. The structure of its long-term relationships with suppliers enables it to optimize purchasing terms and adapt the Group's procurement policy to the specific needs of each country.

- ***Raw Materials***

  - ***PVC and Plasticizers for Vinyl Flooring***

The Group primarily uses two raw materials to manufacture its products: PVC and plasticizers. These are used to manufacture homogenous and heterogeneous vinyl.

PVC and plasticizers together represented 54% of the Group's raw material costs in 2014. The PVC and plasticizer markets are global with regional differences relating to the relationship of supply and demand in different geographies.

When the Group makes acquisitions, it ensures that it is able to reduce raw material costs by asking the target's suppliers to honor the prices negotiated with the rest of the Group.

The Group is currently evaluating raw material opportunities in its various geographic regions.

  - ***Other raw materials***

Wood represented approximately 7% of the Group's raw material costs in 2014. The Group uses wood to make wood and laminate flooring. The wood flooring market remains very local, due to the significant cost of transporting logs or rough timber. The Group is therefore subject to local fluctuations in the price of wood.

The Group purchases other raw materials, in particular fiberglass for vinyl flooring; rubber for rubber flooring, accessories and artificial turf; polypropylene for carpet; melamine and decor paper for laminate floors; and linseed oil, jute and cork for linoleum floors.

- ***Supplier Relationships and Purchasing Policy***

Suppliers are essential partners of the Group, with whom it develops close and durable relationships. The Group has chosen to develop long-term relationships with all of the participants in its supply chain. The Group organizes its relations with suppliers around strategic partners with global scale and local suppliers able to adapt to local demands.

  - ***Supplier relations***

For each category of raw materials, the Group has developed relationships with several partner suppliers at the global level.

The Group is careful to maintain relationships of trust over the long term with all of its suppliers. These relationships enable the Group to negotiate favorable commercial terms, to obtain productivity gains and to realize economies of scale.

In order to adapt its procurement structure to different geographic regions, the Group has put supplier partnerships in place at different levels:

- It buys PVC and plasticizers from the leading international chemical companies, such as Vinnolit, Ineos, Vestolit, BASF, Eastman and Evonik, which supply the Group throughout the world.
- It also buys raw materials from local suppliers, in particular wood, the majority of which is purchased from local sawmills.

▪ ***Purchasing policy***

The Group tries to centralize its purchases at the global level for the most important raw materials, in particular PVC and plasticizers, as well as for fiberglass and other materials used to manufacture vinyl flooring.

In the Group's supplier agreements, pricing is indexed to market prices of the raw materials used in manufacturing its products. Most of these agreements have one-year terms, with three-year terms in certain cases. The Group is not obligated by these agreements to purchase specific quantities of materials.

The Group's purchasing policy is based on four principles:

- active management of its portfolio of suppliers;
- annual review of its principal contracts;
- diversification of raw materials; and
- collaboration with key suppliers.

The Group actively manages its portfolio of partner suppliers. The Group reviews its main contracts annually in order to renegotiate prices and determine supplier availability. Price formulas give the Group visibility as to price evolution over several years.

Diversification of the raw materials that the Group uses enables it to substitute inputs between several suppliers and thus reduce its dependence on certain specialized suppliers.

The Group tries to cooperate closely with its key suppliers on technical issues and innovations. It explains its growth objectives to them in order to ensure that they increase production capacities sufficiently to respond to increased demand.

1.6.2.2 Production Facilities

The Group's production facilities are located as close as possible to product delivery sites, while maintaining competitive production costs. The Group has 35 production sites in more than 15 countries in order to be close to its markets, minimize transport costs and customs duties and remain competitive with local players.

The Group tries to constantly improve its manufacturing processes to reduce production times, improve product quality and reduce manufacturing costs.

It uses flexible assembly lines so that it can adapt production to changes in end-user demand.

■ ***Location of Production Sites***

The Group has 35 production sites; of these, it owns 33 and rents two (in the United Kingdom and in China).

As a result of the Group's historical presence, it has 14 production sites (other than for sports surfaces) in EMEA, including two major sites with more than 500 employees each in Luxembourg and Sweden. The Group's production sites supply the products it markets in this region: resilient flooring, laminate flooring, wood flooring, carpet (since the 2014 Desso acquisition) and sports surfaces. A small portion of European production is also marketed in North America, the Middle East, Latin America and Asia.

The Group owns eight production sites (excluding Sports) in North America, which produce resilient flooring, carpet tiles, and, to a lesser extent, sports surfaces. In 2014 the Group consolidated the production of VCT and LVT into its Florence, Alabama site and closed its Houston, Texas site.

The CIS, APAC and Latin America segment also has a substantial number of production sites to satisfy local demand. In the CIS, APAC and Latin America segment, the Group has seven production sites, including one in Otradny, Russia with more than a thousand employees. This is the Group's largest site and offers its largest production capacity in the world. Other production sites in the CIS, APAC and Latin America regions make resilient flooring, wood flooring, laminate flooring, carpets and rugs. The Group also has a carpet production site in China as a result of the Tandus acquisition and the acquisition of a production plant in Beijing. In Brazil, where the Group is the leading supplier of commercial vinyl flooring, it has a factory that produces to satisfy local demand.

The sports surfaces segment includes six production sites. Three of them manufacture artificial turf (one in the United States and two in Western Europe), and two make athletic tracks in the United States. The remaining production site is a fiber extrusion factory for artificial turf in Germany (a Group's joint venture with Morton ExtrusionsTechnik (MET), in which the Group holds a 51% interest).

The following table presents the Group's manufacturing sites and the main products manufactured at each site.

Product Line	Country	Site	Products	Location
EMEA	Germany	LaminatePark	Laminate Flooring	Eiweiler
		MET	Artificial turf (fibers)	Absteinach
		Tarkett	Resilient flooring	Konz
	Spain	Fieldturf Poligras	Artificial turf	Valls
	France	Fieldturf	Artificial turf	Auchel
		Marty	Wood flooring	Cuzorn
		Tarkett	Resilient flooring	Sedan
	Italy	Tarkett	Resilient flooring (linoleum)	Narni
	Luxembourg	Tarkett	Resilient flooring	Clervaux
	United Kingdom	Tarkett	Resilient flooring	Lenham
	Sweden	Tarkett	Wood flooring	Hanaskog
		Tarkett	Resilient flooring	Ronneby
	Poland	Tarkett	Wood flooring	Orzechowo
		Gamrat	Resilient flooring	Jaslo
	Netherlands	Desso	Carpets	Waalwijk
		Desso	Carpets	Goirle
	Belgium	Desso	Carpets Artificial turf	Dendermonde
North America	Canada	Johnsonite	Resilient flooring	Waterloo
		Tandus	Carpets	Truro
		Tarkett	Resilient flooring	Farnham
	United States	Beynon	Athletic tracks	Hunt Valley
		Beynon	Athletic tracks and tennis courts	Denver
		Fieldturf	Artificial turf	Calhoun
		Johnsonite	Resilient flooring	Chagrin Falls
		Johnsonite	Resilient flooring	Middlefield
		Tandus	Carpets	Calhoun
		Tandus	Carpets	Dalton
		Tarkett	Resilient flooring	Florence
CIS	Russia	Tarkett	Laminate Flooring	Mytishchi
		Tarkett	Resilient flooring	Otradny
	Serbia	Tarkett/Sintelon	Resilient flooring Wood flooring Carpets and rugs	Backa Palanka
	Ukraine	Tarkett	Resilient flooring Wood flooring Carpets	Kalush
APAC	China	Tandus	Carpets	Suzhou
		Tarkett	Resilient flooring	Beijing
Latin America	Brazil	Tarkett Fademac	Resilient flooring	Jacarei

- ***The Group's Investments in Production Sites***

Over the last five years, the Group has made significant investments in its production sites in order to respond to increasing demand, maintain competitiveness and continue reducing production costs.

- ***Continued Improvement of Manufacturing Processes***

The Group continually works to improve its manufacturing processes, with the goals of improving worker safety and customer satisfaction and reducing costs.

In February 2009, the Group launched its World Class Manufacturing ("WCM") program, which is inspired by similar successful programs in the automobile sector.

This program seeks to improve:

- product quality and customer service;
- the safety and performance of production sites; and
- the Group's financial profitability, while reducing its impact on the environment.

In connection with the WCM program, the Group is carrying out initiatives to improve product quality, on-time delivery and production yields, all while limiting effects on the environment.

The Group has appointed WCM directors for all of its sites. These directors coordinate ongoing improvement projects on-site and develop related methodologies. They can then share their experiences within the WCM network, thus spreading efficiency improvements throughout the Group's production network to improve profitability. The Group also has a dedicated WCM team that travels to each production site to help local teams deploy the WCM improvements. By traveling to the various production sites, the WCM team can adapt the program's methodologies to local conditions, while at the same time managing action plans centrally.

The Group has seen positive results from the WCM program. A study conducted by an independent party confirmed significant improvement in customer satisfaction in 15 countries where the Group sells its products. There has been a substantial decrease in accidents at the Group's production sites and a decreased environmental impact from the manufacture of its products. In addition, the WCM program has improved management of the Group's supply chain and led to a significant reduction in production costs over the course of the last five years.

The Group believes that the WCM program will continue to generate substantial savings in production costs in the coming years.

- ***Special Attention to Worker Safety***

The WCM program emphasizes accident prevention in the Group's factories by requiring systematic analysis of all incidents, identification of principal causes and implementation of a rigorously monitored action plan.

At the same time, the Group conducts training to raise employee and management awareness of safety issues. The Group's Executive Committee is particularly sensitive to employee safety and discusses the subject with employees when it visits factories.

- ***Strengthened Quality Control***

The Group has implemented a quality-control structure in its factories to ensure rigorous monitoring of its products.

In connection with the WCM program, the Group's teams systematically analyze the principal causes of customer complaints and quality defects and create action plans to limit them.

In particular, the Group is working towards a reduction in customer complaints, which still represents a substantial cost-reduction opportunity.

- ***A Manufacturing Process That Respects the Environment***

The Group takes the environment into consideration at every stage of product design. For that reason, it does its best to select the materials that present the least risk to end-users and the environment, and that can be part of a biological or technical cycle. It prioritizes the use of renewable and recyclable materials in manufacturing its products.

The Group has also developed a system for collection and recycling of flooring, ReUse/ReStart and Floore (for Tandus), which consists of gathering clean flooring waste at the production sites and installation sites in order to re-use it to manufacture new flooring.

The Group has also entered into a partnership agreement with the German research institute Environment Protection Encouragement Agency ("EPEA") in order to deploy the Cradle to Cradle® concept. This program aims to reduce the environmental impact of industrial activities and to design products with materials that protect human health and the environment and that allow for indefinite recycling of the products at end of use.

1.6.3 DISTRIBUTION AND SALE OF THE GROUP'S PRODUCTS

The indoor flooring market is split between commercial and residential end-users. Residential users buy the Group's products primarily to renovate existing homes, but they may also purchase them in connection with new construction projects. Commercial users choose flooring for areas that are generally open to the public, in connection with both renovation and construction projects.

Residential end-users generally have a limited ability to distinguish between different products' various qualities and attributes and are therefore relatively dependent on the salesperson at the point of sale to select the appropriate flooring type. In general, residential purchases of flooring are made in DIY stores. These products may, however, also be purchased from specialized construction material suppliers, especially when the general contractor or installer is making the purchase. Therefore, brand awareness among installers and salespeople may have a large influence on product choice.

The commercial market ranges from large-scale projects to shopkeepers with small surface areas, such as artisans and boutiques, whose purchasing patterns tend to be similar to residential users. This segment is markedly more heterogeneous than the residential market in terms of technical requirements, but less varied in terms of design. In a commercial project, each space is designed for a very specific purpose, and materials must often be supplied in large quantities. For example, in a hospital project, the flooring solutions must conform to strict hygiene requirements to prevent the spread of nosocomial infections. A hospital floor will also be required to meet minimum standards of slip-resistance, static-absorption and noise absorption. A large department store or a mall, on the other hand, would require an ultra-resistant flooring to bear intense foot traffic without showing signs of wear. Office flooring must possess the ability to absorb sound, withstand high foot traffic and contribute to temperature control. Most importantly, public areas are subject to explicit regulations, in terms of interior environmental health and safety, which can vary considerably from one country to the next, even within a single economic zone such as the European Union, or from state to state as in the United States.

On the commercial market, construction materials must comply with many requirements in terms of design, cost, technical performance (including resistance and acoustics), durability, compliance with standards and public health. General contractors must make purchases in accordance with the terms dictated by the specifiers, who choose flooring in consultation with the end-user. Specifiers can include almost any type of construction industry professional: they may be architects, interior decorators, installers, project managers or general contractors. These professionals are tasked with studying each product and understanding the relative advantages and disadvantages of the various flooring solutions offered. As a result, specifiers are often open to examining the relative strengths and merits of specific technological innovations. The Group has teams dedicated to maintaining close relationships with specifiers at all stages of project development and management. These relationships constitute a key factor in the Group's sales success on the commercial market.

Because of the way products are chosen, the commercial flooring market has other particularities in terms of distribution channels. Unlike the residential market, where consumers go to a physical point of sale and order products immediately upon selection, commercial buyers plan their purchases in detail prior to placing an order. In general, a project will begin with a detailed planning phase, during which the quantities and qualities of each type of construction material will be determined, and delivery and installation schedules for each phase of the project will be estimated. It is during the planning phase that a manufacturer has the opportunity to act as a consultant to the specification team and design a one-stop, customized solution based on the project's technical and aesthetic requirements. These consulting services enable project managers to focus primarily on the factors that they feel most comfortable with, such as design elements or cost considerations, depending on their areas of expertise. Once the building materials have been selected and the quantity specified, the installer simply places the order with a wholesaler or directly with the manufacturer, and takes delivery in accordance with the construction calendar.

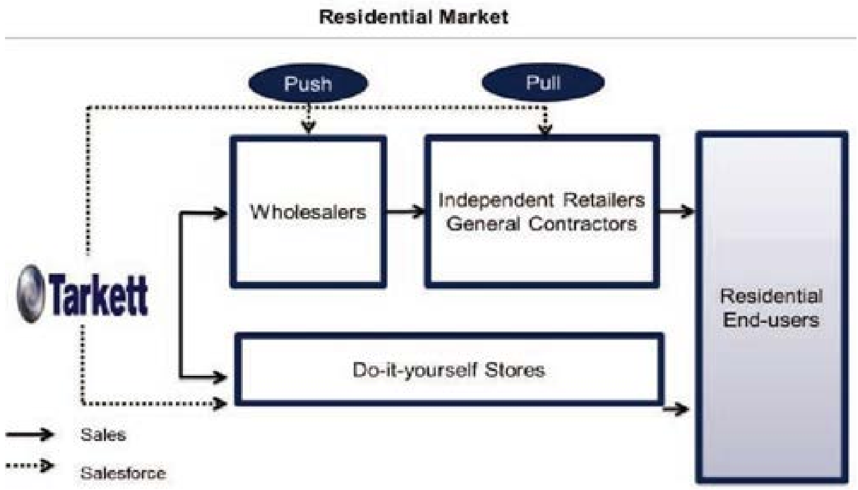
1.6.3.1 Distribution Strategy

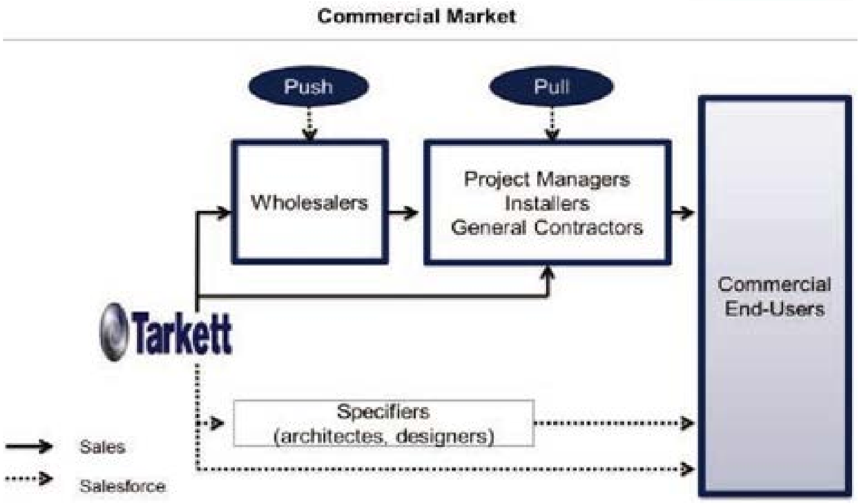
Distribution channels in the residential and commercial markets differ as a result of the characteristics of each market. The Group uses both "push" and "pull" strategies within both of these markets.

- *Push*. The Group has specialized teams to implement its "push" strategy, whose objective is to encourage wholesalers to buy its products. To that end, the Group's sales force meets with them to discuss the advantages of its flooring and present the brands under which it markets its products. The Group has entered into numerous agreements with the principal wholesalers in each market. In the residential market, in addition to wholesalers, this strategy also includes DIY chains and specialty retailers.

- *Pull*. The Group also has teams to implement its "pull" strategy, whose objective is to encourage the sale of products stocked by wholesalers. In the commercial market, the sales force concentrates on the main specifiers, such as architects, interior design firms and construction companies.

The following flow charts illustrate how the Group's distribution strategy works for the residential and commercial markets.





The Group's distribution strategy for the commercial market is complemented by training centers, called "Tarkett Academies", which promote awareness of the Group's products among specifiers and ensure the highest quality installation in order to reinforce the Group's image. There are 15 Tarkett Academies throughout the world, including a new Tarkett Academy opened in Backa Palanka (Serbia) in 2014. These training centers train building industry professionals, such as flooring installers and general contractors.

In these training centers, installers learn how to correctly install Tarkett-brand products, which often influences them to choose or recommend Tarkett products for their future projects. By ensuring proper installation of its products, the Group also improves its reputation, increases brand loyalty, develops relationships with its commercial partners and improves customer satisfaction by ensuring optimal installation of its products.

1.6.3.2 Distribution Channels

The Group's products are distributed primarily by distributors, retail chains, installers, specialized chains and independent stores. The weight of each distribution channel is different in each geographic region:

- Most of the Group's sales in North America and in the CIS, APAC and Latin America segment are through distributors. Buildings in these markets are characterized by large interior spaces, providing significant economies of scale in terms of logistics, with services being provided by distributors to a large number of retail stores. In Western Europe, on the other hand, a smaller share of sales is through distributors, though the number still remains significant.

- Large retail chains are common in Western Europe and North America, representing a significant share of the Group's sales in these markets. This distribution channel is currently less significant in the CIS countries, but could grow in the years to come.

- Independent stores represent a relatively significant share of the Group's distribution in Western Europe and in the CIS, APAC and Latin America segment, with a larger presence in high-end products such as wood flooring.

- Installers and builders represent a significant share of sales in Western Europe, particularly in the commercial sector.

It should be noted that commercial carpet (the activity of Tandus, acquired in 2012, and of Desso, acquired in 2014) is a special case, since it is generally distributed directly to commercial end-users in the form of "turnkey" solutions.

1.6.3.3 Customers

The Group has a large and diversified customer base, including, in particular, distribution companies and leading large retail chains. Distributors are the Group's principal customers and represent the majority of sales volume, followed by retail chains (including DIY chains).

The Group is not dependent on its principal customers. In 2014, the Group's largest customer represented approximately 5% of total consolidated net revenue.

1.6.3.4 Organization of the Group's Sales Force

The Group's 60 sales offices employ approximately 1,500 sales professionals dedicated to selling the Group's products (pro forma for the Desso acquisition). They are spread over 38 countries, enabling the Group to adapt to local differences and better understand the needs of each market and region. Each sales office has its own organization, responding to the requirements and structure of the local region. One of the strengths of the Group's sales force is its ability to adapt to local demand.

1.6.3.5 Logistics

The Group's logistics is organized around three principles:

- improving the quality of customer service, in particular by offering a wide product selection and rapid delivery;
- reducing costs, in particular storage, transport costs and customs duties; and
- adapting the distribution network to the characteristics of local markets.

The Group works with its distributors to support their logistics needs and limit the Group's costs. For example, in 2013 and 2014 the Group extended its logistics platforms in the CIS with the opening of ten new regional service centers located close to its principal distributors. This unique approach to distribution gives the Group a significant advantage over its competitors in the CIS. This proximity to customers also results in a clear improvement in service through a reduction in lead times and better training of the Group's customer service teams, giving the Group a strong competitive advantage.

- ***Logistics and Transport***

Transport of the Group's products is organized with the objective of improving the quality of customer service while managing transportation costs both upstream and downstream.

Upstream, for delivery of raw materials and other materials needed to manufacture products, the Group negotiates framework agreements with its principal suppliers covering prices and lead times and tries to locate its production sites near its suppliers' manufacturing sites.

Downstream, for delivery of products to customers, the primary objective of the Group's logistics organization is to offer short lead times so that customers can optimize their inventory levels. In some countries the Group uses outside service providers.

Most of the Group's production sites are located in the regions in which it sells its products. By reducing the distance between products and customers, the Group improves customer service, significantly reduces transportation costs, saves on import duties and shortens lead times.

- ***Logistics and Information Systems***

The Group's information systems include various applications, in particular applications to manage purchases and product life cycles, resource planning, customer relations, supply-chain management, accounting and financial information and human resources.

In 2010, the Group launched a wide scale program to rationalize, consolidate and secure its information systems Group-wide.

To do this, it invested in the deployment of an SAP system, which improves monitoring and management of the Group's activities, to make internal processes uniform, simplify the services offered to end-users and develop the Group's Internet presence.

The Group also made its computer infrastructure uniform with a single network and security system and a consolidation of data centers, while relying on a significantly strengthened risk management program for its information systems.

1.6.4 Product Innovation and Intellectual Property Rights

The Group has a long history of research and development. Innovations are incorporated into new products and procedures in order to provide residential and commercial end-users with new solutions.

To the extent permitted by local law, the Group systematically patents, trademarks or registers its industrial know-how and research and development innovations in order to protect its intellectual property.

1.6.4.1 Research and Development

■ ***The Group's Research and Development Policy***

Research and innovation are among the Group's top priorities. Spending on research, design and development increased from €15.6 million in 2010 to €26.0 million in 2014, demonstrating the Group's commitment to making research and development one of its pillars of success.

The Group has created many innovative flooring solutions, for which it has won several awards.

In order to position its products to respond to the market's demands and to anticipate future needs, the Group includes in its research and development initiatives a quality-assurance process as well as a graphic-design service that targets market trends.

■ ***Organization of the Group's Research and Development Activity***

▪ ***A Network of Internal Experts***

The Group's research and development activities are performed by more than 150 employees throughout the world. Research and development is organized around an international research and innovation center located in Luxembourg, as well as 24 development and application laboratories located in more than 14 countries around the world. This enables the Group to develop products that respond to the needs and tastes of local end-users, while relying on its center for excellence in research and innovation.

The directors of the research and development departments meet frequently to discuss product innovation, development and portfolio.

▪ ***Close Relationships With Outside Scientific Experts, Universities and Suppliers***

In order to create the most innovative flooring solutions, the Group has developed close relationships with outside experts.

For example, it created a scientific advisory board including both Tarkett experts and internationally known outside experts. The Group's directors of research and development can therefore consult with scientists from the world to validate their strategic research and development plans and to improve the Group's innovation strategy on a larger scale.

Experts within Tarkett can also meet frequently with research and development project managers, as well as with technical experts, to identify emerging technologies and market trends.

Approximately 30% of the Group's total research and development budget is devoted to external activity.

The Group has also entered into partnerships with research laboratories at some of the leading universities and engineering schools in the world, including the German research institute EPEA (Environment Protection Encouragement Agency) and the *Ecole Nationale Supérieure des Arts Décoratifs*.

The Group has also developed close relationships with certain suppliers to develop specific technical improvements, such as monitoring odors or improving the environmental attributes of the Group's flooring products.

1.6.4.2 An Effective Innovation Process

- ***Key Principles***

The Group's innovation strategy is based on three key principles.

First, it strongly emphasizes eco-design. To implement this principle, the Group constantly seeks new materials and processes that protect the environment and end-users. The Group's new products are thus designed in accordance with the Cradle to Cradle® principles. The Group is also working towards significantly increasing the share of renewable, abundant, recyclable and recycled materials used in the manufacture of its flooring products. It also aims to provide clear and precise information to consumers about its products' design. Using its own rating system, the Group labels its products with the proportion of renewable and natural materials used in the product's manufacture. The Group also indicates whether the product can be recycled, as well as its levels of VOC emissions.

The second principle on which the Group bases its innovation strategy is the development of modular solutions. Modular solutions are well adapted to both residential and professional users who want ease of use combined with a wide selection of designs and decorations. Therefore, the Group has developed a full range of modular solutions, offering a large choice of models and design.

Finally, the Group aims to maintain its position as an industry leader. In order to accomplish this, the Group constantly creates new manufacturing processes to achieve operational excellence and optimal competitiveness. It strives to acquire new know-how for implementing and designing flooring, and develops partnerships with universities and experts throughout the world to model these manufacturing processes.

- ***An Integrated Innovation Process***

To offer innovative products to its clients, the Group regularly launches new product lines. To design and develop these new lines, the Group has perfected a five-phase innovation process.

During the exploratory phase, the Group monitors the latest flooring, design and interior decorating trends. The Group also monitors technology and regulatory developments to ensure that the products it develops in the future will comply with applicable regulations.

Following the exploratory phase, the Group enters the trial phase. During this phase, the Group tests the designed product for market suitability, market demand, materials performance, technical feasibility and manufacturing process.

If the product is approved, the Group moves into the development phase. At this point, it creates the first prototypes for the new product.

Then the Group enters the production phase, which is subject to approval by the new product department, in charge of launching and marketing the new product. Once the product is industrially approved, the Group begins to manufacture the new product so that end-users can begin to benefit from the new innovation as soon as possible.

- ***The Group's Numerous Innovations***

The Group's research and development strategy helps provide its end-users with excellent flooring products. As early as 1942, the Group developed a new process for manufacturing wood flooring that reduced the amount of wood used. Since then, the Group has always worked to develop products and concepts that simplify end-users' lives while reducing environmental impact.

The Group has developed numerous eco-innovations combining performance, design and respect for human health and the environment.

In 2009, the Group began producing vinyl flooring without phthalates, with the iQ® Natural product line, designed using renewable plasticizers.

In 2010, Tarkett deployed a new technology, a non-phthalate plasticizer for vinyl flooring for both commercial and residential use. In 2013 and 2014, Tarkett deployed its non-phthalate plasticizer technology widely in Europe and North America, conducting significant development and adaptation of the formulations. This eco-innovation, combined with that of products with very low TVOC emissions, enables Tarkett to contribute to improving indoor air quality. See Section 3.2.2 of the Company's Corporate Social Responsibility report, "Quality of Materials". For example, in 2014 Tarkett launched a new line of residential vinyl flooring in Europe, using non-phthalate plasticizer technology and combining performance, design and respect for human health and the environment. This new generation of flooring contributes to improving indoor air quality through these two major eco-innovations: non-phthalate technology and total VOC (Volatile Organic Compound) emissions that are ten times lower than the strictest standards in the world.

In another example of eco-innovation, Tandus Centiva perfected a sub-layer for ethos® carpet tiles composed of recycled materials from glass film taken from windshields and safety glass.

In 2013, Tarkett launched its new Linoleum xf²® collection, recyclable flooring made from natural and renewable ingredients (linseed oil, pine resin, cork flour and wood flour). For this collection, a new surface treatment, xf², was developed, for greater durability and resistance to wear and tear. One product in particular, the Veneto® Essenza 100% linen, was designed without pigment, offering an authentic and natural decor, and obtained Cradle to Cradle® gold-level certification.

In 2014, Tarkett innovated in the area of self-adhering installation systems, in particular for its new modular lines. In Europe, the loose-laid LVT line permits easy, rapid and durable installation. In North America, the modular carpet line Freeform® offers the first installation system using less adhesive, for easier installation and renovation. Freeform also offers infinite design possibilities, thanks to its offering of catalogue and on-demand formats.

In the CIS, the Group developed a new line of wood flooring in 2014 with a unique digital printing system. This is the first wood floor that can be combined with original printed designs.

The Group has also innovated to improve its products' performance. For example, Cool Play™, recently launched by FieldTurf, is a system that enables the Group to significantly reduce the temperature of its artificial turf while maintaining the same level of quality. In addition, in 2014 FieldTurf developed the VersaTile™ system, a sub-layer made from recycled synthetic grass that combines drainage and shock-absorption properties. It is installed, notably, at Gillette Stadium in the United States.

Also in 2014, Tarkett launched FloorInMotion™, a unique solution in the service of health and well-being, intended primarily for healthcare settings. FloorInMotion is an intelligent, connected floor that detects falls and sends an alert to computers or mobile devices. This service also makes it possible to monitor patients and helps medical teams. This major innovation, providing an important service, is the result of an ambitious program undertaken by Tarkett's Research and Innovation department. The program relied on Tarkett's expertise in health as well as on numerous partnerships with hospitals, retirement homes and universities.

■ ***Awards for the Group's Innovations***

The Group has received numerous awards demonstrating that its innovations are internationally recognized.

Over the last five years, the Group has received awards in numerous areas, and in particular:

- the application of Cradle to Cradle® principles to flooring production. In recent years Tarkett has obtained several Cradle to Cradle® certifications: Basic level for artificial turf in 2013, Basic level in 2014 and Bronze level in 2015 for rubber tile floors, Silver level for linoleum and wood in 2011, and Gold level for the Veneto® Essenza 100% Linen linoleum in 2013. In 2014, ethos®, a resilient flooring for modular carpet tiles, was certified Cradle to Cradle® Silver level, and Evolay™, a new resilient flooring that is an alternative to vinyl, was certified Cradle to Cradle® Bronze level;

- the development of 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 flooring (Omnisports™ 6.5mm and 8.3mm). FiberFloor® received the same certification in 2012;

- its global sustainable development strategy: Tarkett received the BFM Green Business Award in 2011; the strategic development trophy awarded by the *Agence Française de l'Environnement et de la Maîtrise de l'Energie* (French Agency for the Environment and Energy Management) and by Ernst & Young in 2012; the responsible innovation prize awarded in 2013 by Bearing Point in partnership with Expansion magazine and the *Ecole des Ponts Paris Tech*; the "Woman of Sustainable Development 2014" prize at the Women in Industry Awards organized by the French magazine *Usine Nouvelle* (New Factory), which rewarded the commitment of Anne-Christine Ayed, Tarkett's director of Research, Innovation and Environment; and the Green Business Award of the Year prize in 2014 at the Green Business Summit in Luxembourg, initiated by GreenWorks and organized by the Farvest Group;

- its innovation management strategy: Tarkett received A.T. Kearney's Best Innovator prize in 2013;

- innovation of the FloorInMotion connected floor: Tarkett was selected for the ninth issue of "*Objets de la Nouvelle France Industrielle*" (Objects of the New Industrial France) in 2014, organized by the Ministry of the Economy, Industrial Recovery and Digital Technology; it also received the *Prix Janus de la Santé* (Janus Health Prize) in 2014 in France, the official design seal sponsored by the Ministry of Industry and Foreign Trade;

- the development of products that respect human health and the environment: Tarkett was awarded the *Prix Janus de l'Industrie* (Janus Industry Prize) in France in 2014, in the category "Components and Materials" in the service of People, Industry, and the Community for the Linoleum Veneto Essenza 100% linen product, the official design seal sponsored by the Ministry of Industry and Foreign Trade (*Ministère de l'Industrie et du Commerce Extérieur)*.

1.6.4.3 Standards Applicable to the Group's Products

The Group complies with a large number of regulations, standards and certifications in its various markets. These standards vary depending on the geographic region, the type of building in which a product is installed and the type of flooring. The Group also uses a monitoring process to ensure that its products comply with applicable regulations, standards and certifications.

■ ***Mandatory Standards and Standards with Which the Group Complies Voluntarily***

The Group is subject to two types of standards: mandatory standards based on legal requirements (such as European regulations or national decrees) and voluntary standards that it has chosen to comply with to respond to its customers' needs.

In most cases, compliance with mandatory standards must be certified by independent laboratories and/or organizations as well as by a governmental authority. Their principal objective is to ensure the safety and protect the health of end-users by demonstrating that the product complies with regulatory requirements, which relate primarily to fire-resistance, slip-resistance and limits on toxic fumes.

Voluntary standards are primarily testing standards to determine a product's technical characteristics such as acoustic properties or dimensional stability, and specifications relating to minimum thresholds for a specific use. These standards vary depending on the product and its intended use, such as schools, hospitals or homes.

Especially in the commercial market, specifiers often stipulate compliance with non-mandatory standards in their order specifications. Specifiers (such as architects and project managers) require compliance with such standards in their specifications. Moreover, compliance with non-mandatory standards is also required by certain national or municipal governments for the construction or renovation of buildings that will be used as public administrations or government agencies.

The Group discloses the standards with which it has voluntarily chosen to comply. The use of such standards allows buyers, specifiers and end-users to be informed of the characteristics of the Group's flooring in order to better differentiate between the Group's products and those of its competitors. The technical specifications that the Group chooses to communicate vary depending on the requirements of the market in question.

■ ***Standard Organizations and the Standards Used in Different Geographical Markets***

Organizations for standardization define the technical characteristics and performance that a product must meet, as well as the tests to be used.

At the international level, the principal organization in charge of publishing the standards applicable to the Group is the International Organization for Standardization ("ISO"). Compliance with ISO standards is based on the principles developed by the World Trade Organization, and is technically voluntary, although is often required by architects and project managers, in particular for government buildings. Furthermore, agreements between ISO and the European Union enable the transposition of an ISO standard into a European standard.

In Europe, standards are established by the European Committee for Standardization ("CEN"). These standards, called "EN" standards, are mandatory when referenced by a European regulation. Each European Union Member State is required to transpose the European standards into its national standards, replacing the corresponding national standard.

The "CE" marking for construction products is governed primarily by Regulation No. 305/2011 of April 24, 2011, which entered into force on July 1, 2013. It covers health, user safety and energy savings, and defines the mandatory requirements in order to sell the Group's products in the European market. The CE marking indicates that the Group's products comply with the various harmonized standards specific to those products and attests that the flooring has been adequately tested. Among the requirements for the CE marking, products must demonstrate fire resistance, low levels of toxic fumes, and anti-slip properties. For example, the Group complies with the harmonized EN Standard 14041, which details requirements for resilient and laminate flooring and carpets.

In addition to CE marking, the Group is required to comply with Member State regulations, which may rely on national standards established by organizations in various European Union Member States, such as the *Association Française de Normalisation* ("AFNOR") in France and the *Deutsches Institut für Normung* ("DIN") in Germany. The Group is subject to national standards in the countries where it sells its products.

In the United States, environmental and workplace safety regulations are established at the federal level, whereas safety features such as fire resistance standards are generally regulated at the state or city level. The American Society for Testing and Materials ("ASTM") and the American National Standard Institute ("ANSI") develop most of the voluntary standards applicable to flooring products in the United States. Both the federal and state governments may decide to adopt ASTM or ANSI standards, thereby making them mandatory. ASTM and ANSI standards are mandatory when referenced in federal or state regulations.

In Russia, flooring products must comply with numerous technical standards imposed by various federal laws and technical regulations, including, in particular, Federal Law No. 184-FZ on the verification and compliance system for flooring and Federal Law No. 123 of July 22, 2008 on fire safety standards.

Countries such as Australia, New Zealand, Japan and China also develop standards as well as national regulations with which the Group may be required to comply.

Finally, certain laboratories and private sector organizations have established procedures for labeling products that comply with certain standards.

The Group actively participates with organizations such as ASTM, ANSI, ISO and CEN in the process of developing standards.

1.6.4.4 Intellectual Property Rights

The Group has a significant portfolio of trademarks and patents that it constantly works to protect, which gives it a strategic advantage over its competitors.

■ ***Trademark Portfolio***

The Group's products are sold under known brands targeted at each geographic region. The Group sells its products under its international brand, Tarkett®, which has worldwide name recognition, as well as under specialized international brands such as FieldTurf® and a variety of leading local brand names that enjoy strong name-recognition in their various markets, such as Johnsonite® in North America, Sinteros in the CIS, and Desso in Western Europe. In certain markets, the Group uses a multi-brand strategy, using different brands for different distribution channels, to cover the entire market and optimize coexistence between the Group's different distributors.

The Group has a significant portfolio of internationally known trademarks (in particular Tarkett and FieldTurf) and regionally known trademarks (Tandus®, Sintelon and Johnsonite), in addition to trademarks for particular product categories (in particular Easyturf® for artificial turf and Beynon® for athletic tracks). The Group's trademarks are protected in most of the markets where it does business.

Protection of the Group's trademarks can be based on registration or prior use of the marks. Such protections are the subject of national, European Community and international registrations for varying lengths of time.

- ***Patent Portfolio***

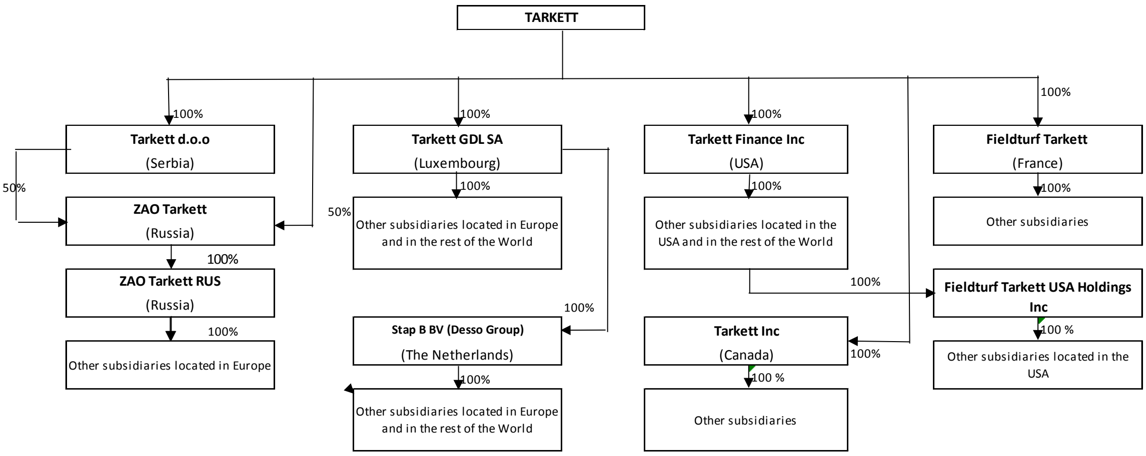
The Group holds full rights to a portfolio of numerous active patents in more than 42 countries. The Group's patents cover flooring and sports surface products as well as technologies for the development of new products.

The Group's patents cover approximately 15 different systems and technologies. Each year the Group files 10 to 15 new patent applications. The average age of the patents in the Group's portfolio is approximately eight years, which is the same as the average life span of its competitors' patents.

The geographical distribution of the Group's patent portfolio is highly diversified, with 86 patents in Western Europe, 11 in Eastern Europe and 50 in North America. Finally, the Group holds 24 patents relating specifically to its sports surfaces business.

Given the Group's research and development activity, it believes that it is not dependent on patents filed by third parties.

1.7 SIMPLIFIED ORGANIZATIONAL CHART



Chapter 2

CORPORATE GOVERNANCE AND COMPENSATION

2.1 MANAGEMENT AND SUPERVISORY BODIES

2.1.1 MANAGEMENT BOARD, SUPERVISORY BOARD AND EXECUTIVE OFFICERS

The Combined General Meeting held on January 2, 2001 opted for the form of management structure for a *société anonyme* consisting of a Management Board and a Supervisory Board.

This management structure dissociates management and direction of the Company, which are the responsibility of the Management Board, from supervision of the management bodies, which is the responsibility of the Supervisory Board.

A description of the main provisions of the Company's Bylaws relating to its functioning and powers, as well as a brief description of the main provisions of the Internal Regulations of the Supervisory Board and its specialized committees, is included in Section 7.6.

2.1.1.1 Management Board

As of December 31, 2014, the Management Board was composed of the following three members:

	Year of Birth	Nationality	Date of 1st Appointment to the Management Board	Date of Most Recent Renewal	Expiration Date of Term in office	Number of Shares Held[1]
Chairman						
Michel Giannuzzi	1964	French	November 7, 2007	November 26, 2013	November 26, 2016	225,144
Member						
Fabrice Barthélemy	1968	French	May 23, 2008	November 26, 2013	November 26, 2016	38,247
Vincent Lecerf	1964	French	May 23, 2008	November 26, 2013	November 26, 2016	31,631

(1) Shares held by the executive and related persons.

The tables below show the main positions and offices held by the members of the Management Board outside the Company (whether inside or outside the Group) during the last five years.

MICHEL GIANNUZZI - Chairman and Member of the Management Board
Experience and Expertise
Michel Giannuzzi, a graduate of the *Ecole Polytechnique* and of Harvard Business School, has spent most of his career in industry, both in France and abroad. From 1988 to 2001, he held several positions within the Michelin group. From his initial diverse industrial responsibilities in France and the United Kingdom, he went on to manage a tire production unit using very innovative technologies before taking on the responsibility of re-engineering the supply chain in Europe and becoming CEO of Michelin Japan. In 2001, he joined the Valeo Group as Vice President and Member of the Executive Committee, successively in charge of the global Electrical Systems and Wiper Systems businesses. Business address: Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense

<table>
<tr><th colspan="2">List of positions and offices held in French and foreign companies during the last five fiscal years</th></tr>
<tr><td>Positions and offices within the Tarkett Group
Current positions:
In France:
- Member and Chairman of the Management Board, Tarkett
Abroad:
- Chairman of the Board of Directors, Tarkett Capital SA (Luxembourg)
- Chairman of the Board of Directors, Tarkett GDL SA (Luxembourg)
- Chairman of the Board of Directors, Zao Tarkett (Russia)
- Board Member, Tarkett Asia Pacific Ltd (People's Republic of China)
- Chairman of the Board of Directors, Fademac SA (Brazil)
- Chairman of the Board of Directors, Tarkett Hong Kong Limited (People's Republic of China)
- Chairman of the Board of Directors, Laminate Park GmbH & Co KG (Germany)
- Member of the Supervisory Board, Morton Extrusionstechnik GmbH (MET) (Germany)
- Board Member, Tarkett Inc. (Canada)

During the last five years:
In France: None
Abroad: None</td><td>Positions and offices outside the Tarkett Group

- None</td></tr>
</table>

<table>
<tr><th colspan="2">FABRICE BARTHELEMY - Member of the Management Board and Chief Financial Officer</th></tr>
<tr><td colspan="2">Experience and Expertise</td></tr>
<tr><td colspan="2">Fabrice Barthélemy, a graduate of the ESCP - Europe, is the Company's Chief Financial Officer.

He began his career as an industrial controller with Safran and joined Valeo in 1995 as Financial Controller of a division in the United Kingdom. From 2000 to 2003, he helped turn around Valeo's Lighting Division in France, then becoming Financial Director of Valeo Connective Systems and, subsequently, Financial Director of Valeo Wiper Systems.

Business address: Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense</td></tr>
<tr><td colspan="2">List of positions and offices held in French and foreign companies during the last five fiscal years</td></tr>
<tr><td>Positions and offices within the Tarkett Group
Current positions:
In France:
- Member of the Management Board and Chief Financial Officer, Tarkett
- Member of the Executive Committee, FieldTurf Tarkett SAS
Abroad:
- Board Member, Tarkett Australia Pty. Ltd (Australia)
- Board Member, Laminate Park GmbH & Co KG (Germany)
- Board Member, FieldTurf Poligras (Spain)
- Board Member, Somalre (Luxembourg)
- Board Member, Tarkett Capital SA (Luxembourg)
- Board Member, Tarkett GDL SA (Luxembourg)
- Board Member, Zao Tarkett (Russia)
- Chairman of the Board of Directors, Tandus Flooring CO. Ltd (Suzhou)
- Board Member, Tarkett Inc. (Canada)
- Board Member, Fademac SA (Brazil)
- Board Member, Tarkett Asia Pacific Ltd (People's Republic of China)

During the last five years:
In France: Chairman of Tarkett Bois
Abroad: None</td><td>Positions and offices outside the Tarkett Group

- None</td></tr>
</table>

VINCENT LECERF - Member of the Management Board and Executive Vice President of Human Resources	
Experience and Expertise	
Vincent Lecerf, a graduate of EDHEC and having a post-graduate diploma in organizational sociology from Paris Dauphine, is the Company's Executive Vice President of Human Resources. He has spent most of his career in human resources, including at companies such as Rhodia, Poclain Hydraulics, and Valeo. Before joining Tarkett, he was Director of Human Resources of the Norbert Dentressangle group. Business address: Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense	
List of positions and offices held in French and foreign companies during the last five fiscal years	
Positions and offices within the Tarkett Group **Current positions:** In France: - Member of the Management Board and Executive Vice President of Human Resources, Tarkett Abroad: None **During the last five years:** In France: Chairman of Tarkett France Abroad: None	**Positions and offices outside the Tarkett Group** - None

2.1.1.2 Supervisory Board

■ ***Composition of the Supervisory Board***

At the time of the Company's initial public offering on November 22, 2013, the members of the Supervisory Board were either appointed or renewed early, for staggered terms. In accordance with the Afep-Medef Code and Article 18 of the Company's Bylaws, the entire Supervisory Board will be renewed for staggered terms over a period of four years.

Changes made in 2014	Changes proposed in 2015
The Company's shareholders, meeting at an Ordinary Shareholders' Meeting on May 13, 2014, decided as follows: - To renew Mr. Didier Deconinck's term as a member of the Supervisory Board for a period of four years; - To renew Mr. Jean-Philippe Delsol's term as a member of the Supervisory Board for a period of four years; - To appoint Mr. Julien Deconinck as an observer for a period of four years.	Following examination and an opinion provided by the Nominations and Compensation Committee, the Supervisory Board will propose that the General Shareholders' Meeting to be held on April 24, 2015 do the following: - To renew Ms. Françoise Leroy's term as a member of the Supervisory Board for a period of four years; - To renew Mr. Gérard Buffière's term as a member of the Supervisory Board for a period of four years; - To appoint Mr. Eric La Bonnardière as a member of the Supervisory Board to replace Mr. Jean-Philippe Delsol, who is stepping down from the Supervisory Board, for the remainder of his predecessor's term, namely until the general shareholders' meeting called in 2018 to approve the financial statements for the fiscal year ending December 31, 2017; - To appoint Mr. Nicolas Deconinck as an observer on the Supervisory Board to replace Mr. Eric La Bonnardière, who is stepping down as an observer, subject to the condition precedent of Mr. Deconinck's appointment as a member of the Supervisory Board, for the remainder of his predecessor's term, namely until the general shareholders' meeting called in 2018 to approve the financial statements for the fiscal year ending December 31, 2017.

Composition of the Supervisory Board as of December 31, 2014

As of December 31, 2014, the Supervisory Board was composed of nine members and two observers.

	Year of Birth	Nationality	Date of 1st Appointment to the Supervisory Board	Date of Most Recent Renewal	Expiration Date of Term in Office	Number of Shares Held
Chairman						
Didier Deconinck	1947	French	January 2, 2001	May 13, 2014	2018 Shareholders' Meeting Accounts 12/31/2017	1,000
Vice-Chairman						
Jacques Garaïalde	1956	French	January 10, 2007	November 26, 2013	2017 Shareholders' Meeting Accounts 12/31/2016	1,000
Members						
Sonia Bonnet-Bernard	1962	French	July 12, 2011	November 26, 2013	2017 Shareholders' Meeting Accounts 12/31/2016	1,000
Gérard Buffière	1945	French	November 26, 2013	November 26, 2013	2015 Shareholders' Meeting Accounts 12/31/2014	1,050
Bernard-André Deconinck	1944	French	January 10, 2007	November 26, 2013	2016 Shareholders' Meeting Accounts 12/31/2015	1,000
Eric Deconinck	1948	French	January 2, 2001	November 26, 2013	2016 Shareholders' Meeting Accounts 12/31/2015	1,000
Jean-Philippe Delsol	1950	French	November 26, 2013	May 13, 2014	2018 Shareholders' Meeting Accounts 12/31/2017	590
Françoise Leroy	1952	French	November 26, 2013	November 26, 2013	2015 Shareholders' Meeting Accounts 12/31/2014	1,000
Josselin de Roquemaurel	1976	French	May 26, 2010	November 26, 2013	2017 Shareholders' Meeting Accounts 12/31/2016	1,000
Observer						
Eric La Bonnardière	1981	French	November 26, 2013	November 26, 2013	2017 Shareholders' Meeting Accounts 12/31/2016	
Julien Deconinck	1978	French	May 13, 2014	May 13, 2014	2018 Shareholders' Meeting Accounts 12/31/2017	

The above table does not take into account the 31,975,071 shares held by Société Investissement Deconinck ("**SID**"), with which Messrs. Eric Deconinck, Didier Deconinck, Bernard-André Deconinck, Julien Deconinck and Eric La Bonnardière are directly or indirectly associated.

The tables below show each member of the Supervisory Board and his or her main positions and offices held inside and outside of the Group during the last five years.

DIDIER DECONINCK - Chairman and Member of the Supervisory Board

Experience and Expertise

Didier Deconinck holds an engineering degree from *Ecole Polytechnique de Zurich* and received additional training in marketing at the Wharton Business School and in finance at INSEAD (Fontainebleau).

He has been Chairman of the Company's Supervisory Board since 2005. Since 2013, he has been a member of the Management Board and of the *Bureau des Assemblées* (as DDA's representative) of *Société Investissement Deconinck* ("**SID**"), a family company holding the Deconinck family's investment in the Company. He was a Managing Director of *Société Investissement Familiale* ("**SIF**"), a holding company controlling the Company, until its initial public offering in 2013. He is also the Vice President and Managing Director of Monin, a French hardware manufacturer for the building and industrial sectors, which he also co-founded.

From 1979 to 1984, Mr. Deconinck was the Managing Director of *Allibert-Mobilier-de-Jardin*, a garden furniture manufacturer. He then became Managing Director of the Video division of Thompson and an executive officer of its German holding company, DAGFU, until 1987, then, until 1990, General Manager of Domco, a company traded on the Toronto Stock Exchange and the largest Canadian flooring manufacturer. Didier Deconinck is also Chairman of the Supervisory Board of ARDIAN Holding SAS.

Business address: Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense

List of positions and offices held in French and foreign companies during the last five fiscal years

Positions and offices within the Tarkett Group	Positions and offices outside the Tarkett Group
Current positions: In France: - Chairman and Member of the Supervisory Board Abroad: None **During the last five years:** In France: None Abroad: None	- Member of the Management Board and *Bureau des Assemblées* (as DDA's representative) of SID - Manager, DDA (France) - Chairman of the Supervisory Board of ARDIAN Holding SAS (France), permanent representative of DDA (France) - Managing Director, Monin (France) - Board Member, *Musée de l'Armée* (France) **Positions and Offices held during the last five years that are no longer held** - Member of the Management Board and Managing Director, SIF (France)

JACQUES GARAÏALDE - Vice President and Member of the Supervisory Board

Experience and Expertise

Jacques Garaïalde holds an M.B.A from INSEAD (Fontainebleau) and is a graduate of the *École Polytechnique*.

He is a Senior Adviser to Kohlberg Kravis Roberts & Co. ("**KKR**") and was a partner of KKR from 2003 to 2014. Before joining Kohlberg Kravis Roberts & Co., Mr. Garaialde was a partner of Carlyle responsible for the European Venture Partner fund. Between 1982 and 2000, he worked for the Boston Consulting Group, serving as Senior Vice President responsible for Belgium (from 1992 to 1995) and then France and Belgium (from 1995 to 2000).

Between 1979 and 1981, he held various positions within Esso France.

Mr. Garaialde is also a member of the Board of Directors of KKR Flooring COMP and SMCP SAS. He is also a trustee of the *École Polytechnique* Charitable Trust and a member of the Board of Directors of the *Fondation de l'École Polytechnique*.

Business address: Kohlberg Kravis & Co. Ltd, Stirling Square, 7 Carlton Garden, London SW1 5AD, Great Britain

List of positions and offices held in French and foreign companies during the last five fiscal years	
Positions and offices within the Tarkett Group **Current positions:** In France: - Vice President and Member of the Supervisory Board - Member of the Nominations and Compensation Committee Abroad: None **During the last five years:** In France: None Abroad: None	**Positions and offices outside the Tarkett Group** - Board Member, KKR Flooring COMP (Luxembourg) - Board Member, SMCP SAS (France) **Positions and Offices held during the last five years that are no longer held** - Chairman of the Management Board, SIF (France) - Chairman and CEO, Mediannuaire Holding (France) - Chairman of the Board of Directors, Pages Jaunes Groupe (France)* - Board Member, Nexans (France)* - Board Member, Visma AS (Norway) - Board Member, Pages Jaunes Groupe (France)* - Board Member, Legrand SA (France)* - Board Member, Sorgenia Spa (Italy) * French listed companies

SONIA BONNET-BERNARD - Independent Member of the Supervisory Board

Experience and Expertise

Sonia Bonnet-Bernard is a French certified accountant (*expert comptable*) and holds an M.A. from the University of Paris IX Dauphine in accounting and finance. She was a lecturer at the University of Paris IX Dauphine and at the IAE of Poitiers from 1986 to 1994.

Since 1998, Ms. Bonnet-Bernard has been a managing partner of Ricol Lasteyrie, an independent financial advisory and corporate valuation firm.

She began her career in 1985 as an auditor for the firm Salustro, and then continued on to Leon Constantin in New York in 1989. After having managed the International Section of the *Conseil Supérieur de l'Ordre des Experts Comptables* (the French National Association of Chartered Accountants) for seven years, she joined the Arnaud Bertrand Committee (which became the Financial Markets Department of the *Compagnie Nationale des Commissaires aux Comptes* (French Professional Auditors Body), where she coordinated the technical accounting and professional policy positions of the major international audit networks.

Ms. Bonnet-Bernard has been a member of the *Autorité des Normes Comptables* (the former *Conseil National de la Comptabilité*) (the French National Accounting Standards Authority) since 1998 and has actively participated in its efforts since 1990. She is Vice President of the *Société Française des Evaluateurs* (SFEV), a member of the *Association Professionnelle des Experts Indépendants* (APEI) and a member of the Board of Directors of IMA France.

Business address: Ricol Lasteyrie, 2 avenue Hoche, 75008 Paris

List of positions and offices held in French and foreign companies during the last five fiscal years	
Positions and offices within the Tarkett Group **Current positions:** In France: - Independent Member of the Supervisory Board - Chairman and Member of the Audit Committee Abroad: None **During the last five years:** In France: None Abroad: None	**Positions and offices outside the Tarkett Group** - Managing Partner, Ricol Lasteyrie (France) - Vice-President of the *Société Française des Évaluateurs* (France) - Member of the Board of Directors of the Association IMA France (France) - Member of the *Collège de l'Autorité des Normes Comptables* (France) **Positions and offices held during the last five years that are no longer held** - None

GERARD BUFFIERE - Independent Member of the Supervisory Board

Experience and Expertise

Gérard Buffière holds a degree from the *École Polytechnique* as well as a Master of Science from Stanford University (United States).

Mr. Buffière is a Director of Imerys, a member of the Supervisory Board of the Wendel Group and a Senior Adviser of the Sagard et Ergon Capital Partners funds. He also manages *Société Industrielle du Parc* and GyB-Industries, which he founded.

Mr. Buffière began his career in 1969 in the Mergers and Acquisitions department of Banexi before joining Otis Elevator in 1974. In 1979, he was appointed CEO of the Electricity Control division of Schlumberger, and then, in 1989, Chairman of the Electronic Transactions division. From 1996 until late 1997, he acted as CEO of the Industrial Equipment branch of Cegelec.

In early 1998, he joined Imetal, which then became Imerys, as a member of the Management Board responsible for the Materials and Construction and the Minerals for Ceramics divisions, and then, in 2000, the Pigments and Additives division. In 2002, he became the Chairman of the Management Board of Imerys, and was then appointed CEO upon the change in the group's structure in 2005, a position he held until 2011.

Business address: GyB-Industries, 41, boulevard de la Tour Maubourg, 75007 Paris

List of positions and offices held in French and foreign companies during the last five fiscal years

Positions and offices within the Tarkett Group

Current positions:
In France:
- Independent Member of the Supervisory Board
- Member of the Nominations and Compensation Committee

Abroad: None

During the last five years:
In France: None
Abroad: None

Positions and offices outside the Tarkett Group

- Board Member, Imerys (France)*
- Member of the Supervisory Board, Wendel (France)*
- Chairman, GyB-Industries (France)
- Chairman, Société Industrielle du Parc (France)

Positions and offices held during the last five years that are no longer held

- CEO, Imerys (France)*

* French listed companies

BERNARD-ANDRE DECONINCK - Member of the Supervisory Board

Experience and Expertise

Bernard-André Deconinck holds a degree from the *École Centrale de Paris*.

He is a member of the Company's Supervisory Board and, since 2013, has been the Chairman of the Management Board and a member of the *Bureau des Assemblées* (as the representative of Heritage Fund) of SID. He has been a member of SIF's Management Board. He began his career with the Group in 1969 as an engineer, then beginning in 1970 held positions in operational management (at the factory and division levels), then as vice-president of purchasing, investing, style, research and Group development.

Business address: Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense

List of positions and offices held in French and foreign companies during the last five fiscal years

Positions and offices within the Tarkett Group

Current positions:
In France:
- Member of the Supervisory Board
- Member of the Nominations and Compensation Committee

Abroad: None

During the last five years:
In France: None
Abroad: None

Positions and offices outside the Tarkett Group

- Member of the Management Board and *Bureau des Assemblées* (as a representative of Heritage Fund), SID
- Co-manager, Heritage Fund SPRL (Belgium)
- Manager, Société Val Duchesse SPRL (Belgium)

Positions and Offices held during the last five years that are no longer held

- Member of the Management Board and Managing Director, SIF (France)

ERIC DECONINCK - Member of the Supervisory Board

Experience and Expertise

Eric Deconinck holds a degree from the *École Supérieure de Commerce de Lyon* and served in the military as a part of the *Chasseurs Alpins*.

He is a member of the Company's Supervisory Board and, since 2013, has been a member of the Management Board and Chairman of the *Bureau des Assemblées* (as the representative of Demunich) of SID. He has served as CEO of SIF.
At Sommer Allibert, he was Managing Director of the subsidiary Sommer Brazil from 1976 to 1981, and then President of Allibert Habitat from 1993 to 1997.

Mr. Deconinck began his career with Publicis and then worked as a Budget Manager for Euro-Advertising from 1972 to 1976. He subsequently joined L'Oréal, where he was Managing Director of Garnier from 1981 to 1985 and then Managing Director of Lancôme from 1985 to 1988. He then joined LVMH as President of Christian Lacroix from 1990 to 1991.

He founded and developed the consulting firm Marketing and Business from 1998 to 2013.
Business address: Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense

List of positions and offices held in French and foreign companies during the last five fiscal years

Positions and offices within the Tarkett Group	Positions and offices outside the Tarkett Group
Current positions: In France: - Member of the Supervisory Board Abroad: None	- Member of the Management Board and *Bureau des Assemblées* (as a representative of Demunich), SID - Manager, Demunich (France) - Representative of Demunich, SO ACTIVE (France)
During the last five years: In France: None Abroad: None	**Positions and Offices held during the last five years that are no longer held** - Member of the Management Board and Managing Director, SIF (France) - Board Member, Attractive (France) - Chairman, Marketing & Business (taken over by Demunich) (France)

JEAN-PHILIPPE DELSOL - Member of the Supervisory Board

Experience and Expertise

Jean-Philippe Delsol holds degrees in literature and law.

Mr. Delsol has provided legal and tax advice for over thirty years, focusing on large family-owned companies.

Business address: DELSOL Avocats, 12 quai André Lassagne, 69001 Lyon

List of positions and offices held in French and foreign companies during the last five fiscal years

Positions and offices within the Tarkett Group	Positions and offices outside the Tarkett Group
Current positions: In France: - Member of the Supervisory Board Abroad: None	- Partner, PSELARL DELSOL Law Firm (France) - Board Member, *Institut de Recherches Économiques et Fiscales* (IREF) (France)
During the last five years: In France: None Abroad: None	**Positions and Offices held during the last five years that are no longer held** - None

FRANÇOISE LEROY - Independent Member of the Supervisory Board

Experience and Expertise

Françoise Leroy holds a degree from the *École Supérieure de Commerce et d'Administration des Entreprises de Reims*.

Ms. Leroy began her career in 1975 as Secretary General of the *Union Industrielle d'Entreprise*. She joined Elf Aquitaine in 1982, where she held various positions in financial management. In 1998, she became the Director of Financial Communications, and then, in 2001, she became Director of Chemical Subsidiaries Operations in the finance department of Total following its merger with Elf Aquitaine. She has also been the secretary general of Total's Chemical division since 2004 and a member of its Steering Committee since 2006. She became Director of Acquisitions-Disposals on January 9, 2012, a position she left in June 2013.

Business address: Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense

List of positions and offices held in French and foreign companies during the last five fiscal years

Positions and offices within the Tarkett Group	Positions and offices outside the Tarkett Group
Current positions: In France: - Independent Member of the Supervisory Board - Member of the Audit Committee - Member of the Nominations and Compensation Committee Abroad: None **During the last five years:** In France: None Abroad: None	- Member of the Supervisory Board and Chairwoman of the Audit Committee, HIME (Saur Group) **Positions and Offices held during the last five years that are no longer held** - Chairwoman of the Board of Directors, Bostik Holding SA (France) - Managing Director, Bostik Holding SA (France) - Board Member, Bostik Holding SA (France) - Chairwoman of the Board, Elf Aquitaine Fertilisants (France) - Managing Director, Elf Aquitaine Fertilisants (France) - Board Member, Elf Aquitaine Fertilisants (France) - Member of the Supervisory Board, Atotech BV (Netherlands) - Board Member, Société Chimique de Oissel (France) - Board Member, Bostik SA (France) - Board Member, Hutchinson SA (France) - Board Member, Grande Paroisse SA (France)* - Board Member, GPN (France) - Deputy CEO, Total Raffinage Chimie (France) - Board Member, Elf Aquitaine (France) - Board Member, Cray Valley SA (France) - Board Member, Financière Elysées Balzac SA (France) - Board Member, Total Petrochemicals France (France) - Board Member, Total Petrochemicals Arzew (France) - Board Member, Rosier SA (Belgium) * French listed companies

JOSSELIN DE ROQUEMAUREL - Member of the Supervisory Board

Experience and Expertise

Josselin de Roquemaurel is a graduate of the *École Normale Supérieure de Fontenay/Saint-Cloud*, and holds a degree from *Hautes Etudes Commerciales (HEC)* School of Management.

Mr. de Roquemaurel is Director at KKR where he has worked since 2005. He has been in charge of investments in various European countries. From 2001 to 2005, he was employed with JPMorgan & Co. as an analyst and then as an associate in the Investment Banking department.

Mr. de Roquemaurel is also a Director of Acteon Group Ltd and OEG Offshore Ltd (United Kingdom).

Business address: Kohlberg Kravis & Co. Ltd, Stirling Square, 7 Carlton Garden, London SW1 5AD, Great Britain

List of positions and offices held in French and foreign companies during the last five fiscal years

Positions and offices within the Tarkett Group	Positions and offices outside the Tarkett Group
Current positions: France	- Board Member, Acteon Group Limited (United Kingdom)

- Member of the Supervisory Board - Member of the Audit Committee Abroad - None. **During the last five years:** France - None. Abroad - None.	**Positions and Offices held during the last five years that are no longer held** - Member of the Management Board, *Société Investissement Familiale* (S.I.F.) (France) - Representative, *Société Investissement Familiale* (S.I.F.) (France) - Board Member, Visma AS (Norway) - Chairman, Partholdi (France)

ERIC LA BONNARDIERE - Observer on the Supervisory Board

Experience and Expertise

Eric La Bonnardière is a graduate of Supélec and of HEC.

Mr. La Bonnardière began his career in 2006 as a consultant for the strategic consulting firm Advancy, where he focused on projects relating to industries and distribution. In 2009, he cofounded Evaneos.com, and he is currently its Chairman and Chief Executive Officer.

Business address: Evaneos SA, 43 rue du Faubourg Montmartre, 75018 Paris

List of positions and offices held in French and foreign companies during the last five fiscal years

Positions and offices within the Tarkett Group	Positions and offices outside the Tarkett Group
Current positions: In France: - Observer on the Supervisory Board Abroad: None **During the last five years:** In France: None Abroad: None	- Chairman and CEO, Evaneos SA (France) **Positions and Offices held during the last five years that are no longer held** - None

■ *Balance in the Composition of the Supervisory Board*

As of December 31, 2014, the Supervisory Board was composed as follows:

- Two members representing KKR;
- Four members representing SID;
- Three members deemed independent by the Board, on the recommendation of the Nominations and Compensation Committee;
- Two observers, in accordance with Article 26 of the Bylaws and Article 10 of the Supervisory Board's Internal Regulations.

Thus, the Supervisory Board includes three independent members and six members appointed upon the proposal of the Company's two principal shareholders. As a result, one-third of the members of the Supervisory Board are considered independent under the following criteria (set forth in Article 1 of the Supervisory Board's Internal Regulations):

- an independent member of the Board must have no relationship whatsoever with the Company, the Group or management (as an employee or representative, or a business or family relationship) that could compromise the free exercise of his judgment;
- he shall not hold any management position with the Company or the Group; and
- he shall have no special ties with the Company or the Goup.

The Supervisory Board has ensured that the composition of the Board reflected a diversity of skills as well as balanced representation of men and women, in proportions that comply with the legal requirements in effect since January 1, 2014. As of December 31, 2014, women represented 22% of the members of the Supervisory Board. The Supervisory Board is currently continuing to reflect on gender balance, with the objective that women will represent 40% of its membership by 2017, in accordance with the law.

In accordance with the criteria used by the Company and the Afep-Medef Code with respect to the independence of members of the Supervisory Board, and after examination of the situation of each member of the Supervisory Board, in particular those whose renewal or appointment is proposed at the next shareholders' meeting, the Supervisory Board deemed Ms. Sonia Bonnet Bernard, Ms. Françoise Leroy and Mr. Gérard Buffière to be independent. As a result, one-third of the members of the Supervisory Board are independent.

The proposed renewals and appointments to the Board to be submitted to the next General Shareholders' Meeting will maintain the same balance in the composition of the Supervisory Board: 22% women and one-third independent members.

2.1.1.3 Other Executive Officers

■ ***Composition of Other Executive Officers***

The composition of the Group's Executive Committee is as follows:

Member	Position	Nationality	Age	Biography
Michel Giannuzzi	Chairman of the Management Board	French	50	See Section 2.1.1.1
Fabrice Barthélemy	Chief Financial Officer	French	46	See Section 2.1.1.1
Vincent Lecerf	Executive Vice President of Human Resources	French	50	See Section 2.1.1.1
Anne-Christine Ayed	Executive Vice President, Research, Innovation and Environment	Franco-Canadian	53	Ms. Ayed, who has a doctorate in polymer chemistry, joined Tarkett in 2009. Previously, she held various managerial and R&D positions with Dow Chemicals in Switzerland, Germany and the United States.
Jeff Buttitta	President, North America	U.S.	67	Mr. Buttitta holds an accounting degree from Baldwin Wallace College (United States). He joined the Group in 2005. Previously, he was the Managing Director of Johnsonite from 1990 until its acquisition by the Group in 2005.
Stéphanie Couture	Group General Counsel	Canadian	46	Ms. Couture holds a degree from the University of Montréal and has been a member of the Quebec bar since 1993. She joined Tarkett in 2000 and became General Counsel in 2006. She was previously a lawyer in the civil and administrative courts of Canada and was in-house counsel for Unibroue.
Eric Daliere	President, Tarkett Sports	U.S.	47	Mr. Daliere received an M.B.A from the J.L. Kellogg School of Management at Northwestern University. He has been with the Company since 2009. Previously, he spent ten years working on complex projects for KKR Capstone, after having started with the Boston Consulting Group.
Slavoljub Martinovic	President, Tarkett Eastern Europe	Serbian	44	A graduate of the Technological Faculty of Novi Sad, Mr. Martinovic has been with the Group since 1996, first with Sintelon, which was acquired by the Group in 2002. Prior to being appointed to his current position in January 2013, he held various operational management and general management positions in Serbia and Russia.
Antoine Prévost	Executive Vice President of Operations	French	44	A graduate of the *École Nationale Supérieure des Mines de Paris*, Mr. Prévost joined the Company in 2011. From 1995 to 2011, he held various managerial positions with Vallourec.
Remco Teulings	President, Tarkett EMEA	Dutch	44	Mr. Teulings received a Masters in sociology from the University of Amsterdam, a Bachelor's degree in economics and an M.B.A from the Asian Institute of Technology. He has been with the Company since December 2012. He was the Marketing Director and then the Managing Director of Central Europe for Knauf Insulation from 2006 to 2012.

- ***Meetings***

The Group's Executive Committee meets monthly to review the Group's operational and financial performance and to discuss strategic projects and business operations.

2.1.2 STATEMENT RELATING TO CORPORATE GOVERNANCE

2.1.2.1 Conflicts of Interest

In addition to the items described in Section 2.1.2.2 "Statement Relating to the Management Board and the Supervisory Board" and Section 2.8.5 "Service Agreements", Jean-Philippe Delsol, a member of the Supervisory Board, advised the Deconinck family particularly in the context of the Initial Public Offering of the Company. His appointment to the Tarkett Supervisory Board was proposed by the Deconinck family, in accordance with the Shareholders Agreement referred to in Section 7.5.

To the Company's knowledge, there were no other potential conflicts of interest between the duties of the members of the Management Board or Supervisory Board to the Company and their private interests or other duties as of December 31, 2014.

To the Company's knowledge and subject to the provisions of the Shareholders' Agreement described in Section 7.5, "Shareholders' Agreement," there are no pacts or agreements of any kind with shareholders, clients, suppliers or others pursuant to which any of the members of the Company's Supervisory Board or Management Board has been appointed as such.

As of December 31, 2014 and except as described in Section 2.5, "Free Shares", the members of the Management Board and the Supervisory Board have not agreed to any restriction on their right to sell shares of the Company, with the exception of the rules relating to the prevention of insider trading and the recommendations of the Afep-Medef Code with respect to the obligation to retain shares.

2.1.2.2 Statement Relating to the Management Board and the Supervisory Board

As of December 31, 2014, other than the family relationships among Didier Deconinck (Chairman and Member of the Supervisory Board), Bernard-André Deconinck (Member of the Supervisory Board) and Eric Deconinck (Member of the Supervisory Board), as well as between these three members of the Supervisory Board and Eric La Bonnardière (observer) and Julien Deconinck (observer), their nephews, there are no family relationships among the Company's officers.

To the Company's knowledge, over the course of the past five years:

- no member of the Management Board or the Supervisory Board has been convicted of fraud;
- none of the above persons has been associated with any bankruptcy, receivership or liquidation;
- no accusation or official public sanctions have been pronounced against any of the above persons by statutory or regulatory authorities (including designated professional bodies); and
- none of the above persons has been disqualified by a court from acting as a member of the administrative, management or supervisory body of any company, or from being involved in the management or business of any company.

2.1.2.3 Independence of Members of the Supervisory Board

Pursuant to the recommendations of the Afep-Medef Code, Article 1.1 of the Internal Regulations of the Supervisory Board provides that at the time of each renewal or nomination of a member of the Supervisory Board and at least once per year prior to the publication of the Company's annual report, the Board must evaluate the independence of each of its members.

The determination of independence is discussed each year by the Nominations and Compensation Committee, which prepares a report relating thereto for the Supervisory Board. Each year, the Supervisory Board examines, based on such report, the status of each member of the Supervisory Board with regard to the independence criteria. The Supervisory Board must inform the shareholders of the conclusions of its analysis in the annual report.

The process for evaluating the independence of each member of the Supervisory Board was reviewed by the Nominations and Compensation Committee at its meeting on February 17, 2015 and then by the Supervisory Board at its meeting on February 18, 2015. Based on this analysis, three members of the Supervisory Board are independent: Ms. Sonia Bonnet-Bernard, Ms. Françoise Leroy, and Mr. Gérard Buffière.

In addition, this analysis showed that as of December 31, 2014, the Audit Committee includes two independent members (Sonia Bonnet-Bernard (Chairwoman) and Françoise Leroy). As of December 31, 2014, the Nominations and Compensation Committee has two independent members (Françoise Leroy and Gérard Buffière (Chairman)).

At its meeting on February 18, 2015, the Supervisory Board examined the terms of the Supervisory Board's members and proposed the renewal of the terms of Ms. Françoise Leroy and Mr. Gérard Buffière. If the General Shareholders' Meeting approves the renewal of these terms, the proportion of independent members of the Supervisory Board will remain one-third.

2.2 OPERATION OF THE MANAGEMENT AND SUPERVISORY BOARDS

2.2.1 OPERATION OF THE MANAGEMENT BOARD

Articles 11 through 16 of Tarkett's Bylaws (see Sections 7.6, "The Company's Bylaws"), within the framework of applicable laws and regulations, sets forth the allocation of tasks among members of management, the organization and operation of the Management Board, and the rights and obligations of its members.

Work Performed by the Management Board During the Fiscal Year Ended December 31, 2014

This section reports on the activity of the Management Board during fiscal year 2014.

The Management Board met five times in 2014 and nine times in 2013. The attendance rate was 100%.

Activities relative to the results and to the annual shareholders' meeting:

- report on the Company's activities during the fourth quarter of 2013;
- report on the Company's activities during the first quarter of 2014;
- report on the Company's activities during the third quarter of 2014;
- closing of the half-year financial report as of June 30, 2014;
- review and closing of the company accounts for the fiscal year ended December 31, 2013;
- review and closing of the consolidated accounts for the fiscal year ended December 31, 2013;
- proposed allocation of the 2013 results;
- management report on the Company and the Group, and draft resolutions;
- convening the General Shareholders' Meeting of May 13, 2014;
- activities with respect to review of agreements and offices;
- related-party transactions within the meaning of Articles L.225-86 *et seq*. of the French Commercial Code;
- the terms of office of the members of the Supervisory Board;

Activities relating to Tarkett's financial instruments:

- calculation of performance and determination of the number of shares to be granted to the beneficiaries of the LTIP 2011-2014;
- Buyback of shares in a block trade with Tarkett GDL SA.

2.2.2 OPERATION AND EVALUATION OF THE SUPERVISORY BOARD

The operation of the Supervisory Board is described in Articles 17 to 23 of the Company's Bylaws, prepared in accordance with the laws and regulations in effect (See Section 7.6, "The Company's Bylaws"). On November 21, 2013, pursuant to the Company's Bylaws, Tarkett's Supervisory Board adopted Internal Regulations governing its organization and operation and the rights and responsibilities of its members.

The Internal Regulations follow best practices, in particular the recommendations of the Afep-Medef Code, with respect to ensuring compliance with fundamental principles of corporate governance. They may be modified at any time by vote of the Supervisory Board.

Pursuant to Article L. 225-68 of the French Commercial Code, the Chairman of the Supervisory Board must prepare a report regarding the conditions under which the work of the Supervisory Board was prepared and organized. On December 9, 2014, the Chairman of the Supervisory Board sent each member of the Supervisory Board a questionnaire that serves to evaluate the operation of the Board and its special committees, to verify that important questions are properly studied and debated within the Board, and finally to measure the effective contribution of each member to the work of the Board. All of the members of the Supervisory Board responded to the questionnaire.

At its meeting on February 18, 2015, the Supervisory Board discussed the Board's operation and performance and carried out a self-evaluation. Taking into consideration the opinion of the Nominations and Compensation Committee, the Board found that its members were globally satisfied with the operation of the Supervisory Board, the quality of the discussions, preparation for important questions and the effective contribution of each member. Upon recommendation of the Nominations and Compensation Committee, the Board made the following recommendations:

- A meeting will be organized between the members of the Audit Committee and the statutory auditors, outside of the presence of the Management Board;
- Particular attention will be paid to keeping presentations concise in order to stay within the time allotted to each subject.
- In choosing future members of the Supervisory Board, the Board will pay attention to the inclusion of (i) women, in light of the legal changes that will go into effect in 2017 and (ii) members with diverse backgrounds.

In 2014, the Supervisory Board met 10 times (12 times in 2013). The attendance rate averaged 96.66%, which shows the commitment of the members of the Supervisory Board to the Company.

Moreover, a formal evaluation is carried out at least every three years, either under the direction of an independent member of the Supervisory Board or with the help of an external consultant.

At the last Board meeting of each year, dates are set for all of the following year's meetings, in order to ensure that all members are able to be present. Notice is sent to each member of the Supervisory Board prior to each meeting, noting the place, time and agenda for the meeting. Detailed presentations on each item on the agenda are sent to each member in advance.

During the meeting, each items on the agenda is explained to the members of the Board. For certain technical subjects, presentations are made by qualified experts on the subject. Each item on the agenda is followed by questions, a discussion and a vote. Written minutes are prepared and delivered to the members of the Supervisory Board for approval at the next meeting.

The Supervisory Board spends a significant amount of its time analyzing the Company's financial results and establishing its strategy. The Board also reviews the Company's activity, liquidity position and debt. It examines the annual company financial statements as well as the quarterly reports and half-year and annual consolidated financial statements, as well as the related press releases. It authorizes entry into related-party agreements and significant agreements, as defined in Article 16 of the Bylaws, as well as implementation of the share buyback program, in accordance with the terms and conditions set by the General Shareholders' Meeting.

All of the items that came before the Board in 2014 were analyzed in a satisfactory manner, due in particular to the work done in advance by the Supervisory Board's special committees.

2.2.2.1 Supervisory Board Special Committees

In accordance with Article 22 of the Company's Bylaws and Article 9 of its Internal Regulations, at its meeting on September 17, 2013 the Supervisory Board decided to create two committees – an audit committee and a nominations and compensation committee. These committees do not replace the Management Board or the Supervisory Board, which have sole decision-making power in their respective areas of authority, but rather issue proposals, recommendations and opinions in their areas of expertise.

The Internal Regulations of the Supervisory Board and its committees were adopted at the Supervisory Board's meeting of September 17, 2013 and entered into effect on November 26, 2013. The descriptions below reflect the Internal Regulations of the committees (see Section 7.6, "Constitutive Documents and Bylaws" for more information on the Supervisory Board's Internal Regulations).

■ *Audit Committee*

The Company's Supervisory Board decided to establish an Audit Committee and set the following rules for its internal governance.

▪ Composition

Members of the Audit Committee are appointed for a term coinciding with their terms as members of the Supervisory Board. When selecting members of the Audit Committee, particular consideration is given to their competence in the areas of finance and accounting.

Based on its Internal Regulations, the Audit Committee is required to have between two and four members, at least two of whom (including the Chairman) must be independent members of the Supervisory Board.

As of December 31, 2014, this committee is composed of Ms. Sonia Bonnet-Bernard (Chairwoman), Ms. Françoise Leroy and Mr. Josselin de Roquemaurel (see Section 2.1.1.2, "Supervisory Board", for biographical information). Independent members represent two-thirds of the Audit Committee. As a result, the Audit Committee's composition complies with the Afep-Medef Code, which requires a majority of independent members within this committee.

The Audit Committee's Internal Regulations provide that the secretary may be any person designated by the chairman of the committee or with the chairman's approval.

▪ Duties

The Audit Committee is responsible for monitoring the preparation and auditing of accounting and financial information, as well as for ensuring the effectiveness of risk-monitoring and internal control procedures to facilitate the Supervisory Board's review and approval thereof.

Accordingly, the Audit Committee's Internal Regulations set out its main responsibilities as follows:

- monitoring the preparation of financial information (in particular, annual or interim reports and consolidated financial statements);
- monitoring internal control, internal audit and risk management systems relating to financial and accounting information;
- monitoring the review of the individual company and consolidated financial statements by the Company's statutory auditors; and
- monitoring the independence of the statutory auditors.

The Audit Committee regularly reports to the Supervisory Board and informs it without delay of any difficulties that it encounters.

- Operation

The Audit Committee may conduct meetings in person or via video or telephone conference pursuant to the same rules as the Supervisory Board, when convened by its chairman or secretary, so long as at least half of its members are present.

The Audit Committee makes recommendations to the Supervisory Board, indicating the number of votes a particular matter of business has received.

The Audit Committee meets as often as necessary and, in any event, at least twice a year in connection with the Group's preparation of annual and interim financial statements. The Audit Committee's meetings are held prior to the meeting of the Supervisory Board and, to the extent possible, are held at least two (2) days prior when the Audit Committee's agenda includes examination of interim or annual financial statements prior to their review by the Supervisory Board.

- Activities of the Audit Committee in 2014

The Audit Committee met six (6) times during 2014, in particular prior to the Supervisory Board meetings called to approve the financial statements prepared by the Management Board, and reported on its work to the Supervisory Board.

In 2014, the Audit Committee's work focused principally on reviewing (i) the Group's consolidated financial statements for the fiscal year ended December 31, 2013, (ii) the Group's condensed interim consolidated financial statements for the six months ended June 30, 2014, (iii) the 2014 audit plan, (iv) specific line items including operating income, exceptional items, financial and tax income, the Group's balance sheet, cash flows and the Group's indebtedness and (v) the Group's annual risk mapping exercise for 2014.

The Audit Committee also reviewed the progress of the 2014 internal audit plan and the status of the Group's primary risks and disputes.

Audit Committee attendance was 94.44% in 2014.

■ *Nominating and Compensation Committee*

The Company's Supervisory Board decided to establish a Nominations and Compensation Committee and set the following rules for its internal governance:

- Composition

Members of the Nominations and Compensation Committee are appointed for a term coinciding with their terms as members of the Supervisory Board. When selecting members of the Nominations and Compensation Committee, particular consideration is given to their independence (see Article 1 of the Board's Internal Regulations for the definition of independence), as well as their competence in the selection and remuneration of senior executives and company officers for listed companies.

Based on its Internal Regulations, the Nominations and Compensation Committee is required to have between two (2) and four (4) members, at least two (2) of whom (including the Chairman) must be independent members of the Supervisory Board under the independence criteria adopted by the Company.

As of December 31, 2014, the Nominations and Compensation Committee was composed as follows: Gérard Buffière (Chairman), Françoise Leroy, Jacques Garaïalde and Bernard-André Deconinck (see Section 2.1.1.1, "Supervisory Board", for biographical information).

The Nominations and Compensation Committee's Internal Regulations provide that the secretary may be any person designated by the Chairman of the Committee or with the Chairman's approval.

- Duties

The Nominations and Compensation Committee is a specialized committee of the Supervisory Board whose main function is to assist the Supervisory Board in appointing members of the Executive Committees of the Company and the Group, as well as in determining and regularly reviewing the compensation and benefits awarded to the Company's senior executives, including any deferred benefits and/or voluntary or compulsory redundancy payments awarded by the Group.

Accordingly, it carries out the following functions:

- proposing the appointment of independent members of the Supervisory Board, of the Management Board and of the Supervisory Board's committees, and examining and assessing the application of non-independent members to the Supervisory Board;
- conducting an annual assessment of the independence of the Supervisory Board members;
- evaluation of the Organization and Operation of the Supervisory Board;
- preparation of a succession plan for the members of the Management Board as well as for the Group's senior executives;
- examining and proposing all aspects of and conditions to the remuneration of principal senior executives and the Group's executive management;
- reviewing and making proposals to the Supervisory Board with respect to attendance fees; and
- reviewing any exceptional compensation relating to assignments given by the Supervisory Board to any of its members outside the ordinary course of business.

- Operation

The Nominations and Compensation Committee may conduct meetings in person or via video or telephone conference pursuant to the same rules as the Supervisory

Board, when convened by its Chairman or secretary, so long as at least half of its members are participating.

The Nominations and Compensation Committee makes recommendations to the Supervisory Board, indicating the number of votes a particular matter of business has received.

The Nominations and Compensation Committee meets as often as necessary and, in any event, at least once (1) a year prior to the Supervisory Board's meeting on its members' independence and in advance of any Supervisory Board meeting during which matters of Management Board compensation or Supervisory Board attendance fees are to be decided.

The executive compensation policy is determined by reference to comparable issuers.

- <u>Activities of the Nominations and Compensation Committee during 2014</u>

The Nominations and Compensation Committee met four times during the fiscal year ended December 31, 2014 (as

2.2.2.2

three times in 2013) and reported on its work to the Supervisory Board.

In 2014, the work of the Nominations and Compensation Committee included examination of the following:

- changes in the Group's management teams and the succession plan for those teams;
- the performance of the senior executives;
- the accomplishment of the economic objectives set for the senior executives;
- changes in compensation and the establishment of long-term incentive plans taking into account comparables prepared by external advisers;
- preparation for the advisory "Say on Pay" vote;
- the compensation section of the management report and the report of the Chairman of the Supervisory Board on corporate governance and on internal control.

Nominations and Compensation Committee attendance was 100% in 2014.

2.2.2.3 Statement Relating to Corporate Governance

The Company adheres to the Corporate Governance Code for Listed Companies of the *Association Française des Entreprises Privées* ("AFEP") and of the *Mouvement des Entreprises de France* ("MEDEF") (the "Afep-Medef Code").

The Afep-Medef Code may be consulted on the Internet at http://www.medef.com/. The Company keeps copies of such code available to the members of its governing bodies at all times.

Tarkett believes that it complies with the principles of corporate governance defined in the Afep-Medef Code to the extent that the Code's stated principles are compatible with the organization, size and means of the Tarkett group. The recommendations with which the Company does not strictly comply are set forth and explained below:

Provisions of the Afep-Medef Code that the Company does not apply	Explanations
20.2.4 Termination payments for members of the Management Board	
The performance requirements set by the Board must be demanding and may not allow for the indemnification of an executive director, unless his or her departure is forced and linked to a change in control or strategy.	The Supervisory Board chose to ensure that Mr. Giannuzzi's termination payment would be due only in the event of his forced departure, in accordance with the recommendations of the Afep-Medef Code, without, however, limiting such events to change of control or disagreement on strategy. The Supervisory Board believes that, given the performance requirements to which these payments are subject, combined with the exclusion of serious misconduct or gross negligence, these measures provide the protections sought by the Afep-Medef Code.

14.1, 15.1 and 16.1 The proportion of independent members on Nomination and Compensation Committees	
The Nominations and Compensation Committee must have a majority of independent members.	The Nominations and Compensation Committee is composed of four (4) members, half of whom are independent, including the Chairman. The current composition of this committee (two (2) independent members out of a total of four (4) members) does not comply with the Afep-Medef Code, which requires a majority of independent members. This composition reflects the wishes of the shareholders to have two (2) members appointed by each of the two principal shareholders, each with experience on these subjects.

2.3 COMPENSATION AND BENEFITS GRANTED TO THE MANAGEMENT AND SUPERVISORY BODIES

The Company's policy is to comply with all of the recommendations of the Afep-Medef Code.

The tables below show the compensation and benefits of any kind paid to members of the Management Board and the Supervisory Board in connection with their offices, by (i) the Company; (ii) companies controlled by the Company; (iii) companies controlled by companies that control the Company; or (iv) companies that control the Company, all within the meaning of Article L. 233-16 of the French Commercial Code. Since the Company belongs to a Group, this information includes amounts due by any company in the Group's control structure and relating to the office held in the Company.

2.3.1 Total Compensation of Members of the Management Board for Fiscal Years 2013 and 2014

The table below shows compensation paid and options and shares granted to Messrs. Michel Giannuzzi, Fabrice Barthélemy and Vincent Lecerf during the fiscal years ended December 31, 2013 and 2014.

Table 1 - Summary Table of Compensation and Options and Shares Granted to Each Member of the Management Board

(in euros)	Fiscal Year 2014	Fiscal Year 2013
Michel Giannuzzi, Chairman of the Management Board		
Compensation due for the fiscal year	1,076,125	1,555,689
Valuation of stock options granted during the year		-
Valuation of performance shares granted during the year	503,808	1,777,410
Total	**1,579,933**	**3,333,099**
Fabrice Barthélemy, member of the Management Board		
Compensation due for the fiscal year	384,406	776,252
Valuation of stock options granted during the year		-
Valuation of performance shares granted during the year	175,944	449,848
Total	**560,350**	**1,226,100**
Vincent Lecerf, member of the Management Board		
Compensation due for the fiscal year	366,972	489,646
Valuation of stock options granted during the year		-
Valuation of performance shares granted during the year	175,944	448,949
Total	**542,916**	**938,595**

2.3.2 Compensation of Each Member of the Management Board for Fiscal Years 2013 and 2014

The following table sets forth a breakdown of compensation paid to Messrs. Michel Giannuzzi, Fabrice Barthélemy and Vincent Lecerf during the fiscal years ended December 31, 2013 and 2014 into fixed, variable, and other compensation.

Table 2 - Summary Table of Cash Compensation of Each Member of the Management Board

(in euros)	2014		2013	
	Amounts due (2)	Amounts paid (3)	Amounts due (2)	Amounts paid (3)
Michel Giannuzzi, Chairman of the Management Board				
Fixed compensation (1)	700,000	700,000	700,000	700,000
Variable compensation (1)	372,260	863,413	851,900	711,011
Exceptional compensation (1)	0	0	-	62,372
Benefits in Kind	3,865	3,865	3,789	3,789
Total	**1,076,125**	**1,563,431**	1,555,689	**1,477,172**
Fabrice Barthélemy, member of the Management Board and Chief Financial Officer				
Fixed compensation (1)	305,000	305,000	295,000	295,000
Variable compensation (1)	76,525	188,338	178,328	146,770
Exceptional compensation (1)	0	0	300,000	300,000
Benefits in Kind	2,881	2,881	2,924	2,924
Total	**384,406**	**496,219**	776,252	**744,694**
Vincent Lecerf, member of the Management Board and Executive Vice President of Human Resources				
Fixed compensation (1)	290,000	290,000	280,000	280,000
Variable compensation (1)	74,066	166,740	166,740	134,819
Exceptional compensation (1)	0	0	40,000	40,000
Benefits in Kind	2,906	2,906	2,906	2,906
Total	**366,972**	**459,646**	489,646	**457,725**

(1) Gross compensation before tax.
(2) Compensation due in respect of relevant fiscal year, regardless of payment date.
(3) Compensation paid during fiscal year.

■ *Compensation of Michel Giannuzzi, Chairman of the Management Board*

Pursuant to the recommendation of the Nominations and Compensation Committee, in his capacity as Chairman of the Management Board for 2014, Mr. Michel Giannuzzi will receive the following compensation:

- fixed compensation of €700,000; and
- variable compensation, payable at the latest on March 31 of the following year, consisting of two parts:

  (i) The first part is contingent on the Company's achievement of quantitative performance goals defined at the beginning of the year by the Supervisory Board upon proposal of the Nominations and Compensation Committe. For 2014, these performance goals were linked to adjusted EBITDA and operating cash flow of the Group achieved in relation to the budget defined for that period. This part is calculated as 70% of his fixed compensation times a multiple between 0% and 200%. Therefore, to the extent these performance goals are exceeded, Mr. Giannuzi could receive a maximum of 170% of his base salary following a linear progression.

  (ii) The second part is based on Mr. Giannuzzi's achievement of individual performance goals defined at the beginning of the fiscal year by the Supervisory Board upon proposal of the Nominations and Compensation Committee. This part is calculated as 30% of his base salary times a multiple between 0% and 100%. Therefore, to the extent these performance goals are achieved or exceeded, Mr. Giannuzzi could receive a maximum of 30% of his base salary.

No exceptional compensation was awarded to Mr. Giannuzzi for the year ended December 31, 2014. As a result of the termination of his employment agreement prior to the Company's initial public offering on November 22, 2013, Mr. Giannuzzi received payment for his remaining 2013 paid vacation, which payment is included in Table 2 - Summary Table of Compensation of Each Member of the Management Board.

Mr. Giannuzzi also benefits from a company car.

Mr. Giannuzzi will receive an additional €300,000 bonus to be paid in November 2017, provided that he remains within the Company until the payment date.

■ *Compensation of Fabrice Barthélemy*

Mr. Barthélemy receives no compensation for his duties as a member of the Management Board, but is instead compensated for his role as Chief Financial Officer of the Group.

Mr. Barthélemy has an employment agreement with the Company. Under this contract, he receives fixed compensation as well as variable compensation based on award criteria that are reviewed annually by the Nominations and Compensation Committee, and the amount of which is fixed by the Supervisory Board upon such Committee's proposal. 70% of his variable compensation depends on the Group's achievement of certain economic performance measures based on adjusted EBITDA for 40 % and operating cash flow at 30%, and 30% depends on the achievement of individual objectives. Mr. Barthélemy's variable compensation may vary between 0% and 85% of his fixed compensation depending on the achievement of these targets set by the Supervisory Board.

No exceptional compensation was awarded to Mr. Barthélemy for the year ended December 31, 2014. In 2013, Mr. Barthélemy received exceptional compensation of €300,000 for his essential contribution to the success of the Company's initial public offering. This bonus was fixed by the Chairman of the Management Board upon the recommendation made by the Nominations and Compensation Committee at its meeting of September 9, 2013.

Mr. Barthélemy also benefits from a company car.

- ***Compensation of Vincent Lecerf***

Mr. Lecerf receives no compensation for his duties as a member of the Management Board, but is instead compensated for his role as Executive Vice President, Group Human Resources.

Mr. Lecerf has an employment contract with the Company. Under this contract, he receives fixed compensation as well as variable compensation based on award criteria that are reviewed annually by the Nominations and Compensation Committee, and the amount of which is fixed by the Supervisory Board upon such Committee's proposal. 70% of his variable compensation depends on the Group's achievement of certain economic performance measures based on adjusted EBITDA for 40 % and operating cash flow at 30%, and 30% depends on the achievement of individual objectives. Mr. Lecerf's variable compensation may vary between 0% and 85% of his fixed compensation depending on the achievement of these targets set by the Supervisory Board.

No exceptional compensation was awarded to Mr. Lecerf for the year ended December 31, 2014. In 2013, Mr. Lecerf received exceptional compensation of €40,000 for his contribution to the success of the Company's initial public offering. This bonus was decided by the Chairman of the Management Board upon the recommendation made by the Nominations and Compensation Committee on September 9, 2013.

Mr. Lecerf also benefits from a company car.

2.3.3 ATTENDANCE FEES AND OTHER COMPENSATION RECEIVED BY MEMBERS OF THE SUPERVISORY BOARD FOR FISCAL YEARS 2013 AND 2014

The following table sets forth the attendance fees and other compensation received by members of the Supervisory Board. At the General Shareholders' Meeting of November 4, 2013, the total amount of annual attendance fees for Supervisory Board members was set at €450,000, until otherwise resolved. On October 9, 2013, the Supervisory Board determined the allocation of this amount, which was then approved by the General Shareholders' Meeting, as follows:

AMOUNT OF ATTENDANCE FEES BY POSITION	
Position	**Base amount**
Members of the Supervisory Board	€35,000
Chairman of the Supervisory Board	€35,000
Vice Chairman of the Supervisory Board	€10,000
Committee Members	€5,000
Chairman of the Audit Committee	€15,000
Chairman of the Nominating and Compensation Committee	€10,000
PENALTY FOR ABSENCE	
Absence from a meeting of a specialized committee	€1,000
Absence from a meeting of the Supervisory Board	€3,000

This allocation will remain in effect until a decision to the contrary by the Supervisory Board or reduction of the global amount allocated by the Company's shareholders' meeting.

The Supervisory Board decided on February 18, 2015 to raise the amount of the attendance fees allocated to the Chairman of the Nominations and Compensation Committee to €15,000, the same amount allocated to the Chairman of the Audit Committee. This change will apply beginning in fiscal year 2015.

Table 3 - Summary Table of Compensation of Each Member of the Supervisory Board

Members of the Supervisory Board	Gross Amounts Paid with Respect to Fiscal Year 2014 *(in euros)*	Gross Amounts Paid with Respect to Fiscal Year 2013 *(in euros)*
Didier Deconinck		
Attendance Fees	70,000	6,904
Other Compensation	96,000(2)	122,786(1)(2)
Jacques Garaïalde		
Attendance Fees	50,000	4,932
Other Compensation	–	
Sonia Bonnet-Bernard		
Attendance Fees	55,000	36,973
Other Compensation	–	–
Gérard Buffière		
Attendance Fees	47,000	4,932
Other Compensation	–	
Bernard-André Deconinck		
Attendance Fees	40,000	3,945
Other Compensation	96,000(2)	122,786(1)(2)
Eric Deconinck		
Attendance Fees	32,000	3,452
Other Compensation	96,000(2)	69,263(1)(2)
Jean-Philippe Delsol		
Attendance Fees	32,000	3,156
Other Compensation	–	
Françoise Leroy		
Attendance Fees	45,000	4,438
Other Compensation	–	
Josselin de Roquemaurel		
Attendance Fees	39,000	3,945
Other Compensation	–	

(1) Compensation paid by *Société d'Investissement Familiale* (SIF).
(2) Compensation paid by *Société d'Investissement Deconinck* (SID).

2.3.4 Stock Subscription or Purchase Options Granted during 2014 to Each Member of the Management Board by the Company or Any Group Entity

No stock subscription or purchase options were granted to members of the Management Board in 2014.

2.3.5 Stock Subscription or Purchase Options Exercised during 2014 by Each Member of the Management Board

Not applicable.

2.3.6 PERFORMANCE SHARES GRANTED TO COMPANY OFFICERS IN 2014

The following table sets forth information on performance shares not falling within the scope of Articles L.225-197-1 et seq. of the French Commercial Code that were awarded to members of the Company's Management Board in 2014:

Table 6 - Performance Shares Vested During the Year to Each Company Officer by the Company or by Any Group Company

During the fiscal year ended December 31, 2014, the members of the Management Board definitively acquired the shares granted under the LTIP 2011-2014. However, these shares are subject to a two-year retention period in order to qualify for the favorable tax treatment for free shares in accordance with Article L.225-197-1 et seq. of the French Commercial Code.

Name of Company Officer	Michel Giannuzzi	Fabrice Barthélemy	Vincent Lecerf	Total
No. and date of plan	LTIP 2011-2014			
Number of shares vested during the year but not available	20,992	7,331	7,331	**35,354**
Valuation of the shares according to the method used for the consolidated financial statements	503,808	175,944	175,944	**855,688**

On February 3, 2015, the Management Board, upon the authorization of the Supervisory Board and upon the proposal of the Nominations and Compensation Committee, decided to implement the LTIP 2014-2017 and determined the target number of performance shares to be granted to the members of the Management Board, namely 27,200 shares for Mr. Giannuzzi, 8,800 shares for Mr. Barthélémy and 8,800 shares for Mr. Lecerf. The final number of shares granted – or the equivalent amount to be paid in cash – in connection with this plan will be determined based on the Company's performance criteria and subject to the condition precedent that the beneficiary remain with the Company on July 1, 2017.

Table 7 - Performance Shares Becoming Available During 2014 for Each Company Officer

Not applicable.

2.3.7 HISTORY OF GRANTS OF STOCK SUBSCRIPTION OR PURCHASE OPTIONS

No stock subscription or purchase options were granted during the fiscal years ended December 31, 2012, 2013 or 2014.

There was no stock subscription or purchase option plan in effect as of December 31, 2014.

2.3.8 STOCK SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE TOP TEN EMPLOYEES

No stock subscription or purchase options were granted during the fiscal years ended December 31, 2012, 2013 or 2014.

There was no stock subscription or purchase option plan in effect as of December 31, 2014.

2.3.9 EMPLOYMENT AGREEMENTS, RETIREMENT PAYMENTS, AND DEPARTURE COMPENSATION OF MEMBERS OF THE MANAGEMENT BOARD

Table 10 - Employment Agreements, Retirement Payments, and Departure Compensation of Members of the Management Board

Members of the Management Board	Employment Agreement	Supplemental Pension Plan	Severance or other benefits due or likely to become due as a result of termination or change of office	Compensation under a non-compete clause
Michel Giannuzzi Chairman of the Management Board Beginning of term: 11/26/2013 End of term: 11/26/2016	No	No	Yes	Yes
Fabrice Barthélemy Member of the Management Board and Chief Financial Officer Beginning of term: 11/26/2013 End of term: 11/26/2016	Yes	No	No	Yes
Vincent Lecerf Member of the Management Board and Executive Vice President of Human Resources Beginning of term: 11/26/2013 End of term: 11/26/2016	Yes	No	No	Yes

2.3.9.1 Supplemental Pension Plan

No members of the Management Board benefit from supplemental pension plans.

2.3.9.2 Severance or other benefits due or likely to become due as a result of termination or change of office

Subject to the performance requirements defined below, Mr. Giannuzzi will be entitled to a severance payment equal to two years of his gross base salary and bonus during the twelve months prior to his departure as Chairman of the Management Board (including, if applicable, pursuant to his employment contract). In the event that Mr. Giannuzzi is to receive both severance pay and the non-compete payment described below, the total amount that he receives will be limited to two years of the gross base salary and bonus received during the twelve months prior to his departure as Chairman of the Management Board (including, if applicable, pursuant to his employment contract).

Performance is measured by the extent of achievement of annual performance goals defined by the Supervisory Board upon the recommendation of the Nominations and Compensation Committee, which serve as the basis for calculating variable compensation. The amount is equal to the average performance achieved by Mr. Giannuzzi during the three calendar years preceding his departure. In the event that his departure should occur within the two calendar years following termination of his employment agreement, performance will be measured by the extent of achievement of the annual performance goals used as the basis for calculating the variable portion of his compensation as Chairman of the Management Board and his compensation as an employee.

The severance payment is contingent on achieving 50% to 100% of the performance goals (i.e., no payment will be made unless the performance goal is reached to the extent of at least 50% and full payment will be received if the performance goal is achieved to the extent of 100%). The severance payment will be calculated in strict proportion to the extent of achievement of the performance goal. For example, if the performance goal is achieved to the extent of 90%, the severance payment will be 90% of the amount defined above.

Subject to achievement of the performance conditions, the Company will be required to pay this severance payment in the event of Mr. Giannuzzi's forced departure as Company officer (including, in particular, as a result of a change of control or a disagreement as to strategy) on the initiative of the Supervisory Board, regardless of whether Mr. Giannuzzi is removed or his mandate is not renewed. This payment would not be available in the event of serious misconduct (defined as misconduct of such extreme seriousness as to preclude remaining in office) or gross misconduct (defined as extremely serious misconduct by an officer with the intent to harm the Company).

The conditions set forth above are consistent with the recommendations of the Afep-Medef Code, except as indicated in Section 2.2.2.1 above.

2.3.9.3 Company Officer Unemployment Insurance

The Company has obtained company officer unemployment insurance on behalf of Mr. Giannuzzi, which would cover Mr. Giannuzzi in the event of his forced departure.

2.3.9.4 Compensation Under a Non-Compete Clause

Mr. Giannuzzi benefits from a clause providing for payment in the event that the non-compete clause provided for in connection with his office is triggered. Messrs. Barthélemy and Lecerf also benefit from clauses providing for payment in the event that the non-compete clauses in their respective employment agreements are triggered.

Mr. Giannuzzi will receive compensation for his non-compete clause in an amount equal to his gross base salary and bonus received during the twelve months prior to his departure from his position as Chairman of the Management Board, payable in 24 monthly payments throughout the duration of his non-compete commitment. This compensation will be payable in 24 monthly payments for the duration of the non-compete clause and will be deducted from Mr. Giannuzzi's severance payment, such that the total amount received in severance and non-compete payments will not exceed two years of gross base salary and bonus received during the twelve months preceding his departure. The Company has the right to waive the non-compete clause.

Based on the non-compete clause in his contract, Mr. Barthélemy would receive, each month for twelve months, a payment equal to (i) 50% of his average monthly salary during the twelve months preceding the termination of his employment contract (assuming termination at the Company's initiative) or (ii) one-third of his average monthly salary during the twelve months preceding the termination of his employment contract (assuming termination at his own initiative). The Company has the right to waive the non-compete clause.

Based on the non-compete clause in his contract, Mr. Lecerf would receive, each month for twelve months, a payment equal to 40% of his average monthly salary during the twelve months preceding the termination of his employment contract. The Company has the right to waive the non-compete clause.

2.3.10 Amount of Provisions Made or Recorded by the Company or by its Subsidiaries for the Payment of Pensions, Retirement Plans or Other Benefits

Members of the Management Board do not receive any specific pension benefits. Mr. Giannuzzi, as a Company officer, and Messrs. Barthélemy and Lecerf, pursuant to their employment agreements with the Company, benefit from the same retirement benefits as other employees of the Company. The Company has therefore not set aside any amounts for the payment of pension, retirements or other similar benefits for the members of the Management Board.

2.4 OTHER INFORMATION ABOUT THE COMPANY OFFICERS

2.4.1 DIRECT AND INDIRECT SHAREHOLDING OF THE MEMBERS OF THE MANAGEMENT BOARD AND MEMBERS OF THE SUPERVISORY BOARD IN THE COMPANY'S SHARE CAPITAL

As of December 31, 2014, direct and indirect shareholding of the members of the Management Board and Supervisory Board in the Company's share capital is as follows:

Company Officers	Number of ordinary shares	Percentage of share capital	Percentage of voting rights	Number of shares granted under plans	
				LTIP 2012-2015[2]	LTIP 2013-2016[2]
Members of the Management Board					
Michel Giannuzzi[1][3]	225,144	0.35%	0.35%	25,200	61,290
Fabrice Barthélemy[1]	38,247	0.06%	0.06%	8,800	15,512
Vincent Lecerf[1]	31,631	0.05%	0.05%	8,800	15,481
Members of the Supervisory Board					
Didier Deconinck[3][4]	1,000	0.02%	0.02%	-	-
Jacques Garaïalde	1,000	0.00%	0.00%	-	-
Sonia Bonnet-Bernard	1,000	0.00%	0.00%	-	
Gérard Buffière	1,050	0.00%	0.00%	-	-
Bernard-André Deconinck[4]	1,000	0.00%	0.00%	-	-
Eric Deconinck[4]	1,000	0.00%	0.00%	-	-
Jean-Philippe Delsol	590	0.00%	0.00%	-	-
Françoise Leroy	1,000	0.00%	0.00%		
Josselin de Roquemaurel	1,000	0.00%	0.00%	-	-
Total................................	**297,162**	**0.46%**	**0.46%**	**42,800**	**92,283**

(1) Including the free shares granted at the time of the initial public offering in connection with the Management Equity Plan ("MEP"). These grants were of 112,652 for Michel Giannuzzi, 24,416 for Fabrice Barthélemy and 24,230 for Vincent Lecerf. These shares are subject to a retention period that ends on 11/22/2015.

(2) The number of free shares that will be definitively granted pursuant to the LTIP 2012-2015 and the LTIP 2013-2016 may vary between 0.5 and 1.5 times to the number of shares initially granted as shown in this table, based on the Company's performance. Moreover, the Company may opt to pay beneficiaries of the LTIP 2012-2015 and the LTIP 2013-2016 in cash in lieu of the shares due to them (see Section 2.5, "Free Shares").

(3) Shares held by the officer and related persons. DDA Bis holds 20.787 shares of Tarkett.

(4) Messrs. Didier, Eric, and Bernard-André Deconinck are direct and indirect shareholders of Société Investissement Deconinck - SID, which itself holds 31,975,071 shares of the Company

2.4.2 STOCK SUBSCRIPTION OR PURCHASE OPTIONS

As of December 31 2014, no members of the Management Board or the Supervisory Board held stock subscription or purchase options.

2.5 FREE SHARES (LTIP)

In connection with its policy to motivate and encourage the loyalty of its management teams, the Company has implemented annual long-term incentive plans ("**LTIPs**") since 2011.

The LTIPs are based on the principle that shares will be granted if the Company achieves its performance objectives and the beneficiary remains with the Company throughout the three-year duration of the plan.

As of December 31, 2014, three incentive plans that may give rise to free share grants are in effect within the Group. These are LTIP 2011-2014, LTIP 2012-2015 and LTIP 2013-2016, corresponding to the year in which the plan was implemented and the year in which the grant takes place.

	Plan No. 1 LTIP 2011-2014	Plan No. 2 LTIP 2012-2015	Plan No. 3 LTIP 2013-2016
Date of Shareholders' Meeting	December 22, 2011 and November 4, 2013	N/A	N/A
Date of Management Board's decision	December 22, 2011	December 4, 2012	October 9, 2013
Number of shares potentially granted (1)	238,000	275,600	406,000
Number of shares granted to:			
- *Michel Giannuzzi*	*20,992*(2)	*25,200*	*61,290*
- *Fabrice Barthélemy*	*7,331*(2)	*8,800*	*15,512*
- *Vincent Lecerf*	*7,331*(2)	*8,800*	*15,481*
Date on which shares will vest(3)	July 1, 2014	July 1, 2015	July 1, 2016
End date of retention period	July 1, 2016	July 1, 2015	July 1, 2016
Performance conditions	(4)	(4)	(4)
Number of shares vested as of the date of the visa on this Registration Document	56,652	0	0
Number of shares canceled or expired	79,698	13,000	1,200
Number of shares remaining as of the date of the visa on this Registration Document	101,650	262,600	276,000

(1) The total number of shares delivered will be between 0.5 and 1.5 times the number of shares originally granted, depending on the degree to which the Company achieves its performance objectives.

(2) Vested shares.

(3) Under certain circumstances, in the event employment is terminated prior to the end of the vesting period shares may be granted on a pro rata basis.

(4) The performance conditions are set forth in Sections 2.5.1, 2.5.2 and 2.5.3 below.

As from the date of the Company's initial public offering, Mr. Michel Giannuzzi is required to retain, throughout his term as Chairman of the Management Board, a number of shares of the Company corresponding to 50% of the shares granted (after payment of taxes on the granted free shares) in connection with the Long Term Incentive Plan (LTIP). Furthermore, members of the Management Board and of the Executive Committee must retain a number of shares of the Company corresponding to 33% of the Company shares granted (after payment of taxes on the granted free shares) in connection with this plan for the duration of their terms in office.

On February 3, 2015, after obtaining the authorization of the Supervisory Board, the Management Board decided to modify the performance criteria for the LTIP 2012-2015 and LTIP 2013-2016, such that the number of shares delivered may vary from 0.5. to 1.5 times the number of shares initially granted, provided that the Company's performance objectives are achieved and that the beneficiary remains with the Company on the delivery date.

At the same meeting, the Management Board, with the authorization the Supervisory Board, decided to implement an LTIP 2014-2017, which is subject to the same performance and presence requirements as the preceding plans. The target number of shares to be granted is 277,600 ordinary shares (including 27,200 for Michel Giannuzzi, 8,800 for Fabrice Barthélémy and 8,800 for Vincent Lecerf). Based on achievement of the performance conditions and subject to the beneficiaries remaining with the Company, shares will be vested on July 1, 2017, in the form of free shares or cash equivalent.

2.5.1 LTIP 2011-2014

The LTIP 2011-2014 is a free share grant plan governed by Articles L.225-197-1 et seq. of the French Commercial Code. As a result, the shares are subject to a vesting period followed by a two-year retention period.

The vesting period for the LTIP 2011-2014 ended in July 2014. As a result, 56,652 shares were transferred to those beneficiaries who are French residents for tax purposes. These shares are now subject to the two-year retention period, which will end in July 2016. So that the beneficiaries who are French tax residents may benefit from favorable French tax treatment, the remaining 101,650 shares under this plan will be transferred to them in July 2016 and, until then, will be treasury shares held by the Company.

2.5.2 LTIP 2012-2015

The LTIP 2012-2015 is an incentive plan that does not come within the scope of Articles L.225-197-1 et seq. of the French Commercial Code. It provides for the grant of free shares or, at the option of the Company and in compliance with applicable legislation, exceptional compensation in an amount equal to the value of such shares. These shares or cash payments will be vested or paid in July 2015, subject to presence and performance conditions relating to the achievement of the Group's strategic objectives. These share grants or cash payments will be effective in July 2015, with no retention period.

The number of free shares that will be vested pursuant to the LTIP 2012-2015 may vary between 0.5 and 1.5 times to the number of shares initially granted as shown in this table, based on the Company's performance and the beneficiary remaining with the Group on the grant date.
The total number of shares granted under the LTIP 2012-2015 may not exceed 413,400 shares, representing 0.65% of the Company's share capital.

2.5.3 LTIP 2013-2016

The LTIP 2013-2016 is also an incentive plan that does not come within the scope of Articles L.225-197-1 et seq. of the French Commercial Code. It provides for the grant of free shares or, at the option of the Company and in compliance with applicable legislation, exceptional compensation in an amount equal to the value of such shares. These shares or cash payments will be vested or paid in July 2016, subject to presence and performance conditions relating to the achievement of the Group's strategic objectives. These share grants or cash payments will be effective in July 2016, with no retention period.

The number of free shares that will be vested pursuant to the LTIP 2013-2016 may vary between 0.5 and 1.5 times to the number of shares initially granted, based on the Company's performance and the beneficiary remaining with the Group on the grant date.

In addition to the October 2013 grant, an exceptional grant of rights to receive 192,600 shares was made on the date of the Company's initial public offering to 34 MEP beneficiaries who were also eligible for the LTIP 2013-2016 plan. The total number of shares granted under the LTIP 2013-2016 may not exceed 609,000 shares (the annual grant, to which the exceptional grant may be added), representing approximately 0.96% of the Company's share capital.

With respect to members of the Management Board, the LTIP 2013-2016 provides for an overall limit of 16.2% of the October 2013 grant and 37% of the additional exceptional grant for MEP shareholders.

2.6 PROFIT-SHARING AGREEMENTS AND INCENTIVE SCHEMES

2.6.1 PROFIT-SHARING AGREEMENTS

Pursuant to Articles L.3322-2 and L.3324-1 of the French Labor Code, profit-sharing agreements are required within companies with more than 50 employees that realize taxable income in an amount greater than 5% of shareholders' equity. As a result, a profit-sharing agreement was entered into in certain of the Group's French entities.

2.6.2 INCENTIVE SCHEMES

Pursuant to Article L. 3312-1 of the French Labor Code, an incentive scheme is an optional mechanism whose purpose is to give employees collectively a share in the business's success, and more specifically its performance and results, by using a formula to calculate immediately available bonuses. The Company maintains incentive schemes within certain of its French entities, each of which has a fixed term of three years. Each incentive scheme has its own formula for calculating bonus payments.

2.6.3 COMPANY SAVINGS PLANS AND SIMILAR PLANS

Pursuant to Article L. 3332-3 of the French Labor Code, companies with profit-sharing plans are required to maintain company savings plans. A group or company savings plan is a collective savings system that offers employees of the companies belonging to the plan the ability, with the help of their employers, to build investment portfolios. In particular, company savings plans can receive amounts under a profit-sharing or incentive agreement, as well as voluntary contributions. Amounts invested in a company savings plan cannot be withdrawn for five years, except in the early-withdrawal cases provided for by law. The Group created a company savings plan on June 29, 2004 for a term of one year, renewable automatically. This plan offers employees who have been with the Company for over three months the ability to allocate amounts paid to them immediately and in full to subscribe for shares in company investment funds (*fonds communs de placement d'entreprises*, or "FCPE").

2.7 TRANSACTIONS BY MEMBERS OF MANAGEMENT IN THE COMPANY'S SECURITIES

The table below shows, for the fiscal year ended December 31, 2014, the share acquisitions, disposals and exchanges, as well as transactions in related financial instruments, that come within the scope of Articles L.621-18-2 and R.621-43-1 of the French Monetary and Financial Code and Article 223-26 of the AMF General Regulation:

Name of Reporting Person	Positions Held Within the Company	Nature of the Transaction	Place	Description and Number of Financial Instruments	Date	Amount (in euros)
Françoise Leroy	Member of the Supervisory Board	Acquisition	Euronext Paris	741 shares 259 shares	1/10/2014 1/13/2014	21,552.13 7,577.41
Michel Giannuzzi	Chairman of the Management Board	Acquisition	Euronext Paris	622 shares	3/19/2014	16,756.68
Marie-Hélène Giannuzzi	Natural person related to the Chairman of the Management Board	Acquisition	Euronext Paris	622 shares	3/19/2014	16,756.68
Sonia Bonnet-Bernard	Member of the Supervisory Board	Acquisition	Euronext Paris	1,000 shares	4/23/2014	24,871.98
Fabrice Barthélemy	Member of the Management Board	Disposal	Euronext Paris	3,600 shares 1,000 shares 2,000 shares	5/28/2014 6/6/2014 11/10/2014	95,526.00 29,500.00 43,800.00
Vincent Lecerf	Member of the Management Board	Disposal	Euronext Paris	7,520 shares 5,280 shares	6/4/2014	221,088.00 155,782.70
DDA BIS	Legal entity affiliated with the Chairman of the Supervisory Board	Acquisition	Euronext Paris	6,800 shares	11/3/2014	157,664.89
Société Investissement Deconinck	Legal entity affiliated with several members of the Supervisory Board	Acquisition	Euronext Paris	5,000 shares 81 shares 25,783 shares 19,136 shares	12/01/2014 12/2/2014 12/09/2014 12/11/2014	101,250.00 1,640.25 527,347.43 392,240.16

2.8 MAIN RELATED PARTY TRANSACTIONS

Material transactions entered into or ongoing between the Company and related parties consist of the following.

2.8.1 Guarantees

The Company has given its subsidiaries a number of guarantees:

- A counter guarantee provided to Federal Insurance Company ("FIC") pursuant to a general indemnity agreement for a maximum amount of U.S. $75.0 million to permit FIC to issue construction bonds on behalf of the North America sports surfaces entities. As of the end of the fiscal year, the amount outstanding subject to this guarantee was the dollar equivalent of €62.3 million;
- a guarantee covering 50% of a maximum €10 million credit line granted to the Group's Laminate Park joint venture;
- A guarantee given to the retirement insurance company Pri-Pensions to insure Tarkett AB's employee benefit commitments in the amount of SEK 173.1 million;
- A guarantee provided to a raw-materials supplier of the Company's subsidiary Morton Extrusiontechnik (MET) in order to secure MET's payments to such supplier, for a maximum amount of €5 million;
- A guarantee given to Tarkett Finance Inc. to enable it to become an additional borrower under the Company's credit facility dated June 27, 2011, in an amount not to exceed the U.S. dollar equivalent of €100.0 million. However, no drawdowns under this guarantee were outstanding as of year-end;
- a guarantee given by the Company to the lending bank under a line of credit by assignment of receivables for a maximum authorized amount of €55 million, because the line of credit, which is for Group financing purposes, was subscribed by a subsidiary for technical reasons. However, no drawdowns under this guarantee were outstanding as of year-end; and
- a guarantee given to the banks by Tarkett S.A. on behalf of Tarkett Limited (United Kingdom) and FieldTurf Poligras (Spain) to enable them to obtain liquidity arrangements for a total of €3.9 million.

2.8.2 Service Agreement with Société Investissement Deconinck (SID)

Tarkett and SID have entered into a service agreement, effective as of January 1, 2014, pursuant to which Tarkett provides SID with administrative support including administrative, tax and accounting services, for an annual cost of €75,000, excluding taxes. In 2014, the services that Tarkett SA provided to SID were invoiced in the amount of €75,000, excluding taxes.

2.8.3 Assistance Agreement with Société Investissement Deconinck (SID)

Société Investissement Deconinck - SID and the Company entered into an assistance agreement pursuant to which SID assists in determining the Company's strategy. Under this agreement, SID receives an annual payment of €500,000 (excluding taxes), subject to revision based on an index chosen by SID and the Company, in exchange for its services, including the time spent by the members of its Management Board and its role in defining the Company's strategy.

2.8.4 Cash Management Agreements

The Company has cash management agreements in place with some of its subsidiaries to organize financing between the Group's entities and manage centralization of the Group's treasury.

2.8.5 Service Agreements

The Company has entered into service agreements with some of its French and foreign manufacturing subsidiaries. The purpose of these agreements is to provide management, financial, legal, human resources, marketing and communication services. These agreements represented an aggregate amount of €9.4 million in 2014.

The Company has also entered into IT assistance agreements with certain of its subsidiaries. The purpose of these agreements is to provide IT, project management, development, IT licensing and consulting services (audit and SAP project preparation). These agreements represented an aggregate amount of €15.8 million in 2014.

CHAPTER 3

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

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 vision and in the conduct of its business.

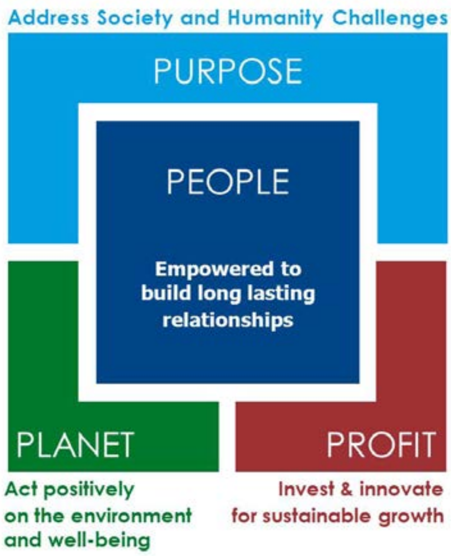
Tarkett's vision is to be the global leader in innovative flooring and sports surface solutions that generate value for its stakeholders in a sustainable way.

With our planet projected to reach nine billion inhabitants by 2050, resource constraints, customer aspirations 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 need to begin now to design economic growth differently.

Rather than thinking in terms of constraints, sustainable development opens new perspectives. Tarkett believes in taking a long view, integrating sustainable development into all of its actions and into 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 meeting both economic and environmental challenges. The prizes and certifications that Tarkett has already obtained reward its efforts and show the value 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 communities and by motivating its employees to build sustainable relationships with stakeholders.

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

"Profits": Economic Responsibility: By investing and innovating to ensure sustainable growth.

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 (Corporate and Social Responsibility), Planet (Environmental Responsibility), and Profits (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 SOCIAL INFORMATION

3.1.1 EMPLOYMENT

Indicator		2013/2014 Evolution	2014	2013	2012	2011	2010
Number of employees		**+ 2.0 %**	**11,067**	**10,850**	**10,670**	**9,152**	**8,770**
Employees working part-time		-0.1pt	1.9 %	2.0 %	N		
Share of women in total employees		+1pt	27 %	26 %	27 %	26 %	
Age	above 60 years		5.0 %	5.2 %	4.8 %	3.8 %	
	50 to 59 years		21.1 %	20.9 %	20.8 %	18.9 %	
	40 to 49 years		27.4 %	28.5 %	29.1 %	29.4 %	
	30 to 39 years		28.7 %	28.9 %	28.8 %	30.0 %	
	20 to 29 years		15.7 %	16.3 %	16.0 %	17.6 %	
	under 20 years		0.3 %	0.3 %	0.5 %	0.3 %	
Geographies	EMEA*		34 %	34 %	34 %	40 %	
	North America		30 %	30 %	32 %	21 %	
	CIS		36 %	36 %	34 %	38 %	
Hires & terminations	Hirings	+38 %	2163	1573	1232	1127	
	Terminations	+25 %	1821	1455	1135	699	
Workforce turnover		+3pts	16 %	13 %	11 %	N	
Total number of training hours		+33 %	265 970	199 770	228 916	76 089	
Total training costs (€k)		+17 %	3130	2669	N		
Absenteeism**		-0.2pt	2.3 %	2.5 %	2.4 %	2.7 %	2.6 %
Total compensation and benefits (€m)		+2.5 %	531	518	462	405	367

*EMEA : Europe, Middle East and Africa ; CIS : Commonwealth of Independent States; APAC : Asia Pacific
**Plants scope

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 will be distributed and presented to the entire HR network as well as to the Group's managers. It is based on the ten basic principles of the United Nations Global Compact, the principles of the Declaration of the Rights of Man, and Tarkett's Code of Ethics.

The document is intended to provide a framework for the Human Resources teams and the Group's managers, particularly in the following areas:

- Promoting the essential rights of Tarkett people:
  - through measures to guarantee health and safety at the workplace,
  - 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): "Integrity issues and concerns should be raised with Managers or appropriate personnel (Internal Audit or Human Resources department),"
  - through the respect of national labor laws and of principles of relevant international labor standards, in particular with respect to child labor and forced labor.

- Building a learning organization by encouraging team development, imparting good practices and training, promoting an entrepreneurial spirit and developing talent through career opportunities, mobility, employability, etc.

- Implementing a fair and equitable compensation and benefits policy, in particular by evaluating and rewarding performance and by maintaining transparent rules.

- Encouraging dialog within the Group by promoting communication with the entire staff, by pursuing a continuing and constructive dialog with personnel representatives where they exist, and by managing restructurings in a responsible manner.

3.1.3 HEALTH AND SAFETY

Employee safety is the Group's top priority.

3.1.3.1 Putting safety at the heart of our operations

Employee health and safety (including workstation ergonomics, campaigns to prevent illnesses such as obesity, etc.) is one of the pillars of the World Class Manufacturing (WCM) program implemented at 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 sessions (QIS) 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, some of the Group's collective bargaining agreements also cover workplace safety (15 collective bargaining agreements).

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:

- Frequency rate of accidents with lost time (per million hours worked): 2.3, a decrease of 9% as compared with 2013 (2.5) and a reduction around 47% since 2010 (4.3). It should also be noted that there was an even more significant decrease (-18%) in the number of accidents with or without lost time between 2013 and 2014, demonstrating the effectiveness of training and the teams' involvement in safety.
- Accident severity (number of days of work lost per work-related accident per million hours worked): results improved, with a decrease by 7% in the severity of accidents. In addition, there were no deaths at any of Tarkett's industrial sites in 2014.

In 2014, 16 of the Group's 34 industrial sites had no accidents with lost time, including 9 that have had no accidents with lost time for at least the last two years. For example, the Waterloo factory in Canada won the 2014 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 in the last seven years.

In addition, the results of the internal survey distributed to all employees 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 survey is also intended 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.

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. It is often the subject of collective bargaining with respect to issues such as variable weekly schedules, in-house agreement, part-time work, flexible hours, and temporary reinforcement during busy periods. Depending on the industrial site, there are different organizational methods for responding to customer demand and industrial constraints. There are between two and four eight-hour shifts (2x8, 3x8, 4x8 over a work week of five or six days).

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.

In France, the Tarkett Group's factories and its administrative and sales locations implemented the law on the 35-hour workweek through company-level agreements. In the Netherlands, Tarkett signed a telework agreement for its employees. In Germany, agreements were signed on flexible working hours.

The subject of 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, in particular.

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 detail on the internal survey, see "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

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 16 representatives from six countries: five representatives from Sweden, five from France, two from Germany, two from Luxembourg, one from Italy and one from Poland. In 2014, the Forum met once in plenary session, and the Forum's bureau – composed of one representative per country – met quarterly.

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 “the Employee Feedback” 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 measures 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% percent of respondents think that Tarkett supports diversity in the workplace, an increase of 6% as compared with 2012. 78% percent 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 offers means for 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). 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 internal survey, multiple action plans were deployed throughout the Group.

For example, the COACH training 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 met for the first time in April 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.

The Narni (Italy) factory instituted actions plans in three areas: training and skills development, communication of the Group's objectives and vision to all employees, and performance management. Training is particularly focused on safety, which is a priority for Tarkett. The results are convincing: in 2014, Narni recorded its third consecutive year of no accidents with time lost. In addition, a local version of Manager@Tarkett, in Italian, was created and deployed to all of the site's managers. An information center was also set up for the site, in order to disseminate the Group's various messages, such as its objectives, internal newsletter, distribution of the internal survey, etc. Finally, recognition of talent is now a key point for the factory's managerial teams. A reward system has been put in place. Each month, the team rewards the two operators who have proposed the highest number of improvements in work organization.

Action plans based on the 2014 survey are being prepared and will be deployed in 2015 and 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 128 collective bargaining agreements, 97 of which are company agreements or site agreements. They apply to 42 entities in 20 main countries where Tarkett conducts industrial and/or sales activities. 49 company agreements have been entered into over the last few years (including 20 in 2014), 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. A significant percentage of them also cover issues relating to workplace health, safety and wellbeing, career management and skill development, restructurings and the rights of staff 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

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 2014, 57% of Tarkett employees benefited from at least one day training.

3.1.6.2 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.

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 direct or participate in projects (such as a research projects, manufacturing project, new product launch, 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.

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 will then be deployed in several countries and then in other Divisions. 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.

An e-learning program has also been deployed for all employees with access to a computer: Code of Ethics (launched in 17 languages for 4,700 people), Competition Law Compliance Policies (aimed at 2,400 employees) and Anti-Corruption. Interactive online training not only helps employees understand the values and practices that the Group requires them to apply every day, but it puts them into situations through concrete examples. Training on the same topics is also available in person.

In Europe, a skill development program for the sales forces, PowerUp, was initiated in 2014. It includes a plan for training and full development for the teams, based on a prior detailed analysis of needs that in turn is based on an evaluation of each sales person. This program covers 347 people in all of the countries in the EMEA zone.

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, the 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, 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, 812 new hires in Europe have received this training, including 163 in 2014. In addition, since 2011 new employees have completed online training using the E-Campus program.

3.1.6.3 Identify individual needs for skills development and create a personalized development and training plan

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

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, 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. Close to 3,000 people have been evaluated through the Talent Review since it was created in 2009.

3.1.6.4 Promote the development of a learning company

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.

3.1.6.5 Train our partners and provide diploma programs through Tarkett Academy

Tarkett also implements training programs for its partners. Through its 15 Tarkett Academy centers, located in eight of the fifteen countries where Tarkett has industrial sites (Australia, Brazil, China, France, Russia, Serbia, Sweden and Ukraine), the Group trained more than 3,700 people externally in 2014 in flooring installation and maintenance, an increase of 29% as compared with 2013. 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 French Ministry of National Education (Level 5 Flooring and Carpeting CAP [professional certification]) and by the French 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.

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 the Rights of Man.

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.

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). In 2014, 14 of the 85 top managers, or 16%, were women.

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

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.

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.

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.

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 transfer, 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 France in 2014 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, 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 Russia, the vinyl floor production plant in Otradny was forced to terminate 49 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. At the laminate floor production plant in Mytishchi, the reduction in the workforce affected two long-term employment agreements and two short-term employment agreements. In addition, Tarkett encouraged its Mytishchi employees to take their paid vacations during the slow period (12 employees took this opportunity).

In 2014, in an extremely difficult political and economic context in Ukraine, Tarkett was forced to adapt the size of its sales force (6 people) and the production activity of the Sintelon plant in Kalush (of the 37 people affected, six were transferred internally and 31 were short-term employees who were not renewed and who left with higher severance pay than required by local regulations).

In Sweden, Tarkett was also forced to adjust the workforce at the wood factory in Hanaskog (24 people either took retirement, age-related measures or personalized support in the event of dismissal) and at the vinyl plant in Ronneby (11 retirements, no dismissals).

In the United States, Tarkett had to optimize its manufacturing footprint by relocating the activities of its VCT production plant in Houston, Texas to the LVT production plant in Florence, Alabama. Employees who did not wish to relocate to Florence were supported through a plan that was more generous than local regulations. In addition, Tarkett offered measures to enable the affected employees to prepare in advance to search for and return to work.

In France, Tarkett announced 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 the end only seven offers were submitted, none of which were economically and socially viable as of the end of 2014. 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 120 affected employees in order to reinforce their employability and support their professional plans. As of the end of December, the procedure was still underway and production had stopped.

3.2 ENVIRONMENTAL INFORMATION

3.2.1 GENERAL ENVIRONMENTAL POLICY

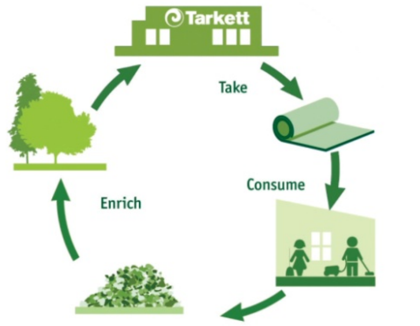
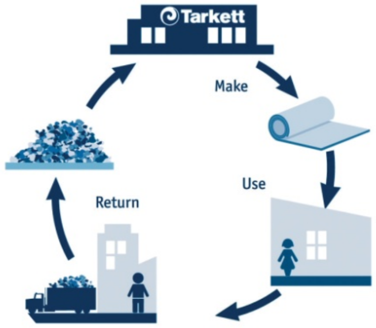
In connection with its Sustainable Development policy (the "4P" -- Purpose, People, Planet, and Profit -- see the introduction to this report), over the last several years Tarkett has put in place a voluntarist and ambitious strategy for the protection of the "Planet".

Based on eco-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®[1] 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 program in February 2013, and has been applying Cradle to Cradle® principles since 2011.

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 choosing resources for production, then using them, and eventually throwing them away, with the design of products that reuse resources in a loop from the beginning until the end of the products' use. Thus, the ingredients or components of a product at end of use become resources for nature (biodegradable products that enter a biological cycle), or new raw materials for the production of quality products (the technology life cycle.)

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

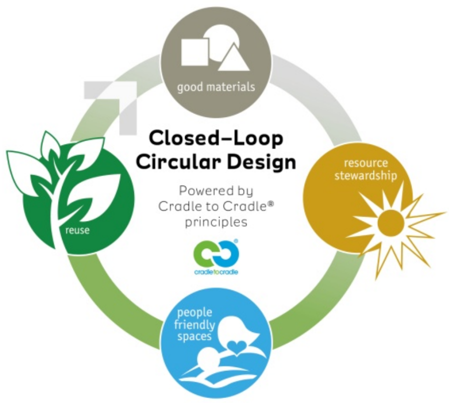
Circular Economy:

Biological Cycle	Technology Life Cycle
	

Furthermore, the Group believes that it has a responsibility to seek to reconcile and combine the different values and expectations of consumers and users, without having to choose between quality of life, protection of the planet, performance and design. That is the challenge of eco-design and of the Cradle to Cradle® principles: choosing at the early design stages materials that respect health and the environment and that can be recycled in a technological or biological cycle ("doing the right things from the very beginning").

To apply the Cradle to Cradle® principles to each stage in a product's life cycle, for the last several years Tarkett has worked in close collaboration with the Environmental Protection and Encouragement Agency (EPEA), a scientific research institute, to evaluate and select materials that respect 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 at each stage.

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



- "Good Materials": Choosing materials that respect health and the environment and can be recycled
- "Resource Stewardship": Optimizing the use of resources such as water and energy and limiting greenhouse gas emissions during the production phase of our manufacturing activities.
- "People Friendly Spaces": Contributing to the health and wellbeing of our products' users during the usage phase.
- "Reuse": Recycling products at end of use to eliminate waste and restart a product cycle with quality materials.

In recent years Tarkett has obtained Basic level Cradle to Cradle certification (*Cradle to Cradle Certified*^{CM})[2] for artificial turf, Basic level in 2014 and Bronze level in 2015 for rubber tile floors, Silver level for linoleum and wood, and Gold level for the Veneto Essenza 100% Linen linoleum. In 2014, ethos®, a resilient flooring for modular carpet tiles, was *Cradle to Cradle Certified*^{CM} Silver, and Evolay, a new resilient flooring that is an alternative to vinyl, was *Cradle to Cradle Certified*^{CM} Bronze.

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.

[2] *Cradle to Cradle Certified* ^{CM} is a certification trademark filed by the Cradle to Cradle Products Innovation Institute.

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 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

3.2.2 "Good Materials": Quality of materials

The objective is to eco-design products that respect human health and the environment and that are recyclable in a production / technological cycle or in a natural / biological cycle. Products are evaluated in partnership with the German scientific institute EPEA, and the ingredients are selected according to strict criteria. Tarkett also uses the Life Cycle Analysis method for certain 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 or recyclable.

In 2013, Tarkett launched Linoville, its new Linoleum xf™ collection, recyclable flooring made from natural and renewable ingredients (linseed oil, pine resin, cork flour and wood flour). With its vibrant colors and technical attributes suited for demanding applications in schools and hospitals, this eco-innovation is an example of Tarkett's capacity to reconcile environment, esthetics and performance. Tarkett's entire linoleum product line has been Cradle to Cradle® Certified℠ Silver since 2011. One linoleum product, Veneto Essenza 100% linen, was Cradle to Cradle® Certified℠ Gold in 2013 and received a "*Janus de l'Industrie*" award in France in the "Components and Materials" category, an official design label sponsored by the Ministry of Industry and Foreign Trade. The Janus rewards businesses and local governments for working sustainably towards progress in the service of People, Industry, and the Community.

Tarkett has also begun marketing a new alternative to vinyl in a limited number of European countries, a polyethylene resin based flooring called Evolay. Evolay was designed following Cradle to Cradle® and circular economy principles, selecting materials that respect human health and the environment. Evolay has been Cradle to Cradle® Certified℠ Bronze in 2014.

Tandus Centiva perfected a sub-layer for ethos® carpet tiles composed of recycled materials from glass film taken from windshields safety glass.

For the manufacture of wood flooring, Tarkett selects wood types based on respect for their natural cycle and their availability. 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. Wood that is not used for the production of energy in the factories is re-used, thanks to innovative production methods.

The Group has also partnered 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 that are respectful of the environment and of human rights, pursuant to the "Chain of Custody" certificate. Tarkett itself holds a "Chain of Custody" certificate for the manufacture of its wood flooring product lines.

In addition, a program for the internal training and evaluation of our wood suppliers was put in place. As a result, since March 2013 Tarkett has been in compliance with the European Union's future EU Timber regulations.

<u>The "Good Materials" Indicator 2014</u>

- 67% of our materials do not contribute to resources scarcity (abundant minerals, rapidly renewable or recycled), with a 2020 objective of 75%. This percentage was nearly the same in 2014 as in 2013 (68%), because this indicator measures progress over the medium and long term in the product design which can incorporate, year after year, more and more recycled materials, through the development of collection and recycling programs.
It should be noted that Tarkett has reduced the share of fossil materials by more than 10% (-10.4% in 2014 as compared with 2013), as such materials are not considered "good materials" under the indicator's definition.

- 76% of our materials have been assessed, as compared with 63% in 2013, with the 2020 objective being 100%.

Since the 2011 implementation of the Cradle to Cradle® principles in collaboration with the EPEA institute, Tarkett has made significant progress, from 8% of materials evaluated to 76% in 2014 (excluding sports surfaces and carpet in Eastern Europe).

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

Tarkett reduced its ratio of water consumption per square meter of finished products by 16% in 2014 as compared with 2013 (2.59 liters of water per square meter of manufactured product as compared with 3.07) and by 13% as compared with 2010.
Total water consumption for the Group's 34 industrial sites was 899,000 m^3 in 2014, or a decrease of 21% as compared with 2013.
65% of Tarkett's factories (excluding factories that are not in operation) are equipped with closed water circuits (or do not use water in their manufacturing process), as compared with 53% in 2013, an increase of 22%.

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 nominated at the Group level at Tarkett Awards, the 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).

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 (material in suspension 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, "Prevention of Environmental Risks").

3.2.3.2 Energy

In 2014, Tarkett's energy consumption increased by 5% per square meter of manufactured product as compared with 2013 (3.81 kWh/m^2 in 2014 as compared with 3.62 in 2013). This slight worsening was the result of a decrease in production volumes at certain sites, which does not necessarily lead to a proportionate decrease in energy consumption, due to the fixed consumption of infrastructure. However, close to 55% of the Group's factories reduced their energy consumption per square meter of manufactured product in 2014 (17 factories out of a total of 31). Tarkett's 34 industrial sites also decreased their energy consumption by 4%, from 1,411 GWh (gigawatt-hours) in 2013 to 1,356 GWh in 2014.

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.

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.

3.2.3.3 Greenhouse gas emissions

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

Tarkett recorded a 3% decrease in greenhouse gas emissions from factories and administrative buildings, from

458 to 442 thousand tons of CO2, which attests to the reduction in total energy consumption at its production sites.
Nevertheless, Tarkett's greenhouse gas emissions increased by 6% in 2014: 1.27 kg CO2e per square meter of manufactured product in 2014 as compared with 1.20 in 2013. This slight increase is primarily due to the fact that when there is a decrease in production, there is not necessarily a proportional decrease in energy consumption, due to such factors as the fixed consumption of infrastructure.

In 2013 the Narni industrial site, Italy, 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 should permit 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 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.

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.

In 2014, Tarkett's ratio of industrial waste for disposal per square meter of manufactured product worsened slightly, increasing by 8% from 36g/m^2 in 2013 to 40g/m^2 in 2014. This slight increase was due to the internationalization of certain production, with new production capacity for Luxury Vinyl Tiles (LVT) in Brazil using pallet systems that are currently not recyclable. However, Tarkett has improved this indicator since 2010, with an 11% reduction between 2010 and 2014. Tarkett also decreased the total volume of waste going to landfill in all of its factories by 2% as compared with 2013 and by 11% as compared with 2010, for a total of 14,283 tons in 2014.

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 Florence, Alabama site in the United States recovers scraps from all of Tarkett's vinyl factories in the country, recycles them, and reincorporates them into the manufacturing process.

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 3.3.5, "Reuse/Recycling".

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 4m 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 had been acquired in late 2012) and 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. The audit is performed internally. It takes place over two days, in the presence of the central team and the site manager responsible for each pillar. Eight sites were audited in 2014: Lenham (United Kingdom), Ronneby (Sweden), Orzechowo (Poland), Backa Palanka (Serbia), Narni (Italy), Sedan (France), Mytishchi (Russia) and Konz (Germany). The audit team then grades each site according to a strict scale. In 2014, for example, Narni reached the 60-point threshold to achieve the Silver level.

3.2.3.9 ISO Certifications

In addition, 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 2014, 91% of the Group's sites were ISO 9001 certified, 88% were ISO 14001 certified and 76% were OHSAS 18001 certified.

A new certification is now required in Europe for businesses with more than 250 employees: ISO 50001, for energy efficiency. The Eiweiler site in Germany was certified in 2013, and the first audits took place in 2014 for the Sedan, France and Narni, Italy sites.

ISO and OHSAS certifications are audited by an external certifying body at each 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 in China.

3.2.4 "People Friendly Spaces": Wellbeing and quality of life

Because of progress made in the insulation of buildings, now the key issue is improving 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 to 10 µg/m^3 - at 28 days or fewer).

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

In 2010, Tarkett deployed 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 they may be endocrine disruptors as well as carcinogenic. In connection with its commitment to sustainable development and continual progress, Tarkett sought alternatives and conducted significant work and research and development investment 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, Tarkett decided to use only non-phthalate plasticizers (except recycled content) at all of its vinyl production sites in Europe, thus reaffirming its leadership in eco-innovation.

As of year-end 2014, Tarkett has largely deployed this non-phthalate plasticizer technology in all of its production plants in Europe (other than the Gamrat factory, acquired in 2014) that manufacture vinyl flooring for commercial and residential use. The technology was introduced progressively at the vinyl plant in Poland that was acquired in 2014 (the former Gamrat) for all new products developed. As of January 1st, 2015, all of the Group's production sites in Europe use non-phthalate technology (except Gamrat in Poland).

Non-phthalate technology has been deployed since 2010 at the vinyl sites in North America and was expanded to the Tandus Centiva carpet factories in 2014. The deployment continues in 2015 at Tandus Centiva's soft flooring and carpet site in Dalton and at the LVT site in Florence.

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.

Finally, Tarkett's eco-innovation approach extends beyond manufacturing to include innovative cleaning and maintenance solutions, such as "dry buffing," that use no chemical products or water. Through a specific kind of surface treatment, dry buffing removes dirt and restores a sleek, clean and esthetic look to the floor.

For example, dry buffing of the iQ Natural vinyl floor uses 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%.

The "People Friendly Spaces" Indicators

- VOC: 92% of products have low total VOC emissions (under 100 µgr/m3, excluding sports products and accessories), as compared with 25% in 2010.
- VOC: 50% of products have extremely low VOC emissions (not quantifiable less than 10 µgr/m3), a two-point improvement as compared with 2013, and as compared with 0% in 2010.
- Non-Phthalate: 39% of the Group's vinyl products manufactured in 2014 were based on non-phthalate plasticizer technology (excluding recycled materials), as compared with 23% in 2013 and 17% in 2011. The 2020 objective is 100%. Following the acceleration of deployment in 2014, 100% of the vinyl production sites in Europe and in the United States now use a non-phthalate plasticizer technology.

3.2.5 "REUSE": RECYCLING AND RE-USE

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 at the beginning of the section on the environment.)

For example, we have installed systems to recover production scraps and waste to be reincorporated into our manufacturing process. (See section on resource stewardship during the production cycle).

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 the old flooring that is removed when new flooring is installed (post-consumer flooring), through our seven 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. For example, certain of our vinyl products, such as iD Freedom, may contain up to 53% recycled material, and others are 100% recyclable, such as our linoleum, wood and rubber product lines.

In North America, Tarkett seeks to promote the circular economy and encourages its customers to collect and recycle flooring by awarding the "ReStart" prize to the customers that recycle the largest quantities of used flooring.

In 2014, Tarkett awarded the ReStart prize to Wal-Mart, a large U.S. retail chain, to Linron Company, a leading distributor of flooring to large U.S. retail chains, and to Frank Higgins, a flooring company that specializes in medical and educational customers.

Recycling Indicators

- In 2014: 13,500 metric tons of post-installation and post-consumer flooring were collected. The volume collected decreased by about 18% between 2013 and 2014, due primarily to a decrease in the volume collected in the United States, in particular relating to the recycling program with WalMart and to the carpet category.

- In 2014, Tarkett's ratio of industrial waste going to landfill of per square meter of manufactured product worsened slightly, increasing by 8% from 36g/m² in 2013 to 40g/m² in 2014. However, Tarkett has improved this indicator since 2010, with an 11% reduction between 2010 and 2014 (see Section 3.2.3.4, "Prevention, recycling and elimination of waste").

Examples of initiatives for the development of a circular economy:

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. Since 2009, Tarkett has had a recycling program with Wal-Mart stores, collecting used flooring to produce new VCT (Vinyl Composite Tiles) and sending them to stores to be reinstalled. 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 airport, Tennessee, decided to renovate the flooring in its terminal. The Powerbond® modular carpet installed more than 20 years ago was removed, sent to a Tandus Centiva recycling center, used to make a new Powerbond® floor and reinstalled at the airport.

- At Clairefontaine near Paris, France, the National Technical Center of Football center 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. This program, launched in 2013 first in North America (with the TotalCare program) and then in Europe, offers 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 vinyl floor tiles, a good example of eco-design. 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.

Desso, a company that Tarkett acquired as of December 31, 2014, is also strongly committed to the development of the circular economy and applies the Cradle to Cradle® principles. In 2015, Desso is publishing its Sustainable Development 2014 report.

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 2014, the Group produced a film and a brochure about its sustainable development strategy, including its performance indicators, as well as its 2020 objectives for certain environmental indicators. A more specific brochure for customers was also produced and adapted for certain countries (including explanations of the labels and standards used in each country).

Meetings and seminars are also organized with customers and internally, in particular with the sales forces. In the United States, thirty architects, designers and distributors participated in a seminar on sustainable development organized by Tarkett and opened by Michel Giannuzzi, CEO of Tarkett. Experts were also invited to share their vision and commitment to sustainable development. During the seminar, Michel Giannuzzi presented Tarkett's "4P" Sustainable Development strategy: Purpose, People, Planet, Profit, and did the same in December at the FoCuS Meeting, an annual conference bringing together Tarkett's top 180 executives.

In Sweden, a meeting was held for the Swedish sales force, the Norwegian marketing team and Swedish management during which Anne-Christine Ayed, Tarkett Executive Vice President Research, Innovation and Environment, explained Tarkett's commitment to Sustainable Development. In all, 70 people attended the presentation. At that meeting, the participants produced videos in order to disseminate and explain the Group's strategy both internally and externally. In 2015, the Group plans to distribute these videos more widely on its website and at trade shows.

The Group also participates in external events to share its Sustainable Development strategy.
In 2014, Tarkett displayed its products and its most recent innovations at the Domotex Exhibition in Hanover, Germany. At that event, Michel Giannuzzi, in collaboration with Michael Braungart, EPEA's Scientific Director, ran a session on sustainable development and eco-innovation at which he presented Tarkett's Sustainable Development strategy and the Cradle to Cradle® principles adopted by the Group to create innovative flooring.

Tarkett also presented its products at NeoCon 2014, the largest design show in North America, during which the Group organized a session bringing together numerous architects and designers. During this event, Michael Braungart explained the Cradle to Cradle® philosophy and its contribution to the development of the circular economy. He also discussed the importance of communicating in a transparent manner about the product composition, making reference to the sustainable development practices of industry leaders such as Tarkett.

In October, Michel Giannuzzi participated in a discussion panel at the Third Global Forum for Business as an Agent of World Benefit in Cleveland, Ohio (United States), where he presented Tarkett's Sustainable Development strategy.

Tarkett has also trained 75 people in C2C and Life Cycle Assessment practices since 2010

<u>Recognition, Prizes, Awards and Certifications</u>

In 2013, Tarkett 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:

- 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.
- 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.

In 2013, Tarkett was recognized twice for its innovation strategy:

- Prize for responsible innovation at the 6th *Trophées du Management de l'Innovation* awards in France.
- 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 LEED and USGBC.

In 2014, the fourth Green Business summit was held in Luxembourg, initiated by GreenWorks and organized by the Farvest Group. This meeting is an occasion for celebrating the sustainable development action of large companies in many industries through the granting of Green Awards. Tarkett was rewarded with the most prestigious prize, the Green Business Award of the Year, for its commitment and initiatives with regard to sustainable development, from both an environmental and an economic perspective.

Anne-Christine Ayed, Tarkett's Executive Vice President 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 price 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.

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 close 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 a site and a production plant for the manufacture of commercial vinyl flooring in China in order to better serve its local customers and reduce delivery time.

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.

In Montreal, Tarkett was one of the organizers of the Games for Hope, a multi-sport day that raised funds for charitable organizations. In 2014, 65 teams, 150 volunteers and more than 1,000 people participated in this event, including Tarkett employees and their families. The event raised CAD 225,000 (including CAD 15,000 from FieldTurf).

In 2014, Tarkett in North America decided to support 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 is expected to welcome 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 trade fair, the U.S. and Canadian Tandus Centiva teams have devoted one day to a Community Service Day for the local community, renovating buildings. Each year Tandus Centiva partners with non-profit organizations to repaint, install flooring, or install playing fields in various locations. In 2014, more than 200 employees of Tandus Centiva North America participated in the Community Service Day as volunteers.

In 2014, a large portion of Serbia was severely affected by flooding. Tarkett made a financial contribution, with the support of Management and the principal shareholders. Tarkett's employees in Serbia offered to donate a portion of their salaries.

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 an 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.

In 2014, Tarkett brought together more than 100 healthcare professionals and 29 employees from more than 15 countries in the EMEA zone and North America for an international seminar dedicated to healthcare at its showroom near Paris. The event was an opportunity for Tarkett to share its experience in flooring for this sector.

Every other year, Tarkett carries out a customer satisfaction survey worldwide (alternating with an internal survey distributed to all of its employees). The next customer survey will take place in 2015. In 2013, close to 4,000 customers in 15 countries participated in the survey.

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, the percentage of renewable materials, non-phthalate technology and total VOC emissions (in µg/m^3 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 sheets present a set of characteristics to provide assurance that the products are respectful of the environment. This tool offers the advantage of being able to satisfy very strict building certification standards, such as LEED, through certification by the external environmental experts of the EPEA. The deployment began in North America with linoleum and rubber products. In 2014, Tarkett extended this tool to carpet products (ethos®) and homogeneous vinyl.

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 the section on environmental strategy). Tarkett also collaborated 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 Workers 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 *Cluster 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, in particular Franck Loret, a French artist who creates sculpture and other artwork from vinyl floors. Tarkett supports 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.

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 2014, suppliers representing 59% 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.

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 sub-contractors 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

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 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. In 2014, 85% of the entities had been audited (indicator 2.3 on the sustainability dashboard).

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 the Rights of Man 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 CSR 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		2013/2014 Evolution	2014	2013	2012	2011	2010
Safety, Respect, and Integrity							
Frequency of accidents	Lost time accident frequency rate (# LTA per million hours worked)	-9%	2.3	2.5	3.4	5.5	4.3
	Total accident frequency rate (# accidents per million hours worked)	-9%	22.1	24.2	27.3	N	N
	Severity rate (# calendar days stopped per million hours worked)	-7%	70.0	75.3	N	N	N
Progress on Tarkett values adhesion in employee feedback		+4.5pts	63	-	58.5	-	56
Talent development, empowerment and diversity							
Share of women in top 100 positions		-1pt	16%	17%	18%	16%	
% of employees with disabilities (only in countries where disability is defined by law)		+0.2pt	1.6%	1.4%	1.4%	1.4%	N
% of people trained (at least 1 day in total during the year)		+8pts	57%	49%	50%	37%	
Proactive communication and social dialogue							
Listen to employees and engage in social dialogue		+3.0pts	59	-	56	-	53.5
Communicate proactively towards all employees		+4.6pts	63.3	-	58.7	-	55.7
Involvement with local communities							
# of external people having received Tarkett Academy training (min 2 to 5 days professional training on installation and/or maintenance)		+29%	3 754	2 903	2 541	1 893	N
Other indicators							
Number of employees		+2.0%	11 067	10 850	10 670	9 152	8 770
Employees working part-time		-0.1pt	1.9%	2.0%	N		
Share of women among the total of employees		+1pt	27%	26%	27%	26%	
Age	above 60 years		5.0%	5.2%	4.8%	3.8%	
	50 to 59 years		21.1%	20.9%	20.8%	18.9%	
	40 to 49 years		27.4%	28.5%	29.1%	29.4%	
	30 to 39 years		28.7%	28.9%	28.8%	30.0%	
	20 to 29 years		15.7%	16.3%	16.0%	17.6%	
	under 20 years		0.3%	0.3%	0.5%	0.3%	N
Geographies	EMEA		34%	34%	34%	40%	
	North America		30%	30%	32%	21%	
	CIS		36%	36%	34%	38%	
Hirings and terminations	Hirings	+38%	2 163	1 573	1 232	1 127	
	Terminations	+25%	1 820	1 455	1 135	699	
Workforce turnover		+3pts	16%	13%	11%	N	
Total number of training hours		+33%	265 970	199 770	228 916	76 089	
Total training costs (€k)		+17%	3 130	2 669	N		
Absenteeism**		-0.2pt	2.3%	2.5 %	2.4%	2.7 %	2.6 %
Total compensation and benefits (€m)		+2.5%	531	518	462	405	367

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

N = Data not available

***Industrual sites scope*

Environmental indicators

Indicators	2013/2014 Evolution	2014	2013	2012	2011	2010
Good materials						
% (in purchase volume) of raw materials for which material assessment has been performed	+13pts	76%	63%	11%	8%	N
% (in purchase volume) of materials at the start of supply chain which do not contribute to resource scarcity	0	67%	67%	68%	69%	N
Resource stewardship						
Fresh water consumption (liters/m²)	-16%	2.59	3.07	2.91	2.42	2.99
% of manufacturing sites that have implemented closed-loop water circuits (or do not use water in their process)	+18pts	65%	47%	47%	47%	52%
Energy consumption (kWh/m²)	+5%	3.81	3.62	3.57	3.38	3.29
GHG emissions (kgCO2e/m²)	+6%	1.27	1.20	1.15	1.04	0.99
People-friendly spaces						
Phthalate-free products (% of m² produced, vinyl flooring only)	+16pts	39%	23%	22%	17%	0%
Low VOC emissions products (% of m² produced, flooring only, except accessories and sports surfaces)	-1pt	92%	93%	95%	89%	25%
Non-detectable VOC emissions products (% of m² produced, flooring only, except accessories and sports surfaces)	+2pts	50%	48%	46%	8%	0%
Reuse						
Industrial waste going to landfill (g/m²), including hazardous waste	+8%	39.5	36.5	39.4	45.1	44.6
Volume (metric tons) of collected post-installation or post-consumer products	-18%	13 500	16 400	11 500	15 800	18 900
Other						
Provisions for environmental risk (€k)	0	189	189	754	295	1 098

N = Data not available

Corporate Governance

Indicator	2013/2014 Evolution	2014	2013	2012	2011	2010
Raw material purchased with suppliers committing to Global Compact (% of purchase value)	-1pt	59%	60%	50%	42%	N
Group perimeter audited over the last 4 years (% of operatings assets)	+11pts	85%	74%	93%	52%	N

N = Data 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 (in most cases).

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

The 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, 2014 through December 31, 2014). 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 dedicated scorecards in every 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 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.

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

- Labor indicators (except for safety and absenteeism): Group-wide scope, with the exception of Renner and Desso (acquisitions that took place in the fourth quarter of 2014)
- Safety and absenteeism indicators: all of the Group's industrial sites except for recent acquisitions: Jaslo, Beijing, Renner and Desso (Note: a manufacturing site includes all of the activities located at that site, including areas that are separate from production)
- Water, energy and waste indicators: same scope as above, except for:
    - Data in absolute value: real consumption of the Group's 34 factories (excluding two factories where production is stopped: Houston and Cuzorn).
    - Performance indicators (data/m2):
        - Two factories where production is stopped are completely excluded from these indicators: Cuzorn and Houston.
        - Eiweiler (MDF line), a joint venture of which less than 50 of the semi-finished products are transformed into Tarkett finished products, is also completely excluded from the performance indicators.
        - For the four sites that manufacture semi-finished products (Kalush Bois, Calhoun/Tandus, Absteinach and Clervaux), production volumes are excluded from

the indicator. However, water and energy consumption and waste tonnage are included. It should be noted that the Clervaux factory produced both finished products and semi-finished products; only the latter are excluded.

- Greenhouse gas emission indicator: same scope as the indicators described above, to which are added all the Group's other (non-industrial) sites.
- Indicators on materials: purchases of raw materials only (excluding indirect purchases and finished products), and certain sites were excluded from monitoring in 2014 (textiles in Serbia and Ukraine, and Sports).
- 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).
- Indicator on suppliers: purchases of raw materials and finished products only (excluding indirect purchases), and certain sites were excluded from monitoring in 2013 (textiles, laminates, Sports, Centiva).
- 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.

Joint ventures are consolidated according to the following rules for CSR indicators (non-financial):

- Joint ventures held 50% or less: consolidation proportional to the share held for labor indicators and 100% consolidation for environmental indicators (except for performance indicators). Joint ventures more than 50% held: 100% consolidation for all indicators.

Review of historical data

Certain historical data (2010-2013) was revised in 2014.

Changes having a significant impact are specified below:

- Hours of training:

The first revision with a significant impact concerns training hours at Tandus-Centiva's sites, which were previously reported including training at the employee's workstation:

- 2013 data: 45,752 hours of training revised to 5,004 -- negative impact of 11 points on the indicator "Develop talents and promote an entrepreneurial culture";
- 2012 data: data reported excluding the Tandus sites -- negative impact of 6 points on the same indicator.

- Non-recycled waste:

The second significant revision concerns the incomplete inventory of the tonnage of waste produced at one of the Backa Palanka factories. This modification had a negative impact of 1.8 g/m2 on the non-recycled waste Key Performance Indicator in 2013.

- The environmental performance indicators (energy and water consumption, non-recycled waste, and greenhouse gas emissions per square meter of manufactured product):

To better reflect the production activity producing finished products, it was decided in 2014 to include only the volume of finished products in the denominator of the performance indicators. In addition, the preference for presenting indicators with comparable scope led to applying this rule to historical years and also to excluding closed sites and sites where production has stopped. For example, because the Houston factory closed this year, all of its past consumption was subtracted from the environmental indicators.

- Greenhouse gas emissions:

The factors used in calculating the greenhouse gas emissions of the Group's manufacturing sites were updated to take into account the last conversion rate available in the GHG Protocol (2011 in the majority of cases, applied to all years reported).

Indicator definitions

Indicator	Scope	Definition
Environmental responsibility		
% (in purchase volume) of raw materials for which material assessment has been performed	All materials (excluding Tarkett Sports and textile activities in Serbia and Ukraine)	Shares of volumes 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 relating to the impact of chemical substances on the environment and the recyclability of the substance
% (in purchase volume) of materials at the start of supply chain which do not contribute to resource scarcity		Relative share of volumes of materials purchased (in metric tons): materials are characterized based on resources used in their manufacture (fossil materials, limited minerals, abundant minerals, renewables, recycled). For example: PVC is considered 43% rare resource (hydrocarbon) and 57% abundant mineral (salt)
Fresh water consumption (liters/m²)	Industrial sites*	Water consumption (all consumption of paid and free water, excluding captured rain water)
% of manufacturing sites that have implemented closed-loop water circuits (or do not use water in their process)		Percentage of sites with closed-loop water circuit or that do not use water in their production processes
Energy consumption (kWh/m²)		Energy consumption (electricity, gas, oil, renewables)
GHG emissions (kgCO2e/m²)	Industrial* and administrative sites	Estimate of greenhouse gas emissions Scope 1 (direct combustion emissions) and 2 (indirect emissions due to the consumption of electricity) - For industrial sites: evaluation based on energy consumption and conversion factors in the GHG protocol (using the most recent conversion rate available – 2011 in most cases – applied to all years reported) - For administrative sites: estimate based on workforce per administrative site and the conversion factors of the US energy Information Administration
Phthalate-free products (% of m² produced, vinyl flooring only)	Production of resilient flooring + Tandus (excluding semi-finished products)	Products not containing plasticizers commonly recognized as phthalates (excluding recycled materials) Scope: vinyl floors, excluding semi-finished products
Low VOC emissions products (% of m² produced, flooring only)	All flooring production (excluding Tarkett Sports and semi-finishes products)	Total Rate of Volatile Organic Compounds <= 100 µg/m3, pursuant to ISO 16000-9
Non-detectable VOC emissions products (% of m² produced, flooring only)		Total Rate of Very Volatile (VVOC) and Semi-Volatile (SVOC) Organic Compounds and formaldehyde <= 10 µg/m3, pursuant to ISO 16000-9
Industrial waste going to landfill (g/m²), including hazardous waste	Industrial sites*	Waste production (sent for disposal, incinerated or hazardous waste)
Volume (metric tons) of collected post-installation or post-consumer products	Group	Volumes of products at end of life recycled instead of disposed of: installation and de-installation scraps
Provisions for environmental risk (€k)		

**Exceptions listed on the methodology*

Indicator	Scope	Definition
Social responsibility		
Lost time accident frequency rate (# LTA per million hours worked)	Industrial sites	Accidents with lost work time: accidents causing employee absence of more than 24 hours
Total accident frequency rate (# accidents per million hours worked)	Industrial sites	Rate = # of accidents / hours worked * 1,000,000
Severity rate (# calendar days stopped per million hours worked)	Industrial sites	Accidents with interruption of the work day
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	Group	Senior management = Chairman of the Management Board and the first two hierarchical levels of the organization
% of employees with disabilities (only in countries where disability is defined by law)	Entities where local legislation defines disability at the workplace	Percentage of employees over the defined scope
% of people trained (at least 1 day in total during the year)	Group	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
Progress on related questions in employee feedback	Group	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"
Progress on related questions in employee feedback	Group	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"
# of external people having received Tarkett Academy training (min 2 to 5 days professional training on installation and/or maintenance)	Group	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	Group	Total workforce as of December 31, 2014, including long-term employment agreements, short-term employment agreements, part-time and temporary workers, excluding inactive employees, i.e., those who have not worked for at least the past six months for one or more of the following reasons: long vacations, sabbaticals, long illnesses, military service, parental leave, early retirement, other. The figure reported comes from the group management control (Magnitude reporting), whereas the other workforce data (described below) is reported by the HR networks (manual reporting). The principal difference concerns Magnitude reporting of the Sports division workforce in full-time equivalent (Group impact -6%). Note: the scope of the other workforce indicators excludes temporary workers
Breakdown of workforce by type of contract, age, sex, geographical location	Group	
Hirings and terminations for cause	Group	3 different reasons for contract termination: the "natural" end of short-term employment agreements, termination at the employer's initiative (for example, dismissal), termination at the employee's initiative (for example, resignation) If an employee begins and completes his employment agreement in the same year, he is recorded as both a hire and a departure, unless he remains with the same company (for example, renewal of the short-term agreement).
Total number of training hours	Group	Any training that is the subject of dedicated media and for which an attendance sheet or equivalent is signed
Total training costs (€k)	Group	External expense or internal re-invoicing
Professional diseases	Group	As defined by local legislation
Collective bargaining agreements	Group	Agreements signed by group entities and union representatives
Program to promote diversity and non-discrimination	Group	Themes covered: age, sex, ethnicity, pregnancy, sexual orientation, religion, nationality, etc.
Total compensation and benefits	Group	Total compensation and benefits of all employees
Workforce turnover	Group	# of contract terminations reported over the average number of employees for the year
Absenteeism	Industrial sites	Change in definition in April 2014: lost hours / hours paid to 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 not included.

Indicator	Scope	Definition
Gouvernance		
Raw material purchased with suppliers committing to Global Compact (% of purchase value)	Direct purchases excluding textile, laminate, Sports and Centiva sites	Share of direct purchases from suppliers that are contractually committed to comply with the principles of the UN Global Compact
Group perimeter auditer over the last 4 years (% of operatings assets)	Group	Share of assets of entities audited over the course of the last 4 years

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

To the Shareholders,

In our capacity as statutory auditor of the company Tarkett appointed independent third party, accredited by the COFRAC registered under number 3-1049[3], we hereby present to you our report on the consolidated social, environmental and societal information (hereinafter the "CSR Information") for the year ended December 31st, 2014, presented in the management report. This report has been prepared in accordance with Article L.225-102-1 of the French Commercial Code.

Responsibility of the company

The Board of directors is responsible for preparing the company's management report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code and with the guidelines 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 regulations, the French code of ethics governing the audit profession and the provisions of Article L.822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable law and regulations.

Responsibility of the statutory auditor

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

- attest that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Statement of completeness of CSR Information);

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

[3] For which the scope is available on the site www.cofrac.fr

Our work was performed by a team of six people between September 2014 and February 2015 and took around seven weeks. We called upon our specialists in Corporate Social Responsibility to assist in carrying out our work.

We performed the procedures below in accordance with professional auditing standards applicable in France, with the decree dated 13 May 2013 determining the manner in which the independent third party should carry out their work, and with International Standard ISAE 3000[4] concerning our opinion on the fair presentation of CSR Information.

1. Statement of completeness of CSR Information

We reviewed, on the basis of interviews with the managers of the relevant departments, the company's sustainable development strategy with respect to the social and environmental impact of its activities and its societal commitments and, where applicable, any initiatives or programmes it has implemented as a result.

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 was not disclosed, we verified that the explanations provided complied with the provisions of Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the consolidated scope, i.e. the company, its subsidiaries as defined by Article L.233-1 and the entities it controls 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 in the management report.

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

2. Opinion on the fairness of the CSR Information

Nature and scope of the work

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

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

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

- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the company, the social and environmental impact of its activities, its sustainable development strategy and industry best practice.

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

- at the consolidation level, including the parent company, subsidiaries and controlled entities, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, action), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and consolidation of the data. We also verified that the data was consistent by cross-checking it with other information in the management report;

- at the entity level for a representative sample of entities selected[6] on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to verify that the procedures were followed correctly and to identify any undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents 19% of headcount, between 23% and 35% of quantitative environmental information.

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

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

We believe that the sampling methods and sample sizes used, based on our professional judgement, were sufficient to enable us to provide limited assurance; a higher level of assurance would have required us to carry out more extensive work. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on our work, we did not identify any material anomaly likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly in accordance with the Guidelines.

Paris La Défense, February, 18th 2015

French original signed by KPMG S.A.

Philippe Arnaud
Partner

Philippe Grandclerc
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 (tonnes of used flooring, collected in order to be reintegrated in new products) and Quantity of phthalate-free products.
Qualitative social information: 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; measures regarding waste prevention, recycling and disposal; consumption of raw materials and measures implemented to improve efficiency in their use; measures of prevention, reduction or repair of discharges into the air, water and ground, impacting severely the environment.
Qualitative societal information: measures implemented to promote consumers health and safety; action implemented against corruption; integration of social and environmental issues into the company procurement policy.

[6] Social and environmental information verified on site: Dalton (United-States), Backa Palanka – Tarkett doo RHE (Serbia).
Social information verified on site: Konz (Germany), Backa Palanka – Tarkett doo Wood, Sintelon RS and Sintelon (Serbia).
Environmental information verified on site: Eiweiler (Germany).
Environmental information verified remotely: Farnham (Canada) and Ronneby (Sweden) for the phthalate free products.

CHAPTER 4

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

4.1 ANALYSIS OF ACTIVITY IN 2014

The following information concerning the Group's financial condition and results of operations should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2014 and the notes thereto, free English language translations of which are included in Sections 5.1 and 5.2

The consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union for the fiscal years in question. The consolidated financial statements as of and for the year ended December 31, 2014 have been audited by the Company's statutory auditors. The report of the Company's statutory auditors is presented in Section 5.9, "Statutory Auditors' Report on the Consolidated Financial Statements".

4.1.1 Overview

4.1.1.1 Introduction

The Group is a global leader in flooring and sports surfaces, with the most extensive geographical base and the widest product line in the industry. The Group's business is organized into four segments—three geographical segments for flooring (EMEA, North America and CIS, APAC and Latin America) and one global segment for sports surfaces.

In 2014, the Group generated net consolidated revenues of €2,414.4 million (as compared with €2,516.4 million in 2013) and adjusted EBITDA of €275.0 million (as compared with €310.0 million in 2013). For more information on key figures for the years 2013 and 2014, see Chapter 1.1, "Key Figures".

4.1.1.2 Principal Factors Affecting the Group's Results of Operations

Revenue Recognition

Consolidated net revenues are equal to revenues, excluding taxes, on sales of the Group's products and services, as well as transportation costs and customs duties that are invoiced to customers, net of rebates, discounts, returns and intragroup sales.

The countries and regions where the Group operates have different demand trends, primarily as a result of local economic conditions, which affect the renovation and construction markets. The choice of flooring solutions in each market is influenced by local lifestyles, end-user tastes, climate and the condition of existing flooring, among other factors.

The Group estimates that the large majority of its revenues for the financial years under review were generated by renovation projects. The construction of new housing and commercial buildings represented a small percentage of revenues during this period.

The Group's organic revenue growth (i.e. the positive or negative variation of sales due to changes in sales volumes and prices, excluding the effects of changes in scope of consolidation and exchange rates) depends mainly on the following factors:

- The Group's competitive advantage in its principal markets, which in turn depends primarily on its ability to offer a wide range of residential products that satisfy consumer trends and tastes in each country; its offer of commercial products that comply with the specifications of renovation projects and applicable regulatory standards; maintaining close relationships with customers, such as distributors and DIY stores and specifiers, such as architects and installers; the quality of the Group's products and services; and the competitiveness of its prices.
- The growth potential and structure of each of the Group's markets. For example, demand in the Russian residential market and in other CIS countries results from the large volume of residential flooring in need of renovation, as well as a consumer preference for vinyl flooring due to its durability and lower cost. In the European Union, demand for the Group's products is mostly concentrated within the northern countries (Scandinavia, Germany and the United Kingdom), with consumers in the southern countries tending to prefer ceramic floors. In addition, in North America and Europe, public spending policies have a significant impact on the commercial flooring market in public hospitals, schools and universities, as well as on the Sports Surfaces market.
- The Group's product promotion strategy is different in each market. In certain markets, the Group concentrates its sales efforts on products with high added value and strong margins, while in other markets it may pursue a volume-maximizing strategy in order to gain or retain market share. These strategic decisions have an impact on the mix of products sold and, as a result, on revenues and margins.
- Economic conditions more generally, as buyers tend to carry out renovation and construction projects during periods of economic growth.

Cost of sales

The Group's cost of sales is composed primarily of variable costs, due to the large effect of the cost of raw materials, and, to a lesser extent, transportation and logistics costs. The primary components of cost of sales include the following:

- Raw materials used in the Group's manufacturing processes. The Group primarily uses PVC and plasticizers, the cost of which is related in part to the price of crude oil. Wood is another raw material that the Group uses. In 2014, the Group's raw materials costs consisted primarily of PVC and plasticizers (approximately 40%), wood (approximately 7%), fiberglass (approximately 4%) and packaging (approximately 4%). For a discussion of recent trends in the prices of raw materials used by the Group, see Section 1.6.2.1, "Raw Materials and Suppliers".

- Labor costs, consisting principally of salaries and benefits of production personnel. These costs vary depending on the number of employees and average level of salaries and benefits. In order to control labor costs, the Group uses temporary workers in certain factories to handle the seasonality of certain of its activities. Labor costs increased by 0.7 points as a percentage of net sales from 2013 to 2014 (excluding redundancy costs).

- Transportation and logistics costs, which depend on fuel prices and the Group's operational efficiency (including, for example, its ability to ship products in fully loaded trucks, the location of production sites and their distance from the points of delivery to final customers).

Other costs, including energy costs such as electricity and gas, maintenance costs associated with the Group's various factories and depreciation and amortization of production and logistics assets.

Purchases of raw materials and similar products, labor costs and transportation and logistics costs represented 60%, 16% and 10%, respectively, of the Group's 2014 cost of sales.

Six years ago the Group launched its WCM (World Class Manufacturing) program, whose main objectives are the following:

- reinforcing quality and customer service;

- reducing work-related accidents and the impact of the Group's operations on the environment; and

- improving the productivity and performance of the Group's production sites.

The success of this program depends on systematically applying best practices at the Group's 30 production sites, actively managing purchases (particularly PVC and plasticizer purchases) and optimizing the Group's raw material supply chain. The Group believes that this program has enabled it to realize cumulative savings of €165 million over the 2011-2014 period (more than 2% of cost of sales each year).

Selling, General and Administrative Expenses

Selling expenses include compensation of the Group's sales force, advertising and marketing costs and the cost of providing samples to customers and decision-makers such as architects and installation companies. The level of selling expenses is tied in part to the number of product or collection launches, which require specific sales efforts.

General and administrative expenses include administrative personnel costs at the central and division levels, which are managed through a decentralized model. Expenses relating to the management of information systems as well as amortization and depreciation of related investments are also included in administrative expenses.

Research and development

Innovation is critical to the Group's success, ensuring product quality, compliance with regulatory standards and reduced environmental impact. The Group seeks to maintain the highest level of excellence while controlling Research and Development costs, which are small as compared with other operational expenses. These costs include compensation of Research and Development personnel as well as amortization and depreciation of patent-related expenses. Research and development costs represented 1.1% of the Group's consolidated net revenue in 2014.

Financial income and expense

Net finance costs include interest expense due on borrowings, interest income on investments of cash balances, discounting charges relating to retirement commitments, and gains and losses on financial and hedging instruments, to the extent recognized in the Group's income statement.

Total income tax

Income tax expense includes corporate income taxes payable by the Group's entities, as well as withholding taxes on dividends paid (in particular, dividends paid by the Group's Russian and Serbian entities), as well as changes in the deferred tax assets on the Group's balance sheet.

4.1.1.3 Segment Information

The Group's four segments are as follows:

- EMEA (Europe, Middle East and Africa; 28.2% of 2014 revenue). The EMEA flooring segment concentrates essentially on the production of vinyl resilient flooring, wood flooring, laminate flooring and other products in Europe. Resilient flooring represents the large majority of the Group's consolidated net revenues in this segment (more than 80% in 2014), wood and laminate flooring representing almost all of the remainder. These products are used in the residential and commercial markets, with commercial market sales higher in 2014. Sales are divided among several countries, largely in northern Europe. In 2014, France was the largest country in the segment but represented only about 20% of the segment's consolidated net revenues (less than 6% of the Group's 2014 consolidated net revenues). The Nordic countries (Sweden, Norway, Finland and Denmark) together represented slightly more revenue than France and slightly more than a quarter of the segment's consolidated net revenues, with the principal contributors being Sweden and Norway. The other significant countries are Germany and, to a lesser extent, the United Kingdom. The countries of southern Europe (including primarily Spain and Italy) represented approximately 2.0% of the Group's 2014 consolidated net revenues (8% of the EMEA segment's consolidated net revenues).

- North America (27.3% of revenues in 2014). The North American flooring segment offers products to both commercial end-users (representing about three-quarters of the segment's 2014 consolidated net revenues) and residential end-users. Historically, the Group's products in this market have been primarily rubber flooring and accessories (sold under the Johnsonite brand name) and resilient flooring, including vinyl flooring for the residential market and VCT flooring, the Group's lower cost homogenous vinyl product for the commercial market. More recently, the Group introduced additional lines of resilient flooring for the commercial market, supplied by its European factories. It complemented its resilient flooring lines in 2010 with the acquisition of Centiva, which manufactures LVT for the commercial market. Finally, with the acquisition of Tandus in September 2012, the Group became a major supplier of commercial carpeting.

- CIS, APAC and Latin America (31.9% of revenues in 2014). The CIS countries (primarily Russia, Ukraine and Kazakhstan) represent the large majority of this segment's revenues—about 80% in 2014. Residential vinyl flooring is the primary product sold in these countries. The Group also sells wood and laminate flooring in these markets, as well as other products. Sales in Latin America are mainly in Brazil, and activity in the Asia Pacific region is concentrated in Australia and China.

- Sports Surfaces (12.6% of revenues in 2014). The Group's sports surface segment includes the production, distribution and installation of artificial turf, primarily for sports fields, and athletic tracks, as well as other products (such as artificial grass for residential landscaping purposes and indoor sports flooring). The Group sells sports surfaces primarily to public establishments, elementary schools, high schools and universities, mainly in North America (79.2% of the segment's consolidated net revenues in 2014) and, to a lesser extent, in Europe. Most of the Group's sales in this segment consist of "turnkey" solutions, including both sale and installation.

4.1.1.4 Exchange Rate Fluctuations

Exchange rate fluctuations have a direct impact on the Group's consolidated financial statements. This impact is mainly due to the conversion of income statement and balance sheet items of the Group's foreign subsidiaries located outside the euro zone into euros. The principal currencies for which the Group bears this risk are the U.S. dollar (34.9% of consolidated net revenues in 2014), the Swedish krona (7.2%), the Canadian dollar (2.3%), the pound sterling (2.1%), the Brazilian real (1.8%) and the Australian dollar (1.4%).

The Group seeks to develop production capacity in the geographic regions where it distributes its products, creating therefore a natural hedge for a significant portion of its gross margin and operating income against exchange rate fluctuations. It enters into derivative contracts to manage the remaining exchange rate risk (especially the risk related to the lag between the time customers are invoiced and the time the Group is paid), although the Group does not use derivatives to manage its exposure to the Russian ruble, the Ukrainian hryvnia, or the Kazakh tenge.

The functional currency of the Group's entities in Russia and the other CIS countries is the euro. Products are sold in rubles, but the Group's policy is to reflect exchange rate fluctuations between the ruble and the euro in its product prices. Only the impact of the lag between the exchange rate fluctuation and the price increase is treated as an exchange rate effect in the analysis at constant scope of consolidation and exchange rates presented in the analysis below. Although a significant portion of the Group's Russian operating expenses are in euros (since PVC and plasticizers are imported from the European Union), labor, logistics and transportation costs, as well as other production costs such as energy and maintenance, are almost entirely in rubles.

4.1.1.5 Seasonality

The Group's activities are to some extent seasonal, with an increase in sales generally occurring in the second and third quarters of the year, whereas its working capital requirements are generally higher in the first two quarters of the year. Sales of sports surfaces are particularly influenced by seasonality, as installation work is mainly done between May and October, with a peak in activity during the summer. Moreover, in certain geographic regions, winter climate conditions can affect work sites and, therefore, flooring installation. In the educational sector, demand is generally higher during school vacation.

In 2014, 54.1% of the Group's consolidated net revenues were generated in the second and third quarters, as compared with 45.9% in the first and fourth quarters.

4.1.1.6 Turnaround of Certain Businesses

Despite overall growth in recent years, the Group has encountered isolated situations in which certain businesses have required intervention to return to profitability. Recent turnaround programs include the following:

- Sports Surfaces segment. Beginning in 2009, the Sports Surfaces segment was affected by a reduction in public spending as a result of the financial crisis. At the same time, the Group's principal supplier of the fibers used in manufacturing artificial turf decided to pursue a strategy of downstream vertical integration, thereby becoming a competitor. The Group's artificial turf products also had certain defects (relating to the UV protection of the fibers supplied by that competitor), resulting in warranty claims against the Group. In order to return the sports surfaces business to profitability, the Group pursued a turnaround strategy that included: moving production of fibers for artificial turf in-house through the 2010 formation of the joint-venture Morton Extrusionstechnik (MET) GmbH, in which the Group holds a majority interest, with the remainder held by Morton Extrusion, which specializes in the extrusion of fibers; pursuing significant reductions in selling, general and administrative expenses; adapting the Group's Spanish subsidiary's marketing and production activities to the local economic climate; making changes to the corporate structure of the segment, including merging two athletic track production companies; developing artificial turf production capacity in the Group's Serbian factories; and reorganizing the Group's research and innovation team. As a result, orders recovered in 2012. The sports surfaces segment's adjusted EBITDA became positive in that year and has increased steadily since then, showing the success of the turnaround strategy.

- Wood flooring in Western Europe. The European market for wood flooring was affected by reduced levels of activity as a result of the economic climate, as well as by a particularly competitive environment. The Group therefore launched several initiatives in order to reduce production costs. The Group transferred a portion of its engineered multi-layer wood flooring production from Hanaskog, Sweden to sites in Poland and Ukraine, thereby bringing the manufacturing sites closer to the sources of wood and enabling the Group to reduce transportation and manufacturing costs. In 2014, the Group also announced a plan to sell or close Tarkett Bois's production plant in France, in order to rightsize its production capacity and improve the profitability of its wood flooring business.

- VCT business in the United States. Because the VCT vinyl floor market in the United States is currently in a situation of overcapacity, the Group decided to consolidate its VCT production at its Florence, Alabama site and close its Houston, Texas site, a process that was completed in July 2014. This transfer of production is generating significant savings, particularly with respect to factory indirect costs, as well as a reduction in working capital requirements.

4.1.1.7 Acquisitions

The Group has completed 13 acquisitions in the last five years in connection with its growth strategy. Most of the companies the Group acquired were moderate-sized and had product lines or activities in markets that complement those of the Group. For more information, see Section 4.2.1, "Main Investments".

The Group completed a significant external growth transaction with the acquisition of the Dutch group Desso as of December 31, 2014. Desso specializes in the design, production and sale of commercial carpets, primarily in Europe. On the sports surfaces market, it also sells artificial turf as well as a unique semi-natural reinforced lawn system. In 2014, Desso recorded revenues of €208 million.

The Group also acquired the Polish company Gamrat Flooring in order to reinforce its business on the vinyl flooring market in Central Europe in growing, high value-added market segments such as health and education.

In the Sports Surfaces segment, the Group acquired Renner, a leading manufacturer of athletic tracks and tennis courts located in the Rocky Mountain region of the United States. This acquisition enables the group to enrich its product offerings in the Sports Surfaces segment and to expand its geographical footprint, thus reinforcing its leadership position in North America.

Lastly, the Group reinforced its industrial and commercial presence in China through two transactions: the buyout of the 30% minority interest in the Group's subsidiary that markets Tarkett-brand products in China, and the acquisition of a vinyl floor production plant near Beijing.

It should be noted that the minority shareholders of Morton Extrusionstechnik (MET) GmbH and AA SportSystems (which has since become FieldTurf Benelux BV) hold put options that enable them to require the Group to acquire their respective shares. As a result, the Group has fully consolidated these companies since acquiring control of them, as if the minority interests had also been acquired. The Group records the present value of the put options' estimated exercise price under "other liabilities" in its balance sheet.

4.1.1.8 Presentation of Accounting and Financial Information

■ *Adjusted EBITDA*

To evaluate its business performance, the Group uses an indicator that it calls "adjusted EBITDA", which is equal to operating income before depreciation, amortization and before certain revenues or expenses considered as unusual or non-recurring, such as:

- restructuring costs intended to grow the Group's future profits;

- gains or losses on significant asset sales;
- costs relating to corporate and legal restructuring, including legal fees and acquisition costs as well as the impact on margins of recording inventory of acquired companies in the Group's balance sheet at fair value;
- costs relating to the Company's initial public offering during fiscal year 2013;
- management fees invoiced by the shareholders of the Company; and
- expenses relating to share-based payments without any related cash payment.

Management believes that adjusted EBITDA is a useful indicator because it measures the performance of the Group's activities without taking into effect past expenditures (depreciation and amortization) or unusual costs that are not representative of trends in the Group's results of operations. EBITDA and adjusted EBITDA are not standardized accounting terms with generally accepted definitions. They should not be taken as a substitute for operating income, net income or cash flows, nor should they be treated as a measure of liquidity. Other issuers may calculate EBITDA and adjusted EBITDA differently.

The following table reconciles adjusted EBITDA to operating income for the 2013 and 2014 fiscal years.

Adjusted EBITDA *(in millions of euros)*	Fiscal year ended December 31,		
	2014	2013	Change
Result from operating activities	**136.6**	**180.9**	**-24.5%**
Depreciation and amortization	100.8	105.5	-4.4%
EBITDA	**237.4**	**286.4**	**-17.1%**
Adjustments			
Restructuring costs	26.4	5.3	
Gains/losses on asset sales		(0.2)	
Costs related to business combinations	3.9	0.5	
IFRS costs relating to share-based payments	2.7	6.1	
Costs relating to the initial public offering		6.2	
Other(1)	4.6	5.7	
Adjusted EBITDA	**275.0**	**310.0**	**-11.3%**

(1) "Other" includes management fees invoiced by the shareholders of the Company.

The adjustments used in determining adjusted EBITDA for each fiscal year are described in the comparative analyses of the Group's results of operations presented below.

■ *Estimates and assumptions used in preparing financial statements*

The preparation of the Group's consolidated financial statements in accordance with IFRS requires it to make a number of estimates and assumptions that have an effect on the amounts of its assets and liabilities, as well as on its income and expenses. Management continually revisits these estimates and assumptions based on its experience and other reasonable factors used in its evaluation. Actual results may differ significantly from these estimates.

These estimates and assumptions relate primarily to the following:

- impairment of goodwill;
- provisions for retirement and other employee benefit obligations;
- other provisions for litigation, warranties and potential liabilities;
- deferred tax assets (tax loss carryforwards, in particular);
- the fair value of consideration paid, acquisitions of minority interests, and acquired assets and liabilities; and
- accounting treatment of financial instruments.

The management estimates used in connection with the preparation of the Group's financial statements, particularly those relating to the application of accounting techniques and the inclusion of uncertainties, are described in more detail in Note 2.2.2 "Use of Estimates and Judgments" to the Group's consolidated financial statements included in Section 5.2, "Notes to the Group's Consolidated Financial Statements".

▪ *Goodwill*

Goodwill represents the difference between the cost of a business combination and the Group's share of the fair value of the identifiable assets acquired and liabilities assumed on the date control is transferred, corresponding, for example, to the value that the Group assigns to expected synergies and profits. Therefore, evaluation of goodwill may rely on assumptions relating to future cash flows (see Notes 2.5.10, 2.5.15, and 3 to the Group's consolidated financial statements included in Section 5.2, "Notes to the Group's Consolidated Financial Statements").

Goodwill is allocated to cash-generating units ("CGUs"), whose accounting value is tested for impairment annually or whenever there is any indication of an impairment loss. Impairment tests seek to determine whether the net recoverable value of an asset or CGU is less than its net book value. If the net recoverable value is lower than the net book value, an impairment charge is recorded in the income statement in the amount of the difference, allocated first to reduce goodwill of such CGU.

The recoverable value of an asset or a CGU is equal to the higher of the market value minus cost to sell, or the value in use. Value in use is determined by discounting estimated future cash flows for each CGU using certain assumptions and estimates of management. Market value is the price that could be obtained under normal competitive conditions from an informed buyer minus the cost to sell.

The calculations used to determine value in use are subject to management's judgment. Cash flows used to calculate value in use are derived from the Group's budgets and business plans, which are in turn based on assumptions relating to revenues, adjusted EBITDA, working capital requirements and investments. If other assumptions or predictions were to be used, impairment testing would produce different values in use.

Management conducts impairment testing using its best estimate of the future activity of the CGU in question over the next three years, discounted to present value. After-tax discount rates vary depending on the risk premium used for each geographic market, which were 9% for EMEA and North America, 10% for APAC, 11.2% for Latin America and 11.6% for the CIS. The primary assumptions for sales growth through 2017 range from 2% (for certain CGUs in Europe) to 8% (essentially in emerging markets). The value in use calculation also includes the CGU's end value, which projects standard cash flows to infinity with an annual growth rate of between 2% and 4%, depending on the geographic market.

For more information, see Note 2.5.15 to the Group's consolidated financial statements, included in Section 5.2, "Notes to the Consolidated Financial Statements".

- *Provisions for retirement and similar obligations*

In accordance with the laws and practices of each country where the Group operates, it maintains retirement, health and disability plans and retirement packages for eligible employees and former employees, as well as for their beneficiaries who meet required conditions. As of December 31, 2014, the Group had such retirement commitments in the United States, Canada, the United Kingdom and Germany, as well as in France, Italy, Sweden, Serbia and Russia.

In accordance with IAS 19, these commitments are valued or updated every six months by independent actuaries. Accounting for actuarial values is based on predicted changes in salaries, medical costs, long-term interest rates, average seniority and life expectancy. An expected rate of return on funds invested is calculated for each plan in accordance with its composition and the projected return of comparable markets. Actuarial values and rates of return are sensitive to changes in predictions and estimates, which are based on assumptions. For more information, see Note 2.5.18 to the Group's consolidated financial statements for the fiscal year ended December 31, 2014 included in Section 5.2, "Notes to the Consolidated Financial Statements". As of December 31, 2014, the Group had €254.2 million in liabilities relating to employee benefit commitments, of which €98.8 million is covered by funds invested pursuant to the Group' various plans, and the remaining €155.4 million relates to unfunded or partially funded plans for which provisions have been recorded. The most significant of these liabilities are in the United States, Canada, the United Kingdom and Germany; the entities in these countries maintain sufficient externally-managed investments to cover nearly 50% of their liabilities.

For more information on provisions for retirement and similar obligations, see Note 22 to the Group's consolidated financial statements included in Section 5.2, "Notes to the Consolidated Financial Statements".

- *Provisions for Litigation, Product Warranties and Restructuring Costs*

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), provisions for litigation, warranties and other potential liabilities are recorded when, at the close of the fiscal year, there exists a legal or implicit obligation resulting from a past event that is more likely than not to result in a cash outflow to a third party, and whose amount can be reliably estimated. The amount recorded as a provision is management's best estimate of the expenditure required to settle the current obligation as of the closing date. Where the time value of money has a significant effect, future outflows are discounted to present value. These provisions relate to environmental, legal, tax and other risks.

The probability of an outflow is calculated based on management's analysis and assumptions and estimates that depend, in turn, on the nature of the risk. For example, in determining the amount of provisions for litigation, the Group's management must evaluate the probability of an unfavorable decision, as well as the amount of potential damages. These items are by their nature uncertain. On the other hand, a warranty provision is recorded at the time a given product is sold, with the amount based on historical data on warranty payments. An additional provision is recorded when an event occurs that may give rise to warranty claims for greater amounts than the hypothetical provision. A restructuring provision is recorded when management approves a detailed restructuring plan and the restructuring is announced publicly or implemented. The provision may prove higher or lower than the amount actually incurred. Provisions may also be reversed, if necessary.

As of December 31, 2014, the Group had €54.2 million in provisions for warranties, restructurings, claims and litigation. For more information on estimation of and accounting for provisions or their impact on the Group's results of operations, see Note 21 to the Group's consolidated financial statements, included in Section 5.2, "Notes to the Consolidated Financial Statements".

- *Deferred tax assets*

In accordance with IAS 12 (Income Taxes), the Group recognizes deferred tax assets and liabilities on its balance sheet. A deferred tax asset must be recognized for all temporary differences deductible in the future, unused tax loss carryforwards or income tax credits if it is probable that the Group will have future taxable profits that will allow these future tax savings to be utilized.

A deferred tax asset is recognized when it is probable that the Group will use it in the future. Management must use its judgment in determining the amount of the net tax asset to recognize. Projected net taxable profits are estimated on the basis of Management’s budget and assumptions, as well as models relating to market conditions. These assumptions and models may have a significant impact on the amounts of deferred tax assets recognized on the Group’s balance sheet.

The Group had €71.0 million in deferred tax assets relating to tax loss carryforwards and unused tax credits as of December 31, 2013, of which €44.7 million related to the Group’s North American tax consolidation group and €5.2 million related to its Canadian subsidiary.

For more information, see Note 8, “Income Tax” to the Group’s consolidated financial statements, included in Section 5.2, “Notes to the Consolidated Financial Statements”.

4.1.2 Comparison of Results of Operations for the Years Ended December 31, 2013 and December 31, 2014

The analysis below discusses the Group’s results of operations for the fiscal year ended December 31, 2014. Comparative information for the year ended December 31, 2013 has been retroactively restated pursuant to IAS 12 paragraph 41.

Until December 31, 2014, the Group had not applied IAS 12.41, on the effect of changes in the exchange rate on non-monetary assets and liabilities of entities whose functional currency is different from the local currency. As a result of declines in the Russian and Ukrainian currencies, the impact on the year’s results and the cumulative impact on the balance sheet became material, and the Group recorded deferred taxes in accordance with IAS 12.41 (see Note 2.5.22, “Deferred Taxes” included in Section 5.2, “Notes to the Consolidated Financial Statements”).

4.1.2.1 Overview

In 2014, the **Group’s revenues** totaled **€2,414 million**, as compared with €2,516 million in 2013, a decrease of 4.1%.

The Group recorded **organic growth of -2.3%,** excluding the positive contribution of acquisitions (+€13 million) and fluctuations in exchange rates, which had a negative effect of €58 million, including €42 million resulting from the lag between changes in exchange rates and the corresponding price increases in Russia. Whereas the Sports Surfaces segment continues to improve and trends in the EMEA remain healthy, this decrease in organic sales reflects the contraction of sales volumes in the CIS countries and a decreasing residential activity in the United States.

Adjusted EBITDA was €275 million in 2014, as compared with €310 million in 2013. Adjusted EBITDA margin decreased to 11.4% (a decrease of 90 basis points as compared with 2013, of which 50 basis points was due to the decline in the Russian ruble during the fourth quarter of 2014). Tarkett reacted by increasing sales prices in Russia by 15% to 20% (depending on the product) in January 2015. Adjusted EBITDA margin was also negatively affected by the costs of launching the new line of VCT at the Florence Alabama site.

The acquisition of **Desso** (€208 million in sales in 2014), a European leader in commercial carpet tiles, was finalized on December 31, 2014, furthering Tarkett’s strategy to carry out selective acquisitions that create value.

Net profit attributable to Owners of the Company was **€61 million** in 2014, as compared with **€98 million** in 2013.

Tarkett Consolidated Results of Operations *(in millions of euros, except percentages)*	**Fiscal year ended December 31,**		
	2014	**2013 restated***	**Change**
Net revenue	2,414.4	2,516.4	-4.1 %
Gross profit	571.6	623.7	-8.4 %
As a percentage of consolidated net revenue	*23.7 %*	*24.8 %*	
Adjusted EBITDA	275.0	310.0	-11.3 %
As a percentage of consolidated net revenue	*11.4 %*	*12.3 %*	
Result from operating activities	136.6	180.9	-24.5 %
As a percentage of consolidated net revenue	*5.7 %*	*7.2 %*	
Net Profit Attributable to Owners of the Company	61.2	97.6	-37.3 %

**The comparative periods have been retroactively restated following adoption of IAS 12.41 (see Note 2.5.22 included in Section 5.2, “Notes to the Consolidated Financial Statements”)*

4.1.2.2 Net revenue

The following table presents consolidated net revenues by segment for the years ended December 31, 2013 and 2014.

Net revenue *(in millions of euros, except percentages)*	Fiscal year ended December 31,		Change	
	2014	2013	Current Scope and Exchange Rates	Constant Scope and Exchange Rates
EMEA	681.3	669.6	+1.7 %	+1.2 %
North America	658.0	673.6	-2.3 %	-2.1 %
CIS, APAC and Latin America	771.1	887.5	-13.1 %	-7.8 %
Sports Surfaces	304.0	285.8	+6.4 %	+6.2 %
Total	**2,414.4**	**2,516.4**	**-4.1 %**	**-2.3 %**

- *EMEA*

In the **EMEA** region, Tarkett recorded **organic** growth of 1.2%, although with strong disparities from country to country. Scandinavia recorded a solid performance in 2014, except for Finland, which declined in the second semester. Germany and Poland remained positive. The strong trends in Italy and Spain continued. The French market continued to shrink, affected by the downturn in construction and renovation. Sale prices increased slightly in the region, thanks to the launch of innovative products manufactured without phthalates.

- *North America*

In **North America**, **sales** decreased by 2.1% on a comparable basis due to the impact of a weak residential market throughout the year. Commercial sales increased slightly over the year, returning to growth in the fourth quarter after contracting in the third quarter, with the LVT business showing good momentum

- *CIS, APAC and Latin America*

The **CIS, APAC and Latin America segment** saw a 7.8% decrease in organic sales , reflecting only volumes and the mix of products. After market conditions in Russia and Ukraine stabilized during the third quarter, the severe decline in the ruble (which accelerated in mid-December) generated significant volatility. This led to a temporary improvement in sales volumes in the fourth quarter, as local consumers anticipated the coming price increases. In Ukraine, sales volumes fell sharply in 2014 (decreasing nearly 50% as compared with 2013), as activity in the eastern part of the country has been at a near standstill since the second quarter of the year.

In Asia Pacific, sales slipped slightly due to weak demand leading to downward pressure on prices in Australia, combined with decreased sales in the office flooring market in China. In a weakening economic environment, Latin America showed strong organic growth, thanks to continued growth in luxury vinyl tile (LVT) sales, as well as a policy of selective price increases.

- *Sports Surfaces:*

The **Sports Surfaces** segment continued its strong growth, with **sales** up 6.2% on a comparable basis in 2014, owning to continued growth in artificial turf sales in North America, as well as improvement in Europe, despite disparities from one country to the next.

4.1.2.3 Gross profit

The Group's gross profit decreased 8.4% from €623.7 million in 2013 to €571.6 million in 2014. Gross profit represented 23.7% of revenues in 2014, or a decrease of 1.1 points as compared with 24.8% of revenues in 2013.

This decrease was principally the result of the decline in the Russian ruble and lower sales volumes in the CIS, and, to a lesser extent, in North America. This region was also affected by significant additional costs relating to the launch of the vinyl composition tile (VCT) production line in Florence, Alabama. These negative effects were partially offset by:

- an increase in sale prices totaling €6 million (excluding price adjustments in the CIS countries to offset the effects of exchange fluctuations); and

- the continued effort to increase productivity through the WCM program, which generated net production cost savings of €25 million.

4.1.2.4 Result from operating activities

The Group's 2014 operating income was €136.6 million, a decrease of 24.5% compared with €180.9 million in 2013. Operating income represented 5.7% of revenues in 2014 compared with 7.2% of revenues in 2013.

Despite the stabilization in selling costs and a reduction in administrative costs, operating income was affected by increased restructuring charges incurred primarily in connection with closing the Houston and Tarkett Bois (Marty) sites, as well as plans to reorganize other production sites in the EMEA and CIS regions, representing €26.4 million.

4.1.2.5 Adjusted EBITDA

Adjusted EBITDA was €275.0 million in 2014—a decrease of 11.3% as compared with €310.0 million in 2013. The ratio of adjusted EBITDA to consolidated net revenues went from 12.3% in 2013 to 11.4% in 2014.

The main factor explaining the change in the Group's adjusted EBITDA in 2014 was the decrease in gross profit, for the reasons described above, partially offset by controlling selling and administrative costs.

The ratio of adjusted EBITDA to consolidated net revenue improved in the EMEA and Sports Surfaces segments but worsened in the CIS, APAC and Latin America, as well as in North America, for the reasons discussed above.

Adjusted EBITDA *(in millions of euros, except percentages)*	Fiscal year ended December 31,		
	2014	**2013**	**Change**
EMEA..	77.0	71.3	
As a percentage of consolidated net revenue	*11.3 %*	*10.6 %*	
North America..	63.8	74.0	
As a percentage of consolidated net revenue	*9.7 %*	*11.0 %*	
CIS, APAC and Latin America	146.0	190.1	
As a percentage of consolidated net revenue	*18.9 %*	*21.4 %*	
Sports Surfaces:	26.7 %	15.0	
As a percentage of consolidated net revenue	*8.8 %*	*5.2 %*	
Central...	(38.5)	(40.3)	
Group Total	**275.0**	**310.0**	
As a percentage of consolidated net revenue	*11.4 %*	*12.3 %*	

The main changes in adjusted EBITDA margin in the Group's segments are as follows:

- **EMEA**: Adjusted EBITDA margin improved to 11.3% as compared with 10.6% in 2013, supported by good cost management and productivity gains.

- **North America**: Adjusted EBITDA margin worsened to 9.7%, as compared with 11.0% in 2013, as a result of decreased profits from residential activity as well as temporary costs relating to the ramp-up of the new Vinyl Composition Tile (VCT) line at the Florence, Alabama factory, following the transfer of production from Houston, Texas in July 2014.

- **CIS, APAC and Latin America**: Although it was down 250 basis points, adjusted EBITDA margin for this segment was a solid 18.9% (as compared with 21.4% in 2013). Adjusted EBITDA margin was protected during the first nine months of the year by a price increase in the first half, we well as by an adjustment in the cost structure. Therefore, the lower margin is primarily the result of the decline in the ruble in the fourth quarter of the year, which gave rise to a currency effect of €16 million on adjusted EBITDA in the fourth quarter alone (corresponding to the net impact of the currency devaluations, offset by the price increases).

- **Sports Surfaces**: Adjusted EBITDA margin improved, reaching 8.8% in 2014, as compared with 5.2% of revenue in 2013, due to the growth in volumes and the settlement of certain disputes during the first half of 2014.

Centralized costs (costs not allocated to the various segments) decreased by €1.8 million.

4.1.2.6 EBITDA

EBITDA decreased by 17.1% from €286.4 million in 2013 to €237.4 million in 2014. EBITDA represented 11.4% of revenues in 2013 and 9.8% of revenues in 2014.

The decrease in EBITDA is due to the same factors as the decrease in adjusted EBITDA, in addition to an increase in net adjustments or items that do not affect the Group's cash flow, and that are therefore excluded from adjusted EBITDA. These charges were €39 million in 2014, as compared with €30 million in 2013. These net charges include:

- restructuring charges of €26 million, related in particular to the transfer of VCT production to Florence, Alabama, which resulted in the 2014 closure of the Houston plant, as well as the shutdown of the Tarkett Bois (Marty) site and the partial transfer to sites in Poland and Ukraine of wood flooring production for the Scandinavian market;

- costs relating to four acquisitions carried out in 2014 (Gamrat in Poland, industrial assets in China, Renner (athletic tracks in North America), and Desso (carpet, EMEA) for €4 million.

4.1.2.7 Financial income and expense

Financial income remained stable at €31.4 million. Negative foreign exchange impacts, mainly related to monetary assets in Eastern European currencies, were offset by a decrease in interest paid, allowed by the general decline in interest rates.

4.1.2.8 Income Tax Expense

Income tax expense for 2014 was €40.7 million, a 17.4% decrease as compared with €49.3 million in 2013. This reduction is essentially due to the decline of the Group's operating income. It was partially offset by the significant impact of applying IAS 12.41 on the recognition of deferred tax assets for temporary differences between the assets' tax basis (calculated at the rate on the balance sheet date) and their book value in the financial statements (calculated at the historical rate). In 2014, the Group recorded deferred income tax expense of €11.6 million, due to foreign currency translation on the non-monetary assets and liabilities of entities whose functional currency is not the local currency, given the significant devaluation of the Russian and Ukrainian currencies. See Note 2.5.22, "Deferred Taxes," included in Section 5.2, "Notes to the Consolidated Financial Statements".

4.1.2.9 Net Profit

The Group's net profit was €63.2 million in 2014, as compared with €98.8 million in 2013. Net profit attributable to non-controlling interests was €2.0 million in 2014 as compared with €1.2 million in 2013.

Net profit attributable to owners of the Company was €61.2 million in 2014 and €97.6 million in 2013.

4.2 INVESTMENTS

4.2.1 MAIN INVESTMENTS IN 2013 AND 2014

Cash used in investing activities was €103.1 million in 2013 and €262.9 million in 2014.

The level of investment in tangible and intangible fixed assets remained relatively stable over the period. Investments in property, plant and equipment include acquiring and constructing new factories as well as purchasing new equipment following the acquisition or creation of new entities. They also include "ongoing investments", which consist of all investments in property, plant and equipment other than those relating to new factories and acquisitions. The Group's objective is to maintain its ongoing investments in the order of approximately 3.5% of annual consolidated net revenues.

The table below shows the Group's main investments in 2013 and 2014.

(in millions of euros)	For the year ended December 31,	
	2014	**2013**
Acquisition of subsidiaries net of cash acquired	176.7	3.5
Acquisition of property, plant and equipment	87.7	100.5
Ongoing investments	*77.6*	*87.8*
Long-term investments	*10.1*	*12.7*
Proceeds of disposals and dividends received	(1.5)	(0.9)
Cash flows from investing activities	**262.9**	**103.1**

4.2.1.1 Main Investments in 2014

The Group's main investments in 2014 were continuations of projects begun in 2013. They include:

- *EMEA:* successive acquisitions of Gamrat, in Poland, and of the Desso group, based in the Netherlands (see Section 4.1.1.7, "Acquisitions");
- *North America*: In 2014, the Group completed its consolidation of the manufacture of vinyl tile flooring (VCT and LVT) at its Florence, Alabama site in order to optimize the use of its production capacity, improve efficiency and reduce costs. This led to the closure of the Houston, Texas plant. In addition, the Group acquired the building that houses the division's support services;
- *Deployment and standardization of SAP*: In 2014, the Group continued to roll out its standardized SAP platform in North America, in the CIS countries and in APAC;
- *Asia Pacific*: acquisition of industrial assets for the production of heterogeneous resilient flooring in Beijing, China.

4.2.1.2 Main Investments in 2013

The following represent the Group's main investments in 2013:

- *CIS:* Completion of a fifth production line at the Russian site of Otradny, which became operational in August 2013, and for which construction had begun in the second quarter of 2012;
- *Deployment and standardization of SAP*: In 2013, the Group continued to roll out its standardized SAP platform in North America and launched the rollout in the CIS region;
- *EMEA:* In 2013, the Group continued the restructuring of its wood floor business in Western Europe;
- *North America:* In 2013, the Group announced plans to consolidate the manufacture of vinyl tile flooring (VCT and LVT) at its Florence, Alabama site in order to optimize the use of its production capacity, improve efficiency and reduce costs, and to close the Houston, Texas site in 2014;
- *Luxury vinyl tiles (LVT)*: In 2013 The Group continued to invest in extending or acquiring production capacity for new product lines of luxury vinyl tiles in all of its geographic segments.

4.2.2 Principle Investments Underway

The principal investments underway as of the end of 2014 are the continuation of projects launched in previous years, primarily the continued rollout of the standardized SAP platform in North America and the restructuring of the Group's wood flooring business in Western Europe.

These investments are financed by available cash as well as by drawdowns from the Group's credit facilities. For more information on the Group's credit facilities, see Section 4.3, "Liquidity and Capital Resources".

4.2.3 Principle Future Investments

The Group continually seeks new investment opportunities, rigorously analyzing the potential for a strong return on its investment. With respect to investments, the Group's main objectives are to continually improve competitiveness, reinforce operational excellence, and acquire and modernize equipment in order to support the Group's expected growth.

The Group intends to pursue a strategy of external growth based on two main objectives: geographical development and the expansion of its product lines. For more information, see Section 1.3, "Strategy".

4.3 LIQUIDITY AND CAPITAL RESOURCES

For a description of the Company's share capital and financial structure, see Notes 14, 15, 16 and 17 to the Group's consolidated financial statements included in Section 5.1, "Notes to the Consolidated Financial Statements".

4.3.1 Overview

The Group generates significant net cash from its operating activities. This cash flow represents the Group's principal source of liquidity and is more than sufficient to finance its ongoing investments.

The Group's objective is to maintain its ongoing investments in the order of approximately 3.5% of consolidated net revenues. Current investments are defined as investments in tangible and intangible assets other than acquisitions and factory construction.

Investments in the Group's growth (primarily factory construction and acquisitions) are financed through debt and the Group's own financial resources, in line with its policy of maintaining a sound financial structure. The Group's most recent significant acquisition, the purchase of Desso in December 2014, was financed through a drawdown from its syndicated credit line.

As of December 31, 2014, the Group's net debt was €595.4 million, an increase of €166.4 million from net debt of €429.0 million as of December 31, 2013. The Group's shareholders' equity attributable to equity holders of the parent totaled €720.6 million as of December 31, 2014, as compared with €680.1 million as of December 31, 2013, resulting in a ratio of net debt to shareholders' equity of 0.83x (as compared with 0.63x as of December 31, 2013 and a ratio of net debt to adjusted EBITDA for the 12-month period ended December 31, 2014 of 2.0x (pro forma for the Desso acquisition) (as compared with 1.4x for the 12-month period ended December 31, 2013).

The Group's liquidity position is strong. As of December 31, 2014, cash and cash equivalents totaled €135.1 million, as compared with €96.7 million as of December 31, 2013. In addition, the total amount available under the Group's bank loans as of December 31, 2014 was €420.4 million.

In 2014, the Group decided to distribute a dividend of €39.4 million to its shareholders based on 2013 net profit.

The Group believes its available credit lines are sufficient to cover its liquidity needs for the next fiscal year.

4.3.2 ANALYSIS OF CASH FLOW

(in millions of euros)	As of December 31, 2014	As of December 31, 2013 (restated)
Cash flow before changes in working capital requirements and other operating items	239.7	296.4
Changes in working capital requirements	10.3	(16.3)
Other operating items[(1)]	(71.4)	(74.5)
Net cash (used in) / from operating activities	178.6	205.6
Cash flows from investing activities	(262.9)	(103.1)
Net cash from / (used in) financing activities	119.2	(83.8)
Effects of exchange rate fluctuations and changes in accounting methods	3.5	(3.2)
Net increase / (decrease) in cash and cash equivalents	**34.9**	**15.2**

(1) Primarily net interest paid and net tax paid

Cash and cash equivalents increased by €34.9 million in 2014, slightly more than in 2013. In 2014, cash flow from operating activities increased, mainly due to decreased working capital requirements at the end of the year. In addition, cash flow from / (used in) financing activities was significant in the final days of the year as a result of the acquisition of Desso on December 31.

4.3.2.1 Cash flows from operating activities

(in millions of euros)	As of December 31, 2014	As of December 31, 2013 restated
Net cash from operating activities		
Net profit before tax	103.9	148.2
Cash flow before changes in working capital requirements and other operating items	***239.7***	***296.4***
Changes in working capital requirements	***10.3***	***(16.3)***
Cash generated from operations	250.0	280.2
Other operating items[(1)]	(71.4)	(74.5)
Net cash from operating activities	**178.6**	**205.6**

(1) Primarily net interest paid and net tax paid

Net cash from operating activities was €178.6 million in 2014, a decrease of €27.0 million as compared with 2013. The decrease in cash flow before changes in working capitals requirements and other operating items was €56.7 million, primarily due to the decrease in adjusted EBITDA described in Section 4.1.1.8, "Adjusted EBITDA". Working capital requirements decreased due to the slowdown in the CIS countries.

- ***Changes in working capital requirements***

Changes in the Company's working capital requirements had a positive effect on net cash flow from operating activities of €10.3 million in 2014, as compared with a negative effect of €16.3 million in 2013, resulting in a net total change of €26.6 million from 2013 to 2014. This change is explained mainly by the slowdown in business in the CIS countries and in North America, leading to a reduction in working capital requirements as follows:

- a reduction in inventory in Russia and Ukraine at the end of 2014, due to (i) a large, one-off increase in customer orders in December 2014 in anticipation of price increases, and (ii) on a continuing basis, the slowdown in activity. The inventory decrease in North America resulted from adapting inventories to decreased demand on the residential market;

- a decrease in customer receivables, principally in Russia, as a result of the slowdown in activity.

4.3.2.2 Cash Flow Used in Investing Activities

(in millions of euros)	Dec. 31, 2014	Dec. 31, 2013
Acquisition of subsidiaries net of cash acquired	(176.7)	(3.5)
Acquisition of property, plant and equipment, net of disposals	(86.2)	(99.6)
Ongoing investments	(77.6)	(87.8)
Cash flows from investing activities	**(262.9)**	**(103.1)**

Cash used in investing activities increased from €103.1 million in 2013 to €262.9 million in 2014. This increase was primarily due to the December 2014 acquisition of Desso for €150.2 million. The Group's main investments during the period are described in Section 4.2, "Investments".

4.3.2.3 Cash from Financing Activities

(in millions of euros)	Dec. 31, 2014	Dec. 31, 2013
Acquisition of NCI without a change in control	(15.9)	(4.4)
Proceeds from loans and borrowings	278.0	504.0
Repayment of loans and borrowings	(103.6)	(496.3)
Repayment of finance lease liabilities	0.1	(0.4)
Sale of treasury shares	-	38.1
Dividends paid	(39.4)	(124.8)
Net cash from/(used in) financing activities	**119.2**	**(83.8)**

Net cash used in financing activities represented a financing need of €119.2 million in 2014. This need was essentially the result of financing the December 2014 Desso acquisition, for which additional drawdowns from the Group's revolving credit facility were made, as well as payment of a €39.4 million dividend.

4.3.3 Financial Debt

4.3.3.1 Summary of Net Financial Debt

As of December 31, 2014, the Group's net debt was €595.4 million. The Group's gross debt as of the same date was €730.5 million. Net debt increased in 2014, primarily due to the Desso acquisition.

(in millions of euros)	Dec. 31, 2014	Dec. 31, 2013
Total Gross Debt	**730.5**	**525.7**
Cash and cash equivalents	(135.1)	(96.7)
Net Financial Debt	**595.4**	**429.0**

4.3.3.2 Cash and cash equivalents

As of December 31, 2014 and December 31, 2013, cash and cash equivalents totaled €135.1 million and €96.7 million, respectively. As of December 31, 2014, available cash was located primarily in Serbia (€23.7 million), in Canada (€21.7 million), in China (€14.7 million) and in the Group's holding company (€37.3 million). As of December 31, 2013, available cash was located primarily in Serbia (€40.8 million), in China (€15.3 million) and in the United States (€8.4 million).

4.3.3.3 Gross Financial Debt

As of December 31, 2014, the Group's gross debt was composed principally of two fully drawn term loans of €450 million and €113 million and a syndicated revolving credit facility with a maximum amount of €450 million, of which €156 million had been drawn down as of December 31, 2014. The table below presents the Group's total gross debt as of the dates indicated.

(in millions of euros)	As of December 31, 2014	2013
Revolving Credit Facility (RCF)	156.3	25.0
French private placement	-	-
Term Loan (Multi-currency)	113.0	129.0
Term Loan (EUR)	450.0	360.0
Factoring agreement	-	-
Other bank credit lines and overdrafts	9.3	8.7
Other debt (including finance leases)	1.9	3.0
Total Gross Debt	**730.5**	**525.7**

As of December 31, 2014, the Group's principal sources of debt were the following:

- ***Revolving Credit Facility (RCF)***: The Group has a €450 million floating rate revolving multi-currency credit facility that includes two swingline loans in euros and US dollars for a total amount of €60 million. This credit facility will mature in June 2016.

- ***October 2013 term loan***: The Group subscribed a €450 million five-year syndicated loan agreement, which includes a €360 million tranche and a €90 million tranche, in order to grow its capacity and to increase the average maturity of the Group's borrowings. Pursuant to this loan, the Group is required to comply with the financial covenants described in Section 4.3.4, "Revolving Syndicated Multi-Currency Credit Facility". This loan was used in part for the early repayment of the Group's €114 million French private placement, which was to mature in May 2014.

- ***May 2013 term loan***: The Group entered into this syndicated loan, which includes an €85 million tranche and a USD 34 million tranche and matures in May 2016, in order to repay the €150 million Tandus bridge loan signed in 2012. Pursuant to this loan, the Group is required to comply with the financial covenants described in Section 4.3.4, "Revolving Syndicated Multi-Currency Credit Facility".

- ***Factoring agreement***: This revolving financing arrangement is the Group's only significant source of secured financing. The security is in the form of an assignment of receivables (créances Dailly), which are recorded in accounts receivable for purposes of calculating working capital requirements (with an offsetting liability being recorded on the Group's balance sheet). The Group can borrow up to €55 million under this facility at a floating rate of one-month Euribor plus 0.45%, but uses the facility only to supplement its other sources of funds. As a result, there were no amounts outstanding under the facility as of December 31, 2014 or December 31, 2013.

The following table provides a summary of the maturities and interest rates applicable to the Group's debt as of December 31, 2014:

(in millions of euros)	Currency	Interest rate	Year ended December 31, 2014	12 months or less until 12/31/2015	2 years until 12/31/2016	3 to 5 years until 12/31/2019	More than 5 years
Revolving Credit Facility (RCF)	EUR/USD	1.0 %-1.1 %	156.3	-	156.3	-	-
Term Loan (EUR)	EUR	2.8 %	450.0	-	-	450.0	-
Term Loan (Multi-currency)	EUR/USD	2.1 %-2.6 %	113.0	33.2	79.8	-	-
Factoring agreement(1)	EUR	0.6 %	-	-	-	-	-
Other bank credit lines and overdrafts(1)	-	0.7 %-5.2 %	9.3	6.6	1.4	1.3	-
Other debt (including finance leases)	-	0.5 %-0.9 %	1.9	0.4	0.4	0.9	0.1
Total interest-bearing loans	-	-	**730.5**	**40.2**	**237.9**	**452.4**	**0.1**

(1) of which €4.3 million are automatically renewable annually.

4.3.4 REVOLVING SYNDICATED MULTI-CURRENCY CREDIT FACILITY

The Group's principal source of financing is the RCF, which is available for a term of five years as from June 27, 2011. This credit facility was signed by Tarkett as well as by its U.S. subsidiary Tarkett Finance Inc. in order to enable the Group to make drawdowns directly in U.S. dollars and in the United States, guaranteed by Tarkett, as described in Section 4.3.9, "Off-Balance Sheet Commitments". This credit line had €156.3 million outstanding as of December 31, 2014, as compared with €25 million as of December 31, 2013. The RCF includes a €450 million floating-rate credit line that can be drawn in several currencies for periods of between one week and six months, which itself includes two swinglines in an aggregate amount of €60 million, which can be drawn for periods of one to five days.

Interest Rates under the RCF

The effective interest rate for each drawdown under the RCF is composed of a base rate plus an applicable margin. The applicable margin is determined based on the Group's leverage ratio (as defined below) at the end of the most recent half-year period. The relationship between the leverage ratio and the applicable margin is summarized in the table below.

Leverage Ratio	Applicable Margin
≤1.00x	0.70 %
1.00x≤1.50x	0.80 %
1.50x≤2.00x	0.90 %
2.00x≤2.50x	1.05 %
2.50x≤3.00x	1.25 %

Financial Covenants

The RCF requires the Group to comply with several financial covenants so long as the funds remain available. The same ratios are applicable to the Group's May 2013 and October 2013 term loan agreements. Failure to comply with these covenants could result in the loans' repayment being accelerated.

Leverage Ratio

The first financial covenant limits the Group's indebtedness and leverage. Under this covenant, known as the "leverage ratio", the Group's net debt as of the end of each half-year must be less than three times its adjusted EBITDA (as defined in the loan agreement) over the twelve months preceding the end of the relevant half-year. As of December 31, 2014 and December 31, 2013, the Group was in compliance with this covenant, with leverage ratios of, respectively, 2.2x and 1.4x adjusted EBITDA over the period. These leverage ratios are in line with the Group's historical levels. The leverage ratio increased in 2014 because the Desso acquisition was completed on December 31; therefore, the Group's EBITDA for the year does not include any contribution from Desso, whereas the acquisition debt is included in the Group's total indebtedness.

Net Interest Cover

The second financial covenant concerns the Group's "net interest cover", which is the ratio of adjusted EBITA to net interest expense. This covenant requires the Group to maintain gross operating income (adjusted EBITA) at least 2.5 times its total net interest on financial debt and cash flows. As of the end of 2014 and the end of 2013, the Group was in compliance with this covenant, with a ratio of net interest cover to adjusted gross operating income ("adjusted EBITA") of, respectively, 13.9x and 14.1x.

The table below presents the status of the Group's financial covenants as of December 31, 2013 and December 31, 2014.

	(in millions of euros) **Definition**[(1)]	**Required ratio**	**As of December 31,**	
			2014	**2013**
			Actual Ratio	
Leverage Ratio	Net Debt to Adjusted EBITDA	*ratio <3.0x*	*2.2x*	*1.4x*
Net Interest Cover	Adjusted EBITA to net interest expense	*Ratio >2.5x*	*13.9x*	*14.1x*

(1) These ratios apply to the RCF and the May 2013 term loan.

Change of Control Provisions

The RCF syndicated credit facility contains a change of control clause in the event that the Deconinck family ceases to control the Company. For this purpose, the Deconinck family is defined as "Ms. Catherine la Bonnardière (née Deconinck), Mr. Bernard-André Deconinck, Mr. Didier Deconinck, Mr. Eric Deconinck and their children, acting individually or collectively and directly or indirectly through a company held exclusively by them". If the Group were to fail to reach an agreement with its banks in such case, each lender would have the right to demand immediate repayment of its portion of the loan. The word "control" as used in this clause is defined by the French Commercial Code and includes actions "in concert", as defined in such Code.

4.3.5 October 2013 Term Loan

The Company signed a term loan (the "Euro Term Loan Facility" or "ETLF") with a group of banks on October 16, 2013, with respect to Tranche A, and on December 6, 2013, with respect to Tranche B. The total amount of the facility is €450 million, of which €360 million is in Tranche A and €90 million is in Tranche B. Tranche A was used in 2013 and Tranche B was used in 2014.

The ETLF's maturity date is five years as from the signature date of Tranche A.

The agreement contains, in all material respects, the same covenants as the RCF, in particular those relating to leverage ratio and net interest cover.

The base interest rate is fixed in accordance with the interest period chosen by the borrower (three-month or six-month Euribor). The effective interest rate is equal to Euribor plus an applicable margin based on the Group's leverage ratio for the most recent half-year period. The relationship between the leverage ratio and the margin applicable to the ETLF is summarized in the table below.

Leverage Ratio	Applicable Margin
<1.00x	1.25 %
1.00x<1.50x	1.50 %
1.50x<2.00x	1.75 %
2.00x<2.50x	2.00 %
2.50x and above	2.25 %

The ETLF agreement contains a change of control clause that can result in acceleration of repayment. The change of control provision will apply only in the event that the Company is controlled by a person or "group in concert" other than the Deconinck family. The mere loss of control by the Deconinck family, without acquisition of control by a third party, will not trigger the provision.

4.3.6 Other liabilities

The minority shareholders of Morton Extrusionstechnik (MET) and FieldTurf Benelux BV (formerly AA SportSystems) hold put options that enable them to require the Group to acquire their respective shares. The Group fully consolidates these companies in its financial statements, as if the minority shares had been acquired by Tarkett. The Group records the present value of the estimated exercise price of the put options under "other liabilities" in its balance sheet. As of December 31, 2014, the total amount of other liabilities corresponding to these options was €3.1 million.

4.3.7 Shareholders' Equity

Shareholders' equity was €725.8 million and €696.3 million as of December 31, 2014 and December 31, 2013, respectively. Changes in shareholders' equity in 2014 resulted primarily from changes in the Group's net income, as described in Section 4.1.2.9, "Net Income".

4.3.8 Return on Capital Employed

In order to monitor its profitability, the Group uses an indicator known as return on capital employed, or "ROCE", which measures the Group's ability to provide a return on funds made available to it by its shareholders and lenders.

ROCE is the ratio of (1) earnings before interest and taxes to (2) capital employed, which is the sum of tangible and intangible assets (including goodwill) and working capital.

ROCE is not a standardized accounting term corresponding to a generally accepted definition. It should not be taken as a substitute for operating income, net income or cash flows from operating activities, nor should it be treated as a measure of liquidity. ROCE may be calculated differently by other companies with businesses that are similar to or different from that of the Group. Accordingly, the Group's ROCE calculation may not be comparable to that calculated by other issuers. The following tables reconcile ROCE to earnings before interest and taxes for 2013 and 2014.

Operating income before financial items and taxes is calculated as follows:

(in millions of euros)	For the year ended December 31,	
	2014	2013
Result from operating activities	**136.6**	**180.9**
Exceptional items		
Restructuring costs	26.4	5.3
Gains/losses on asset sales/impairment	1.3	6.1
Unusual items from business combination	3.9	0.5
Share-based payment	2.7	6.1
Consulting fees and other provisions	4.6	11.9
Operating income before financial items and taxes (A)	**175.4**	**210.9**

Capital employed is calculated as follows:

(in millions of euros)	For the year ended December 31,	
	2014*	2013
Property, plant and equipment	435.6	415.4
Intangible assets	115.5	110.9
Goodwill	472.6	425.6
Working capital	240.8	236.4
Total capital employed (B)	**1,264.5**	**1,188.2**

**Restated for the property, plant and equipment of the Desso group, acquired on December 31, 2014*

The Group's ROCE is as follows:

(in millions of euros)	For the year ended December 31,	
	2014	2013
Return on capital employed (ROCE) (A/B)	13.8 %	17.7 %

4.3.9 OFF-BALANCE SHEET COMMITMENTS

- *Lease commitments*

The Group's lease commitments mainly relate to buildings, vehicles, computer equipment and software, as well as offices. Total future minimum lease payments pursuant to the Group's operating leases totaled €49.5 million as of December 31, 2014, and included the following:

Operating leases	Dec. 31, 2014	Dec. 31, 2013
Future minimum lease payments		
Less than 1 year	20.9	13.6
1 to 5 years	32.2	21.9
More than 5 years	3.5	3.4
Total future minimum lease payments	**56.5**	**38.9**

The total net carrying amounts of assets under financial leases included in the Group's consolidated balance sheet totaled €2.0 million as of December 31, 2014, and the present value of future minimum payments was €1.6 million.

- *Guarantees and Off-Balance Sheet Commitments*

The following table presents guarantees given by the Company as of December 31, 2014 (including those relating to financial debt already included on the balance sheet), as well as guarantees received from customers:

Group Off-Balance Sheet Commitments *(in millions of euros)*	As of December 31, 2014	As of December 31, 2013
RCF Europe Credit Lines	-	-
Federal Insurance Company	(62.3)	(38.9)
Factoring	-	-
Swedish retirement insurance company (Pri-Pensionsgaranti)	(18.4)	(18.4)
Other	(7.3)	(7.2)
Tarkett SA parent company guarantees	(88.1)	(64.5)
Commitments provided	(102.4) (1)	(82.4)(1)
Corporate *or personal guarantees* from clients or other debtors	6.1	11.0
Commitments received	6.1	11.0

(1) *Includes a parent company guarantee given by Tarkett Inc.*

The foregoing commitments include the following:

- a counter guarantee provided to Federal Insurance Company ("FIC") pursuant to a general indemnity agreement for a maximum amount of USD 75.0 million to permit FIC to issue bonds on behalf of FieldTurf Tarkett Inc. As of the end of the fiscal year, the amount outstanding subject to this guarantee was the dollar equivalent of €62.3 million;
- a guarantee covering 50% of a maximum €10 million credit line granted to the Group's Laminate Park joint venture;
- a guarantee given to the retirement insurance company Pri-Pensions to insure Tarkett AB's employee benefit commitments in the amount of SEK 173.1 million;
- a guarantee for raw materials provided by a supplier of the Group's subsidiary MET in order to secure its debt for an amount of up to €5 million, of which €2.5 million had been used as of December 31, 2014;
- A guarantee given to Tarkett Finance Inc. to enable it to become an additional borrower under the Company's revolving credit facility dated June 27, 2011, in an amount not to exceed the U.S. dollar equivalent of €100.0 million. However, no drawdowns under this guarantee were outstanding as of year-end;
- a guarantee given by Tarkett S.A. to a lending bank under an assignment of receivables credit line for a maximum of €55.0 million, because the credit line, while intended for Group financing, was entered into by Tarkett France for technical reasons. However, no drawdowns under this guarantee were outstanding as of year-end; and
- a guarantee provided by Tarkett S.A. to certain lenders to Tarkett Limited (United Kingdom) and FieldTurf Poligras (Spain) in order to enable them to obtain financing in an amount of €3.9 million.

- *Other*

One of the Group's subsidiaries is a defendant in a group of cases in the United States relating to injuries caused by asbestos. In addition to provisions recorded, the Group maintains two funds (for a total amount of USD 24.97 million as of December 31, 2014) as well as insurance policies in respect of this litigation and the possibility of additional cases being brought. For more information, see Section 4.5, "Legal Proceedings".

In addition, the Group is currently engaged in a proceeding to rectify the terms of a 2008 sale of preferred shares of FieldTurf Tarkett Inc. by Tarkett France to Tarkett Inc. for a total of USD 36.2 million. Pursuant to Canadian tax legislation, the capital gains realized in connection with the Tarkett France transaction should have been treated by Tarkett Inc. as a distribution of dividends subject to withholding tax. Tarkett Inc. and Tarkett France filed a motion for rectification of documents and declaratory judgment before the Quebec courts in order to reduce the price of the sale by USD 21.3 million. Given the timeframe and the uncertainty as to whether the requested rectification will be granted, the Group's financial statements as of December 31, 2014 include a provision for CAD 6 million.

4.4 MATERIAL CONTRACTS

See Section 4.3.4, "Revolving Syndicated Multi-Currency Credit Facility" and Section 4.3.5, "October 2013 Term Loan".

4.5 LEGAL PROCEEDINGS

The Group may be involved in legal, administrative or regulatory proceedings in the ordinary course of its business. The Group sets aside a provision for the cases that it considers likely to result in financial loss for Tarkett or one of its subsidiaries.

The aggregate amount of provisions relating to legal proceedings was €15.7 million as of December 31, 2014.

As of the date of this Registration Document, apart from the matters described below, the Group is not aware of any governmental, legal or arbitration proceedings (including any threatened or suspended proceedings) that could have or have had in the past 12 months a material effect on the Group's financial condition or the profitability of Tarkett or the Group.

Germany

Appraisal Procedure Relating to Valuation of Tarkett Holding GmbH Shares

In August 2006, a former minority shareholder of Tarkett AG (now known as Tarkett Holding GmbH) initiated an appraisal procedure relating to the valuation of Tarkett Holding GmbH shares before the Court of Frankenthal in Germany. The purpose of the procedure is to determine whether the share price paid by Tarkett S.A. to former minority shareholders of Tarkett AG in connection with the privatization of Tarkett AG in 2005 was appropriate. Fifty-five shareholders are currently party to the procedure. According to the initial opinion of a court-appointed expert in October 2011, the share price paid was insufficient. After objections by the parties, the expert submitted a supplemental report in August 2012, in which the value of the shares was determined to be higher than the value initially presented in the October 2011 report. Following further objections, the court ruled on July 1, 2013 that the share price paid by Tarkett should have been €1.62 higher than the share price of €19.50 that was actually paid. As the procedure covers 1,150,000 shares, the potential impact of this decision is approximately €1.9 million, excluding interest. Tarkett has filed an appeal, pending which the judgment cannot be executed.

France

French Competition Authority Investigation

In late March 2013, the French Competition Authority initiated an investigation of several flooring manufacturers, including Tarkett, in relation to potentially anti-competitive practices in the French vinyl flooring market. To date, the investigation is continuing, and it is currently unclear when it will be concluded. It is too early for the Group to evaluate the potential consequences of the investigation. In the event the Group were to be found liable, the financial consequences could be significant.

United States

Asbestos Litigation

Domco Products Texas Inc. ("Domco"), a subsidiary that Tarkett acquired in 1991 (then known as Azrock Industries ("Azrock")), is subject to several lawsuits related to its production of vinyl floor tiles containing asbestos between 1940 and 1982. As of December 31, 2014, there were 1,071 pending lawsuits filed against Domco in multiple U.S. jurisdictions. Of the 1,071 lawsuits pending, 52 are cases involving both an identification of Azrock products and a diagnosis of mesothelioma. Among all of the claims filed over approximately the last 15 years, three reached the verdict stage—two of which were granted in favor of Domco, and one of which was granted to a plaintiff in the State of Washington, requiring Domco to pay an amount of USD 1,071,705 (USD 371,000 after offsets).

As of December 31, 2014, Domco had succeeded in obtaining dismissal of approximately 706 cases since 2010, and had entered into approximately 15 to 29 settlements per year since 2010 for an aggregate amount of USD 9.3 million (or an average of USD 1.8 million per year). Domco maintains insurance (including cost-sharing policies) to cover the liabilities associated with these claims. Domco also covers a portion of these expenses itself. Domco is currently involved in a dispute with an insurer that has refused coverage. For further information on the Group's management of these cases, see Section 4.3.9, "Off-Balance Sheet Commitments").

4.6 SUBSEQUENT EVENTS AND FUTURE PROSPECTS

For purposes of preparing its internal budgets and planning its operations and investments, the Group makes estimations regarding outlook and sets certain objectives relating to its results of operations. These estimations and objectives, summarized below, are based on information, assumptions and estimates that the Group's management considers to be reasonable as of the filing date of this Registration Document. These estimations and objectives are not projections or profit forecasts, but result from the Group's strategic orientation and action plan.

4.6.1 MARKET TRENDS

For a detailed description of the Group's results of operations in 2014 and 2013, see Section 4.1.2, "Comparison of Results of Operations for the Years Ended December 31, 2013 and 2014".

4.6.2 MEDIUM-TERM OUTLOOK

4.6.2.1 Macro-Economic Climate

The Group expects its growth to depend to a certain extent on increases in gross domestic product ("GDP") in the main geographic regions in which it operates.

According to IMF estimates from January 2015:

In the EMEA segment, GDP is expected to grow slightly, by 1.2%, in 2015. This trend is expected to continue in 2016, with an increase of approximately 1.4%.

The IMF estimates that the average annual GDP growth rate for North America during the 2014-2017 period should be over 3.0%.

In the CIS, APAC and Latin America segment, the average annual GDP growth rate is expected to be different in each region. In Russia, in an unfavorable geopolitical and macroeconomic environment, the IMF estimated that GDP will shrink by approximately 3% in 2015 and 1.0% in 2016. In China, growth is expected to continue, although the estimates were revised downward: growth of 6.8% for 2015 and 6.3% for 2016 is predicted. The Brazilian economy is expected to grow slightly, by 0.3%, in 2015, and is expected to begin recovering in 2016 (1.5%).

4.6.2.2 Outlook for the Group

Thanks to the quality of the Group's products, its broad geographic footprint and its exposure to diversified markets, the Group believes that it is well positioned to continue to grow over the coming years. The Group's medium-term objective is to grow its average annual revenues at a higher rate than the average annual GDP growth of the regions in which it operates. In the macroeconomic environment of early 2015, characterized by rapid and significant changes in key external variables, the Group believes that this goal may be difficult to achieve in the short term in certain regions.

- EMEA Segment: Based on IMF estimates relevant to the EMEA segment, the GDP growth rate in Western Europe is projected to be approximately 1.2% in 2015 and 1.4% in 2016. However, austerity programs in certain countries could reduce public expenditures even further and could potentially negatively impact the commercial market in particular. If 2014 trends continue, there may be a slight increase in the Group's sales volumes in this region, which would be due mainly to growth in the luxury vinyl tiles (LVT) product line. Following the acquisition of the Desso group in December 2014, sales volumes are expected to be reinforced by sales of carpet tiles for use in offices, a market in which the Group previously did little business.

- In the North America segment, the Group distinguishes between the residential and commercial markets. In 2014, residential activity did not reflect the improvement in the new construction market, but instead shrank as compared with the previous year. Therefore, short-term perspectives for growth in sales remain modest. On the commercial market, the Group believes that it will benefit from the synergies generated by the Tandus acquisition, in particular by combining the Tandus and Centiva sales forces to jointly offer carpet tiles and LVT to a large customer base. The Group also expects to consolidate its position in the commercial market as a result of its wide geographic exposure across the United States, its significant capacity for innovation, its environmental leadership as well as its close relationships with customers.

- For the CIS, APAC and Latin America segment, as indicated above, growth in GDP is expected to vary widely by region. The Group believes that it is very well positioned in the CIS countries despite the uncertain short-term prospects resulting from the political and economic situation, in particular due to its close relationships with the principal distributors in these countries, its unique local production capacities as compared with its competitors and its significant logistics resources (i.e., its distribution platforms). Furthermore, in Russia, two-thirds of residential flooring surfaces are in need of substantial renovation, translating into roughly two billion square meters of potential demand (*source: Rosstat - the Russian government statistics agency*), which should enable the Group in the future to take advantage of significant growth opportunities. Moreover, the Group pursues its policy to systematically adjust prices to compensate for the exchange rate fluctuations between the Euro / Russian ruble. For example, in late September 2014, the impact of the exchange rate variations on sales in this zone was of -€17.5m compared to the previous year, but remained neutral on EBITDA. In the fourth quarter of 2014, considering the sudden devaluation of the ruble at the end of the period (-33%), the impact on sales was of -€24m compared to the same quarter of the previous year, and of -€15.6m on EBITDA.

Subsequent to this devaluation, the necessary price increases were implemented at the beginning of year 2015. In addition, in Latin America, the Group expects to take advantage of the strong potential of resilient flooring, especially the increasing demand for luxury vinyl tiles in this market. With respect to Asia Pacific, after reinforcing its local manufacturing presence, the Group wishes to take advantage of this region's growth potential by continuing to promote the use of resilient flooring, and in particular products for commercial users.

- The Sports Surfaces segment, which mainly comprises sales in North America, should continue to benefit from growth in this region, as well as from the continued replacement of installed fields. Thanks to the expansion of its product offering following the successive acquisitions of Desso and Renner, the Group's sales of sports surfaces should continue their favorable development, after recording dynamic 6.2% growth in 2014.

See Chapter 1, "Presentation of the Group," for a discussion of the flooring industry and its competitive environment, as well as for a more detailed analysis of the structural factors discussed above. For a detailed discussion and analysis of the factors affecting the Group's results, including macro-economic conditions, variations in raw material prices, exchange rate fluctuations and changes in the scope of consolidation, see Section 4.1.1.2, "Principal Factors Affecting the Group's Results of Operations".

Concerning margins, the Group achieved an adjusted EBITDA margin of 11.4% in 2014. The continuation of the World Class Manufacturing ("WCM") program launched in 2009 generates continued productivity gains, which help to offset the evolution of inflation and salaries and to keep production costs competitive (see Section 1.6.2, "Manufacture of the Group's Products"). In addition, specific restructuring and industrial reorganization plans are being implemented to reinforce the competitiveness of certain product lines, in particular the wood flooring business in Western Europe and the production of VCT tiles in the United States. Lastly, in 2014 the Sports Surfaces segment cemented its turnaround and now shows favorable growth prospects (see Section 9.1.6, "Turnaround of Certain Business Divisions"). Thanks to the above factors, the Group's medium-term objective is to attain an annual adjusted EBITDA margin of greater than 12% and an annual ROCE of greater than 15%.

The Group's external growth strategy should also contribute to an increase in revenues. Although it is always difficult to assess the impact of future acquisitions given the importance of identifying targets and partners and successfully executing transactions, the Group's objective over the 2013-2016 period is to complete acquisitions that will allow it to broaden and complement its existing product lines while consolidating its presence in certain markets and expanding into new regions. The Gamrat, Renner (LER) and Desso acquisitions completed in 2014 contributed the equivalent of €230 million in revenues.

Through its strong cash generation capacity as well as its disciplined approach to external growth, the Group seeks to keep its level of debt below two times its adjusted EBITDA over the 2013-2016 period, excluding transformational acquisitions and after taking into account the Group's dividend distribution policy (see Section 5.7, "Dividend Policy").

Ongoing investments represented 3.2% of consolidated net revenues in 2014 and 3.5% in 2013. The Group defines "ongoing investments" as investments in tangible and intangible assets, other than those relating to new factories and acquisitions. In order to address increased demand and improved manufacturing processes, the Group aims to maintain its annual ongoing investments in the order of 3.5% of consolidated net revenues during the 2015-2016 period.

The data, assumptions and estimates set forth herein may change as a result of uncertainties related to, among other things, the Group's economic, financial, competitive or regulatory environment or as a result of other factors of which the Group may be unaware as of the filing date of this Registration Document. In addition, the occurrence of one or more of the risks described in Chapter 6, "Risk Factors", could negatively affect the Group's business, income, financial situation or prospects, and hence undermine its ability to meet the objectives set forth in this section. Furthermore, the estimates expressed above are based on the assumed success of the Group's strategy as presented in Section 1.3, "Strategy". Therefore, the Group can give no assurances or provide any guarantee that the objectives set forth above will be met, and does not undertake to publish corrections or communicate updates to this information in the future.

CHAPTER 5

FINANCIAL STATEMENTS

5.1 CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014

The Group's consolidated financial statements as of December 31, 2014, prepared in accordance the IFRS as adopted by the European Union, appear in the section below. The related statutory auditors' report is presented in Section 5.9 "Statutory Auditors' report on the Group's financial statements".

The consolidated financial statements and annual accounts of the Group as of December 31, 2013 and the related statutory auditors' reports appear respectively on pages 206 and 265 (for the Consolidated financial statements) and pages 296 and 319 (for the annual accounts) of the April 17, 2014 Reference Document filed with the AMF under the number R.14-018 and are incorporated by reference in the present Reference Document.

The consolidated financial statements and annual accounts of the Group as of December 31, 2012 and the related statutory auditors' reports appear respectively in Appendix 1.1 and page 193 of the October 3, 2013 Reference Document filed with the AMF under the number I.13-046 and are incorporated by reference in the present Reference Document.

CONSOLIDATED INCOME STATEMENT

	Note	Dec. 31, 2014	Dec. 31, 2013 restated *
Net revenue		**2,414.4**	**2,516.4**
Cost of sales		(1,842.8)	(1,892.8)
Gross profit		**571.6**	**623.7**
Other operating income	(6)	7.2	8.9
Selling and distribution expenses		(249.4)	(248.8)
Research and development expenses		(26.0)	(25.8)
General and administrative expenses		(151.9)	(162.3)
Other expenses	(6)	(14.9)	(14.8)
Result from operating activities	(4)	**136.6**	**180.9**
Financial income		1.8	1.6
Financial expenses		(32.8)	(33.0)
Financial income and expense	(7)	**(31.0)**	**(31.4)**
Share of profit of equity accounted investees (net of income tax)		(1.7)	(1.4)
Profit before income tax		**103.9**	**148.2**
Income tax expense	(8)	(40.7)	(49.3)
Profit from continuing operations		**63.2**	**98.8**
Profit (loss) from discontinued operations (net of income tax)		-	-
Net profit for the period		**63.2**	**98.8**
Attributable to:			
Owners of Tarkett		61.2	97.6
Non-controlling interests		2.0	1.2
NET PROFIT FOR THE PERIOD		**63.2**	**98.8**
Earnings per share:			
Basic earnings per share (in EUR)	(15)	0.96	1.58
Diluted earnings per share (in EUR)	(15)	0.96	1.56

* The comparative periods have been retroactively restated following application of IAS 12.41 (see Note 2.5.22)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Dec. 31, 2014	Dec. 31, 2013 restated *
Net profit for the period	**63.2**	**98.8**
Other comprehensive income (OCI)		
Foreign currency translation differences for foreign operations	55.7	(31.0)
Changes in fair value of cash flow hedges	(0.5)	6.4
Income tax on other comprehensive income	0.2	(2.2)
OCI to be reclassified to profit and loss in subsequent periods	**55.4**	**(26.8)**
Defined benefit plan actuarial gains (losses)	(29.7)	17.1
Income tax on other comprehensive income	4.8	(5.0)
OCI not to be reclassified to profit and loss in subsequent periods	**(24.9)**	**12.1**
Other comprehensive income for the period, net of income tax	**30.5**	**(14.7)**
Total comprehensive income for the period	**93.7**	**84.2**
Attributable to:		
Owners of Tarkett	91.2	83.5
Non-controlling interests	2.5	0.7
Total comprehensive income for the period	**93.7**	**84.2**

* The comparative periods have been retroactively restated following application of IAS 12.41 (see Note 2.5.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Dec. 31, 2014	Dec. 31, 2013 restated *
ASSETS			
Goodwill	(9)	532.6	425.6
Intangible assets	(10)	115.8	110.9
Property, plant and equipment	(10)	502.1	415.4
Financial assets	(10)	28.8	27.5
Deferred tax assets	(20)	109.3	82.6
Other non-current assets	(13)	0.5	0.2
Non-current assets		**1,289.1**	**1,062.2**
Inventories	(11)	348.2	318.6
Trade receivables	(12)	312.0	279.7
Other receivables	(13)	72.9	59.2
Cash and cash equivalents	(16)	135.1	96.7
Current assets		**868.2**	**754.2**
TOTAL ASSETS		**2,157.3**	**1,816.4**

EQUITY AND LIABILITIES			
Share capital	(14)	318.6	318.6
Share premium and reserves		145.8	145.6
Retained earnings		194.9	118.2
Net result for the period		61.3	97.6
Equity attributable to equity holders of the parent		**720.6**	**680.1**
Non-controlling interests		5.2	6.1
Total equity		**725.8**	**686.2**
Interest-bearing loans and borrowings	(16)	690.4	501.3
Other financial liabilities	(17)	3.8	4.7
Deferred tax liabilities	(20)	36.5	10.8
Employee benefits	(22)	155.4	122.3
Provisions and other non-current liabilities	(21)	44.6	41.2
Non-current liabilities		**930.7**	**680.2**
Trade payables	(18)	224.4	219.8
Other liabilities	(19)	180.4	167.0
Interest-bearing loans and borrowings	(16)	40.2	24.4
Other financial liabilities	(17)	5.3	5.0
Provisions and other current liabilities	(21)	50.5	33.7
Current liabilities		**500.8**	**450.0**
TOTAL EQUITY AND LIABILITIES		**2,157.3**	**1,816.4**

* The comparative periods have been retroactively restated following application of IAS 12.41 (see Note 2.5.22)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Dec. 31, 2014	Dec. 31, 2013 restated *
Cash flows from operating activities			
Net profit before tax		103.9	148.2
Adjustments for:			
Depreciation and amortization		100.8	105.5
(Gain) loss on sale of fixed assets		(0.8)	(0.3)
Net finance costs		31.0	31.4
Change in provisions and other non-cash items		3.1	10.4
Share of profit of equity accounted investees (net of tax)		1.7	1.4
Operating cash flow before working capital changes		**239.7**	**296.4**
Increase (-) / Decrease (+) in trade receivables		10.9	-
Increase (-) / Decrease (+) in other receivables		(4.3)	2.4
Increase (-) / Decrease (+) in inventories		19.5	2.0
Increase (+) / Decrease (-) in trade payables		(19.7)	(21.4)
Increase (+) / Decrease (-) in other payables		3.9	0.7
Effect of changes in working capital		**10.3**	**(16.3)**
Cash generated from operations		**250.0**	**280.2**
Net interest paid		(23.2)	(25.6)
Net income taxes paid		(48.4)	(47.8)
Other		0.2	(1.2)
Other operating items		**(71.4)**	**(74.5)**
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		**178.6**	**205.6**
Cash flows from investing activities			
Acquisitions of subsidiaries net of cash acquired	(3)	(176.7)	(3.5)
Acquisitions of property, plant and equipment	(10)	(87.7)	(100.5)
Proceeds from sale of property, plant and equipment	(10)	1.5	0.9
NET CASH FROM / (USED IN) INVESTMENT ACTIVITIES		**(262.9)**	**(103.1)**
Net cash from / (used in) financing activities			
Acquisition of NCI without a change in control		(15.9)	(4.4)
Proceeds from loans and borrowings		278.0	504.0
Repayment of loans and borrowings		(103.6)	(496.3)
Payment of finance lease liabilities		0.1	(0.4)
Sale of treasury shares		-	38.1
Dividends		(39.4)	(124.8)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**119.2**	**(83.8)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**34.9**	**18.5**
Cash and cash equivalents, beginning of period		96.7	81.4
Effect of exchange rate fluctuations on cash held		3.5	(3.2)
CASH AND CASH EQUIVALENTS, END OF PERIOD		**135.1**	**96.7**

* The comparative periods have been retroactively restated following application of IAS 12.41 (see Note 2.5.22)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium and reserves	Translation reserves	Retained earnings	**Total**	Non-controlling interests	**Total equity**
Balance at January 1, 2013 - restated *	**316.1**	**138.8**	**(71.8)**	**300.3**	**683.4**	**10.1**	**693.7**
Net profit for the period	-	-	-	97.6	**97.6**	1.2	**98.8**
Other comprehensive income	-	-	(30.5)	16.4	**(14.2)**	(0.5)	**(14.7)**
Total comprehensive income for the period	**-**	**-**	**(30.5)**	**114.0**	**83.5**	**0.7**	**84.2**
Dividends	-	-	-	(124.8)	**(124.8)**	-	**(124.8)**
Own shares (acquired) / sold	-	-	-	38.1	**38.1**	-	**38.1**
Share based payment	-	-	-	6.2	**6.2**	-	**6.2**
Acquisition of NCI without a change in control	-	-	-	(0.5)	**(0.5)**	(4.8)	**(5.3)**
Issue of shares	2.5	6.8	-	(5.6)	**3.6**	-	**3.6**
Other	-	-	-	(9.5)	**(9.5)**	-	**(9.5)**
Total transactions with shareholders	**2.5**	**6.8**	**-**	**(96.1)**	**(86.8)**	**(4.8)**	**(91.6)**
Balance at December 31, 2013 - restated *	**318.6**	**145.6**	**(102.3)**	**318.2**	**680.1**	**6.1**	**686.2**
Balance at January 1, 2014	**318.6**	**145.6**	**(102.3)**	**318.2**	**680.1**	**6.1**	**686.2**
Net profit for the period	-	-	-	61.2	**61.2**	2.0	**63.2**
Other comprehensive income	-	-	55.2	(25.2)	**30.0**	0.5	**30.5**
Total comprehensive income for the period	-	**-**	**55.2**	**36.0**	**91.2**	**2.5**	**93.7**
Dividends	-	-	-	(39.4)	**(39.4)**	-	**(39.4)**
Own shares (acquired) / sold	-	-	-	(1.4)	**(1.4)**	-	**(1.4)**
Share based payment	-	-	-	2.8	**2.8**	-	**2.8**
Acquisition of NCI without a change in control	-	-	-	(11.2)	**(11.2)**	(3.4)	**(14.6)**
Other	-	0.2	-	(1.7)	**(1.5)**	-	**(1.5)**
Total transactions with shareholders	**-**	**0.2**	**-**	**(50.9)**	**(50.7)**	**(3.4)**	**(54.1)**
Balance at December 31, 2014	**318.6**	**145.8**	**(47.1)**	**303.3**	**720.6**	**5.2**	**725.8**

* The comparative periods have been retroactively restated following application of IAS 12.41 (see Note 2.5.22)

5.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

Tarkett's consolidated financial statements as of and for the year ended December 31, 2014 comprise the Company and its subsidiaries (hereafter the "Group") as well as its interests in associates and joint ventures.

The Group is a leading global flooring company, providing integrated flooring and sports surface solutions to business and residential end-users.

The Group completed its initial public offering on November 21, 2013.

The Group's registered office is located at *1 Terrasse Bellini - Tour Initiale - 92919 Paris La Défense, France*.

The Group's consolidated financial statements as of and for the year ended December 31, 2014 were finalized by the Management Board on February 16, 2015 and reviewed by the Supervisory Board on February 18, 2015. They will be submitted for shareholder approval on April 24, 2015.

NOTE 2 - SIGNIFICANT ACCOUNTING PRINCIPLES

2.1 GENERAL FRAMEWORK

The Group's consolidated financial statements as of and for the year ended December 31, 2014 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union as of such date, which are available at http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm. These standards have been applied consistently for the fiscal years presented.

2.2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.2.1 STANDARDS, AMENDMENTS AND INTERPRETATIONS

a) Amendments or revisions to existing standards and interpretations applied during the period

In preparing its consolidated financial statements, the Group has taken into account the following amendments and revisions to existing standards and interpretations. These amendments and interpretations have been approved by the European Union and their application is mandatory:

- Amendment to IAS 32, "Offsetting Financial Assets and Financial Liabilities": this amendment clarifies the rules for offsetting financial assets and financial liabilities and, more specifically, creates a legally enforceable right to offset the amounts reported.
- Amendment to IFRS 10, IFRS 12 and IAS 27, "Investment Entities": the purpose of these amendments is to improve disclosure for investors in investment entities.
- Amendment to IAS 36, "Recoverable Amount Disclosures for Non-Financial Assets": this amendment clarifies the disclosure required with respect to estimating the amount recoverable for non-financial assets.
- Amendment to IAS 39 and IFRS 9, "Novation of OTC Derivatives and Continuing Designation for Hedge Accounting": these amendments allow novation of an over-the-counter (OTC) derivative that is designated as a hedging instrument, where that novation is required by legislation/regulation of an otherwise unchanged hedging instrument, to be deemed to be a continuation of the existing hedging relationship.

The adoption of these amendments had no effect on the Group's consolidated financial statements.

The Group had early adopted, as of January 1, 2013, IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements" and IFRS 12, "Disclosure of Interests in Other Entities", and the above amendments had no effect on the information previously presented in the interim consolidated financial statements.

b) Early adoption of new standards or interpretations during the period

The Group did not implement early application of any new standards or interpretations during the period.

c) New standards and interpretations not yet adopted

IFRIC 21, "Levies", is the only recent change to IFRS standards that may be adopted early but has not yet been implemented by the Group.

d) Application of standards during the period

Before December 31, 2014, the Group had not applied IAS 12.41, on the effect of changes in the exchange rate on non-monetary assets and liabilities of entities whose functional currency is different from the local currency. However, due to the devaluation of the Russian and Ukrainian currencies during the fiscal year, the impacts for the year on the income statement and the cumulative impact on the balance sheet became material, and the

Group recorded deferred taxes in accordance with IAS 12.41 (see Note 2.5.22).

2.2.2 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities on the Group's balance sheet and reported income and expenses on its income statement. Management reviews these estimates and assumptions on an ongoing basis, by reference to past experience and various other factors considered to be reasonable, which form the basis for assessing the carrying amount of assets and liabilities. Actual results may differ significantly from these estimates.

These judgments and estimates relate principally to:

- Measurement of the fair value of the consideration transferred, NCI and assets acquired and liabilities assumed. Such allocations may involve the use of assumptions in respect of future cash flows (Note 3);
- Impairment testing of assets: Group management carries out these tests on the basis of its best estimates of the future activity of the relevant cash-generating units and of appropriate discount rates (Note 9 and Note 10);
- Accounting treatment of financial instruments: the Group has performed the requisite valuation procedures and has tested the effectiveness of its hedging instruments (Note 25);
- Provisions for employee benefits: provisions have been estimated with the assistance of an external actuarial firm (Note 22);
- The net tax position reflects the Group's best estimate of the trend of its future results for tax purposes (Note 20);
- All other provisions, such as for guarantees and litigation, have been booked on the basis of management's best estimates, when necessary using statistical approaches (Note 21).

In preparing these financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those used in preparing the consolidated financial statements as of and for the year ended December 31, 2013.

Where the accounting treatment of a specific transaction is not addressed by any accounting standard or interpretation, management applies its judgment to define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

- provide a true and fair view of the Group's financial position, financial performance and cash flows;
- reflect the substance of transactions;
- are prepared on a prudent basis; and
- are complete in all material respects.

The Group's consolidated financial statements have been prepared on a historical cost basis with the exception of the following assets and liabilities, which have been measured at fair value: derivatives, investments held for trading and available-for-sale financial assets, pension plan assets and other assets when required. The carrying amount of assets and liabilities that are the subject of fair value hedges has been adjusted in line with the changes in fair value attributable to the hedged risks.

2.3 BASIS OF PRESENTATION

Consolidated income statement

Expenses are classified in the consolidated income statement according to their function.

Consolidated statement of financial position

The balance sheet distinguishes between current and non-current assets and between current and non-current liabilities. Current assets comprise assets intended to be sold or consumed during the Group's normal operating cycle and cash or cash equivalents. Other assets are classified as non-current assets. Current liabilities comprise liabilities with maturities during the Group's normal operating cycle or within twelve months of the balance sheet date. Deferred tax assets and liabilities are exclusively classified as non-current, as required by IAS 1 "Presentation of Financial Statements".

Consolidated statement of cash flow

The consolidated statement of cash flow is presented using the indirect method.

Consolidated statement of comprehensive income

The consolidated statement of comprehensive income includes other income or expenses that are not recognized in profit and loss, as authorized by IFRS.

2.4 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

In the event of a loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary.

Any surplus or deficit arising from the loss of control is recognized in profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Joint ventures

The Group's interests in equity-accounted investees comprise only its interest in the joint venture Laminate Park GmbH & Co.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has right to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, as well as any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.5 ACCOUNTING POLICIES

The accounting policies described hereafter have been applied to all the periods presented in the consolidated financial statements and have been uniformly applied by all Group entities acquired prior to December 31, 2014 (see Note 3.1, Changes in the Scope of Consolidation).

2.5.1 BUSINESS COMBINATIONS

Consideration

Business combinations are accounted for using the acquisition method on the acquisition date – i.e. when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Transactions costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value on the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for in equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

2.5.2 ACQUISITION OF NON-CONTROLLING INTERESTS

For each business combination, the Group elects to measure any non-controlling interests in the acquired entity either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

2.5.3 PUT OPTIONS

Share put options granted by the Group

The Group may write a put option or enter into a forward purchase agreement with the non-controlling shareholders in an existing subsidiary on their equity interests in that subsidiary. The Group consolidates the entity as though the non-controlling interests had already been acquired. This position leads to recognizing a liability for the present value of the price payable in the event that the non-controlling interests exercise their option. This liability is discounted over the option or forward period and any change in its valuation is accounted for through equity.

2.5.4 FOREIGN CURRENCY TRANSLATION

These financial statements are presented in euros and the functional currency of Tarkett SA and its subsidiaries located in the Euro zone is the euro. Group entities operate on an autonomous basis; therefore, the functional currency of entities operating outside the euro zone is generally their local currency, with the exception of the entities located in the CIS ("Commonwealth of Independent States"), which use the euro as their functional currency.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the foreign exchange rate as of the date of the transaction. Foreign exchange rate differences arising on these transactions are recognized either in operating profit for operational transactions or in financial result for financing transactions.

Some items are covered by hedging transactions; the accounting treatment for those transactions is described in Note 2.5.19.

Non-monetary items are not revalued as of the closing date and remain translated using historical exchange rates, while monetary items are translated using the foreign exchange rates in effect at the balance sheet date.

Financial statements of foreign operations

On the balance sheet date, assets and liabilities of foreign operations are translated at the closing rate, and income and expenses are translated at the average exchange rate for the period.

Foreign currency differences are recognized in other comprehensive income (OCI) and presented in the translation reserve in equity.

When a foreign operation is disposed of, the cumulative amount in the translation reserve related to that foreign operation is reclassified to P&L as part of the gain/loss on disposal classified as financial expenses. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Net investment in foreign operations

When the settlement of a monetary item receivable or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income (OCI) and recorded in the translation reserve.

2.5.5 SEGMENT INFORMATION

IFRS 8, "Operating Segments", requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or an aggregation of operating segments that do not meet certain quantitative thresholds.

The chief operating decision maker of the Group within the meaning of IFRS 8 is the CEO, Michel Giannuzzi.

IFRS 8 defines an operating segment as follows. An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the various segments, as well as to assess its performance; and
- for which discrete financial information is available.

In addition, IFRS 8 requires the entity to report selected information by geographical area.

The Group's activities have been segmented based on its management structure or divisions and differences in products reflecting the Tarkett Group's internal structure. The Group is organized around four segments:

- Europe, Middle East and Africa (EMEA);
- North America;
- CIS, APAC & LATAM; and
- Sport Surfaces.

For each reportable business segment, separate disclosure is provided of the related net revenue, gross profit, adjusted EBITDA, EBITDA, EBIT and capital expenditures.

Grouping of the CIS, APAC & LATAM divisions

The reporting reviewed by the CFO is organized by Division, of which there are currently five: EMEA, North America, CIS, Asia Pacific/Latin America ("APAC & LATAM") and Sport Surfaces.

The CIS and APAC/LATAM divisions were regrouped in 2013 to form the "CIS, APAC & LATAM" segment for the following reasons:

- The corresponding markets of these two divisions have similar economic characteristics (the growth trends on the concerned markets are similar); and
- The products sold, the production processes, the typology of the customers and the distribution modes used in the two zones are similar.

The relatively low weight of the sales and operating profits of the Asia Pacific/Latin America division (less than 10% of the net sales and of the adjusted EBITDA reported by the Group) support the decision that it was unnecessary to present this division in a separate segment.

2.5.6 REVENUE RECOGNITION

Revenue from the sale of goods is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered or from construction contracts is recognized in profit or loss in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. An expected loss on a contract is recognized immediately in profit or loss.

Net sales comprise revenue from the sale of goods and services net of rebates, and after elimination of intragroup sales.

2.5.7 GRANTS

Grants are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants relating to assets are deducted from the carrying amount of the property, plant and equipment. The grants are thus recognized as income over the lives of the assets by way of a reduced depreciation charge.

Other grants are recognized as income on a systematic basis over the periods necessary to match them with the related costs that they are intended to offset.

2.5.8 EXPENSES

Cost of sales

Cost of sales comprises the cost of manufactured products, the acquisition cost of purchased goods which have been sold, and the supply chain costs for logistic and freight.

Selling and distribution expenses

Selling and distribution expenses comprise the expenses of the marketing department and the sales force, as well as advertising expenses, distribution expenses, sales commissions and bad debts.

Research and development

Research and development costs are recognized as expenses when incurred, unless the criteria are met for them to be capitalized, as per Note 2.5.10.

General and administrative expenses

General and administrative expenses comprise the remuneration and overhead expenses associated with management and administrative personnel with the exception of amounts charged to other cost centers.

Financial income and expense

Financial expense includes bank fees and interest payable on borrowings accounted for at amortized cost using the effective interest method.

Other financial income and expense includes the income and expenses associated with loans and receivables accounted for at amortized cost, the gains recognized in respect of investment of cash and cash equivalents, impairment losses relating to financial assets, and dividends, which are recorded in net income when the right to payment vests.

Foreign exchange gains and losses on financial items are presented net, since those gains and losses are neutralized by the related impacts of the FX hedging instruments or they are hedged or arise from non-significant individual transactions, by interpretation of IAS 1, "Presentation of Financial Statements".

Operating lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Please refer to Note 2.5.11, Property, plant and equipment, for more details on lease contract classification.

Capital lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Please refer to Note 2.5.11, Property, plant and equipment, for more details on lease contract classification.

2.5.9 INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items in equity or in other comprehensive income, in which case it is recognized in those items.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable with respect to previous years. Income tax expense /income are defined in Note 2.5.22, Deferred taxes.

Income tax is calculated based on the rules applicable in each country where the Group operates.

The "*Cotisation sur la Valeur Ajoutée des Entreprises* (C.V.A.E.)" tax contribution due in France on the basis of value added as determined based on the statutory accounts of French entities meets the definition of income tax under IAS 12, "Income Taxes," and is classified on the current income tax line. Similar treatment has been adopted for similar other tax contributions based on a net of products and costs, even though that amount may differ from accounting net income.

2.5.10 INTANGIBLE ASSETS

Goodwill

For the measurement of goodwill at initial recognition, Tarkett applies IFRS 3 Revised (see Note 2.5.1), except for acquisitions accounted for before December 31, 2009, for which IFRS 3 (2004) was applied.

Negative goodwill (badwill) is recognized directly in profit or loss.

Goodwill is allocated to cash-generating units and is not amortized, but instead is tested at least annually for impairment on the basis described in Note 2.5.15, or following any event that could lead to a loss of value.

Subsequently, goodwill is measured at cost less accumulated impairment losses.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity accounted investee.

Research and development

Expenditure on research and development are expensed as incurred (IAS 38.5 and IAS 38.11–38.23) except when the criteria for capitalization of such expenditure are met.

Development expenditure is capitalized if and only if the expenditure can be measured reliably and if and only if the Group is able to demonstrate the technical and commercial feasibility of the product or process, the existence of probable future economic benefits, and its intention and the availability of sufficient resources to complete development and to use or sell the assets. Otherwise, it is recognized in profit and loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Patents

Patents obtained by the Group are stated at cost less accumulated amortization and impairment losses.

Capitalized costs for internally generated patents principally relate to the costs of legal counsel. Patents capitalized are amortized on a straight-line basis over the shorter of the length of the patent or estimated length of use.

Software

Software is stated at cost less accumulated amortization and impairment losses. Software is amortized on a straight-line basis from the date it is available for use.

Depreciation

Other intangible assets are amortized from the date that they are available for use. The estimated useful lives are as follows:

- Patents and trademarks: the shorter of the length of the patent or its length of use
- Development costs: 3 - $6^{2/3}$ years
- IT Software: 3 to 5 years

2.5.11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Acquisition cost

Acquisition cost includes purchase cost or production cost plus the other costs incurred for bringing the items to their operating location and condition. The cost of a self-constructed asset includes the costs of raw materials and direct labor, the initially estimated cost of any obligation for dismantling, removing and restoring the site on which the asset is located, and an appropriate allocation for directly attributable production overhead.

Borrowing costs attributable to the acquisition of items of property, plant and equipment that meet the definition of qualifying asset under IAS 23 are capitalized.

If the acquisition is made in foreign currency, the exchange rate difference that may later appear has no effect on the initial capitalization estimate.

When an item of property, plant and equipment includes material components with different useful lives, each major component is accounted for separately.

Subsequent costs

Replacements and improvements are capitalized, while general repairs, day to day servicing and maintenance are charged to expenses as incurred.

Depreciation

Assets are depreciated and charged to profit or loss over their expected useful lives using the straight-line method. The estimated useful lives are as follows:

- Buildings: 20 - 30 years
- Industrial plant and equipment: $6^{2/3}$ - 10 years
- Printing cylinders: 2 years
- Other equipment and supplies: 3 - 5 years

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate.

Finance and operating leases

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases.

Assets acquired under finance leases are recognized as items of property, plant and equipment at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The bases of depreciation and subsequent measurement of the related assets are similar to those applying to other tangible fixed assets, except in the case where the lease period is shorter than the asset's estimated useful life and it is not reasonably certain that transfer of title will take place at the end of the lease.

Leases for which a significant portion of the risks and rewards incidental to ownership of the leased assets remains with the lessor are classified as operating leases, with lease payments recognized as an expense on a straight-line basis over the lease term.

2.5.12 *NON-CURRENT ASSETS HELD FOR SALE*

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held for sale, the carrying amounts of assets (and groups of related assets and liabilities) are revised in accordance with the applicable standards. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss.

Following classification as held for sale, tangible and intangible assets cease to be depreciated or amortized, and equity investments cease to be accounted for by the equity method.

A discontinued operation is a component of a Group's business that represents a separate major business line or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

2.5.13 *ACCOUNTS RECEIVABLE*

Accounts receivable are stated at their invoiced value converted at the closing rate, less any allowance for doubtful accounts.

The allowance for doubtful accounts is based on management's assessment of the recoverability of specific customer accounts and the aging of the accounts receivable.

Provision for doubtful receivables

Provisions for doubtful receivables are constituted as follows:

- Bad debts identified and provisioned at 100%;
- A statistical provision, based on the age of the outstanding receivables, defined as follows:

Overdue receivables	Impairment (as a percentage of the gross amount)
From 61 to 180 days	25%
From 181 to 270 days	50%
From 271 to 360 days	75%
More than 360 days	100%

- An additional provision on a case-by-case basis based on an application of professional judgment.

2.5.14 INVENTORIES

Inventories are stated on a FIFO (first in, first out) basis, at the lower of manufacturing/acquisition cost and net realizable value. Manufacturing costs of self-produced inventories comprise all direct costs and a proportionate share of production overhead and depreciation of production facilities based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Inventories can be categorized as raw materials, consumables, semi-finished goods and work in progress, and finished goods.

2.5.15 IMPAIRMENT

a) Non-financial assets

Annual impairment testing

Goodwill and other intangible assets with indefinite useful lives are systematically tested for impairment once a year.

The carrying amounts of the Group's assets, other than financial and deferred tax assets and liabilities, are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use.

Value in use is calculated by discounting estimated future cash flows for each cash-generating unit, excluding borrowing costs and tax.

Cash-generating units

In carrying out impairment testing, assets are tested at the level of cash-generating units ("CGU") that reflect the segment organization of the Group and its products offerings. Goodwill has been allocated to the CGUs.

Due to recent acquisitions that have affected the allocation of the Group's activities as well as changes in the organization of its divisions, the Group reviewed its CGUs in 2014 and decreased their number from 15 in 2013 to 12 in 2014.

The main changes are the following:

- Creation of the APAC and LATAM CGUs after their sales organizations were made autonomous and after production was localized in China and Brazil;
- Creation of the EMEA – Carpet CGU following acquisition of the Desso Group as of December 31, 2014;
- Merger of the EMEA – Homogeneous /Linoleum/Resilient and Other CGUs into an EMEA – Resilient and Other CGU because they generate interdependent cash inflows;
- Merger of the CIS – Wood/Resilient and Laminate CGUs into one CIS CGU because they generate interdependent cash inflows;
- Merger of the Centiva and Tandus CGUs into a single North America – Tandus and Centiva CGU because they generate interdependent cash inflows.

Impairment testing would have given the same results for the 2013 CGUs, namely no loss in value to record in 2014 (see Note 10).

Impairment process

The Group analyzes future cash flows over a period of three years based on the most recent forecasts, corresponding to the best estimate of a full business cycle. The forecasts are established taking into account cyclical variations affecting selling prices, volumes and raw material costs. Beyond three years, the Group determines a standard year calculated by extending the third year on the assumption of a stable revenue and margin, a need for working capital and investments determined on normative renewal based on historical observations. This standard year is then projected to infinity according to the Gordon-Shapiro method.

Future cash flows are discounted to present value at a weighted average cost of capital (WACC) discount rate that reflects current market assessments of the time value of money and the risks specific to each financing means. In 2014 this rate was adjusted, where necessary, to reflect country risk varying by geographic area.

In 2014, the discount rate is an after-tax rate applied to after-tax cash flows. The use of this rate gives recoverable values that are identical to those that would be obtained using a pre-tax rate applied to pre-tax cash flows.

The assumptions used for 2014 are as follows:

	After-tax discount rate	Perpetual growth rate
EMEA	9.0%	2%
North America	9.0%	3%
CIS	11.6%	4%
APAC	10.0%	4%
LATAM	11.2%	4%
Sports	9.0%	3%

Tarkett takes into account the risks and performance specific to each activity through the following:

- Changes in revenue and operating profit (EBITDA) considered for the next 3 years, by specific segment/product, testing for impairment by CGU, and defined by the Group as part of its strategic plan;
- Working capital needs (including inventory) defined based on known history of the different segments and assumptions of change in revenue by CGU;
- Renewal investments, in line with recent historical investments by CGU and taking into consideration specific projects requiring more significant investment in the coming years or, conversely, a potential slowdown in investment in certain CGUs, especially as in certain CGUs existing investments are approaching maturity.

Operating assumptions

For each CGU (or group of CGUs) operational assumptions that were considered key by the Group are as follows:

- Evolution of the markets in which these CGUs are present on the basis of internal estimates, supported where possible by external forecasts on the concerned segments or products;
- Evolution of the Group in its various markets;
- General hypothesis of stability of inflation balance (purchase prices stable, or if changes are considered, full offset by changes in selling prices to balance the impact on value);
- Continual implementation of productivity plans for factories working on these CGUs to improve profitability; and
- EBITDA margin, resulting from the combination of the factors discussed above.

Change in the discount rate and growth rate

Sensitivity analysis with variations in key assumptions was performed based on three assumptions:

- The discount rate (WACC);
- The perpetual growth rate; and
- The EBITDA margin.

Changes of 50 basis points in the discount rate and growth rate are reasonably possible variations for the Group (see Note 10). Tarkett operates in a large number of countries, with a balance between three main areas (EMEA, North America and CIS, APAC & LATAM). The Group believes that economic developments in these geographic areas can offset each other, as has been demonstrated in the past.

In 2014, the combination of a 50 point increase in the discount rate and a 50 point decrease in the perpetual growth rate would not lead to recording any impairment losses.

In addition, a decrease of 100 points in the EBITDA margin, a key assumption for the Group, would lead to recording losses in the amount of €(4.9) million for the EMEA – Wood CGU and of €(6.9) million for the North America – Residential CGU.

Impairment losses

An impairment loss is recognized whenever the carrying amount of a cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill cannot be reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

b) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

For financial assets available for sale, a significant or prolonged decline in its fair value below its costs leads to an impairment loss on the income statement. Impairment loss on an available-for-sale financial asset is measured as the difference between its carrying amount and its fair value, less any impairment loss previously recognized and recorded in profit or loss.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

2.5.16 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects. When share capital recognized as equity is repurchased, the amount of consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognized as a deduction from equity classified as own shares. When own shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

2.5.17 SHARE-BASED PAYMENT TRANSACTIONS

The Group regularly implements share grant plans. The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the shares awarded. At the end of each fiscal year, the amount recognized as an expense is adjusted to reflect the number of shares awarded for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of shares awarded that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment would be measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

Share-based payment programs include both programs allowing Group employees to acquire shares of the Company under specific conditions and programs awarding free shares to Group employees. The current existing programs are described in Note 24.

2.5.18 EMPLOYEE BENEFITS

Within the Tarkett Group, there are various systems for providing for retirement benefits depending on the legal, economic and tax environment of each country. In accordance with the laws and practices of each country, the Group participates in pension, welfare, health and retirement benefit plans whose benefits are dependent on various factors such as length of service, salary and the contributions paid to institutions.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

These contributions, based on services rendered by employees, are recognized as an expense in profit or loss as incurred.

Defined benefit plans

Defined benefit plans are post-employment benefit plans under which the Group assumes the obligation of providing employees with future benefits and thus also assumes the related actuarial and investment risks. The defined benefit liability is calculated using the projected unit credit method and is discounted to its present value from which the amount of past service cost for the period may also be deduced.

The detailed actuarial calculation requires the use of actuarial hypotheses for demographic variables (such as mortality and employee turnover) and economic variables (such as future increases in salaries and medical costs, as well as the discount rate).

When defined benefit plans are totally or partially funded by contributions paid to a separate fund or insurance company, those entities’ assets are measured at their fair value and their amount is deducted from the obligation to define net liability disclosed in the Group’s balance sheet.

The Group’s obligation in respect of such arrangements is calculated by independent actuaries, in accordance with IAS 19, "Employee Benefits".

Following adoption of the revised IAS 19, the Group changed its accounting methods with respect to the bases used to calculate the income or expense relating to post-employment defined benefit plans.

Under IAS 19R, the Group now determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period. It takes into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. As a result, the net interest on the net defined benefit liability (asset) comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect of asset ceiling.

Actuarial gains and losses

Actuarial gains and losses on defined benefit liabilities and plan assets comprise both the effects of changes in actuarial assumptions and the effects of differences between the previous actuarial assumptions and what has actually occurred.

Actuarial gains and losses for retirement benefit plans are immediately recognized in other comprehensive income (and are never recycled in profit and loss).

Past service cost

When changes occur to a defined benefit plan, past service cost for the changed benefit liability is recognized as an expense immediately in profit and loss.

Curtailment and liquidation

The effects of any liquidation of plans or reduction of benefits are recognized in profit or loss at the date of liquidation or reduction.

2.5.19 FINANCIAL INSTRUMENTS

The Group has applied IFRS 7, "Financial Instruments: Disclosures" and IFRS 13, "Fair Value Measurement", which define the disclosure to be made in respect of financial assets and liabilities.

Financial transactions are recorded based on the effective date of payment.

Non-derivative financial assets

Financial assets are initially recognized at their fair value plus any applicable transaction costs, except for financial assets at fair value through profit or loss, for which transactions costs are recognized in profit or loss as incurred.

At the date of acquisition the Group classifies its financial assets in one of the four categories provided for by IAS 39, "Financial Instruments: Recognition and Measurement". The classification determines the basis of measurement of each financial asset at the subsequent balance sheet dates, whether at amortized cost or at fair value.

Held-to-maturity investments are exclusively securities with fixed or determinable payments (other than items defined as loans and receivables) acquired with the intention of holding them to maturity. They are accounted for at amortized cost using the effective interest method. The net income recognized in respect of such assets comprises the aggregate of interest receivable and any impairment losses.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, they are accounted for at amortized cost, using the effective interest method, less any impairment losses reflecting the risk of non-recovery. The category includes trade and other loans and receivables. The net income recognized in respect of such assets comprises the aggregate of interest receivable and any impairment losses.

Available for sale financial assets are measured at fair value, and the gains or losses resulting from that valuation are recognized in reserves in equity until sale. In the event of a significant or lasting decrease in value, the accumulated loss is recorded in the Group's results (see Note 2.5.15).

The category mainly comprises non-consolidated long-term investments, which are measured in the balance sheet at their acquisition cost assuming the absence of an active market for the securities held. The net income recognized in respect of such assets comprises the aggregate of dividends receivable, any impairment losses and the gains or losses arising on disposal.

Financial assets and liabilities at fair value through profit or loss include both items held for trading, i.e. that the Group has from the outset the intention to sell in the near future (including derivatives not qualified as hedging instruments), and assets specifically designated as at fair value through profit or loss. These assets are adjusted to their fair value at each balance sheet date and the resulting gains and losses are recognized in profit or loss.

This category includes cash and cash equivalents. The net income recognized in respect of such assets comprises the aggregate of interest receivable, changes in fair value and the gains or losses arising on disposal.

Cash and cash equivalents comprise cash at bank and on hand, term deposits and other monetary investments with initial maturities not exceeding three months and subject to an insignificant risk of changes in value. The Group has opted to classify cash equivalents as assets measured at fair value through profit or loss.

For purposes of cash flows statement presentation, cash and cash equivalents are defined on the same basis as in the balance sheet.

Non-derivative financial liabilities

Financial liabilities comprise financial debt and trade and other operating payables.

With the exception of items classified as financial liabilities at fair value through profit or loss, loans payable and other financial liabilities are initially recognized at their fair value less any applicable transaction costs. They are subsequently measured at amortized cost using the effective interest rate method.

Given their short maturities, trade and other operating payables are measured at historical cost since use of the amortized cost basis would produce very similar results.

Derivative instruments

The Group uses derivative financial instruments to hedge its exposure to the foreign currency risk and interest rate risk associated with its purchases and sales denominated in foreign currencies and with its financing and investment transactions.

The derivatives employed comprise in particular interest rate swaps and options, other forward contracts and foreign currency options.

In accordance with its policy in respect of financial instruments, the Group neither uses nor issues derivative financial instruments for trading purposes, but derivatives that do not meet the criteria qualifying them for hedge accounting are nevertheless accounted for similarly to speculative instruments.

Derivatives are recognized in the balance sheet at their fair value (whether positive or negative), with changes in fair value immediately recognized in profit or loss.

Derivative instruments that qualify for hedge accounting and meet the applicable effectiveness tests are classified either as fair value hedges (when their purpose is to hedge an existing asset or liability's exposure to the risk of changes in its fair value) or cash flow hedges (when their purpose is to hedge the exposure to changes in the cash flows associated with highly probable future transactions).

Changes in the fair value of fair value hedges of exposure to foreign currency and interest rate risk are recognized as part of financial income or expense. The hedged assets and liabilities are also adjusted to their fair value and the changes in fair value attributable to the hedged risk(s) are equally recognized as part of financial income or expense.

Changes in the fair value of cash flow hedges of exposure to foreign currency and interest rate risk are recognized within other comprehensive income with the exception of any ineffective portion of changes in fair value which is recognized in financial income or expense.

If a derivative instrument ceases to meet the criteria for hedge accounting, the cumulative amount recognized in other comprehensive income at that date remains in other comprehensive income until the date of occurrence of the transaction initially hedged, but if the transaction is no longer expected to occur then the amount is immediately transferred in full to profit or loss.

Derivative instruments that cease to meet the criteria for hedge accounting are reclassified as held for trading and changes in their fair value are recognized as part of financial income or expense.

Finally, the effective portion of the foreign exchange gain or loss associated with hedges of net investments in foreign operations is recognized directly in other comprehensive income; the ineffective portion is recognized immediately in profit or loss.

Fair value method

When measuring the fair value of an asset or a liability, the Group uses market observable data to the extent possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or the liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).
- Level 3: inputs relating to the asset or liability that are not based on observable market data (unobservable inputs).

However, if the fair value of an equity instrument cannot be reasonably estimated, it is measured at cost.

The fair value of all the Group's financial assets and liabilities is determined as at the balance sheet date either for inclusion in the balance sheet or for disclosure in the notes to the consolidated financial statements.

The fair value of interest rate swaps and of interest rate and foreign currency options is the estimated amount that the Group would expect to receive or have to pay in order to cancel each derivative instrument at the balance sheet date, taking into account the current level of interest rates and the credit risk associated with the counterparties to these instruments. The fair value of forward exchange contracts is determined based on their market value at the balance sheet date, i.e. the present value of their quoted forward prices.

The derivative financial instruments (swaps, caps, floors etc.) entered into by the Group are entered into by private arrangement and are thus not subject to quoted prices. They are therefore measured using the valuation models commonly employed by operators in the market and in particular:

- Interest rate swaps are measured on the basis of the present value of the contractual future cash flows;
- Options are measured using Black and Scholes type valuation models based on published market quotations and/or on quotations provided by third party financial institutions;
- Other foreign currency and interest rate derivative instruments are measured on the basis of the present value of the associated interest rate differentials.

Derivative instruments are entered into exclusively with leading banks or other financial institutions, and with the sole purpose of providing security for the Company's current operations and for the financing thereof.

The fair value of non-quoted borrowings is calculated on the basis of the present value of the contractual cash flows discounted at the market rate of interest, including the applicable risk premium.

In the case of receivables and payables with maturities of less than a year and certain floating rate receivables and payables, historical cost is considered a reasonable approximation of their fair value given the limited credit periods granted and received within the Group.

2.5.20 PROVISIONS

Provisions and non-current liabilities comprise liabilities for which the amount or the timing is uncertain. They arise from environmental risks, legal and tax risks, litigation and other risks.

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are reversed when they are no longer required.

A provision for warranties is recognized when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced. Future operating losses are not provisioned.

2.5.21 TRADE PAYABLES

Trade payables are stated at their repayment amounts. Payables due more than a year in the future are discounted to net present value.

Payables of uncertain timing or amount are shown as accrued charges.

2.5.22 DEFERRED TAXES

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. The following temporary differences are not provided for:

- Goodwill not deducted for tax purposes;
- The initial recognition of assets or liabilities, other than in the context of transactions involving business combinations that affect neither accounting nor taxable profit;
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred income tax asset is recognized only to the extent that it is probable that there will be future taxable profits over the next five years against which this asset can be utilized. Deferred income tax assets are reduced to the extent that it is no longer likely that a sufficient taxable benefit will support the asset recovery.

In accordance with IAS 12, where an entity's tax return is prepared in a currency other than its functional currency, changes in the exchange rate between the two currencies generate temporary differences with respect to the valuation of non-monetary assets and liabilities. As a result, deferred tax is recognized in profit or loss.

In 2014, due to the devaluation of the Russian ruble and the Ukranian hryvnia, the Group began applying IAS 12.41. The effect of this application in 2014 on the financial statements is a deferred tax liability of €21.7 million (€10.1 million as of December 31, 2013), of which €(11.6) million is applied against 2014 profit or loss, €(1.4) million is applied against 2013 profit or loss (see Note 8, “Income Tax Expense”) and €(8.7) million against 2013 retained earnings. The comparative periods have been retroactively restated in accordance with IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”.

2.5.23 NET DEBT

Net debt is defined as the sum of interest bearing loans, borrowings and bank overdrafts, minus cash and cash equivalents.

Interest-bearing loans and borrowings refer to any obligation for the repayment of funds received or raised that are subject to repayment terms and interest charges. They also include liabilities on finance lease.

NOTE 3 - SCOPE OF CONSOLIDATION

The Tarkett Group's scope of consolidation is as follows (see Note 30 for a list of principal consolidated entities).

Number of companies	Dec. 31, 2013	Acquisition	Creation	Merger	Dec. 31, 2014
Fully consolidated companies	**70**	26	3	(4)	**95**
Equity-accounted companies	**1**	-	-	-	**1**
TOTAL	**71**	**26**	**3**	**(4)**	**96**

3.1 CHANGES IN THE SCOPE OF CONSOLIDATION

Acquisitions

On April 30, 2014, the Group acquired the Polish company Gamrat Flooring in order to reinforce its business on the vinyl flooring market in Central Europe in growing, high value-added market segments such as health and education. Gamrat Flooring entered the Group as a new legal entity, Tarkett Jaslo Sp.z.o.o, and has been fully consolidated and 100% owned since its acquisition by Tarkett.

On October 24, 2014, the Group acquired the Renner company, a leading manufacturer of athletic tracks and tennis courts located in the Rocky Mountain region of the United States. This acquisition enables the group to enrich its product offerings in the Sport Surfaces segment and to expand its geographical footprint, thus reinforcing its leadership position in North America.

On December 31, 2014, the Group acquired the Desso group, a leader in commercial carpeting and athletic fields in Europe, in order to reinforce its presence in the EMEA zone. This acquisition, along with the Group's acquisition of the Tandus group in North America in 2012, enables the Group to offer commercial carpeting solutions throughout the world. This group comprises 24 companies.

These three acquisitions have been fully consolidated since the date on which Tarkett acquired control.

Creations

Tarkett Belux was formed in January 2014.

In April 2014, the Group created Tarkett Industrial (Beijing) Co, Ltd., and through that company acquired a vinyl flooring production plant located near Beijing.

Tarkett Flooring Mexico S. de R.L. de C.V. was created in September 2014.

Mergers

In February 2014, Caf Extrusion Llc was merged into Tandus Centiva Inc.

In February 2014, Johnsonite Inc. was merged into Tarkett USA Inc.

In March 2014, Tarkett IFA Inc. was merged into Tarkett Enterprises Inc.

In September 2014, Tarkett Asia Pacific Ltd. was merged into Tarkett Floor Covering Co. Ltd.

3.2 PURCHASE ACCOUNTING

3.2.1 PURCHASE ACCOUNTING OF THE GAMRAT FLOORING ACQUISITION

On April 30, 2014, Tarkett acquired Gamrat Flooring, which was then renamed Tarkett Jaslo Sp.z.o.o.

Payment for the acquisition of Gamrat Flooring totaled €22.1 million (PLN 92.4 million).

Acquisition costs, reported in general and administrative expenses, amounted to €0.1 million.

The acquisition impact on the consolidated cash flow statement is presented in the line item "Acquisitions of subsidiaries net of cash acquired" for an amount of €(20.7) million.

Consideration paid	(22.1)
Cash and cash equivalents acquired	1.4
Acquisition of subsidiaries net of cash acquired	**(20.7)**

This combination was accounted for on a provisional basis in accordance with the revised IFRS 3, and may be revised within the 12-months limit provided for by IFRS 3 (revised).

In 2014, Tarkett identified and valued the tangible fixed assets acquired, such as machines and equipment.

As of December 31, 2014, goodwill from the Gamrat company was calculated at €(9.2) million.

Consideration paid	(22.1)
Net assets acquired	13.0
Fair value for net assets identified	(0.1)
Total goodwill recognized	**(9.2)**

This goodwill is explained primarily by the following:

- Gamrat's industrial presence and expertise in Poland;
- Gamrat Flooring's excellent service and recognized offerings on its markets;
- The reinforcement of Tarkett's leadership in the production and marketing of high-performance vinyl floor coverings in Central Europe; and
- Gamrat Flooring's current market share.

The main fair value adjustments relate to the following:

- Employee-related expenses;
- Calculation of depreciation on finished products and customer receivables in accordance with Tarkett's internal rules; and

- The deferred tax assets and liabilities resulting from these adjustments.

3.2.2 *PURCHASE ACCOUNTING OF RENNER ACQUISITION*

On November 1, 2014, Tarkett acquired Renner Sport Surfaces. Based in the United States, Renner specializes in athletic tracks and tennis courts. This acquisition enables the group to enrich its product offerings and to expand its geographical footprint, thus reinforcing its leadership position in North America.

Payment for the acquisition of Renner Sport Surfaces totaled €4.7 million (USD 5.9 million).

The acquisition impact on the consolidated cash flow statement is presented in the line item "Acquisitions of subsidiaries net of cash acquired" for an amount of €(4.6) million.

Consideration paid	(4.7)
Cash and cash equivalents acquired	0.1
Acquisition of subsidiaries net of cash acquired	**(4.6)**

This combination was accounted for on a provisional basis in accordance with the revised IFRS 3, and may be revised within the 12-months limit provided for by IFRS3 (revised).

In particular, in 2015 Tarkett must identify and value the assets acquired and liabilities assumed or incurred.

As of December 31, 2014, goodwill from the Renner Sport Surfaces entity was calculated at €(3.5) million.

Consideration paid	(4.7)
Net assets acquired	1.5
Price adjustment	(0.3)
Total goodwill recognized	**(3.5)**

This goodwill is explained primarily by the following:

- Renner Sport Surfaces' expertise in tennis courts and PTC technology;
- Renner Sport Surfaces' excellent service and recognized offerings;
- The reinforcement of Tarkett's competitive advantage through its ability to offer complete sports facility solutions;
- Renner Sport Surfaces' current market share.

3.2.3 *PURCHASE ACCOUNTING OF DESSO ACQUISITION*

On December 31, 2014, Tarkett acquired the Desso group, a leader in the commercial carpet and athletic field market in Europe, in order to enlarge its product portfolio by adding the high value-added carpet category for its European customers. This transaction enables the Tarkett Group to reinforce its presence in the EMEA zone as well as to offer commercial carpet solutions to all of its clients throughout the world.

Through its high-quality carpet solutions and its innovative capacity, the Desso group primarily serves the commercial market (offices, education, hospitality, sea and air transport) and is also present on the residential market in Europe. On the Sport Surfaces market, the group also sells artificial turf as well as a unique semi-natural reinforced lawn system, GrassMaster®.

Based in the Netherlands, the Desso group had a revenue of €208 million in 2014, has approximately 820 employees and has three production plants in Europe.

The Desso group comprises 24 legal entities, including two production entities located in Belgium and the Netherlands and distribution entities located primarily in Europe.

Consideration paid totaled €154.3 million and includes repayment of the Desso group's debt in the amount of €52.4 million.

Acquisition costs, reported in "General and administrative expenses," amounted to €0.5 million.

The acquisition impact on the consolidated cash flow statement is presented in the line item "Acquisitions of subsidiaries net of cash acquired", broken down as follows:

Consideration paid	(154.3)
Cash and cash equivalents acquired	4.1
Acquisition of subsidiaries net of cash acquired	**(150.2)**

This combination was accounted for on a provisional basis in accordance with the revised IFRS 3, and may be revised within the 12-months limit provided for by IFRS 3 (revised).

In particular, in 2015 Tarkett must identify and value the assets acquired and liabilities assumed or incurred.

As of December 31, 2014, goodwill from the Desso group was calculated at €(60.0) million.

Consideration paid	(154.3)
Repayment of Desso debt	52.4
Purchase and sale of assets	10.8
Net assets acquired	31.0
Total goodwill recognized	**(60.0)**

This goodwill is explained primarily by the following:

- Specific technology and know-how;
- Expected commercial synergies from the cross-marketing of Desso and Tarkett products;
- Market share already acquired by the Desso group.

3.3 *JOINTLY CONTROLLED ENTITIES*

Laminate Park GmbH & Co KG, a company jointly held with the Sonae Group in Germany, is the Group's only remaining jointly controlled entity.

Laminate Park GmbH & Co KG is a company that produces laminate and board for the EMEA market.

The following tables summarize the information relating to this joint venture (figures are presented at 50%):

Statement of financial condition

	Dec. 31, 2014	Dec. 31, 2013
% of equity held	**50%**	**50%**
ASSETS		
Intangible assets	0.2	0.1
Property, plant and equipment	0.5	0.7
Deferred tax assets	0.3	0.3
Non-current assets	**1.0**	**1.2**
Inventories	4.1	5.5
Trade receivables	1.7	2.2
Other receivables	0.4	0.2
Cash and cash equivalents	0.3	0.2
Current assets	**6.6**	**8.0**
TOTAL ASSETS	**7.6**	**9.2**
EQUITY AND LIABILITIES		
Share capital	-	-
Share premium and reserves	-	-
Retained earnings	(11.3)	(13.0)
Net result for the period	(1.6)	1.6
Equity attributable to equity holders of the parent	**(13.0)**	**(11.3)**
Non-controlling interests	-	-
Total equity	**(13.0)**	**(11.3)**
Interest-bearing loans and borrowings	14.2	14.2
Non-current liabilities	**14.2**	**14.2**
Trade payables	2.2	2.6
Other liabilities	0.6	0.5
Interest-bearing loans and borrowings	3.5	3.1
Other financial liabilities	0.1	0.1
Current liabilities	**6.3**	**6.3**
TOTAL LIABILITIES	**7.6**	**9.2**

Income statement

	Dec. 31, 2014	Dec. 31, 2013
% of equity held	**50%**	**50%**
Net revenue	**22.7**	**22.7**
Cost of sales	(22.0)	(21.4)
Gross profit	**0.8**	**1.4**
Other operating income	0.2	1.1
Selling and distribution expenses	(0.5)	(0.2)
Research and development	-	-
General and administrative expenses	(0.5)	(0.5)
Other operating expenses	(0.9)	(2.2)
Result from operating activities	**(1.0)**	**(0.4)**
Financial income	-	3.7
Financial expenses	(0.7)	(1.4)
Financial income and expense	**(0.7)**	**2.3**
Share of profit of equity accounted investees (net of income tax)	-	-
Profit before income tax	**(1.6)**	**1.9**
Income tax expense	-	(0.3)
Profit	**(1.6)**	**1.6**

NOTE 4 - ADJUSTED EBITDA

Adjusted EBITDA is a key indicator permitting the Group to measure its operating and recurring performance.

It is calculated by taking operating income before depreciation and amortization and removing the following revenues and expenses:

- restructuring costs to improve the future profitability of the Group;
- gains or losses on disposals of significant assets;
- impairment and reversal of impairment based on Group impairment testing only;
- costs related to business combinations and legal reorganizations, including legal fees, transactions costs and consulting fees;
- expenses related to share-based payments due to their non-cash nature.

The Group's adjusted EBITDA breaks down as follows:

		Of which adjustments:					
	Dec. 31, 2014	Restructuring	Impairment and Customer's list amortization	Business combinations	Share-based payments	Other	Dec. 31, 2014 adjusted
Net revenue	**2,414.4**	**-**	**-**	**-**	**-**	**-**	**2,414.4**
Cost of sales	(1,842.8)	(26.1)	-	-	-	-	(1,816.7)
Gross profit	**571.6**	**(26.1)**	**-**	**-**	**-**	**-**	**597.7**
Other operating income	7.2	1.1	-	-	-	-	6.1
Selling and distribution expenses	(249.4)	(0.6)	-	-	-	(0.3)	(248.5)
Research and development expenses	(26.0)	-	-	-	-	-	(26.0)
General and administrative expenses	(151.9)	(0.5)	(1.3)	(0.9)	(2.7)	(3.7)	(142.8)
Other operating expenses	(14.9)	(0.3)	-	(3.0)	-	(0.6)	(11.0)
Result from operating activities	**136.6**	**(26.4)**	**(1.3)**	**(3.9)**	**(2.7)**	**(4.6)**	**175.5**
Depreciation and amortization	100.8	-	1.3	-	-	-	99.5
EBITDA	**237.4**	**(26.4)**	**-**	**(3.9)**	**(2.7)**	**(4.6)**	**275.0**

		Of which adjustments:					
	Dec. 31, 2013	Restructuring	Impairment and Customer's list amortization	Business combinations	Share-based payments	Other	Dec. 31, 2013 adjusted
Net revenue	**2,516.4**	**-**	**-**	**-**	**-**	**-**	**2,516.4**
Cost of sales	(1,892.8)	(1.8)	(4.8)	-	-	(0.6)	(1,885.5)
Gross profit	**623.7**	**(1.8)**	**(4.8)**	**-**	**-**	**(0.6)**	**631.0**
Other operating income	8.9	-	-	-	-	0.1	8.8
Selling and distribution expenses	(248.8)	(2.3)	-	-	-	(0.8)	(245.8)
Research and development expenses	(25.8)	-	-	-	-	-	(25.8)
General and administrative expenses	(162.3)	(1.1)	(1.3)	(0.5)	(6.1)	(8.8)	(144.5)
Other operating expenses	(14.8)	-	-	-	-	(1.9)	(12.9)
Result from operating activities	**180.9**	**(5.3)**	**(6.1)**	**(0.5)**	**(6.1)**	**(11.9)**	**210.9**
Depreciation and amortization	105.5	-	6.4	-	-	-	99.1
EBITDA	**286.4**	**(5.3)**	**0.2**	**(0.5)**	**(6.1)**	**(11.9)**	**310.0**

NOTE 5 - SEGMENT INFORMATION

By operating segment

Dec. 31, 2014	Flooring			Sport Surfaces	Central	Group
	EMEA	North America	CIS, APAC and LATAM			
Net revenue	**681.3**	**658.0**	**771.1**	**304.0**	**-**	**2,414.4**
Activity (*)	**757.4**	**660.9**	**787.0**	**306.4**	**-**	**-**
Gross profit	**172.3**	**168.7**	**172.7**	**58.7**	**(0.8)**	**571.6**
% of net sales	*25.3%*	*25.6%*	*22.4%*	*19.3%*		*23.7%*
Adjusted EBITDA	**77.0**	**63.8**	**146.0**	**26.7**	**(38.5)**	**275.0**
% of net sales	*11.3%*	*9.7%*	*18.9%*	*8.8%*		*11.4%*
Adjustments for:	**(20.9)**	**(7.5)**	**(1.6)**	**(1.0)**	**(6.7)**	**(37.7)**
EBITDA	**56.1**	**56.2**	**144.6**	**25.7**	**(45.2)**	**237.4**
% of net sales	*8.2%*	*8.5%*	*18.8%*	*8.5%*		*9.8%*
EBIT	**29.9**	**22.8**	**97.5**	**11.8**	**(25.4)**	**136.6**
% of net sales	*4.4%*	*3.5%*	*12.6%*	*3.9%*		*5.7%*
Capital expenditures	**19.3**	**27.5**	**20.6**	**4.6**	**5.6**	**77.6**

(*) including inter-segment revenue

Dec. 31, 2013	Flooring			Sport Surfaces	Central	Group
	EMEA	North America	CIS, APAC and LATAM			
Net revenue	**669.6**	**673.6**	**887.5**	**285.8**	**-**	**2,516.4**
Activity (*)	**746.5**	**674.0**	**900.7**	**288.1**	**-**	**-**
Gross profit	**181.7**	**180.7**	**215.6**	**45.7**	**-**	**623.7**
% of net sales	*27.1%*	*26.8%*	*24.3%*	*16.0%*		*24.8%*
Adjusted EBITDA	**71.3**	**74.0**	**190.1**	**15.0**	**(40.3)**	**310.0**
% of net sales	*10.6%*	*11.0%*	*21.4%*	*5.2%*		*12.3%*
Adjustments for:	**(1.9)**	**(5.3)**	**(1.2)**	**(0.4)**	**(14.8)**	**(23.6)**
EBITDA	**69.4**	**68.6**	**188.9**	**14.6**	**(55.1)**	**286.4**
% of net sales	*10.4%*	*10.2%*	*21.3%*	*5.1%*		*11.4%*
EBIT	**34.6**	**38.9**	**143.2**	**(1.2)**	**(34.7)**	**180.9**
% of net sales	*5.2%*	*5.8%*	*16.1%*	*(0.4)%*		*7.2%*
Capital expenditures	**19.2**	**20.9**	**37.3**	**4.4**	**5.9**	**87.8**

(*) including inter-segment revenue

Information on activity in France and in other significant countries

The Group's activity in France represented less than 10% of revenue in 2014 and in 2013.

Non-current assets in France, excluding the non-affected goodwill arising out of the merger between Tarkett and Sommer in the early 2000's, also represent less than 10% of the Group's total non-current assets in 2014 and in 2013.

Tarkett considers the threshold for significance to be 25% of revenue. Only the United States meets this criterion, representing 32.6% of the Group's revenue in 2014 and 30.8% of the Group's revenue in 2013.

The United States represents 40.5% of the Group's total non-current assets as of December 31, 2014 and 42.2% on December 31, 2013.

None of Tarkett's customers represents more than 10% of its sales. The largest customer in 2014 and 2013 represented approximately 5% of the sales, in line with previous years.

NOTE 6 - OTHER OPERATING INCOME - OTHER OPERATING EXPENSES

	Dec. 31, 2014	Dec. 31, 2013
Gain on disposal of fixed assets	1.1	0.3
Other operating income	6.1	8.6
Other operating income	**7.2**	**8.9**
Gain on disposal of fixed assets	(0.3)	-
Other operating expenses	(14.6)	(14.8)
Other operating expenses	**(14.9)**	**(14.8)**
Total other operating income and expenses	**(7.7)**	**(5.9)**

This category includes all operating income and expenses that cannot be directly attributed to business functions, including operating expense related to retirement commitments and costs with respect to certain disputes.

NOTE 7 - FINANCIAL RESULT

	Dec. 31, 2014	Dec. 31, 2013
Interest income on loan assets & cash equivalents	1.5	1.3
Other financial income	0.3	0.3
Total financial income	**1.8**	**1.6**
Interest expenses on loans and overdrafts	(14.0)	(16.2)
Leasehold & similar rights	(0.1)	(0.2)
Commissions expense on financial liabilities	(5.6)	(5.0)
Interest on provisions for pensions	(5.4)	(6.4)
Foreign exchange losses	(7.5)	(4.1)
Impairment on financial assets	(0.1)	(0.1)
Changes in value of rate derivatives used to hedge debt	1.2	(0.8)
Other financial liabilities	(1.3)	(0.3)
Total financial expenses	**(32.8)**	**(33.0)**
FINANCIAL RESULT	**(31.0)**	**(31.4)**

NOTE 8 - INCOME TAX

Income tax (current and deferred) is detailed as follows:

	Dec. 31, 2014	Dec. 31, 2013 restated *
Current tax	(38.9)	(51.9)
Deferred tax	(1.8)	2.6
Total income tax	**(40.7)**	**(49.3)**

*The comparative periods have been retroactively restated following application of IAS 12.41 (see Note 2.5.22).

Theoretical income taxes determined using the French corporate income tax rate of 34.43% for 2014 and 2013 can be reconciled as follows to the actual income tax charge:

	Dec. 31, 2014	Dec. 31, 2013 restated *
Income tax at French income tax rate	(35.8)	(51.0)
Effect of:		
Taxation of foreign companies at different rates *	18.7	31.3
Exchange rate effects on tax bases **	(11.6)	(1.4)
Recognition of deferred tax assets relating to previous years	22.4	19.6
Changes in unrecognized deferred tax assets	(14.0)	(21.5)
Permanent differences - non-deductible items	(7.1)	(4.6)
Tax costs related to dividends (WHT, French 3% surtax)	(14.4)	(17.8)
Other items	1.1	(3.9)
Income tax expenses	**(40.7)**	**(49.3)**
Effective rate	**39.2%**	**33.3%**

*The comparative periods have been retroactively restated following application of IAS 12.41 (see Note 2.5.22).

(**) In 2014, the Group applied IAS 12.41 on the recognition of deferred tax assets for temporary differences between the assets' tax basis (calculated at the rate on the balance sheet date) and their book value in the financial statements (calculated at the historical rate). As a result, in 2014 the Group recognized deferred income tax expense of €(11.6) million due to the effect of changes in the exchange rate on non-monetary assets and liabilities of entities whose functional currency is different from the local currency. Recognition of this expense is required by IFRS, even if the revalued tax basis does not generate any tax obligation in the future.

NOTE 9 - GOODWILL

The evolution of goodwill can be analyzed as follows:

	Dec. 31, 2014	Dec. 31, 2013
Opening carrying amount	425.6	449.1
New goodwill	72.5	-
Adjustment to initial purchase price allocation of Gamrat Flooring	0.1	-
Adjustment to initial purchase price allocation of Tandus	-	(12.5)
Effect of movements in exchange rates	34.4	(10.9)
Impairment losses	-	-
Other	-	-
Closing carrying amount	**532.6**	**425.6**

The main variation is explained by the allocation of goodwill following purchase price allocation of the Desso group and results in an increase of €60.0 million in goodwill. See Note 3.2, Purchase Accounting, for more detail.

An impairment test has been performed according to the methodology explained in note 2.5.15. On this basis, no impairment loss was recognized in 2014 (neither in 2013).

The allocation of goodwill among the various CGUs is as follows:

	Dec. 31, 2014		Dec. 31, 2013	
	Gross value	Net value	Gross value	Net value
Resilient & Other	71.2	70.7	62.5	61.9
Carpet	60.0	60.0	-	-
Wood	-	-	-	-
Laminate	-	-	-	-
EMEA	**131.2**	**130.7**	**62.5**	**61.9**
Commercial	69.9	52.9	64.0	46.8
Tandus & Centiva	173.5	173.5	152.2	152.2
Residential	-	-	-	-
North America	**243.4**	**226.4**	**216.2**	**199.1**
CIS	96.5	95.5	96.5	95.5
APAC	-	-	-	-
LATAM	0.2	0.2	-	-
CIS, APAC & LATAM	**96.7**	**95.7**	**96.5**	**95.5**
Athletic tracks	35.2	29.4	28.4	23.0
Synthetic grass & other	50.6	50.3	46.4	46.1
Sport Surfaces	**85.8**	**79.8**	**74.8**	**69.1**
TOTAL GOODWILL	**557.1**	**532.6**	**449.9**	**425.6**

NOTE 10 - INTANGIBLE, TANGIBLE AND FINANCIAL ASSETS

	Dec. 31, 2014	Dec. 31, 2013
Research and development	4.8	4.3
Patents	39.7	44.0
Trademarks	18.5	17.8
Software	30.6	31.0
Other intangible assets	5.9	6.6
Advance payments and fixed assets in progress	16.3	7.1
Intangible assets	**115.8**	**110.9**
Real property and rights equivalent to real property	234.9	181.0
Leased buildings	-	4.8
Technical equipment and machinery	233.8	191.6
Leased equipment	2.0	4.9
Advance payments and fixed assets in progress	31.4	33.1
Property, plant and equipment (*)	**502.1**	**415.4**
Bonds, debenture loan & other sec. Invest - Long-term	1.1	2.7
Financial investments and receivables - Long-term (**)	23.7	22.1
Loan receivables - Long-term	0.3	0.3
Security deposit - Long-term	3.7	2.4
Other financial assets	**28.8**	**27.5**

(*) Equipment that is currently under construction has been allocated to individual items.

(**) Financial investments and receivables – long term include shares of companies accounted for by the equity method.

At December 31, 2014, intangible assets with an indefinite life totaled €7.4 million gross and net (€7.4 million at December 31, 2013).

Impairment testing

Impairment losses recognized during 2014 and 2013 can be broken down as follows:

	Dec. 31, 2014	Dec. 31, 2013
EMEA – Wood CGU	-	(5.1)
Total	**-**	**(5.1)**

The variations in gross value, depreciation and amortization break down as follow:

Acquisition cost	At Dec. 31, 2013	Acquisition	Disposal	Change in scope	Transfer	Change in accounting policies*	Foreign exchange differences	At Dec. 31, 2014
Research and development	9.3	1.5	(0.2)	-	0.1	-	0.4	11.1
Patents	117.8	0.1	(0.1)	-	-	-	15.3	133.1
Trademarks	28.7	-	-	-	-	-	3.1	31.8
Leasehold & similar rights	-	-	-	-	-	-	-	-
Software	66.8	5.9	(0.4)	10.7	5.3	-	4.2	92.5
Other intangible assets	6.9	-	(0.5)	-	-	-	1.2	7.5
Advance payments and fixed assets in progress	7.1	12.8	-	-	(4.5)	-	0.8	16.3
Intangible assets	**236.6**	**20.4**	**(1.2)**	**10.7**	**0.9**	**-**	**25.1**	**292.3**
Real property and rights equivalent to real property	389.2	16.6	(4.5)	68.7	25.9	0.3	7.6	503.7
Leased buildings	19.5	-	(4.6)	-	(12.2)	-	0.2	2.8
Technical equipment and machinery	1,080.8	16.9	(37.7)	108.2	56.7	0.3	22.6	1,247.8
Leased equipment	15.0	-	-	0.3	(12.6)	0.2	(0.1)	2.7
Advance payments and fixed assets in progress	33.1	49.7	(0.1)	3.3	(56.5)	-	1.9	31.4
Property, plant and equipment	**1,537.5**	**83.2**	**(47.0)**	**180.3**	**1.4**	**0.7**	**32.2**	**1,788.4**
Bonds, debenture loan & other sec. Invest - Long-term	2.7	(1.6)	-	0.1	-	-	-	1.1
Financial investments and receivables - Long-term	22.1	(1.1)	(0.1)	-	-	-	2.8	23.6
Loan receivables - Long-term	0.3	-	-	-	-	-	-	0.3
Security deposit - Long-term	5.1	1.3	-	-	-	-	0.1	6.5
Other financial assets	**30.2**	**(1.4)**	**(0.1)**	**0.1**	**-**	**-**	**2.9**	**31.6**

*Impact related to adjustments in fair value following the acquisition of Tarkett Jaslo

Accumulated depreciation and amortization	At Dec. 31, 2013	Addition	Disposal	Decrease	Impairment losses	Change in scope	Transfer	Change in accounting policies*	Foreign exchange differences	At Dec. 31, 2014
Research and development	(5.0)	(1.2)	0.2	-	-	-	-	-	(0.4)	**(6.4)**
Patents	(73.8)	(9.3)	0.1	-	-	-	-	-	(10.3)	**(93.3)**
Trademarks	(10.9)	(1.6)	-	-	-	-	-	-	(0.8)	**(13.3)**
Leasehold & similar rights	-	-	-	-	-	-	-	-	-	**-**
Software	(35.8)	(13.6)	0.4	-	-	(10.4)	(0.6)	-	(1.9)	**(61.9)**
Other intangible assets	(0.3)	(1.5)	0.5	-	-	-	0.1	-	(0.5)	**(1.7)**
Intangible assets	**(125.7)**	**(27.2)**	**1.2**	**-**	**-**	**(10.4)**	**(0.5)**	**-**	**(13.9)**	**(176.5)**
Real property and rights equivalent to real property	(208.2)	(16.7)	2.2	0.1	-	(34.0)	(8.3)	-	(3.9)	**(268.8)**
Leased buildings	(14.7)	0.3	4.2	(0.6)	-	-	8.0	-	-	**(2.8)**
Technical equipment and machinery	(889.2)	(58.4)	37.2	1.9	-	(80.0)	(10.3)	(0.2)	(15.0)	**(1,014.0)**
Leased equipment	(10.0)	(0.2)	-	-	-	-	9.5	-	-	**(0.7)**
Property, plant and equipment	**(1,122.1)**	**(75.1)**	**43.6**	**1.4**	**-**	**(114.0)**	**(1.1)**	**(0.2)**	**(18.9)**	**(1,286.4)**
Security deposit - Long-term	(2.7)	-	-	-	(0.1)	-	-	-	-	**(2.8)**
Other financial assets	**(2.7)**	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**-**	**-**	**(2.8)**

*Impact related to adjustments in fair value following the acquisition of Tarkett Jaslo

NOTE 11 - INVENTORIES

	Dec. 31, 2014	Dec. 31, 2013
Raw materials and supplies	107.6	88.3
Work in progress	60.0	48.7
Finished goods	212.0	201.5
Samples	3.2	6.1
Consumables and spare parts	22.0	21.4
Total Gross Value	**404.8**	**366.0**
Provision for inventory impairment	(56.6)	(47.5)
Total Net Inventory	**348.2**	**318.6**

Detail of the provision for inventory impairment

	Dec. 31, 2013	Allowance	Reversals	Scope	Foreign exchange gain & loss	Dec. 31, 2014
Raw materials and supplies	(7.9)	(2.7)	1.7	(1.2)	(0.6)	(10.7)
Work in progress	(6.5)	(6.0)	2.8	(0.5)	(0.5)	(10.7)
Finished goods	(25.3)	(10.8)	10.9	(2.3)	(1.4)	(28.9)
Samples	(1.9)	1.0	-	-	(0.1)	(1.0)
Consumables and spare parts	(5.8)	0.3	0.2	-	-	(5.3)
Total Provision for Inventory Impairment	**(47.5)**	**(18.2)**	**15.6**	**(4.0)**	**(2.6)**	**(56.6)**

The rate of inventory provisions is applied in a similar way for the different periods.
Cost of sales in 2014 amounted to €1,105.9 million (as compared with €1,162.1 million in 2013).

NOTE 12 - TRADE RECEIVABLES

	Dec. 31, 2014	Dec. 31, 2013
Related party receivables	7.8	7.6
Third party receivables	328.6	294.0
Total Gross Value	**336.4**	**301.6**
Provisions for doubtful receivables	(24.5)	(21.9)
Total Trade Receivables	**312.0**	**279.7**

The variation of the provision for doubtful receivables totals €2.6 million and is mainly explained as follows:

- €(2.9) million of allowance,
- €5.8 million of reversal,
- €(0.2) million of foreign exchange impact.

Details of unimpaired overdue receivables

	Dec. 31, 2014	Dec. 31, 2013
Receivables, trade 0-180 days overdue	34.0	24.3
Receivables, trade 181-270 days overdue	0.3	-
Receivables, trade 271-360 days overdue	0.2	0.1
Receivables, trade >360 days overdue	1.7	(3.2)
Receivables, bankruptcy procedure / legal cases	1.4	3.8
Unimpaired Overdue Receivables	**37.6**	**25.0**

NOTE 13 - OTHER RECEIVABLES

	Dec. 31, 2014	Dec. 31, 2013
Total other receivables non-current	**0.5**	**0.2**
Prepaid expenses current	19.6	18.1
Income tax receivable current	19.4	13.4
VAT and other taxes	17.3	17.4
Other accounts receivable and other assets current	16.5	10.3
Total other receivables current	**72.9**	**59.2**

NOTE 14 - SHARE CAPITAL

As of December 31, 2014 the Company's share capital totaled €318,613,480, identical to December 31, 2013, and was divided into 63,722,696 shares of par value €5 each, identical to December 31, 2013.

NOTE 15 - EARNINGS PER SHARE & DIVIDENDS

Weighted average number of shares outstanding (basic)

In thousands of shares	Dec. 31, 2014	Dec. 31, 2013
Weighted average number of shares during the period	63,723	63,276
Weighted average number of treasury shares held by Tarkett	(216)	(1,335)
Weighted average number of shares outstanding (basic)	**63,506**	**61,941**

Basic earnings per share

Basic earnings per share as of December 31, 2014 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period (and after deduction of the weighted average number of treasury shares).

	Dec. 31, 2014	Dec. 31, 2013 restated *
Profit for the period attributable to Tarkett shareholders (in millions of €)	61.2	97.6
Weighted average number of shares outstanding	63,506	61,941
Basic earnings per share (in euros)	**0.96**	**1.58**

*The comparative periods have been retroactively restated following application of IAS 12.41 (see note 2.5.22).

Weighted average number of shares outstanding (diluted earnings)

In thousands of shares	Dec. 31, 2014	Dec. 31, 2013
Weighted average number of shares during the period	63,723	63,276
Weighted average number of treasury shares held by Tarkett	(216)	(1,335)
Impact of share-based payment plans	518**	624
Weighted average number of shares outstanding (diluted)	**64,025**	**62,565**

*** the Group's share-based payment plans were amended as of the Group's initial public offering at the end of 2013, and now provide solely for the grant of existing shares, without issuance of new shares.*

Diluted earnings per share

Diluted earnings per share as of December 31, 2014 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period and the weighted average number of potential shares outstanding (and after deduction of the weighted average number of treasury shares).

	Dec. 31, 2014	Dec. 31, 2013 restated *
Profit for the period attributable to Tarkett shareholders (in millions of €)	61.2	97.6
Weighted average number of shares outstanding (diluted)	64,025	62,565
Diluted earnings per share (in euros)	**0.96**	**1.56**

*The comparative periods have been retroactively restated following application of IAS 12.41 (see note 2.5.22).

Dividends

Tarkett paid dividends in the amount of €0.62 per share to its shareholders on July 7, 2014, in accordance with the decision of the General Shareholders' meeting of May 13, 2014.

NOTE 16 - NET DEBT – INTEREST-BEARING LOANS AND BORROWINGS

16.1 Net Debt

	Dec. 31, 2014	Dec. 31, 2013
Interest-bearing loans and borrowings - non-current	690.4	501.3
Interest-bearing loans and borrowings – current	40.2	24.4
Cash and cash equivalents	(135.1)	(96.7)
Net Debt	**595.4**	**429.0**

16.2 Interest bearing loans and borrowings

	Dec. 31, 2014		Dec. 31, 2013	
	Long-term	Short-term	Long-term	Short-term
Bank loans (unsecured)	689.0	36.9	498.7	22.8
Other loans (unsecured)	0.1	0.2	0.6	-
Bank overdrafts (unsecured)	-	2.8	-	1.1
Finance lease obligations	1.3	0.3	2.0	0.6
Interest bearing loans and borrowings	**690.4**	**40.2**	**501.3**	**24.4**

Unsecured bank loans include mainly:

- A €450.0 million syndicated term facility drawn down in two tranches in October 2013 and January 2014, and maturing in full in October 2018.
- €55.0 million drawn against a multicurrency syndicated revolving facility executed by Tarkett in June of 2011 for up to €450.0 million and maturing in June 2016.
- An installment loan composed of one tranche of €85.0 million and one tranche of $34.0 million, maturing in May 2016 after installment payments in May 2015 for €25.0 million and $10.0 million. The loan will be accelerated in the event that Tarkett issues a capital increase or bonds in the capital debt market.

16.3 Details of loans and borrowings

Dec. 31, 2014	Currency	Interest rate	Total	12 months or less until 12/31/2015	2 years until 12/31/2016	3 to 5 years until 12/31/2019	More than 5 years
Unsecured loans							
Term Facilities Europe	EUR	0.6%-2.0%	538.8	26.3	61.2	451.3	-
Term Facilities Europe	USD	2.6%	28.0	8.2	19.8	-	-
Revolving Facilities Europe	EUR	0.9%	55.0	-	55.0	-	-
Revolving Facilities Europe	USD	0.9%	101.3	-	101.3	-	-
Other bank loans		3.6%-18%	2.8	2.4	0.2	0.2	-
Total bank loans			**725.9**	**36.9**	**237.5**	**451.5**	**-**
Other loans	EUR	0.5%	0.3	0.2	0.1	-	-
Bank overdrafts		0.6%-5.3%	2.8	2.8	-	-	-
Finance lease obligations			1.6	0.3	0.3	0.9	0.1
Total interest-bearing loans			**730.6**	**40.2**	**237.9**	**452.4**	**0.1**

Dec. 31, 2013	Currency	Interest rate	Total	12 months or less until 12/31/2014	2 years until 12/31/2015	3 to 5 years until 12/31/2018	More than 5 years
Unsecured loans							
Term Facilities Europe	EUR	0.7%-2.1%	465.0	16.3	26.2	422.5	-
Term Facilities Europe	USD	2.6%	29.0	4.4	7.3	17.3	-
Revolving Facilities Europe	EUR	1.1%	25.0	-	-	25.0	-
Other bank loans		3.7%-5.3%	2.6	2.0	0.3	0.3	-
Total bank loans			**521.6**	**22.7**	**33.8**	**465.1**	**-**
Other loans	EUR	0.7%-4.5%	0.4	0.1	0.1	0.2	-
Bank overdrafts			1.1	1.1	-	-	-
Finance lease obligations			2.6	0.6	0.6	1.2	0.2
Total interest-bearing loans and			**525.7**	**24.5**	**34.5**	**466.5**	**0.2**

The facilities mentioned above contain covenants binding on the borrower, including financial ratio covenants: the ratio of net debt to adjusted EBITDA may not exceed 3.0, and the ratio of EBIT to net interest may not be lower than 2.5.

The Group is in compliance with all of its banking commitments as of December 31, 2014, as well as with the financial ratio covenants, as detailed below:

16.4 Covenants

Net Debt / Adjusted EBITDA	Dec. 31, 2014	Dec. 31, 2013
Net Debt	595.4	429.0
Adjusted EBITDA	275.0	310.0
Ratio (1)	**2.2**	**1.4**

(1) must be below 3.0

Net debt includes debt related to the acquisition of the Desso Group for €154 million whereas Desso's adjusted EBITDA is not reported in the adjusted EBITDA of the Group (acquired on December 31, 2014).

EBIT / Net interest	Dec. 31, 2014	Dec. 31, 2013
EBIT	175.5	210.9
Net interest	12.6	15.0
Ratio (2)	**13.9**	**14.1**

(2) Must be above 2.5

16.5 Cash and cash equivalent by nature

	Dec. 31, 2014	Dec. 31, 2013
Current cash	28.4	35.6
Remunerated cash balances	69.0	35.5
Short term treasury notes and Money Market funds	37.8	25.5
Cash and cash equivalents	**135.1**	**96.7**

NOTE 17 - OTHER FINANCIAL LIABILITIES

	Dec. 31, 2014	Dec. 31, 2013
Fair value of derivatives non current	(0.3)	2.0
Other financial liabilities non current	3.8	4.7
Other financial liabilities non current	**3.5**	**6.7**
Accrued interest expenses current	2.7	1.6
Fair value of derivatives current	1.4	0.3
Other financial liabilities current	1.5	1.1
Other financial liabilities current	**5.6**	**3.0**

NOTE 18 - TRADE PAYABLES

	Dec. 31, 2014	Dec. 31, 2013
Trade payables	221.3	216.3
Trade notes payable	3.1	3.5
Trade payables	**224.4**	**219.8**

NOTE 19 - OTHER LIABILITIES

	Dec. 31, 2014	Dec. 31, 2013
Liabilities related to employees	83.0	80.1
Current tax	15.9	18.6
VAT and other taxes	16.4	13.8
Sales rebates	39.8	27.9
Other liabilities	25.4	26.6
Total other liabilities	**180.5**	**167.0**

Written put options or forward contracts granted to non-controlling shareholders

Share put options on non-controlling interests

As of December 31, 2013 and December 31, 2014, the amount of debt booked in the Group's consolidated financial statements relative to share put options on non-controlling shareholders was €2.1 million and €3.1 million, respectively.

As of December 31, 2014, this debt is composed of two options, granted to non-controlling shareholders of:

- Morton Extrusionstechnik (MET) for €3.1 million, corresponding to 49% of residual shares held by non-controlling interests;
- Fieldturf Benelux BV for €0.04 million, corresponding to 49% of residual shares held by non-controlling interests.

NOTE 20 - DEFERRED TAX

Deferred taxation is shown on the balance sheet separately from current tax assets and liabilities and is categorized in non-current items.

	Dec. 31, 2014	Dec. 31, 2013 restated *
Net operating losses and credits carried forward	219.6	184.9
Provision for valuation allowance on NOLCF	(148.6)	(130.4)
DTA for pensions and healthcare benefits	44.8	32.6
Other items temporarily non deductible	60.1	54.6
Change in unrecognized deferred tax assets	(15.6)	(18.1)
Internal profit eliminations	4.4	3.1
Netted against deferred tax assets	(55.3)	(44.1)
Deferred tax assets	**109.3**	**82.6**
Deferred tax liabilities		
Fixed assets revaluation	57.3	39.8
Other deferred tax liabilities	34.5	15.1
Netted against deferred tax assets	(55.3)	(44.1)
Deferred tax liabilities	**36.5**	**10.8**

* The comparative periods have been retroactively restated following application of IAS 12.41 (see note 2.5.22).

Net deferred tax assets for tax losses and unused tax credits carried forward are recognized for a total amount of €71.0 million, of which €44.7 million related to the affiliates within the US tax Group, €2.0 million related to the French tax group, and €5.2 million related to the Canadian subsidiary.

The €71.0 million is split between €61.2 million of net deferred tax assets for tax losses, and €9.8 million of net unused tax credits.

Other deferred tax liabilities include the effect of the application of IAS 12.41, for €21.7 million in 2014 and €10.1 million in 2013, relating to the effect of changes in the exchange rate on non-monetary assets and liabilities of entities whose functional currency is different from the local currency (see Note 2.5.22). The booking of this liability is required by the IFRS, even if the revaluated fiscal basis will not generate any fiscal obligation in the future.

NOTE 21 - PROVISIONS

	At Dec. 31, 2013	Allowance	Decrease	Change in scope	Transfer	Foreign exchange gain & loss	At Dec. 31, 2014
Product warranty provision	2.8	0.1	(0.3)	0.1	-	-	2.7
Restructuring provisions	0.6	-	-	-	(0.6)	-	-
Claims & litigations provisions	2.1	0.8	(1.8)	-	-	-	1.1
Other provisions	3.6	0.8	(0.1)	-	-	-	4.3
Provision for additional tax assessments	2.4	0.6	(0.8)	-	-	-	2.1
Financial liabilities	29.7	0.6	-	-	-	4.1	34.3
Total Provisions - Long-term	**41.2**	**2.9**	**(3.1)**	**0.1**	**(0.6)**	**4.1**	**44.5**
Product warranty provision	9.4	11.0	(7.6)	1.6	11.3	2.1	27.9
Restructuring provisions	3.2	13.1	(2.6)	-	0.6	-	14.3
Claims & litigation provisions	20.9	3.1	(5.6)	-	(10.9)	0.6	8.2
Other provisions	0.1	0.3	(0.3)	-	(0.1)	-	-
Total Provisions - Short-term	**33.7**	**27.5**	**(16.0)**	**1.6**	**0.9**	**2.8**	**50.5**
Total Provisions	**74.8**	**30.4**	**(19.2)**	**1.7**	**0.2**	**6.9**	**95.0**

The decrease of €(5.6) million in claims and litigations provisions includes €(2.7) million in unused decreases.

	At Dec. 31, 2012	Allowance	Decrease	Change in scope	Transfer	Foreign exchange gain & loss	At Dec. 31, 2013
Product warranty provision	2.2	0.8	-	(0.3)	0.1	(0.1)	2.8
Restructuring provisions	-	0.6	-	-	-	-	0.6
Claims & litigation provisions	2.3	0.3	(0.4)	-	-	(0.1)	2.1
Other provisions	3.6	0.3	(0.2)	0.7	(0.7)	-	3.6
Provision for additional tax assessments	1.0	1.4	(0.3)	-	0.4	-	2.4
Financial liabilities	29.0	2.0	-	-	-	(1.3)	29.7
Total Provisions - Long-term	**38.1**	**5.3**	**(0.9)**	**0.4**	**(0.3)**	**(1.5)**	**41.2**
Product warranty provision	10.6	1.7	(3.2)	-	0.7	(0.4)	9.4
Restructuring provisions	3.5	2.2	(2.4)	-	-	(0.1)	3.2
Claims & litigation provisions	21.7	9.0	(8.7)	-	(0.5)	(0.6)	20.9
Other provisions	0.4	0.2	(0.1)	-	(0.3)	-	0.1
Total Provisions - Short-term	**36.2**	**13.2**	**(14.5)**	**-**	**-**	**(1.1)**	**33.7**
Total Provisions	**74.3**	**18.5**	**(15.4)**	**0.4**	**(0.3)**	**(2.6)**	**74.8**

As of December 31, 2014, the variations in provisions for financial liabilities relate to the provision for asbestos litigation recorded by Tarkett Domco Products Texas Inc. (See Note 27 - Other Contingencies)

NOTE 22 - EMPLOYEE BENEFITS

Provisions for pensions, retirement and similar obligations

In accordance with the laws and practices of each country in which it operates, Tarkett participates in, or maintains, employee benefit plans providing retirement pensions, post-retirement health care, other long term benefits (jubilees) and post-employment benefits (retirement indemnities, pre-retirement) to eligible employees, former employees, retirees and their beneficiaries fulfilling the required conditions.

These employee benefit plans expose Tarkett to actuarial risks, such as interest rate risk.

Valuation of these obligations is carried out yearly at the balance sheet date by independent actuaries.

Amounts recognized in the statement of financial position	Dec. 31, 2014			Dec. 31, 2013		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Defined benefit obligations	247.9	6.3	254.2	201.9	3.3	205.2
Fair value of plan assets	(98.8)	-	(98.8)	(83.0)	-	(83.0)
Net liability booked in the statement of financial position	**149.1**	**6.3**	**155.4**	**118.9**	**3.3**	**122.2**

Amounts recognized in the income statement	Dec. 31, 2014			Dec. 31, 2013		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Current service cost	3.2	2.9	6.1	3.4	0.1	3.5
Past service cost	-	-	-	(0.4)	-	(0.4)
Interest expense	4.7	0.1	4.8	4.8	0.1	4.9
Re-measurements of other long-term benefits	(0.1)	-	(0.1)	0.7	-	0.7
Administrative expenses and taxes	0.7	-	0.7	0.8	-	0.8
Total expenses included in income statement	**8.4**	**3.0**	**11.4**	**9.3**	**0.2**	**9.5**

Amounts recognized in statement of comprehensive income (gross of tax)	Dec. 31, 2014			Dec. 31, 2013		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Effect of changes in demographic assumptions	4.6	0.2	4.8	1.5	-	1.5
Effect of changes in financial assumptions	29.7	(0.1)	29.6	(15.2)	(0.2)	(15.3)
Effect of experience adjustments	0.6	(0.2)	0.4	1.0	(0.3)	0.8
(Return) on plan assets (excluding interest income)	(4.9)	-	(4.9)	(4.4)	-	(4.4)
Total pension cost recognized in the OCI	**30.0**	**(0.1)**	**29.9**	**(17.0)**	**(0.4)**	**(17.5)**

Change in net liabilities recognized in the balance sheet	Dec. 31, 2014			Dec. 31, 2013		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Balance sheet liability/asset at beginning of year	**118.9**	**3.3**	**122.2**	**138.4**	**3.8**	**142.2**
Total expenses recognized in income statement	8.4	3.0	11.4	9.3	0.2	9.5
Amounts recognized in OCI in the financial year	30.0	(0.1)	29.9	(17.0)	(0.4)	(17.5)
Business combinations / divestitures / transfers	(0.1)	-	(0.1)	0.2	-	0.2
Employer contributions made in the financial year	(5.6)	-	(5.6)	(5.0)	(0.2)	(5.2)
Benefit payments from employer	(4.8)	(0.3)	(5.1)	(4.6)	-	(4.6)
Exchange rate adjustment (gain) / loss	2.3	0.4	2.7	(2.3)	(0.2)	(2.4)
Balance sheet liability/asset at end of year	**149.1**	**6.3**	**155.4**	**118.9**	**3.3**	**122.2**

Changes in benefit obligation	Dec. 31, 2014			Dec. 31, 2013		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Benefit obligation at beginning of year	**201.9**	**3.3**	**205.2**	**224.7**	**3.8**	**228.5**
Current service cost	3.2	2.9	6.1	3.4	0.1	3.5
Past service cost	-	-	-	(0.4)	-	(0.4)
Interest expense	8.6	0.1	8.7	8.0	0.1	8.1
Benefit payments from plan	(7.3)	-	(7.3)	(6.4)	(0.2)	(6.5)
Benefit payments from employer	(4.8)	(0.3)	(5.1)	(4.6)	-	(4.6)
Plan settlement	-	-	-	(5.9)	-	(5.9)
Plan participants' contributions	0.1	-	0.1	0.2	-	0.2
Expenses paid	(0.3)	-	(0.3)	(0.2)	-	(0.2)
Business combinations / divestitures / transfers	(0.1)	-	(0.1)	0.2	-	0.2
Effect of changes in demographic assumptions	4.6	0.2	4.8	1.5	-	1.5
Effect of changes in financial assumptions	29.8	(0.1)	29.7	(15.2)	(0.2)	(15.3)
Effect of experience adjustments	0.5	(0.2)	0.2	2.1	(0.3)	1.9
Exchange rate adjustment (gain) / loss	11.7	0.4	12.1	(5.5)	(0.2)	(5.6)
Benefit obligation at end of year	**247.9**	**6.3**	**254.2**	**201.9**	**3.3**	**205.2**

Change in plan assets	Dec. 31, 2014			Dec. 31, 2013		
	Pensions	Post-employment healthcare benefits	TOTAL	Pensions	Post-employment healthcare benefits	TOTAL
Fair value of plan assets as of January 1	**83.0**	**-**	**83.0**	**86.7**	**-**	**86.7**
Interest expense	4.0	-	4.0	3.2	-	3.2
Employer contributions	5.6	-	5.6	5.0	0.2	5.2
Employer direct benefit payments	4.8	0.3	5.1	4.6	-	4.6
Plan participants' contributions	0.1	-	0.1	0.2	-	0.2
Benefit payments from plan	(7.3)	-	(7.3)	(6.4)	(0.2)	(6.5)
Benefit payments from employer	(4.8)	(0.3)	(5.1)	(4.6)	-	(4.6)
Plan settlement	-	-	-	(5.9)	-	(5.9)
Expenses paid	(1.0)	-	(1.0)	(1.1)	-	(1.1)
Business combinations / divestitures / transfers	-	-	-	-	-	-

(Return) on plan assets (excluding interest income)	4.9	-	4.9	4.4	-	4.4
Exchange rate adjustment (gain) / loss	9.4	-	9.4	(3.2)	-	(3.2)
Fair value of plan assets as of December 31	**98.8**	**-**	**98.8**	**83.0**	**-**	**83.0**

Assumptions:

Accounting for actuarial values is based on long-term interest rates, predicted future increases in salaries and rates of inflation. The main assumptions are presented below:

	Dec. 31, 2014		Dec. 31, 2013	
	Pensions	Post-employment healthcare benefits	Pensions	Post-employment healthcare benefits
Discount rate	3.30%		4.30%	
Including:				
US	4.25%	4.50%	5.00%	5.00%
Germany	1.50%		3.10%	
Sweden	2.75%		4.00%	
UK	3.50%		4.40%	
Salary increases	2.55%		3.03%	
Inflation	2.02%		2.21%	

Discount rates are determined by reference to rates of return for high-quality bonds. They are calculated on the basis of external indices commonly used as references:

- United States: iBoxx $ 15+ year AA
- Euro zone: iBoxx € Corporate AA 10+
- Sweden: bonds of Swedish companies
- United Kingdom: iBoxx £ 15+ year AA

Allocation of plan assets by type of investment:

	Dec. 31, 2014	Dec. 31, 2013
Equity	49.6%	48.5%
Bonds	29.5%	28.4%
Real Estate	3.3%	3.2%
Other	17.6%	19.8%

All shares are listed on active markets. Assets in the “Other” category consist primarily of insurance contracts in Germany, for 8.9%. The remainder corresponds to cash and cash equivalent linked to pensions plans in the United States and Canada.

Expected employer contributions for 2015 amount to €10.1 million.

Sensitivity to discount rate assumptions

	Dec. 31, 2014	Dec. 31, 2013
Increase of 50 basis points Increase/(Decrease) in Defined Benefit Obligation	(16.9)	(12.5)
Decrease of 50 basis points Increase/(Decrease) in Defined Benefit Obligation	18.0	14.2

NOTE 23 - PERSONNEL COSTS AND COMPENSATION OF SENIOR MANAGEMENT

	Dec. 31, 2014	Dec. 31, 2013
Wages and salaries	(510.0)	(507.5)
Pension costs	(11.7)	(9.5)
Total Personnel costs	**(521.7)**	**(517.0)**
Employees (average number)	**11,660**	**11,134**

Key management personnel compensation

The key management personnel includes the members of the Executive Management Committee and the members of the Supervisory Board.

Key management personnel received the following compensation:

	Dec. 31, 2014	Dec. 31, 2013
Short-term employee benefits	7.2	7.1
Post-employment benefits		
Other long-term benefits		
Employment agreement termination benefits		
Share-based payments	1.5	2.3
Total	**8.7**	**9.4**

Compensation of the Group's key management personnel includes salaries and non-cash benefits.

SHARE-BASED PAYMENT TRANSACTIONS

in personnel costs in 2014 with respect to this plan (expense of €1.9 million as of December 31, 2013), with a counterpart in equity.

In July 2014, the final number of shares granted was 158,302. These shares are also subject to a two-year holding period. The granted shares can be freely sold by the recipients after July 2016 (note that the Group has not undertaken to repurchase these shares after 2016).

On December 17, 2012 a second Long-Term Incentive Plan, called "LTIP 2012" was implemented for selected key executives of the Group.

Ordinary shares will be granted to the beneficiaries at the end of a two-year vesting period ending June 30, 2015. The grant is subject to satisfying an economic performance condition (based on the Group's 3-year plan) and the beneficiaries' continuous employment through June 30, 2015. This plan was classified in accordance with IFRS 2, "Share-Based Payment" (equity settled plan). The final amount to be granted will be determined in mid-2015 and the granted shares will not be subject to a holding period and may be freely sold immediately after being granted.

In 2015, the Group may decide instead to grant the cash equivalent of the shares, calculated at market value, since the Group is now listed.

The total number of shares to be granted is estimated at 185,790 as of December 31, 2014 (374,532 as of December 31, 2013). The fair market value at the time of the issuance of the plan is calculated as follows: 7 times EBITDA less net debt. This has been accordingly estimated at €23.5 per share based on December 31, 2012 figures.

Income of €0.1 million before tax was recognized in administrative expense in the P&L in 2014 relating to this plan (as compared with an expense of €3.5 million as of December 31, 2013), with a counterpart in equity.

On October 9, 2013, a new share-grant plan, the "LTIP 2013", was implemented for certain key executives of the Group.

The plan is generally subject to the same terms as the LTIP 2012.

Ordinary shares will be granted to the beneficiaries at the end of a two-year vesting period ending June 30, 2016. The grant will be subject to satisfying an economic performance condition (based on the Group's 3-year plan) and the beneficiaries' continuous employment through June 30, 2016. This plan will be classified in accordance with IFRS2, "share-based payment" (equity settled plan). The final amount granted will be determined in mid 2016 and the granted shares will not be subject to a holding period and may be sold immediately after being granted.

The Group may decide in 2016 to grant, instead of shares, the equivalent value in cash calculated at the market price.

The total number of shares to be granted is estimated at 254,670 as of December 31, 2014 (406,112 as of December 31, 2013). The market value at the time of the issuance of the plan has been defined at the price of the Company's initial public offering on the Paris stock exchange on November 22, 2013, which was €29.00 per share.

The expense in 2014 amounts to €2.4 million before tax (€1.0 million in 2013), and has been booked as administrative expense in the P&L with a counterpart in equity.

NOTE 24 - FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Exposure to interest rate, currency, liquidity and credit risk arises in the normal course of Tarkett's activities. Derivative financial instruments are used to reduce certain exposures to fluctuations in both foreign exchange and interest rates. Liquidity and credit risk are managed following risk management policies approved by the Group's executive board.

24.1 FINANCIAL MARKET RISKS

Fair value of derivative financial instruments

The Group uses derivative financial instruments for risk hedging purposes only, and accounts for them in accordance with hedge accounting rules. The fair values of the Group's derivative financial instruments are recorded on the balance sheet in "Other financial liabilities, current" for derivatives hedging future cash flows, and in the relevant accounts for derivatives hedging recorded items.

The totals are as follows:

	Dec. 31, 2014	Dec. 31, 2013
Currency swaps	0.2	(0.2)
Forward exchange contracts	(0.5)	-
Options	0.1	(0.1)
Total currency derivatives	**(0.2)**	**(0.3)**
Cash flow hedges	(0.9)	(2.0)
Total interest rate derivatives	**(0.9)**	**(2.0)**

24.1.1 INTEREST RATE RISK

The Group manages its exposure to interest rate risk centrally. The Group's general debt strategy is to give preference to variable interest rate debt over fixed interest rate debt, but also to protect a part of the debt over a period of three to five years against a rate increase that could result in extensive damage. The hedging tools used are mainly cap or tunnel type derivatives. In certain circumstances, swaps have been entered into to fix rates. The interest rate derivatives outstanding at closing are all purposed for cash flow hedging and none is purposed for fair value hedging.

Following is the interest rate structure of the Group's net debt before and after application of interest rate hedges. Net debt is defined as interest-bearing loans minus cash and cash equivalents.

Before interest rate hedge:

	Dec. 31, 2014	Dec. 31, 2013
Fixed rate debt	1.5	2.0
Floating rate debt	729.0	523.7
Cash and cash equivalents	(135.1)	(96.7)
Net Debt	**595.4**	**429.0**

After interest rate hedge:

	Dec. 31, 2014	Dec. 31, 2013
Fixed rate debt	1.5	2.0
Capped floating rate debt	178.8	167.0
Floating rate debt	550.2	356.7
Cash and cash equivalents	(135.1)	(96.7)
Net Debt	**595.4**	**429.0**

Interest rate derivatives

Currency of Exposure	Dec. 31, 2014				Dec. 31, 2013			
	USD	GBP	AUD	EUR	USD	GBP	AUD	EUR
Financial receivables and liabilities	66.3	(5.3)	1.0	(9.6)	134.4	(3.9)	-	13.0
Trade receivables and payables	0.2	1.2	2.6	3.7	3.5	2.4	2.1	3.4
Nominal amount of derivatives	(64.7)	4.5	(3.0)	9.6	(133.3)	1.4	(2.3)	(13.4)
Net recorded exposure to main currencies	**1.9**	**0.4**	**0.6**	**3.8**	**4.6**	**(0.1)**	**(0.2)**	**3.0**

Tarkett uses forward exchange contracts and options when hedging with derivatives its exposure to foreign currency risk in respect of both recognized receivables and payables and forecast transactions that may cover a forward six-month period. When necessary, forward exchange contracts are rolled over.

The Tarkett Group classifies the currency hedging contracts covering operating transactions as cash flow hedges and records them at fair value in the balance sheet. The fair value of these contracts at the balance sheet date amounted to an unrealized liability of €0.5 million (as compared with an unrealized asset of €0.05 million in 2013). Of this fair value, the amount reported directly in equity is an unrealized liability of €0.6 million (as compared with an unrealized liability of €0.1 million in 2013). The difference is recognized in the income statement and represents the change in the time value of currency options hedging forecast transactions and in the fair value of forward contracts or options hedging recognized transactions.

The effect on the income statement of the change in value of these contracts is income of €0.2 million (as compared with income of €0.5 million in 2013), and all the potential gains and losses reported directly in equity are expected to enter into the determination of profit and loss of the coming 12 months.

Monetary items denominated in foreign currencies

When financing its foreign subsidiaries, the Group incurs exposure to foreign currency risk on intra-group loans and borrowings denominated in foreign currencies. The Group minimizes this risk either (i) by borrowing in the same currency or (ii) by entering into currency swaps or forwards reflecting the maturity of the hedged item, with the aim that fluctuations in the swaps' fair values will offset, in profit or loss, the foreign exchange gains and losses arising from conversion of the hedged monetary items. At December 31, 2014, the main financial exposures so covered are the euro against the US dollar for €66.3 million, against the Polish zloty for €21.4 million, against the British pound for €5.3 million and against the Swedish crown for €13.1 million. The fair value of these contracts at the balance sheet date amounted to a latent gain of €0.2 million.

24.2 LIQUIDITY RISKS

24.2.1 FUTURE CASH FLOWS ON FINANCIAL INSTRUMENTS

The following table shows the estimated future cash flows on interest-bearing loans and borrowings recorded as liabilities on the balance sheet.
The estimate of the future cash flows on interests is based on the forecast debt amortization, and the future floating rate interests are calculated on the assumption of a crystallization of the interest rates outstanding as of the closing date, except if a better estimate is available.

Interest-bearing loans	Dec. 31, 2014		Less than 12 months		2 years		3 to 5 years		More than 5 years	
	Carrying amount	Total future cash flows	Carrying amount	Interest	Carrying amount	Interest	Carrying amount	Interest	Carrying amount	Interest
Total interest-bearing loans										
Bank loans	725.8	762.6	36.9	12.0	237.5	9.8	451.4	15.0	-	-
Bonds	-	-	-	-	-	-	-	-	-	-
Other loans	0.3	0.3	0.2	-	0.1	-	-	-	-	-
Bank overdrafts	2.8	2.8	2.8	-	-	-	-	-	-	-
Finance leases	1.6	1.6	0.3	-	0.3	-	0.9	-	0.1	-
Total	**730.5**	**767.3**	**40.2**	**12.0**	**237.9**	**9.8**	**452.3**	**15.0**	**0.1**	**-**
Other financial liabilities										
Trade payables	224.4	224.4	224.4	-	-	-	-	-	-	-
Other financial liabilities non-current	3.8	3.8	-	-	0.5	-	3.2	-	0.1	-
Other financial liabilities current	5.3	5.3	5.3	-	-	-	-	-	-	-
Total	**233.5**	**233.5**	**229.7**	**-**	**0.5**	**-**	**3.2**	**-**	**0.1**	**-**
TOTAL FINANCIAL LIABILITIES	**964.0**	**1,000.8**	**269.9**	**12.0**	**238.4**	**9.8**	**455.5**	**15.0**	**0.2**	**-**

Interest-bearing loans	Dec. 31, 2013		Less than 12 months		2 years		3 to 5 years		More than 5 years	
	Carrying amount	Total future cash flows	Carrying amount	Interest	Carrying amount	Interest	Carrying amount	Interest	Carrying amount	Interest
Total interest-bearing loans										
Bank loans	521.6	562.0	22.7	10.2	33.8	9.4	465.1	20.8	-	-
Bonds	-	-	-	-	-	-	-	-	-	-
Other loans	0.4	0.4	0.1	-	0.1	-	0.2	-	-	-
Bank overdrafts	1.1	1.1	1.1	-	-	-	-	-	-	-
Finance leases	2.6	2.6	0.6	-	0.6	-	1.2	-	0.2	-
Total	**525.7**	**566.1**	**24.5**	**10.2**	**34.5**	**9.4**	**466.5**	**20.8**	**0.2**	**-**
Other financial liabilities										
Trade payables	219.8	219.8	219.8	-	-	-	-	-	-	-
Other financial liabilities non-current	4.7	4.7	-	-	0.6	-	3.7	-	0.4	-
Other financial liabilities current	5.0	5.0	5.0	-	-	-	-	-	-	-
Total	**229.6**	**229.6**	**224.9**	**-**	**0.6**	**-**	**3.7**	**-**	**0.4**	**-**
TOTAL FINANCIAL LIABILITIES	**755.3**	**795.7**	**249.4**	**10.2**	**35.1**	**9.4**	**470.2**	**20.8**	**0.6**	**-**

24.2.2 LIQUIDITY POSITION

As of the balance sheet date, consolidated net debt is €595.4 million. The Group's debt capacity is €1,150.8 million, used in the amount of €730.6 million (see Note 16). Including cash and cash equivalents, the Group's liquidity position amounts to €555.4 million, and is enough to cover the financial obligations related to the current net debt.

	Dec. 31, 2014	Dec. 31, 2013
Amount available on credit facilities	420.3	642.3
Cash and cash equivalents	135.1	96.7
Total	**555.4**	**739.0**

The €450.0 million syndicated facility and the €100.0 million and US$40.0 million term loans contain obligations which are all based on the main following covenants:

- the ratio to Net debt to EBITDA (as defined in the credit agreements) must be lower than 3.0;
- the ratio of EBITDA to net interest expense (as defined in the credit agreements) must be higher than 2.5;
- cross-acceleration above certain materiality thresholds and material adverse change clauses.

As of December 31, 2014, the Group is in compliance with these covenants (see Note 16.4).

24.3 CREDIT RISK

Credit risk represents the risk of financial loss for the Group in the event that a counterparty to a financial instrument defaults in paying its contractual obligations.

The financial assets potentially bearing this risk are mainly:

- cash deposits;
- financial derivatives;
- accounts receivable;
- loans granted.

The maximum potential credit risk on the financial assets is equal to their net accounting value less the indemnification receivable from credit insurance.

24.3.1 CUSTOMER CREDIT RISK

The Group believes that its exposure to counterparty risk is limited, because of its large number of customers, its dispersion in many geographical areas, and its follow-up policy. The Group has established a credit policy that includes, among other things, a credit limit for each customer, collections processes, and a computer-aided credit scoring and customer payment behavior follow-up.

The total of receivables overdue over 60 days amounts to 9.3% of the total amount of accounts receivables as of December 31, 2014 (8.3% of the total amount of accounts receivables as of December 31, 2013).

The Group believes that there is no need to assume that there is risk on outstanding receivables less than 60 days overdue.

With respect to outstanding receivables that are more than 60 days overdue, the Group believes that risks are limited given existing procedures for customer risk management (as detailed above).

24.3.2 CREDIT RISK MANAGEMENT ON EQUITIES AND DERIVATIVES

The counterparties to the Group's financial derivatives are leading banks or state-owned banks, all of which have business relationships with the Group for debt or cash management. The Group's policy with regard to investments and cash deposits is to only invest in liquid securities and only with the leading credit institutions in the countries where the investments are made.

The Group is not exposed to a material risk due to any significant concentration, and does not anticipate any counterparty default.

The effect of Credit and Debit Valuation Adjustments (CVA/DVA) on the measurement of the fair value of the derivative financial instruments was not material as at the closing date and was therefore not booked.

Dec. 31, 2014	Gross amounts as presented in the balance sheet	Impact of offsetting rules	Net amount
Fair value of derivative assets	1.1	(1.1)	-
Fair value of derivative liabilities	(2.3)	1.1	(1.2)
Total	**(1.2)**	**-**	**(1.2)**

Dec. 31, 2013	Gross amounts as presented in the balance sheet	Impact of offsetting rules	Net amount
Fair value of derivative assets	0.6	(0.6)	-
Fair value of derivative liabilities	(2.9)	0.6	(2.3)
Total	**(2.3)**	**-**	**(2.3)**

24.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Dec. 31, 2014	Fair Value Category	Hedging Derivatives	Assets designatived at fair value through profit and loss	Loans and receivables	Liabilities at amortized cost	Carrying amount	Fair value
Non current financial assets valued at amortized value	Level 2	-	-	17.9	-	**17.9**	**17.9**
Non current financial assets valued at fair value	Level 2	1.1	9.8	-	-	**10.9**	**10.9**
Accounts receivable		-	-	312.0	-	**312.0**	**-**
Cash and cash equivalents	Level 2	-	135.1	-	-	**135.1**	**135.1**
Interest-bearing loans and borrowings	Level 2	-	-	-	730.5	**730.5**	**730.5**
Other financial liabilities, non-current	Level 2	-	-	-	3.8	**3.8**	**4.3**
Other financial liabilities, current	Level 2	2.3	-	-	3.0	**5.3**	**5.3**
Accounts payable		-	-	-	224.4	**224.4**	**-**
Assets held for sale		-	-	-	-	**-**	**-**

Dec. 31, 2013	Fair Value Category	Hedging Derivatives	Assets designatived at fair value through profit and loss	Loans and receivables	Liabilities at amortized cost	Carrying amount	Fair value
Non current financial assets valued at amortized value	Level 2	-	-	7.6	-	**7.6**	**7.6**
Non current financial assets valued at fair value	Level 2	0.7	19.2	-	-	**19.9**	**19.9**
Accounts receivable		-	-	279.7	-	**279.7**	**-**
Cash and cash equivalents	Level 2	-	96.7	-	-	**96.7**	**96.7**
Interest-bearing loans and borrowings	Level 2	-	-	-	525.7	**525.7**	**525.7**
Other financial liabilities, non-current	Level 2	-	-	-	4.7	**4.7**	**4.7**
Other financial liabilities, current	Level 2	3.1	-	-	1.9	**5.0**	**5.0**
Accounts payable		-	-	-	219.8	**219.8**	**-**

NOTE 25 - LEASE COMMITMENTS

The Group’s operating lease commitments are mainly commitments for buildings, vehicles, computer hardware and software, and offices.

Future minimum rental commitments under operating leases with initial or remaining non-cancellable terms in excess of one year, are summarized below:

Operating leases	Dec. 31, 2014	Dec. 31, 2013
Less than 1 year	20.9	13.6
1 to 5 years	32.2	21.9
More than 5 years	3.5	3.4
Total future minimum lease payments	**56.5**	**38.9**

NOTE 26 - OTHER CONTINGENCIES

Asbestos

In the United States, the Group has been a defendant in lawsuits by third parties relating to personal injury from asbestos. Expected costs of the current or future cases are covered by Group's insurances, sellers' guarantees granted by third-parties and by provisions that management, based on the advice and information provided by its legal counsel, considers to be sufficient.

Guarantees

Tarkett:

- has granted a General Indemnity Agreement of a maximum amount up to $75.0 million in favor of Federal Insurance Company in consideration of an agreement to execute security bonds in favor of Fieldturf Tarkett Inc. As of the closing date, outstanding security bonds, either active or in the process of restitution, total $75.6 million;
- has provided its guarantee on 50% of a credit facility of up to €10.0 million granted to its joint venture subsidiary Laminate Park GmbH & Co KG;
- has provided its guarantee to Swedish pension insurer Pri-Pensionsgaranti to secure the pensions commitments of Tarkett AB for an amount of SEK 173.1 million;
- has provided its guarantee to a raw materials supplier of its subsidiary Morton Extrusion Technik to secure its payables up to €5.0 million;
- has provided its guarantee to Tarkett Finance Inc. in order to permit it to become an additional lender on the Syndicated Revolving Credit Facility signed on June 27, 2011 up to a maximum amount of $100.0 million;
- has provided its guarantee as parent company to the lending bank of an asset backed facility of €55.0 million to the extent that this facility, aimed to finance the Group, was subscribed by its subsidiary Tarkett France SAS for technical reasons. Tarkett has also provided its guarantee as parent company to the banks of Tarkett Limited (UK) and Poligras (Spain) to secure technical overdraft facilities for these companies, for a total amount of €3.9 million.
- Furthermore, in the ordinary course of business, Tarkett and several of the Group's subsidiaries have given payment guarantees to various suppliers, customers, government offices, lessors, and cash pooling or trade finance operators. These guarantees are not material either individually or in the aggregate.

Other

In late March 2013, the “Autorité de la concurrence” (French Competition Authority) began an investigation against several flooring manufacturers, including Tarkett, in relation to possible anti-competitive practices in the French market for vinyl flooring.

The investigations remain ongoing. The timing of their finalization is currently not known and it is not yet possible to evaluate their potential outcome.

NOTE 27 - RELATED PARTIES

In compliance with IAS 24, the Group has identified the following related parties:

a. Joint ventures;
b. The Group's principal shareholders, the Société d'Investissement Deconinck (“SID”) SA and KKR International Flooring 2 SARL;
c. The members of Tarkett's Management Board and Supervisory Board.

Transactions entered into during the first half of the year with the Group's joint ventures and principal shareholders are detailed below.

27.1 Joint ventures

All transactions between fully consolidated entities are eliminated in consolidation.

Transactions with related entities and jointly held entities are entered into on arm's length terms.

Joint ventures

The Group has only one joint venture, Laminate Park GmbH & Co KG in Germany, which is held jointly with Sonae Industria.

The Group's transactions with its joint venture may be summarized as follows:

	Dec. 31, 2014	Dec. 31, 2013
Joint ventures		
Sale of goods to Tarkett	29.7	32.9
Purchase of services from Tarkett	(1.7)	(2.1)
Loans from Tarkett	9.2	14.2

27.2 Principal shareholders

Société Investissement Deconinck holds 50.2% of Tarkett's share capital and as such, controls and coordinates the Group's activities. Tarkett is party to a management services agreement with SID, with the services remunerated on the basis of the actual costs incurred by SID.

As of December 31, 2014, SID had invoiced a total of €0.5 million in fees under the assistance agreement (as compared with €0.6 million as of December 31, 2013).

As of December 31, 2014, Tarkett had invoiced a total of €0.1 million to SID in services (as compared with no amounts invoiced by Tarkett to SID in 2013).

KKR International Flooring 2 SARL (KKR) holds 21.5% of Tarkett's share capital and as such, has significant influence. SID and KKR are contractually bound by a shareholders' agreement.

In 2013, KKR International Flooring 2 SARL invoiced a total of €0.6 million in fees under the assistance agreement. This agreement was terminated in 2013.

NOTE 28 - SUBSEQUENT EVENTS

As of the date hereof, there are no material subsequent events to be disclosed.

NOTE 29 - PRINCIPAL CONSOLIDATED ENTITIES

Companies	Country	Consolidation method	% ownership as of Dec. 31, 2014	% ownership as of Dec. 31, 2013
G: Fully consolidated E: Accounted for using the equity NC: Not consolidated				
Tarkett AB	Sweden	G	100%	100%
Tarkett AS	Norway	G	100%	100%
Tarkett OY	Finland	G	100%	100%
Tarkett Belux	Belgium	G	100%	0%
Tarkett INC. (Delaware) (TKT)	US	G	100%	100%
Tarkett Australia Pty. Ltd.	Australia	G	100%	100%
Tarkett A/S	Denmark	G	100%	100%
Tarkett Polska Sp.z.o.o.	Poland	G	100%	100%
Tarkett Jaslo	Poland	G	100%	0%
Fademac	Brazil	G	100%	100%
Tarkett Aspen Zemin AS	Turkey	G	70%	70%
Tarkett Flooring Mexico	Mexico	G	100%	0%
Laminate Park GmbH & Co KG	Germany	E	50%	50%
Tarkett Holding GmbH	Germany	G	100%	100%
Tarkett	France	Parent company	100%	100%
Tarkett Services	France	G	100%	100%
Tarkett GDL SA	Luxembourg	G	100%	100%
Tarkett Capital SA	Luxembourg	G	100%	100%
Tarkett SpA	Italy	G	100%	100%
Tarkett - Produtos Internacion	Portugal	G	100%	100%
Tarkett Monoprosopi Ltd.	Greece	G	100%	100%
Tarkett Floors S.A. Spain	Spain	G	100%	100%
Tarkett Asia Pacific Ltd.	Hong Kong	NC	0%	100%
Tarkett Hong Kong Ltd.	Hong Kong	G	100%	70%
Tarkett Floor Covering Co, Ltd	China	G	100%	70%
Tarkett Industrial Co, Ltd	China	G	100%	0%
Tarkett France	France	G	100%	100%
Tarkett Bois SAS	France	G	100%	100%
Fieldturf Tarkett SAS	France	G	100%	0%
Tarkett Inc.	Canada	G	100%	100%
ZAO Tarkett	Russia	G	100%	100%
ZAO Tarkett Rus	Russia	G	100%	100%
Tarkett Sommer OOO	Russia	G	100%	100%
Tarkett d.o.o.	Serbia	G	100%	100%
Tarkett SEE	Serbia	G	100%	100%
Tarkett UA	Ukraine	G	100%	100%
Tarkett Kazakhstan	Kazakhstan	G	100%	100%
Tarkett Kft	Hungary	G	100%	100%
Tarkett Bel	Belarus	G	100%	100%
Fieldturf Poligras SA	Spain	G	100%	100%
M.E.T. GmbH	Germany	G	100%	100%
Fieldturf Benelux BV	Netherlands	G	100%	0%
Desso BV	Netherlands	G	100%	0%
Desso Holding BV	Netherlands	G	100%	0%
Desso BV	Belgium	G	100%	0%
Tarkett Ltd.	Great Britain	G	100%	100%
Somalré	Luxembourg	G	100%	100%
Sintelon RS	Serbia	G	100%	100%
Sintelon doo	Serbia	G	100%	100%

Companies	Country	Consolidation method	% ownership as of Dec. 31, 2014	% ownership as of Dec. 31, 2013
Galerija Podova	Serbia	G	100%	100%
Galerija Podova - Sintelon	Bosnia	G	100%	100%
Sintelon UA	Ukraine	G	100%	100%
Vinisin	Ukraine	G	100%	100%
Tandus Centiva Inc	US	G	100%	100%
Nova Scotia Ltd	Canada	G	100%	100%
Tarkett Flooring Singapore	Singapore	G	100%	100%
Tandus Centiva US LLC	US	G	100%	100%
CAF Extrusion LLC	US	NC	0%	100%
Tandus Centiva Limited	Canada	G	100%	100%
Tandus Flooring Suzhou Co. Ltd.	China	G	100%	100%
Tandus Centiva GP	Canada	G	100%	100%
Tandus Flooring India	India	G	100%	100%
Tarkett Enterprises Inc.	US	G	100%	100%
Domco Products Texas Inc. (AZR)	US	G	100%	100%
Tarkett Alabama Inc. (NAF)	US	G	100%	100%
Tarkett Finance Inc.	US	G	100%	100%
Tarkett USA Inc. (DUS)	US	G	100%	100%
Texas Tile Manufacturing LLC	US	G	100%	100%
Tarkett IFA Inc.	US	NC	0%	100%
Fieldturf Inc.	Canada	G	100%	100%
L.E.R. Inc.	US	G	100%	0%
Easy Turf	US	G	51%	51%
Beynon Sport Surfaces Inc.	US	G	100%	100%
Fieldturf Tarkett USA Holding	US	G	100%	100%
Fieldturf USA Inc.	US	G	100%	100%
Johnsonite Inc.	US	NC	0%	100%
Johnsonite Canada Inc.	Canada	G	100%	100%
Diamond W	US	G	100%	100%

The percentages of equity and voting rights held for each entity of the Group are identical. They include put options, where applicable.

5.3 COMPANY FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014

BALANCE SHEET ASSETS - Presented

	Fiscal year ended 12/31/2014			12/31/2013	Change
	Gross	Prov.	Net	Net	
Start-up costs					
Research and development					
Concessions, patents and similar rights	17,722,588	10,368,566	7,354,022	5,625,438	1,728,584
Goodwill	3,939,892		3,939,892	3,939,892	
Other intangible assets	63,586		63,586	2,001,389	-1,937,803
Advances and deposits on intangible assets					
Land					
Buildings	105,795	62,957	42,838	61,818	-18,980
Technical facilities, equipment and machinery					
Other property, plant and equipment	4,055,080	1,250,942	2,804,138	579,848	2,224,290
Fixed assets under construction	3,243,699		3,243,699	3,812,102	-568,403
Advances and deposits					
Investments accounted for by the equity method					
Other equity investments	1,231,363,755		1,231,363,755	1,226,521,160	4,842,595
Receivables relating to equity investments					
Other fixed investments	1,324,858		1,324,858		1,324,858
Loans	413,582,836		413,582,836	405,663,250	7,919,586
Other financial assets	895,547		895,547	69,115	826,432
TOTAL (I)	**1,676,297,636**	**11,682,465**	**1,664,615,171**	**1,648,274,012**	**16,341,159**
Raw materials, supplies					
Work-in progress, goods					
Work-in-progess, services					
Intermediate and finished products					
Merchandise					
Advances and deposits on orders	8,221		8,221	6,250	1,971
Trade receivables	6,187,942		6,187,942	5,381,362	806,580
Other receivables					
. Supplier receivables				*94*	*-94*
. Personnel	*6,842*		*6,842*	*11, 905*	*-5,063*
. Social welfare bodies					
. Government, income taxes	*3,482,509*		*3,482,509*	*2,389,783*	*1,092,726*
. Government, revenue taxes	*2,692,970*		*2,692,970*	*2,444,153*	*248,817*
. Other	*488,791,194*		*488,791,194*	*296,331,228*	*192,459,966*
Share capital subscribed and called but not paid					
Marketable securities	2,439,600		2,439,600		2,439,600
Available funds	10,911,058		10,911,058	3,241,854	7,669,204
Cash Instruments	26,430,295		26,430,295	3,954	26,426,341
Expenses recorded in advance	3,761,962		3,761,962	2,773,036	988,926
TOTAL (II)	**544,712,593**		**544,712,593**	**312,583,618**	**232,128,974**
Charges allocated among several fiscal years (III)					
Bond redemption premiums (IV)					
Unrealized foreign exchange losses (V)	6,187,610		6,187,610	1,729,034	4,458,576
TOTAL ASSETS (0 to V)	**2,227,197,839**	**11,682,465**	**2,215,515,374**	**1,962,586,664**	**252,928,709**

BALANCE SHEET LIABILITIES - Presented in euros	Fiscal year ended 12/31/2014	12/31/2013	Change
Share capital, company or individual (of which paid up: 318,613,480)	318,613,480	318,613,480	0
Premiums (issuance, merger, contribution, etc.)	113,982,295	113,982,295	0
Revaluation differences			
Legal reserve	31,861,348	31,617,815	243,533
Statutory or contractual reserves			
Regulated reserves			
Other reserves			
Retained earnings	636,179,695	438,395,592	197,784,103
Results of the fiscal year	111,147,117	237,535,708	-126,388,591
Investment grants			
Regulated provisions	704,336	1,020,772	-316,436
TOTAL (I)	**1,212,488,271**	**1,141,165,661**	**71,322,610**
Proceeds from issuance of equity securities			
Conditional advances			
TOTAL (II)			
Provisions for risks	572,333	1,676,594	-1,104,261
Provisions for charges	9,933,775	7,301,148	2,632,627
TOTAL (III)	**10,506,108**	**8,977,741**	**1,528,366**
5.3.1 BORROWINGS AND DEBTS			
Convertible bonds			
Other bonds			
Borrowings and debts from credit institutions			
. Borrowings	*725,033,417*	*520,645,403*	*204,388,014*
. Bank overdrafts and loans			
Other borrowings and financial debt			
. Other			
. Shareholder			
Advances and deposits received on orders in progress			
Trade Payables	9,781,887	9,940,934	-159,047
Tax and social security liabilities			
. Personnel	*1,458,314*	*3,026,706*	*-1,568,392*
. Social welfare bodies	*854,690*	*1,243,037*	*-388,347*
. Government, income taxes			
. Government, revenue taxes	*41,506*	*200,111*	*-158,605*
. Government, guaranteed bonds			
. Other taxes and related	*502,928*	*562,877*	*-59,949*
Liabilities on fixed assets	2,823,032	1,341,000	1,482,032
Other liabilities	246,164,950	273,822,365	-27,657,415
Cash Instruments			
Income recorded in advance			
TOTAL (IV)	**986,660,724**	**810,782,433**	**175,878,291**
Unrealized foreign exchange gains (V)	5,860,274	1,660,829	4,199,445
TOTAL LIABILITIES (I to V)	**2,215,515,374**	**1,962,586,664**	**252,928,709**

Income statement Presented in euros	Fiscal year ended **12/31/2014**			**12/31/2013**	**Change**	**%**
	France	Exports	Total	Total		
Sales of merchandise						
Produced goods sold						
Produced services sold	6,743,290	24,178,285	30,921,575	28,191,508	2,730,067	9.68
Net revenue	**6,743,290**	**24,178,285**	**30,921,575**	**28,191,508**	**2,730,067**	**9.68**
Inventory						
Capitalized production						
Operating subsidies received						
Reversal of depreciation and provisions, transfer of expenses			574,580	36,466	538,114	
Other income			25,314	0	25,314	
Total operating income			**31,521,469**	**28,227,974**	**3,293,495**	**12.87**
Purchases of merchandise for resale (including customs duties paid)						
Change in inventories (merchandise)						
Purchases of raw materials and other supplies				144	-144	-100
Changes in inventory of raw materials and other supplies						
Other purchases and external expenses			23,410,874	33,406,103	-9,995,229	-29.92
Taxes and similar payments			1,203,051	1,085,176	117,875	10.86
Salaries and wages			6,507,062	8,530,231	-2,023,169	-23.72
Social security contributions			3,038,464	3,434,336	-395,872	-11.53
Allocations to depreciation on fixed assets			4,598,623	3,483,639	1,114,984	32.01
Allocations to provisions on fixed assets						
Allocations to provisions on current assets						
Allocations to provisions for risks and expenses			2,337,183	7,224,000	-4,886,817	-67.65
Other expenses			280,898	198	280,700	
Total operating expense			**41,376,155**	**57,163 828**	**-15,787,673**	**-27.62**
OPERATING RESULT			**-9,854,686**	**-28,935,854**	**19,081,168**	**65.94**
Allocated gain or transferred loss						
Loss borne or gain transferred						
Financial income from equity investments			115,944,088	268,171,128	-152,227,040	-56.76
Income from other securities			18,969,644	17,830,474	1,139,170	6.39
Other interest and similar income			251,146	234,528	16,618	7.09
Reversal of provisions and transfer of expenses						
Foreign exchange gains						
Net income from disposals of marketable securities						
Total financial income			**135,164,878**	**286,236,130**	**-151,071,252**	**-52.78**
Financial allocations to depreciation and provisions						
Interest and similar expense			15,478,680	18,677,059	-3,198,379	-17.12
Foreign exchange losses			341,431	1,070,608	-729,177	-68.11
Net income from disposals of marketable securities						
Total financial expenses			**15,820,111**	**19,747,667**	**-3,927,556**	**-19.88**

FINANCIAL RESULT	**119,344,767**	**266,488,462**	**-147,143,695**	**-55.22**
CURRENT RESULT BEFORE TAXES	**109,490,081**	**237,552,608**	**-128,062,527**	**-53.91**
Exceptional operating income	7,000	47,229	-40,229	-85.18
Exceptional income on capital transactions				
Reversal of provisions and transfer of expenses	740,786	1,116,378	-375,592	-33.64
Income from disposals of assets	500		500	
Other exceptional income	42,444		42,444	
Total exceptional income	**790,730**	**1,163,607**	**-372,877**	**-32.04**
Exceptional operating expense	12,501	26,000	-13,499	-51.92
Exceptional expense on capital transactions	1,358,976		1,358,976	
Exceptional allocations to depreciation and provisions	484,792	242,646	242,146	99.79
Other exceptional expenses	73,296		73,296	
Total exceptional expenses	**1,929,565**	**268,646**	**1,660,919**	**618.26**
EXCEPTIONAL RESULT	**-1,138,835**	**894,961**	**-2,033,796**	**-227.25**
Employee profit-sharing				
Income tax	2,795,870	-911,862	3,707,732	406.61
Total Income	**170,272,947**	**315,627,711**	**-145,354,764**	**-46.05**
Total expenses	**59,125,831**	**78,092,003**	**-18,966,172**	**-24.29**
NET PROFIT	**111,147,117**	**237,535,708**	**-126,388,591**	**-53.21**
Equipment leasing				
Property leasing				

5.4 NOTES

5.4.1 ACCOUNTING RULES AND PRINCIPLES

General accounting conventions were applied in compliance with the principle of prudence and in accordance with the following assumptions:
- continuity of operations;
- maintenance of accounting principles from one fiscal year to the next; and
- independence of fiscal years;

and in accordance with the general rules concerning preparation and presentation of annual accounts.
The basic method used to value recorded items is the historical cost method.
The main methods used are detailed below.

5.4.2 TANGIBLE AND INTANGIBLE ASSETS

The primary method used to value recorded items is the historical cost method.
The main methods used are as follows:

Intangible Assets

Intangible assets primarily comprise licenses, software and capitalization of external costs for implementing software within the Group's subsidiaries, grouped together under the item "concessions and patents".

Gross value consists of acquisition cost.

Software licenses are depreciated on a straight-line basis over a period of 1 to 5 years.

For tax purposes, software licenses are depreciated over a period of 1 year. Accelerated tax depreciation is recorded in that regard.

Property, Plant and Equipment

Property, plant and equipment primarily constitute office equipment, computer equipment, fixtures and facilities.

The gross value of these items corresponds to their initial value upon acquisition, taking into account the costs required to make them usable.

Depreciation is calculated on a linear basis over the expected useful life of the items.

Depreciation for impairment is calculated on a linear or declining balance basis depending on the expected useful life:

IT Software	1 to 3 years
Licenses	
Office and IT equipment	3 years

Other tangible assets	3 years

5.4.3 Financial assets and marketable securities

Financial assets primarily comprise equity securities and guarantees paid.

Gross value consists of acquisition cost, excluding fees.

Where the use value is lower than the gross value, an impairment provision is recorded for the difference. The use value is calculated based on criteria such as the net condition, changes in profitability and value in use of the subsidiary. The following items may also be taken into consideration for this valuation: expertise, profitability, and shareholders' equity.

5.4.4 Receivables and liabilities

Receivables and liabilities are valued at their nominal value.

Receivables, where necessary, have been impaired by provision to take into account likely difficulties in recovery.

5.4.5 Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate as of the date of the transaction.

Assets and liabilities denominated in foreign currency as of the balance sheet date are converted into euros using the exchange rate on such date. Exchange differences resulting form the conversion are recorded in conversion rate adjustments. Unrealized exchange losses that are not offset and not covered by hedging instruments are the subject of provisions for risk.

5.4.6 Provisions

1 - Provisions for pensions and similar obligations

Provisions have been calculated by an outside actuary on the basis of data as of December 31, 2014, in accordance with the main assumptions described below:

- inflation rate: 2%
- discount rate: 2.4%
- salary indexation rate: 3%
- retirement age: 65.

2 - Other provisions for risks and expenses

Provisions are recorded at the end of the fiscal year to cover risks and expenses relating to the following:

- exchange rate risks

- obligation of the Company to a third party likely or certain to result in an outflow of resources without expected return.

5.4.7 Provision for long term incentive plans for employees

The Tarkett Group, of which Tarkett is the holding company, implemented long-term incentive plans in 2011, 2012 and 2013, providing for grants of free shares to employees and officers of the Tarkett Group based on Group performance. The plans are known as "LTIPs".

Under these plans, certain employees and officers of the Group have received free shares subject to the conditions of (i) remaining with the Group for the duration of the vesting period and (ii) achievement of performance criteria, such that the total number of shares delivered will be between 0 and 1.5 times the number of shares originally granted, depending on the degree to which the Company achieves its performance objectives. These objectives are based on the Group's EBITDA and net debt during the plan period in question.

In accordance with CNC (the French accounting regulation agency) Notice No. 2008-17 dated November 6, 2008 on the accounting treatment of free share grant plans for employees, a provision of €7,825,835 was recorded as of December 31, 2014 (€6,863,000 as of December 31, 2013) to cover Tarkett's obligation to deliver shares to the beneficiaries at the time of the definitive share grant.

The provision relating to shares not distributed at the balance sheet date in connection with the LTIP 2011 is based on a share price of €24, the buyback price for these shares in July 2014.

The provisions for the LTIP 2012 and LTIP 2013 plans is the product of the number of shares valued at the balance sheet date and the price of a Tarkett share on December 31, 2014, or €17.90.

5.4.8 Significant Events

Capital Increase of Fieldturf Tarkett SAS

In accordance with resolutions adopted on December 19, 2014, Fieldturf Tarkett SAS carried out a capital decrease by imputation of previous years' losses (retained earnings) for a total of €4,843 thousand. On the same day and for the same amount, Tarkett carried out a capital increase of its subsidiary Fieldturf Tarkett SAS by issuance of new shares, fully paid in cash exclusively by offset of receivables.

Thus, Fieldturf Tarkett SAS's share capital remained unchanged at €8,639 thousand and Tarkett remained the only shareholder following the transaction.

As of December 31, 2014, the value of Fieldturf Tarkett SAS's shares on Tarkett's balance sheet was €25,451 thousand (previously €20,602 thousand).

Tarkett became the direct shareholder of Tarkett Finance Inc.

On December 23, 2014, in connection with a reorganization of the Group's structure, Tarkett became the sole and direct shareholder of Tarkett Finance Inc. (USA), a holding company for the Group's U.S. operational subsidiaries, previously held by Tarkett Inc. (Canada). This reorganization transaction was recorded in Tarkett's accounts as follows:

- recording the shares of Tarkett Finance Inc. on the balance sheet for the amount of €287,952 thousand, corresponding to the external valuation of USD 353,000 thousand obtained in connection with the transaction;
- a reduction in the value of the shares of Tarkett Inc.

(Canada) in the same amount, in other words a decrease of €287,952 thousand. The value of the shares of Tarkett Inc. (Canada) now appears on the balance sheet in the amount of €33,224 thousand (previously €321,176 thousand).

Change of address of registered office

As of March 1, 2015, the Group's has relocated its registered office to 1 Terrasse Bellini - Tour Initiale - 92919 Paris La Défense.

Entry into a Liquidity Agreement

In August 2014, a liquidity agreement was put in place for an initial amount of €2,800,000.

5.4.9 SUBSEQUENT EVENTS

No post-closure events were noted at the time of finalization of the 2014 annual accounts.

Statement of Fixed Assets

	Gross value of Fixed Assets at the beginning of the fiscal year	Increases	
		Revaluation during the fiscal year	Acquisitions, creations, inter-item transfers
Start-up costs, research and development			
Other intangible assets	18,086,940		5,640,515
Land			
Construction on own land			
Construction on third-party land			
General facilities, fixtures, constructions	105,795		
Technical facilities, equipment and machinery			
Other facilities, fixtures, improvements			
Transportation equipment			
Office equipment, IT equipment, furniture	1,099,491		2,955,588
Recoverable packaging and other			
Property, plant and equipment in progress	3,812,102		3,243,698
Advances and deposits			
TOTAL	**23,104,328**		**11,839,801**
Investments accounted for by the equity method			
Other equity investments	1,226,521,160		4,842,595
Other fixed investments			1,324,858
Loans and other financial assets	405,732,365		7,850,471
TOTAL	**1,632,253,525**		**14,017,924**
TOTAL GENERAL	**1,655,357,853**		**25,857,725**

	Decreases		Gross value fixed assets at end of fiscal year	Leg. Reev. Orig. Val. at end of fiscal year
	By inter-item transfer	By disposal or decommissioning		
Start-up costs, research and development				
Other intangible assets	2,001,389		21,726,066	
Land				
Construction on own land				
Construction on third-party land				
General facilities, fixtures, constructions			105,795	
Technical facilities, equipment and machinery				
Other facilities, fixtures, improvements				
Transportation equipment				
Office equipment, IT equipment, furniture			4,055,080	
Recoverable packaging and other				
Property, plant and equipment in progress	3,812,102		3,243,699	
Advances and deposits				
TOTAL	**5,813,491**		**29,130,640**	
Investments accounted for by the equity method				
Other equity investments			1,231,363,755	
Other fixed investments			1,324,858	
Loans and other financial assets			414,478,383	
TOTAL			**1,647,166,996**	
TOTAL GENERAL	**5,813,491**		**1,676,297,636**	

Statement of Depreciation

	Changes in the period			
	Beginning of the fiscal year	Changes during the fiscal year	Write-backs on disposals	End of fiscal year
Start-up costs, research				
Other intangible assets	6,520,221	3,848,345		10,368,566
Land				
Construction on own land				
Construction on third-party land				
General facilities, fixtures, constructions	43,977	18,980		62,957
Technical facilities, equipment and machinery				
General facilities, other fixtures				
Transportation equipment				
Office equipment, IT equipment, furniture	519,643	731,299		1,250,942
Recoverable packaging and other				
TOTAL	**563,620**	**750,279**		**1,313,899**
TOTAL GENERAL	**7,083,841**	**4,598,624**		**11,682,465**

	Breakdown of depreciation charges for the fiscal year			Movements affecting the provisions for accelerated depreciation	
	Linear	Declining-balance	Exceptional	Additions	Reversals
Start-up costs, research					
Other intangible assets	3,848,345				
Land					
Construction on own land					
Construction on third-party land					
General facilities, fixtures, constructions	18,980				
Technical facilities, equipment and machinery					
General facilities, other fixtures					
Transportation equipment					
Office equipment, IT equipment, furniture	731,299				
Recoverable packaging and other					
TOTAL	**750,279**				
TOTAL GENERAL	**4,598,624**				

Statement of Provisions

PROVISIONS	Beginning of the fiscal year	Increases	Decreases Reversals	End of fiscal year
For reconstruction of deposits				
For investments				
For price increases				
Accelerated depreciation	1,020,772	165,178	481,614	704,336
Exceptional 30% increases				
For setting up abroad prior to Jan. 1, 1992				
For setting up abroad after Jan. 1, 1992				
For start-up loans				
Other regulated provisions				
TOTAL	**1,020,772**	**165,178**	**481,614**	**704,336**
For litigation				
For customer warranties				
For losses on futures contracts				
For fines and penalties				
For foreign exchange losses				
For provisions for pensions and obligations	438,148	60,442		498,590
For taxes				
For replacement of fixed assets				
For major repairs				
For paid vacation expenses				
Other provisions	8,539,594	2,337,183	869,258	10,007,518
TOTAL	**8,977,741**	**2,397,625**	**869,258**	**10,506,108**
On intangible assets				
On tangible assets				
On investments accounted for by the equity method				
On equity securities				
On other financial assets				
On inventories and work in progress				
On customer accounts				
Other impairment				
TOTAL Impairment				
TOTAL GENERAL	**9,998,513**	**2,562,803**	**1,350,872**	**11,210,444**
o Additions and reversals:				
o operational				
o financial		2,337,183	611,790	
o exceptional				
o exceptional		225,620	739,082	

The item “Other Provisions” changed primarily due to 2014 changes in the long-term incentive plans as well as due to a provision for charges in connection with the transfer of the Company’s registered office from Nanterre to La Défense.

Statement of maturities of receiveables and liabilities

STATEMENT OF RECEIVABLES	Gross amount	Up to one year	More than 1 year
Receivables relating to equity investments			
Loans	413,582,836		413,582,836
Other financial assets	895,547	85,132	810,415
Doubtful or disputed customers			
Advances and deposits on orders	8,221	8,221	
Other customer receivables	6,187,942	6,187,942	
Receivables on securities lent			
Personnel and related receivables	6,842	6,842	
Social security and other social welfare agencies			
State and other public authorities:			
o Income tax	3,482,509	3,482,509	
o VAT	2,692,970	2,692,970	
o Other taxes and related payments			
o Other			
Group and shareholders	488,787,898	488,787,898	
Other debtors	3,296	3,296	
Expenses recorded in advance	3,761,962	3,761,962	
TOTAL GENERAL	**919,410,023**	**505,016,772**	**414,393,251**
Amount of loans granted during the year			
Repayments of loans during the year			
Loans and avances to shareholders			

STATEMENT OF LIABILITIES	Gross amount	Up to one year maximum	More than 1 year Up to 5 years	More Than 5 years
Convertible bonds				
Other bonds				
Borrowings and debts from credit institutions:				
o up to 1 year maximum	35,456,076	35,456,076		
o More than 1 year	688,577,341		688,577,341	
Other borrowings and financial debt				
Trade payables	9,781,887	9,781,887		
Personnel and related receivables	1,458,314	1,458,314		
Social security and other social welfare agencies	854,690	854,690		
State and other public authorities:				
o Income tax				
o VAT	41,506	41,506		
o Guaranteed bonds				
o Other taxes	502,928	502,928		
Payables on fixed assets	2,823,032	2,823,032		
Group and shareholders				
Other liabilities	246,164,950	246,164,950		
Debt representing borrowed securities				
Prepaid income				
TOTAL GENERAL	**986,660,724**	**298,083,383**	**688,577,341**	
Loans subscribed during the year				
Loans repaid during the year				
Loans and debts entered into with shareholders				

Table of supplier payment terms

Trade payables	Total	Not yet due	Less than 30 days overdue	From 30 to 60 days overdue	From 60 to 90 days overdue
As of 12/31/2014	2,348,395	306,442	1,340,032	354,785	347,136
As of 12/31/2013	574,809	166,197	-42,879	107,912	343,579

Items relating to more than one balance sheet item
(Related enterprises or enterprises with which the Company has equity links)

	Amount concerning enterprises		Amount of
	Related	With which the Company has an equity link	Liabilities and receivables represented by bills of exchange
Share capital not called			
Advances and deposits on intangible assets			
Advances and deposits on intangible assets			
Equity investments	1,231,363,755		
Receivables relating to equity investments			
Loans	420,315,167		
Other fixed investments			
Other financial assets			
Advances and deposits on orders			
Customer receivables			
Other receivables	355,324,326		
Share capital subscribed and called but not paid			
Marketable securities			
Available funds			
Convertible bonds			
Other bonds			
Borrowings and debts from credit institutions			
Other borrowings and financial debt			
Advances and deposits received on orders in progress			
Trade payables			
Tax and social security liabilities			
Payables on fixed assets			
Other liabilities	114,996,910		
Income from equity investments	115,917,350		
Other financial income	18,996,382		
Financial expenses	1,175,823		

Goodwill

DESCRIPTION	Purchased	Revalued	Received in contribution	Amount
Merger loss - Partholdi			3,939,892	3,939,892

Proceeds and credit notes to be received

Amount of proceeds and credit notes to be received included in the following balance sheet items	Amount including tax
FINANCIAL ASSETS	
o Receivables relating to equity investments	
o Other financial assets	
RECEIVABLES	
o Customer receivables	
o Other receivables (including assets to receive)	608,626
MARKETABLE SECURITIES	
AVAILABLE FUNDS	
TOTAL	**608,626**

Expenses to be paid and credit notes to be issued

Amount of proceeds and credit notes to be received included in the following balance sheet items	Amount including tax
Convertible bonds	
Other bonds	
Borrowings and debts from credit institutions	1,955,654
Other borrowings and financial debt	19,473
Trade Payables	7,049,911
Tax and social security liabilities	1,801,509
Payables on fixed assets	
Other liabilities (including credit notes to be issued)	3,254
TOTAL	**10,829,801**

Income and expenses recorded in advance

	Expenses	Income
Operating Expenses/Income	3,205,592	
Financial Expenses/Income	556,370	
Exceptional Expenses/Income		
TOTAL	**3,761,962**	

Breakdown of net revenues

Breakdown by type of activity	Amount
Sales of merchandise	
Sales of finished products	
Services	30,921,575
TOTAL	**30,921,575**

Breakdown by geographic market	Amount
France	6,743,290
Abroad	24,178,285
TOTAL	**30,921,575**

Financial commitments

1 - Discounted bills pending maturity

NONE

2 - Guarantees

	Commitments given	Maximum commitments		
Barclays Madrid	€836,000	€2,000,000	Credit Line	Poligras
Barclays London	GBP 0	GBP 1,500,000	Credit Line	Tarkett Ltd.
Petrofina	€2,500,000	€5,000,000	[B&S] Orders	Morton Extrusion Technik
BECM	€0	€55,000,000	Credit Line	Tarkett France

3 - Other commitments given

	Commitments given	Maximum commitments		
Beneficiary		Amount	Purpose	In favor of
Federal Insurance Company	USD 75,000,000	USD 75,000,000	Completion guarantees	Fieldturf Inc.
Bank syndicate	USD 0	USD 100,000,000	Syndicated Credit Line	Tarkett Finance Inc.
Pri-Pensionsgaranti	SEK 173,104,100	SEK 173,104,100	Retirement commitments	Tarkett AB
Banque Générale du Lux.	€1,766,500	€2,500,000	Credit Line	Laminate Park GmbH
Fortis GmbH	€1,766,500	€2,500,000	Credit Line	Laminate Park GmbH
SETEPP	€482,000	€482,000	Rent	

4 - Exchange rate derivative instruments

Counterparty	Amount	Nature	Expiration Date
Bank	HKD 1,000,000	Currency swap	March-15
Bank	GBP 4,100,000	Currency swap	March-15
Bank	AUD 1,500,000	Currency swap	March-15
Bank	SEK 43,000,000	Currency swap	Jan.-15
Bank	USD 80,520,000	Currency swap	Jan.-15 & March-15
Bank	PLN 91,600,000	Currency swap	Jan.-15

These financial instruments were entered into for hedging purposes

5 - Interest rate derivative instruments

Counterparty	Amount in €	Nature	Expiration Date
Bank	80,000,000	Guaranteed interest rate options	June-15
Bank	98,838,646	Guaranteed interest rate options	Sept.-16 & Sept.-17

6 - Other commitments received

As of 12/31/2014, Tarkett has €293.7 million available to be drawn down on confirmed revolving credit lines and €55 million on non-confirmed revolving credit lines or overdrafts.

7 - Commitments related to the individual right to training

The number of cumulative hours of training rights acquired pursuant to the individual right to training totaled 3,120 hours as of Decembe 31, 2014. Of this amount, 164 hours have been requested.

Breakdown of Income Tax

	Profit before income tax	Taxes
Current result	109,490,081	2,795,870
Exceptional result (and investments)	-1,138,835	
Accounting result	111,147,117	

Breakdown of Income Tax

Nature of the income tax	2014 Tax	2013 Tax
3% contribution on dividends	-1,185,241	-3,715,806
Tax consolidation income	3,972,117	2,864,442
Tax credits	8,994	1,600
Other		-62,098
Total	**2,795,870**	**-911,862**

Tax consolidation

Tarkett opted for the tax consolidation regime as from January 1, 2009 for calculation of the corporate income tax as well as for the additional contribution on this tax.

In 2009, Tarkett put in place a tax consolidation group with its French subsidiaries: Fieldturf Tarkett SAS and Tarkett France SAS. In 2012, Tarkett Bois entered the tax consolidation group.

Income tax expense is borne by each of the consolidated companies as it would be in the absence of a tax consolidation option.

Any tax savings resulting from the consolidation is recorded on Tarkett's accounts.

Deferred and unrealized tax position

	BASES (IN THOUSANDS OF EUROS)			TAXES* (IN THOUSANDS OF EUROS)		
	Beginning of the fiscal year 01/01/2014	Changes during the year	End of fiscal year 12/31/2014	Beginning of the fiscal year 01/01/2014	Changes during the year	End of fiscal year 12/31/2014
Non-deductible expenses:						
Unrealized exchange gains/losses	263	-271	-8	91	-93	-3
Organic	49	0	49	17	0	17
Provisions	1,345	-37	1,308	463	-13	450
Pension provisions	438	76	514	151	26	177
Total deferred/unrealized taxes	**2,095**	**-232**	**1,863**	**722**	**-80**	**641**
Deficit in own funds	33,214	2,683	**35,897,458**	11,435,580	924	**12,359**
Deficit related to tax consolidation	-23,051	-9,730	**-32,781,053**	-7,936,471	-3,350	**-11,287**
Total deficit that may be carried over for tax purposes	**10,163**	**-7,047**	**3,116,405**	**3,499,109**	**2,426**	**1,073**

*Tax rate = 34.43%

Compensation of Senior Executives

	Amount
COMPENSATION ALLOCATED TO MEMBERS:	
- of management bodies	2,523,388
- of supervisory bodies	482,677

Average Headcount

	Salaried personnel	Personnel made available to the company
Executives	45	
Supervisors and technicians	4	
Employees	0	
Workers	0	
TOTAL	**49**	

Related Parties

Transactions carried out by the company with related parties are entered into under ordinary market conditions.

Identify of Parent Companies Consolidating the Company's Accounts

Société d'Investissement Deconinck (SID) holds more than 50.18% of the Company. As a result, Tarkett is fully consolidated.

Shareholders' Equity

Changes in shareholders' equity	Amount at the beginning of the fiscal year	Results of the fiscal year	Capital transactions	Allocation of results	Dividends paid	Amount at the end of the fiscal year
Share capital, company or individual	318,613,480					318,613,480
Issuance, merger, and contribution premiums	113,982,295					113,982,295
Revaluation surplus						
Legal reserve	31,617,815			243 533		31,861,348
Statutory or contractual reserves						
Regulated reserves						
Other reserves						
Retained earnings	438,395,592			237,292,175	39,508,072	636,179,695
Results of the fiscal year	**237,535,708**	**111,147,117**		**237,535,708**		**111,147,117**
Total net situation	**1,140,144,890**	**111,147,117**			**39,508,072**	**1,211,783,935**
Investment grants						
Regulated provisions	1,020,772	316,436				704,336
Shareholders' Equity	**1,141,165,662**	**111,463,553**				**1,212,488,271**

Composition of Share Capital

	Number	Par value
Shares comprising the share capital at the beginning of the fiscal year	63,722,696	5.00
Shares issued during the fiscal year		
Shares repaid during the fiscal year		
Shares comprising the share capital at the end of the fiscal year	63,722,696	5.00

Table of Subsidiaries and Equity Investments

A - Detailed information on subsidiaries and equity investments

- Subsidiaries (more than 50% of share capital held)

Subsidiaries and equity investments	Share capital	Reserves and retained earnings	Share of capital held (in %)	Gross value of securities held	Net value of securities held	Loans and avances granted by the Company	Guarantees given by the Company	Revenues excl. tax of previous fiscal year	Result of previous fiscal year	Dividends received by the Company during the year
Tarkett GDL (in thousands of euros)	274,123	114,847	100	498,050	498,050			202,972	21,621	
Fieldturf Tarkett (in thousands of euros)	8,639	3,729	100	25,451	25,451			41,034	-1,687	
Tarkett Inc. (in thousands of CAD)	144,300	-2,569	100	€33,224K	€33,224K			89,776	-121,203	
Tarkett Finance Inc. (in thousands of USD)	424,863	20,622	100	€287,952K	€287,952K			-	-17,503	
Tarkett Doo (in thousands of euros)	64,264	9,662	100	252,605	252,605			112,322	70,280	68,400
Tarkett Services (in thousands of euros)	50	-	100	50	50					

Equity investments (10-50% of capital held)

Zao Tarkett (in thousands of euros)	15,254	72,149	50	134,030	134,030			348,809	59,233	47,517

B - Overall information concerning other subsidiaries and equity investments

- Subsidiaries not included in A:

a) French	
b) Foreign	

- Equity investments not included in A:

a) French	
b) Foreign	

<u>Additional Information</u>

With respect to transactions in securities, please see “Significant Events”.

5.5 RESULTS OF THE LAST FIVE YEARS

Results of the Company over the last five years (and other characteristic items)

Nature of information (in euros)	Fiscal Year 12/31/2014	Fiscal Year 12/31/2013	Fiscal Year 12/31/2012	Fiscal Year 12/31/2011	Fiscal Year 12/31/2010
Capital at end of fiscal year:					
Share capital	318,613,480	318,613,480	316,108,260	316,108,260	316,108,260
Number of existing ordinary shares	63,722,696	63,722,696	15,144,176	15,144,176	15,144,176
Number of existing shares with preferred dividend rights (non-voting)	-	-	661,237	661,237	661,237
Maximum number of future shares to be created					
- by conversion of bonds	-	-	-	-	-
- by exercise of subscription rights	-	-	-	-	-
Operations and results of the fiscal year:					
Revenues, excl. tax	30,921,575	28,191,508	29,323,169	20,843,277	17,864,603
Result before taxes, employee participation and allocation to depreciation and provisions	114,456,478	248,281,477	160,634,147	127,344,097	281,395,323
Income tax	2,795,870	(911,862)	5,088,731	2,794,375	3,039,463
Allocations to depreciation and provisions	(6,105,232)	(24,595,907)	(3,466,539)	(2,462,170)	(92,702)
Result after taxes, employee participation and allocation to depreciation and provisions	111,147,117	222,773,708	162,256,340	127,676,302	284,342,083
Result distributed for the fiscal year in question	39,508,072	125,430,592	-	104,789,888	-
Earnings per share:					
Result after taxes and employee participation but before allocation to depreciation and provisions	1.84	3.88	10.49	8.23	18.00
Result after taxes, employee participation and allocation to depreciation and provisions	1.74	3.50	10.27	8.08	17.99
Dividend allocated to each share, net of tax credit (1)	0.62	2.00	-	7.00	-
Workforce:					
Average workforce employed during the year	50	48	50	50	47
Amount of payroll for the year	6,507,062	8,530,231	6,085,840	4,989,011	5,193,884
Amount paid in employee benefits for the year (social security, service projects)	3,038,464	3,434,336	2,558,859	2,275,486	2,226,442

(1) 2013: Dividend of 8 euros on the basis of old shares, of which the par value was divided by 4

5.6 TABLES OF SUBSIDIARIES AND EQUITY INVESTMENTS

5.6.1 PRINCIPAL SUBSIDIARIES

The Group consists of Tarkett and its subsidiaries (See Section 1.7 “Simplified Organizational Chart”.

Tarkett is the Group’s parent company and the head of the French tax consolidation group that has been in place since January 1, 2009.

The Company’s principal direct and indirect subsidiaries as of December 31, 2014 are described below. None of the Group’s subsidiaries is a listed company.

Tarkett GDL S.A. is a Luxembourg limited liability corporation (*société anonyme*) with share capital of €274,123,080, the registered office of which is located at 2, Op der Sang, L-9779, Lentzweiler, Luxembourg. It is registered with the Trade and Companies Register of Luxembourg under number B 92.165. Tarkett holds all of the share capital and voting rights of Tarkett GDL S.A., the principal activity of which is the manufacture of resilient flooring, primarily for the residential market. Tarkett GDL S.A. is the head of the group of subsidiaries making up the EMEA segment, and also houses the Group’s research and development activities.

Tandus Centiva Inc. (formerly Tandus Flooring Inc.) is a U.S. company with share capital of USD 10, the registered office of which is located at Corporate Trust Center, 1209 Orange Street, Wilmington, DE, 19801, County of New Castle, United States of America. It is incorporated in Delaware under number 58 2151061. Tarkett Enterprises Inc. directly holds all of the share capital and voting rights of Tandus Centiva Inc., the principal activity of which is the design, manufacture and sale of carpet flooring and the sale of LVT manufactured by another subsidiary of the Group, mainly in the United States.

ZAO Tarkett is a Russian non-listed stock company with share capital of RUB 376,000,000, the registered office of which is located at 1, Promishlenaya zona, Otradny, Samara Oblast 446300, Russia. It is registered under number 1026303207226. Tarkett directly and indirectly holds all of the share capital and voting rights of ZAO Tarkett, the principal activity of which is the manufacture of vinyl flooring, primarily for residential customers in the CIS region.

ZAO Tarkett RUS is a Russian non-listed stock company with share capital of RUB 10,000, the registered office of which is located at prospekt Andropova, d. 18, korp. 7, 115432, Moscow, Russia. It is registered under number 1027739892730. Tarkett indirectly holds all of the share capital and voting rights of ZAO Tarkett RUS, the principal activity of which is the distribution of flooring (primarily vinyl, wood and laminate) throughout Russia.

Tarkett AB is a Swedish limited liability company with share capital of SEK 43,000,000, the registered office of which is located at 10 Blekingelän 372 81 Ronneby, Sweden. It is registered with the Ronneby Trade Register under number 556003-9967. Tarkett indirectly holds all of the share capital and voting rights of Tarkett AB, the principal activity of which is the production of resilient flooring for the commercial market, as well as the production of wood flooring. This company also carries out the distribution in Sweden of flooring products manufactured at the EMEA segment’s other sites.

Tarkett France is a French simplified stock company (*société par actions simplifiée*) with share capital of €7,700,000, the registered office of which is located at 1 Terrasse Bellini – Tour Iniale – 92919 Paris La Defense, France. It is registered with the Nanterre Trade and Companies Register under number 410 081 640. Tarkett indirectly holds all of the share capital and voting rights of Tarkett France, the principal activity of which is the manufacture and marketing of vinyl flooring for the commercial market and the marketing of flooring products manufactured by other EMEA segment sites in France.

FieldTurf Tarkett SAS is a French simplified stock company (*société par actions simplifiée*) with share capital of €8,639,050, the registered office of which is located at 1 Terrasse Bellini – Tour Iniale – 92919 Paris La Defense,, France. It is registered with the Nanterre Trade and Companies Register under number 452 835 242. Tarkett indirectly holds all of the share capital and voting rights of Fieldturf Tarkett SAS, the principal activity of which is the manufacture, marketing and installation of sports surfaces.

See Note 30 in Section 5.2, “Notes to the Consolidated Financial Statements”, for a list of consolidated subsidiaries. A breakdown of the Group’s 2014 consolidated net revenues by geographic zone is set forth in Section 4.1.2, “Net revenues by Segment”.

5.6.2 RECENT ACQUISITIONS AND DISPOSALS

Acquisitions

The Group’s 2014 acquisitions are described in Section 4.1.1.7, “Acquisitions”.

Simplification Transactions

In January 2013, Installations Sportives Defargo Inc. merged with Tarkett Inc.

As of July 1, 2013, Tandus Group, Inc. was merged with Tandus Flooring, Inc., and Tarkett Texas Holding Inc. was merged with Texas Tile Manufacturing LLC.

As of January 1, 2014, CAF Extrusion was merged with Tandus Flooring, Inc., which became Tandus Centiva Inc. as of the same date. As of January 1, 2014, Tarkett IFA Inc. was merged with Tarkett Enterprises Inc., and Johnsonite Inc. was merged with Tarkett USA Inc.

5.7 DIVIDEND DISTRIBUTION POLICY

The following table presents total dividends and net dividends per share distributed by the Company during the last three fiscal years.

	Year distributed		
	2014	2013[3]	2012
Total dividends (*in millions of euros*)..........................	39.5 [1]	124.80 [1] [2]	0[1] [2]
Net dividends per share (*in euros*)	0.62	2.00	0

(1) The amounts presented in the table represent total dividends after deduction of the dividend on treasury shares held by Tarkett GDL and by the Company.

(2) The total amount of the dividend was €130.0 million. The amount shown in the table represents the total amount after deduction of the share of the dividend paid to Partholdi, which merged into Tarkett in November 2013.

(3) The net dividend per share is shown before division of the par value by four in connection with the pre-IPO reorganization on November 21, 2013, which had the effect of multiplying the number of existing ordinary shares of the Company by four.

In accordance with French law and the Company's Bylaws adopted on November 21, 2013, the General Shareholders' meeting may decide to distribute a dividend upon a proposal of the Management Board and in view of the Supervisory Board's report.

The Company's dividend distribution policy reflects the Company's results of operations and financial condition, the realization of its objectives and the dividend distribution policies of its principal subsidiaries. Assuming no major acquisitions, the Company's goal is to distribute annual dividends representing approximately 40% of the Group's consolidated net profit attributable to owners of the Company. The Company can give no assurance, however, that this objective will be met. Future dividends will depend on the general condition of the Group's business and other factors deemed relevant by the Management Board.

For 2014, the Management Board will propose a dividend of €0.38 per share, corresponding to 40% of the Group's consolidated net profit attributable to owners of the Company.

5.8 STATUTORY AUDITOR FEES

	2014			2013		
Amount in thousands of euros (excluding taxes)	KPMG S.A.	MAZARS	PRAXOR AUDIT S.A.	KPMG S.A.	MAZARS	PRAXOR AUDIT S.A.
Audit						
Statutory audit, certification, audit of the individual company and consolidated financial statements	1,375	608	91	2,317	-	239
Other services directly related to the statutory audit assignment	51	-	-	107	-	10
Subtotal	*1,427*	*608*	*91*	*2,424*	-	*249*
Other services rendered by the firms to fully consolidated subsidiaries						
Legal, tax, employee-related	115	-	-	19	-	-
Other	-	-	-	-	-	-
Subtotal	*115*	-	-	*19*	-	-
Total	**1,542**	**608**	**91**	**2,443**	**-**	**249**

5.9 STATUTORY AUDITORS' REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying consolidated financial statements of Tarkett;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; these standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group and of the results of its operations in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Notes "2. Significant Accounting Principles", "8. Income Tax Expense" and "20. Deferred Taxes", which discuss the effect of the application as of January 1, 2014 of IAS 12.41, which Tarkett had not previously applied, on the consolidated financial statements and on the comparative financial information."

JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code, we bring to your attention the following matters:

- Accounting estimates:

  Notes "2.2.2 Use of estimates and judgments" and "27 Other contingencies" to the consolidated financial statements disclose the assessments and significant estimates made by Tarkett's management.

  In connection with our audit, we considered that those assessments and estimates related mainly to intangible and tangible assets (Notes 2.5.10, 2.5.11, 2.5.15, 9 and 10), deferred tax assets (Notes 2.5.22, 8 and 20), provisions (Notes 2.5.20 and 21) and employee benefits (Notes 2.5.18 and 22).

  For these accounts, our work consisted in assessing the data and assumptions underlying the assessments and estimates, reviewing on a sample basis, the calculations performed by the Company, comparing prior years accounting estimates with the corresponding actual results, reviewing management's approval procedures for such estimates and reviewing that the disclosures relating to these estimates in the notes to the financial statements are appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

SPECIFIC VERIFICATION

As required by law, we have also verified, in accordance with professional standards applicable in France, the information relative to the Group provided in the parent company's management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Paris La Défense, February 18, 2015

The statutory auditors,

KPMG Audit *Department of KPMG S.A.* Philippe Grandclerc *Partner*	Mazars Juliette Decoux *Partner*	Eric Schwaller *Partner*

5.10 STATUTORY AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying financial statements of Tarkett;
- the justification of our assessments;
- the specific verification required by law.

These company financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; these standards require that we plan and perform the audit to obtain reasonable assurance about whether the company financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the company financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Company financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company and of the results of its operations at the end of the fiscal year.

JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code, we bring to your attention the following matters:

- Asset value of marketable securities

  Your Company carries out an annual asset valuation of its marketable securities, as described in the "Financial Assets" section of the Note "Accounting Rules and Principles". We reviewed the approach used by the Company, and, on the basis of the information available to us at that time, we believe that the estimates used by the company as of December 31, 2014 are reasonable.

These assessments were made as part of our audit of the Company financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also carried out the specific verifications required by law.

We have no matters to report with respect to the fair presentation and consistency with the Company financial statements of the information given in the Management Board's management report and the documents provided to the shareholders on the financial condition and Company financial statements.

With respect to information provided pursuant to Article L.225-102-1 of the French Commercial Code on the compensation and benefits paid to the company officers, as well as on the commitments given for their benefit, we have verified their consistency with the financial statements or with the data used to prepare such financial statements and, where applicable, with the information gathered by your company from the companies that control your company or are controlled by it. On the basis of that work, we attest to the accuracy and fair presentation of such information.

Pursuant to the law, we ensured that the various information with respect to the identities of your shareholders were provided to you in the management report.
Paris La Défense, February 18, 2015

The statutory auditors,

KPMG Audit
Department of KPMG S.A.
Philippe Grandclerc
Partner

Mazars
Juliette Decoux
Partner

Eric Schwaller
Partner

CHAPTER 6

RISK FACTORS AND INTERNAL CONTROL

6.1 MAIN RISKS

The Company has conducted a review of risks that could have a material adverse impact on its business, financial condition, financial results and prospects (or ability to attain its objectives) and is not aware of other significant risks except those set out in this Registration Document.

6.1.1 Risks Relating to the Group and Its Industry

6.1.1.1 Risks Relating to Economic Cycles

The flooring industry depends heavily on the commercial and residential renovation market, and, to a lesser extent, on the new construction market. These markets can be affected by the cyclical nature of the general economy. The renovation business tends to be influenced, in particular, by changes in consumer confidence and disposable income, commercial and office occupancy rates, interest rates and the availability of credit. These factors can cause fluctuations in demand, and, as a result, in the Group's sales volumes and margins.

Global and regional economic cycles may have a negative impact on demand for flooring and sports surfaces and therefore on the Group's business, financial condition, financial results and future prospects. In particular, the Group has a strong presence in Russia and in the other countries of the Commonwealth of Independent States (CIS). These countries represent approximately 26.6% of the Group's consolidated net revenue. The economic forecasts for this region were recently downgraded. In January 2015, the IMF estimated a 3.5% contraction in Russian GDP.

6.1.1.2 Risks Relating to Public Spending

A significant portion of the Group's business consists of sales to public sector end-users, in particular educational and health care institutions and sports facilities. Public spending levels significantly affect the Group's activities in these markets. In a context of important budgetary constraints, certain expenses may not be considered as a priority, for example, construction and renovation of sports infrastructure were significantly affected by the contraction of governmental budgets in Europe over the last few years. Moreover, public institutions may decide to postpone certain renovation projects in order to concentrate on other budgetary priorities. A decrease in public spending could have a negative effect on demand for the Group's products and thus have a material adverse effect on its business, financial condition, financial results and prospects.

6.1.1.3 Risks Relating to the Group's Program for Optimization of Costs and Processes

In connection with its strategy of operational optimization, the Group has implemented a program called World Class Manufacturing ("WCM"), with the objective of increasing the Group's productivity and reducing production costs. Although the WCM program has enabled the Group to achieve significant cost savings over the last few years, there can be no assurance that the productivity efforts giving rise to such savings will be sustainable. Moreover, although the Group hopes to obtain additional savings in the future, it could encounter difficulties and, as a result, fail to achieve its objectives.

6.1.1.4 Risks Relating to Fluctuations in Prices of Raw Materials and Energy

The Group's manufacturing processes use large quantities of raw materials and energy resources, which are a significant expense (see Section 1.6.2.1 "Raw Materials and Suppliers").

A significant portion of the cost of raw materials, especially petrochemical products representing approximately 54% of raw materials (polyvinyl chloride ("PVC") and plasticizers), as well as energy consumption and transportation expense, is indirectly tied to crude oil prices and is affected by the volatility of those prices. The Group is also exposed to fluctuations in the prices of other raw materials essential to its business, such as wood.

In the event of a future increase in raw material prices, the Group's business, financial condition and financial results could be materially impacted if it is unable to quickly and completely pass these additional costs on to customers, in particular as a result of the magnitude of the cost increase, delays resulting from backlogs, competitive pressures or market conditions.

6.1.1.5 Risks Relating to the International Nature of the Group's Business and to Political Risks

The Group does business and maintains production capacity throughout the world, including in countries outside of the European Union and the United States. In particular, it is present in Russia and in the other countries of the CIS. Furthermore, the Group is developing its business in Asia Pacific (in particular, in China), and in Latin America (in particular, in Brazil). These countries have greater financial and political instability, as well as greater exposure to social unrest and infrastructure complications, than more mature markets.

The Group's commercial and financial results may be directly or indirectly affected by any unfavorable change in the economic, political or regulatory environment in the countries where it manufactures or sells its products. Thus, the direct and indirect consequences of civil conflicts, terrorist activity, political instability, or instability in the economic and regulatory framework in countries where the Group does business could have a material adverse effect on the level of investment in renovation and new construction in such countries and, as a result, on the Group's business, financial condition, financial results and prospects. Such events could lead, for example, to delays or losses in the delivery of the Group's products or the supply of raw materials, to a significant decrease in sales, or to an increase in security costs, insurance premiums or other costs necessary to ensure continuity of operations.

The Group is especially exposed to the risk of deterioration in the economic, political or regulatory environment of Russia and the other CIS countries. Together, these countries represented approximately 26.6% of the Group's 2014 consolidated net revenues (approximately 83.1% of the consolidated net revenues of the CIS, APAC and Latin America segment). As a result, a material adverse change in the CIS countries could have a significant adverse effect on the Group's revenues, financial results and prospects. The Group does business in Ukraine, which represented 2% of the Group's revenue in 2014. However, the Group's Ukrainian plants are located in the western part of the country and are therefore not directly affected by the conflict.

The Group's international business exposes it to a multitude of local political and commercial risks, and its success depends on its capacity to adapt to economic, social and political changes in each of the countries where it is present. In addition, legislative or regulatory changes (including changes in tax law, capital controls, customs duties, import and export rules, employment law, intellectual property protection and health, safety and environmental rules) could significantly increase the Group's costs in the various countries where it is present or limit its capacity to freely transfer capital and could, as a result, adversely affect the Group's business, financial condition, financial results and prospects.

6.1.1.6 Risks Relating to External Growth

The Group's strategy relies in part on external growth. Such growth may include acquisitions of companies or assets, equity investments or the creation of partnerships in its sector and in the geographic regions in which the Group hopes either to increase or reinforce its presence. However, the Group may be unable to identify attractive targets or enter into transactions at an opportune time or on satisfactory terms. Moreover, given the competitive environment, the Group may be unable to complete external growth transactions that meet its investment criteria, which could have a material adverse effect on the implementation of its strategy.

Furthermore, to obtain the necessary authorizations for acquisitions from competition authorities in one or more countries, the Group could be forced to accept certain conditions, such as the sale of certain assets or segments and/or undertakings restricting the conduct of its business.

External growth creates risks that include the following: (i) the business plan underlying the acquisition valuations may be based on assumptions that turn out not to be true, particularly with respect to synergies, expected savings and the evolution of the markets in question; (ii) the Group may fail to effectively integrate the acquired companies, their technologies, their product lines or their employees; (iii) the Group may be unable to retain certain key employees or customers of the acquired companies; (iv) the Group may increase its indebtedness in order to finance such acquisitions and (v) it may carry out acquisitions at a time that proves inopportune in the market in question. The anticipated benefits from future or past acquisitions may not materialize within the expected time periods or at the expected levels, which could affect the Group's financial condition, financial results and prospects.

6.1.1.7 Risks Relating to the Quality of the Group's Products

The success of the Group's business depends on the quality and reliability of its products and customer relations. In the event that the Group's products repeatedly fail to satisfy customer requirements, its reputation and sales volumes could suffer. If there is a problem with respect to product quality or product certification, the Group does everything possible to respond appropriately to react to the needs of its customers. Nevertheless, it is possible that customers will encounter quality or reliability problems with the Group's products that are significant enough to have a material adverse effect on its financial results, reputation, business, financial condition or prospects.

In addition, in the event that the Group markets defective products, the relevant subsidiaries could incur tort or contract liability, which could lead to adverse effects on the Group's financial results, business, financial condition and prospects.

To market its products, the Group is required to obtain and maintain certifications in certain markets. These may be required by law or by industry standards that the Group must meet under the terms and conditions applicable to its renovation or construction projects.

The process of obtaining product certification can be long and costly. There can be no assurance as to the Group's ability to obtain or maintain certifications, or as to the length of time it will take to obtain them. Moreover, certification requirements change continually and require constant monitoring. If the product certifications were delayed, refused, suspended or withdrawn, the marketing of these products could be delayed or prohibited in the relevant countries. The Group could then run the risk of losing sales in important markets.

6.1.1.8 Risks Relating to Strong Competition in the Regions Where the Group Does Business

The flooring industry is highly competitive. The Group faces significant competition from a few large competitors, numerous local manufacturers and independent distributors (see Section 1.5.1). The arrival of new competitors, new products or new technologies developed by competitors could also affect the Group's competitive position.

The Group can provide no assurance that it will be able to maintain its margins in the face of competition, particularly if new entrants gain access to one or more of its markets, or if competition intensifies for any other reason. Maintaining the Group's competitive position could require additional investments in new products, new manufacturing facilities or the development of the Group's distribution network, marketing and sales activities. These competitive pressures could lead to reduced demand for the Group's products or force it to lower its prices. Such events could have a material adverse effect on the Group's business, financial condition, financial results and prospects.

6.1.1.9 Risks Relating to the Group's Dependence on Certain Suppliers

The Group relies on a limited number of suppliers for certain essential raw materials (see Section 1.6.2.1 "Raw Materials and Suppliers"). This is particularly the case for the manufacture of resilient flooring, for which the Group uses primarily raw materials derived from crude oil, such as PVC and plasticizers which represent approximately 54% of raw materials and for which the suppliers are large chemical companies, which are limited in number. Supply contracts are periodically renewed or renegotiated. An adverse change in the Group's relationship with one of its suppliers, non-compliance with undertakings under the contracts, the insolvency of a supplier or any increased concentration of suppliers could have a material adverse effect on the Group's business, financial condition, financial results and prospects.

With respect to the machines and equipment necessary for the Group's business, if one of the Group's suppliers breaches or terminates a supply contract and the Group is unable to rapidly find a substitute supplier under satisfactory terms, there could be an adverse effect on the Group's business, financial condition, financial results or future prospects.

6.1.1.10 Risks Relating to Interruption or Security Breach of Information

The Group uses complex information systems including for production management, sales, logistics, accounting and reporting, which are essential for conducting its commercial and industrial activities. Although the Group has a policy of reinforcement of the security program of its information systems infrastructure and prevention against pirating, a failure of one of them could have a material adverse effect on the Group's business, financial condition, financial results and prospects.

6.1.1.11 Risks Relating to the Group's Retirement and Other Employee Benefit Commitments

The Group incurs significant obligations in connection with its retirement and health plans and other employee benefits, primarily in North America and Western Europe (in particular in Germany, the United Kingdom and Sweden). As of December 31, 2014, these retirement, health and other obligations totaled €254.2 million, of which €98.8 million were covered by dedicated assets.

The Group's financing requirements for these obligations depends on the future performance of the dedicated assets, the discount rates used to measure future obligations, actuarial forecasts, changes affecting retirement plans and applicable regulations. As a result of the large number of parameters that determine the Group's financial obligations for retirement and other employee benefits and the difficulty in predicting them, its future requirements to finance retirement, health and other employee benefit obligations could be larger than the amounts estimated as of December 31, 2014. In that event, these financial obligations could have a material adverse effect on the Group's financial condition and financial results. For more information, see Note 22, "Employee Benefits", included in Section 5.2, "Notes to the Consolidated Financial Statements" as well as Section 4.1.1.8, "Estimates and Assumptions Used in Preparing Financial Statements".

6.1.1.12 Risks Relating to Goodwill

As of December 31, 2014, the Group's goodwill totaled €532.6 million. Future events could lead to an impairment of intangible fixed assets and/or goodwill. As a result of the substantial amount of intangible fixed assets and goodwill on the Group's balance sheet, any significant impairment or depreciation charges could have an adverse effect on its financial condition and financial results for the fiscal year in which such charges were recorded.

6.1.2 INDUSTRIAL RISKS

For a description of the principal safety and environmental regulations applicable to the Group, see Sections 1.6.4.3, "Standards Applicable to the Group's Products" and 3.2, "Environment and Sustainable Development".

6.1.2.1 Risks Relating to Compliance with Environmental and Safety Regulations

The environmental, health, hygiene and safety regulations with which the Group must comply relate primarily to industrial safety, emissions or discharge of chemicals or dangerous substances (including industrial waste); their use, production, traceability, handling, transport, storage and elimination or exposure to such substances; and the remediation of industrial sites and environmental cleanup. The Group is subject to strict requirements with respect to safety, particularly concerning the fire-prevention standards applied to its products and manufacturing sites, as well as standards relating to the slip-resistance of the flooring it produces.

Complying with these regulations requires the Group to regularly incur significant expense. A violation of these rules could lead to fines or other civil, administrative or criminal sanctions, including the withdrawal of permits and licenses necessary to continue doing business. Changes to these laws and regulations or to their interpretation could lead to significant expense and/or investment, or could lead the Group to use more expensive substitute substances, to change its formulas and therefore to reduce the profitability of its products, which could adversely affect the Group's business, financial results and prospects.

6.1.2.2 Risks Relating to Industrial Accidents

Due to the toxicity and flammability of certain raw materials, the Group's finished products and manufacturing or supply processes, the Group's facilities present a number of safety, fire and pollution risks. In particular, manufacturing processes using flammable materials (chemical products and wood, for example) can create a significant risk of fire or explosion. In that event, the adverse consequences for the Group's business, financial condition, financial results or prospects could be significant.

6.1.2.3 Risks Relating to Exposure to Toxic or Dangerous Substances

In the past, the Group has used significant quantities of chemical, toxic or hazardous substances in manufacturing its products and has used various insulation materials (such as asbestos) in its industrial facilities. Some employees of the Group and, on occasion, third parties may have been exposed to these substances or to equipment containing toxic or hazardous substances prior to their progressive removal and replacement with substitute products. This could result in specific illnesses for which the Group's liability might be sought.

Moreover, some of the Group's products contain chemical substances that produce emissions during at least part of the product's life cycle. Although these emissions are lower than applicable thresholds under current regulations, they may be proven to have harmful effects on human health at lower levels than those currently believed to be safe.

If the Group is held liable in connection with these proceedings or other future proceedings, this liability may have a material adverse effect on its financial condition and financial results.

In the United States, the Group has been sued by third parties for past exposure to the asbestos contained in certain products manufactured at some of its sites until 1982. In the event that current or future lawsuits require the Group to pay amounts greater than those covered by the provisions it has recorded on its balance sheet, its insurance and the indemnification commitments provided by third parties, these proceedings could have a material adverse effect on the Group's financial condition and financial results (see Section 4.5, "Legal Proceedings").

6.1.3 MARKET RISKS

6.1.3.1 Exchange Rate Risk

As a result of the international nature of the Group's business, foreign exchange fluctuations have a direct accounting impact on its consolidated financial statements, which results in transaction risk impacting income and expenses incurred in foreign currencies and risks relating to the conversion into euros of the balance sheets and income statements of the Group's subsidiaries outside the euro zone.

In 2014, a significant portion of the Group's revenue was earned in currencies other than the euro, in particular the U.S. dollar (34.2% of consolidated net revenues in 2014), the Russian ruble (19.5%), the Swedish krona (7.5%), the pound sterling (2.2%), the Kazakh tenge (2.3%), the Ukrainian hryvnia (2%) and the Australian dollar (1.2%). The Group tries to reduce the impact on its income of such exchange rate variations in the short term by developing its production capacities in the monetary zones where it sells its products, by invoicing certain internal services in foreign currency, and by centralizing risk management through the use of foreign-exchange derivatives to offset the exposure recorded on its balance sheet and its future exposure relating to cash-flow in foreign currencies that may be generated by purchases and sales in the succeeding six months. However, significant and sustained movements in exchange rates could adversely affect the Group's financial results, financial condition and prospects.

With respect to the Russian ruble and the other currencies of the CIS countries, although the Group locally manufactures almost all of the products it sells in the region, it imports some of the raw materials used in production from Western Europe. Because the suppliers invoice these raw materials in euros, the Group has significant exposure to foreign exchange risk with the local currencies, given that 60% of the costs of the CIS countries are denominated in euros. In this region, the Group's policy is not to use hedging instruments, but rather to reflect exchange rate fluctuations between the ruble and the euro in its product prices. The effectiveness of this strategy depends on the Group's ability to maintain its pricing policy, which it may not be able to do systematically in the future. This could have a material adverse effect on the Group's financial results, financial condition and future prospects.

For more information, see paragraph 1.2 of Note 25, "Financial Risks and Financial Instruments", included in Section 5.2, "Notes to the Consolidated Financial Statements" and Section 4.1.1.4, "Exchange Rate Fluctuations".

6.1.3.2 Interest-Rate Risks

Interest-rate fluctuations have a direct impact on the Group's financial results. As of December 31, 2014, the Group's consolidated net debt (which is the sum of non-current interest-bearing loans and borrowings and current interest-bearing loans and borrowings, minus cash and cash equivalents) totaled €595.4 million, and its gross debt was €730.6 million, including €729 million in floating-rate debt and €1.5 million in fixed-rate debt or capped debt after taking into account interest-rate hedges. The Group uses a hedging policy intended to limit the impact of an increase in interest rates on its financial expenses. However, as of December 31, 2014, after hedging, a simultaneous increase of 1% in all interest rates would translate into an increase in net financial expense of €3.5 million per year, before taxes, whereas a simultaneous decrease of 1%, or to zero, in interest rates would result in a decrease in net financial expense before taxes of €0.7 million.

For more information, see paragraph 1.1 of Note 25, "Financial Risks and Financial Instruments", included in Section 5.2, and Section 4.3.3, "Financial debt".

6.1.3.3 Liquidity Risks

As of December 31, 2014, the Group's consolidated gross debt totaled €730.6 million and consolidated net debt totaled €595.4 million. In addition, the Group had €420.3 million in available credit lines as of the same date. The Group's debt repayment schedule is included in Section

4.3.3, "Gross Financial Debt". The Group's next significant maturity date is in the second quarter of 2016, when the €450 million syndicated credit facility will expire and the last payment under the €129 million term loan, for €77 million, will be due.

The Group's credit agreements (primarily its syndicated credit lines with a maximum available amount of €450 million and its term loans with maximum amounts of €129 million and €360 million) include certain covenants, including change of control provisions and financial ratios, in particular a net debt/EBITDA ratio of less than 3.0 over the preceding twelve months. These provisions are described in Section 4.3.4, "Revolving Syndicated Multi-Currency Credit Facility" where the 2013 and 2014 ratios are described. Breach of these covenants or ratios could cause the Group's creditors to accelerate the amounts due under the credit agreements. In that event, the Group could be unable to repay these amounts, or could be forced to refinance the debt on less favorable terms. Moreover, such a situation would make it difficult to put new financing in place, or could make such financing significantly more expensive, which could constitute an obstacle to the Group's growth strategy and to its ability to finance investments.

For more information, see paragraph 2 of Note 25, "Financial Risks and Financial Instruments", included in Section 5.2, and Section 4.3.4, "Revolving Syndicated Multi-Currency Credit Facility".

6.1.4 Legal Risks

6.1.4.1 Risks Relating to the Protection of Intellectual Property

The Group's future growth depends on its ability to obtain, preserve and protect its patents, trademarks and other intellectual property rights.

Over the last several years, the Group has pursued an ambitious innovation policy, which necessitates protection to ensure that the Group retains the free use of its innovations and has the necessary legal tools to fight patent infringement and unfair competition.

As a result, the legal costs that the Group incurs to enforce compliance with its intellectual property rights could prove significant.

Conversely, the Group cannot guarantee that it will not infringe the rights of third parties. In that event, the Group could be ordered to pay significant damages, be forced to cease selling products that infringe the intellectual property rights in question and incur additional expenses to develop technology that respects the intellectual property rights of others, or be forced to enter into licenses permitting it to use the disputed technology. Since the Group conducts part of its business in countries where the protection of intellectual property rights is less developed than in Europe and North America, it cannot guarantee the level of protection that will be given to its portfolio of patents and trademarks nor can it avoid the risk of infringement, appropriation or illegal use of its intellectual property rights.

6.1.4.2 Risks Relating to Legal and Administrative Proceedings

The Group's entities are subject to national and regional laws and regulations that vary from country to country. In the ordinary course of business, the Group is exposed or liable to be exposed to legal, arbitral and administrative proceedings.

The Group is the subject of various legal proceedings described in Section 4.5, "Legal Proceedings".

Moreover, in March 2013, the *Autorité de la Concurrence* (the French Competition Authority) launched investigations against several flooring manufacturers, including Tarkett, in relation to possible anti-competitive practices on the French market for vinyl flooring. Such litigation and investigations could have a material adverse effect on the Group's business, financial results, financial condition and prospects.

6.1.4.3 Tax Risk

As an international group doing business in many countries, the Group is subject to multiple tax laws and various regulatory requirements, which affect its commercial, financial and tax objectives.

Because tax laws and regulations in effect in the various countries where the Group does business do not always provide clear or definitive guidelines, the Group's structure, the conduct of its business and the relevant tax regime are based on its interpretation of applicable tax laws and regulations. The Group cannot guarantee that its interpretations of tax laws and regulations will not be questioned by the tax authorities, or that applicable laws and regulations in certain of these countries will not change, be interpreted differently or be applied inconsistently. More generally, any violation of tax laws and regulations in the countries where the Group or its subsidiaries are located or do business could lead to tax assessments or the payment of late fees, interest, fines and penalties. Furthermore, the Group records deferred tax assets on its balance sheet to account for future tax savings resulting from differences between the tax values and accounting values of its assets and liabilities or tax loss carry forwards of Group entities. The effective use of these assets in future years depends on tax laws and regulations, the outcome of current or future audits and litigation and the expected future financial results of the entities in question.

This could have a negative impact on the Group's effective tax rate, cash flow and financial results.

6.2 RISK MANAGEMENT

6.2.1 ORGANIZATION OF INTERNAL CONTROL AND RISK MANAGEMENT

6.2.1.1 Objectives

The Company's risk management and internal control systems, under the responsibility of the head of internal audit, use a variety of methods, procedures and actions in order to:

- identify, analyze and control risks that could have a material effect on the assets, results, operations or objectives of the business, whether they are operational, commercial, legal or financial in nature or whether they relate to compliance with laws and regulations;
- ensure operational efficiency and the efficient use of resources; and
- ensure the reliability of financial information.

The Committee has deployed an internal control system based on the principles defined by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), described below, which are intended to provide reasonable assurance as to achievement of the Group's objectives and the reliability of its financial information.

6.2.2 MANAGEMENT OF SIGNIFICANT RISKS

The table below sets forth the most significant risks to which the Group is exposed and how such risks are managed. For detailed information on the risks to which the Group is exposed, see Sections 6.1.2, "Risks Relating to the Group and Its Industry" through 6.1.4, "Legal Risks".

Risks	Risk Management
Risks related to economic cycles	The Group's policy is to diversify in order to achieve balance among the various markets where it does business. The Group is present in: ▪ Several geographic regions; ▪ Several product categories; ▪ Both the commercial and the residential markets; and ▪ The renovation market, which is less sensitive to economic cycles than the new construction market.
Risks related to political instability	The Group's strategy for managing political risk, described below, is intended to cover the various consequences of such risk: ▪ Price increases and ongoing efforts to lower production costs; ▪ Acceleration of the substitution process for raw materials; ▪ Analysis of crisis scenarios and preparation of appropriate plans; and ▪ Because one consequence of political instability is an impact on exchange rates, the actions taken with respect to foreign exchange risk also apply to risks relating to political instability.
Risks relating to raw materials	▪ The Group develops preferred and sustainable relationships with its suppliers. ▪ The Group develops production processes that give it flexibility and reduce its dependence on certain types of PVC suppliers. ▪ The Group tries to reflect increases in the price of raw materials in its product prices as rapidly as possible.
Exchange rate risk	▪ The Group locates its production facilities close to the markets in which it sells its products, and it pays production costs in local currency. ▪ The Group regularly adjusts product prices in certain markets to account for changes in exchange rates, in particular between the ruble and the euro. ▪ Where possible, the Group uses short-term hedges for certain currencies.
Risk Relating to Defective Products	▪ The Group has put in place a testing and approval process for developing new products and changing the formulation of existing products, as well as a process for the approval of new components. ▪ This risk is covered by specific insurance.

6.2.3 COMPLIANCE PROCEDURES

In order to comply with all applicable laws and regulations, the Group has developed compliance procedures with respect to antitrust laws and corruption risk.

6.2.3.1 Compliance with Antitrust Laws

The Group's goal is to preserve a dynamic, healthy and loyal competition.

To that effect, in 2011 the Group instituted a competition compliance program, piloted by the Group's Legal Department and outside experts. This program, under the responsibility of the Legal Department, is intended to ensure strict compliance by the Group's employees with competition laws, regulations and rules.

This program is deployed in a consistent and continuous manner, on a worldwide basis, through the distribution of the antitrust policy and through numerous events, both in person and online, promoting sensitivity to competition issues. It is applicable in all of the countries where the Group operates and covers all of its activities, including where such activities are carried out through joint ventures.

Local legal departments participate actively in verifying that local competition regulations are followed in each of the geographical regions where the Group operates.

6.2.3.2 Prevention of Corruption and Fraud

The prevention of corruption, under the responsibility of the Legal Department and fraud under the Internal Control and Audit Department, is a major priority for the Group and its employees. Given the diversity of contexts in the geographic regions in which the Group operates and the significance of investments made, the Group is particularly vigilant against the risks of corruption and fraud. Although the large majority of the Group's customers in the most sensitive countries operate in the private sector, where corruption is less present than in the public sector, the Group is not immune from a potential instance of corruption.

In 2012, supervised by the Group's Legal Department and with the cooperation of the local legal departments, the Group launched a specific action plan to fight corruption.

In connection with this action plan, the Group has put in place anti-corruption policies, presented in-person and electronic anti-corruption training and issued guidelines covering the delivery and receipt of gifts and relationships with intermediaries.

The fight against fraud is carried out as part of the Group's financial and internal control processes, and verifications are carried out by the Internal Control and Audit Department. Fraud prevention and detection guidelines have been distributed to raise awareness of these issues.

6.2.4 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

6.2.4.1 Organizational Framework

Tarkett's organization is decentralized, relying on local executives, and set in a framework that reflects the Group's philosophy with respect to ethics, organization and control.

This organizational framework relies on the following:

- a set of values and principles disseminated throughout the Group whenever new employees arrive and relayed by recurring training and reminders. These principles are embedded in the Company's Code of Ethics and policies on anti-trust compliance and corruption prevention under the responsibility of the Legal Department;
- the founding principles at the heart of the Group's values, such as responsibility and exemplary behavior, which are relayed throughout the organization and the various areas of responsibility and support;
- the harmonization of financial processes through implementation of an integrated information system used by the majority of the Group's entities; and
- an internal control manual, Tarkett Risks And Controls Evaluation ("TRACE"), internal function-specific procedures used by all of the Group's subsidiaries, as well as rules for delegation of authority and division of duties.

The primary participants in this system are as follows:

- Senior Management, which is ultimately responsible for risk management and internal control and which relies on the following:

- the Group and division finance departments, on the one hand; and
- the operational departments (divisional presidents) and functional departments on the other.

  - The Internal Control and Audit Department is part of the Finance Department and reports functionally to the Audit Committee. It does the following:

    - guides the risk management and internal control system; and
    - ensures compliance with Group rules at the entity level, evaluating risks in areas covered by its audits and recommending improvements relating to internal control.

The Internal Control and Audit Department also relies on a network of internal divisional auditors who manage these procedures within their areas.

The Audit Committee is responsible for monitoring the preparation and audit of accounting and financial information, as well as for ensuring the efficiency of risk-monitoring and internal control procedures to facilitate the Supervisory Board's review and approval thereof.

6.2.4.2 Identification and Evaluation of Risks

- ***Risk Mapping***

In 2010, Tarkett created a risk map that is updated every two years, or more frequently in the event of significant changes in the environment. The process for identifying risks uses a three-step method:

- First, the Internal Control and Audit Department, supported by outside experts, interviews members of the Executive Committee and key employees holding strategic positions at the Group level and in the divisions in order to identify risks within their areas.
- The Internal Control and Audit Department then creates a synthesis of the main risks, specifying their definition, potential causes, frequency, impacts (such as financial, human, legal or reputational) and the degree to which they are controlled.
- The risk map and actions plans are then reviewed and approved by the Executive Committee and presented to the Audit Committee and to the Supervisory Board.

In 2013, the Group's risk map was sent to the operational divisions (geographic zones) in order to take regional or business specificities into account and to disseminate the Group's view of its risks more broadly throughout the Group.

The relevant departments (whether operational divisions or cross-divisional functions) prepare actions plans based on the primary risks identified which are implemented by local managers under the responsibility of the division or functional managers.

- ***Ongoing Monitoring***

Risk-awareness is updated on an ongoing basis through monitoring procedures relating to both competition and technology, as well as actions by specialized departments (such as Insurance and World Class Manufacturing) that participate in oversight of fire, security, and environmental risks, in particular.

Monthly activity reviews enable the Group's operational entities to rapidly report information to Group management, and facilitate the identification of risks, updating of the risk map and implementation of action plans to manage the risks.

6.2.4.3 Control Activities

Control activities are defined in the TRACE manual. For each principal process this manual presents the major risks and objectives, as well as a description of the related controls, applicable to the Group as a whole. This mechanism constitutes a common reference for the management of the local entities, which is responsible for supplementing it locally with additional control activities for dealing with specific risks.

- ***Self-Evaluations***

The Group's subsidiaries are subject to an annual internal control self-evaluation intended to assess their compliance with the internal control manual. The self-evaluation is approved by the management of the relevant entities pursuant to their responsibility for implementing internal control and the quality of their self-evaluation. This self-evaluation is carried out using a dedicated software (e-TRACE from Enablon).

All of the Group subsidiaries are part of this process. In 2014, Gamrat Flooring was integrated into the Tarkett internal control system.

The Internal Control and Audit Department analyses and distributes a synthesis of the results to the interested parties. The results of the self-evaluation are reviewed at the divisional level with the Group's chief financial officer, the chief financial officer and internal controller for the relevant divisions, and the Internal Control and Audit Department.

A review is also conducted for each process by the relevant Group-level department.

Action plans resulting from these reviews are implemented by local management under the responsibility of divisional or functional management.

- ***Internal Control Testing and Internal Audits***

Self-evaluation is supplemented by testing of key controls under the TRACE manual, carried out by internal divisional controllers, as well as by internal audits carried out by the Internal Control and Audit Department.

6.2.4.4 Steering

On the basis of an audit plan approved in advance by the Audit Committee, the four-member internal audit team carried out 27 audits in 2014. The audit plan is composed of repeated audits of subsidiaries, primarily of a financial nature, as well as of "transverse" audits with respect to an operational process or particular risk.

Each audit is the subject of a report that includes an action plan prepared by the relevant entities in order to correct any weaknesses that are discovered. An action plan monitoring process ensures that the identified weaknesses are corrected, and relies on:

- quarterly reporting on the entities' progress in implementing the action plan;
- since the beginning of 2013, follow-up monitoring by the division's internal controllers within six months following the internal audit; and
- monitoring by internal audit, if necessary, with respect to critical matters.

Internal Control Performance Indicators

The Internal Control and Audit Department has put in place and follows a series of quarterly internal control performance indicators, including the rate of compliance with 50 key controls identified by the manual, separation of duties risks, progress on action plans and coverage of tests carried out by the internal controllers.

6.2.5 Preparation and Processing of Accounting and Financial Information

Financial information is subject to a rigorous process relying on the following:

- A common reference. The financial statements are prepared in accordance with IFRS. This reference is communicated to the Group's subsidiaries through the Financial Manual, supplemented by monthly instructions. Moreover, the TRACE internal control manual described above includes various processes that affect the production of financial information (for example, with respect to closing, cash, payroll, procurement, sales, inventory, fixed assets, information technology, and consolidation).

- An integrated information system. Most of the subsidiaries manage operational and financial flows using the Group's integrated SAP information system. The deployment of a single financial model within SAP ("One Finance") ensures homogenization and optimization of practices, as well as improved control.

- A unified reporting and consolidation software package. Financial information is reported through the SAP/Business Objects Financial Consolidation ("B.O.F.C.") tool, which is used for all financial reporting, including budget; forecasts; and monthly, quarterly, interim and annual reports. This all-in-one system ensures consistency between internal steering and external communications.

- Automated monitoring within the reporting tool; detailed activity reviews by the Group and divisional control teams; or specific analyses, such as with respect to changes in the scope of consolidation, currency effects or non-recurring operations, by the Group Consolidation teams ensure tight control of the financial information produced.

The principal participants in the process are as follows:

- The Finance Department, which relies on the central functional departments (Financial Control, which oversees Consolidation and Controlling, Treasury, Taxes, and Internal Control and Audit) and the divisional finance departments, which supervise the subsidiaries' financial controllers.

- The external auditors, who, through their work, contribute to improving the consolidated account preparation process. The combination of audits of the individual company accounts and audits of the consolidated accounts ensures a broad coverage of the Group. In 2014, 91% of the Group's revenues and EBITDA were covered by audits.

- The reliability of the Group's accounting and financial information depends on the following:

  - A strategic three-year plan, led by the Chairman of the Management Board and the Group Chief Financial Officer, in coordination with the operational divisions. This plan enables the Group to set annual strategic goals and the related annual financial objectives. This plan is approved annually by the Supervisory Board.

  - An annual budgetary process. This process, led by the Group and divisional management teams, focuses on operational financial aggregates such as operating result, changes in working capital requirements and investment in tangible and intangible fixed assets. The financial items are consolidated month by month using the same tool that is used for consolidation of real results (B.O.F.C.) with a comparable level of granularity, permitting monthly and immediate comparison of monthly performance of operational financial aggregates with monthly budget objectives. The annual budget, which is generally prepared during the fourth quarter for the following year, is reviewed and approved by the Supervisory Board in December.

  - Three forecasts processes per year: these forecasts focus on the same financial aggregates as the annual budget and therefore use the same consolidation methods in B.O.F.C, with the same level of granularity. These forecasts are generally performed in March, June and September and are based on the real results for the months already ended. Their purpose is to estimate the remaining months' results through the end of the relevant fiscal year in order to compare the re-estimated year with the annual budgetary objectives. These forecasts are reviewed and approved by the Group's Management Board.

  - Complete monthly closings, including a full balance sheet, income statement through net income, and cash flow, reported and consolidated in the same way as the annual and interim accounts in B.O.F.C.

  - Monthly performance review meetings: these meetings, led by the Chairman of the Management Board, the Chief Financial Officer and the Group Financial Controller, are carried out for all operational divisions, which are generally represented by their president and their chief financial officer. Variance analyses (such as with respect to volume, product mix, currency effects, effect of cost of purchases and cost of sales, industrial productivity, effects of monthly payments, non-recurring items, etc.) are reviewed in order to understand the main drivers of the month's performance and to define action plans for future months.

6.3 INSURANCE AND COVERAGE OF RISKS

The Group's policy with respect to insurance is coordinated by the Legal Department, which is responsible for identifying the main insurable risks and quantifying their potential consequences, in order to:

- limit certain risks by recommending preventive measures in cooperation with the Group's other departments; or

- choose to cover risks of an exceptional nature through insurance, including risks with high potential magnitude but low frequency.

In connection with the insurance program, the Group actively mitigates industrial risks, by collaborating with FM Global, its property and casualty insurer, which provides expertise in engineering and fire prevention.

Each of the Group's subsidiaries is responsible for providing the Group's Legal Department with the necessary information to identify and quantify insured or insurable risks at the Group level, and for implementing the proper methods to ensure business continuity if an event occurs. On these bases, the Legal Department negotiates with the major insurance and reinsurance providers to put in place optimal insurance coverage for its risk-coverage needs.

The Group's local subsidiaries also enter into local insurance policies to cover risks suited to local coverage, such as automobile insurance.

The Group purchases insurance based on reasonable estimates of probable liability resulting from liability, property-casualty and other risks. This evaluation takes into account the analyses of insurance companies as the risk subscribers. The Group does not insure against risks for which there is no coverage available on the insurance market, for which the cost of insurance is disproportionately high compared with the potential benefit or for which it believes the risk does not require insurance coverage.

The Group's insurance programs generally take the form of master policies. These are complemented by local policies in certain countries where having only master policies is not permitted. The master insurance policies apply to the Group's overall operations, complementing local policies (difference-in-conditions/difference in limits, or "DIC DIL"), if the coverage in question proves insufficient or does not cover the event. The local policies are also entered into to take into account local legislative specificities or constraints in the country or countries in question. The Group also has captive insurance companies, enabling it to reduce the premiums paid to insurers and thus to reduce its insurance costs.

The Group's insurance policies contain exclusions, caps and deductibles that could expose it to unfavorable consequences in the event of a significant event or legal action against it. Moreover, it may be required to pay indemnification that is not covered by its insurance policies or to incur significant expenses that may not be covered, or may be insufficiently covered, under its insurance policies. The Group's primary insurance policies, entered into with insurance companies of international reputation, are the following:

- general liability insurance, which includes operational liability coverage and product liability coverage. The maximum coverage amount is €60 million. Professional liability insurance is also included in this policy, and is subject to a specific limit. General liability insurance covers all damages caused to third parties, such as bodily, tangible and intangible damages;

- property-casualty and business interruption insurance (maximum combined coverage of €400 million). All of the Group's facilities are covered by this policy if and to the extent that values of local sites exceed the contract deductibles;

- director and officer liability insurance;

- environmental liability insurance; and

- transport insurance, covering inventory and inventory in transit.

6.4 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD ON CORPORATE GOVERNANCE AND ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The report of the Chairman of the Supervisory Board on corporate governance and on internal control and risk management procedures, prepared in accordance with Article L. 225-37 of the French Commercial Code, was approved by the Supervisory Board on February 18, 2015.

6.4.1 CORPORATE GOVERNANCE

Information relating to corporate governance is included in various sections of this Registration Document, as detailed in the table below.

Information required by Article L.225-37 of the French Commercial Code	Reference to sections of the Registration Document
Composition of the Supervisory Board and application of the principle of balanced representation of men and women	Section 2.1.1.2, *"Supervisory Board"*
Conditions pursuant to which the work of the Supervisory Board is prepared and organized	Section 2.2.2, "*Operation and Evaluation of the Supervisory Board"*
Limits on the powers of the Management Board	Section 7.6.2.1, "*Management Board"*
Provisions of the Afep-Medef Code that the Company does not apply and the reasons for not applying them	Section 2.2.2.2, "*Statement Relating to Corporate Governance"*
Place where the Afep-Medef Code may be consulted	Section 2.2.2.2, "*Statement Relating to Corporate Governance"*
Specific terms relative to the participation of shareholders in the General Shareholders' Meeting	Section 7.6.5, "*General Shareholders' Meetings*"
Principles and rules set by the Supervisory Board for determining the compensation and benefits of all kinds granted to the company officers	Section 2.3, "*Compensation and Benefits Granted to the Management and Supervisory Bodies"*
Items that could have an impact on a tender offer	Section 7.8, *"Statutory Provisions Likely to Have an Impact in Case of a Change of Control of the Company"*

6.4.2 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Group's risk management and internal control system is discussed in Section 6.2, "Risk Management".

6.5 REPORT OF THE STATUTORY AUDITORS ON THE REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

To the Shareholders:

In our capacity as Tarkett's statutory auditors and pursuant to Article L.225-235 of the French Commercial Code, we hereby present to you our report on the report prepared by the Chairman of your Company in accordance with Article L.225-68 of the French Commercial Code for the fiscal year ended December 31, 2014.

It is the responsibility of the Chairman to draw up and submit for the approval of the Supervisory Board a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L. 225-68 of the French Commercial Code, in particular as regards corporate governance.

It is our responsibility:

- to report our observations concerning the information contained in the Chairman's report with regard to the internal control and risk management procedures used for preparing and processing accounting and financial information; and

- to attest that the report includes the other information required by Article L.225-68 of the French Commercial Code, but not to verify the accuracy of that other information.

We have carried out our work in accordance with the prevailing standards of the profession in France.

Information concerning internal control procedures relating to the preparation and treatment of accounting and financial information

Professional standards require that we plan and perform the necessary diligence to evaluate the truthfulness of the information concerning internal control and risk management procedures used in the internal control and risk management procedures relative to the preparation and processing of accounting and financial information disclosed in the Chairman's report.

This diligence consisted, in particular, of the following:

- reviewing the internal control procedures for preparing and processing accounting and financial information underlying the information presented in the Chairman's report as well as in existing documentation;

- reviewing the background work carried out in order to produce the information and the existing documentation;

- determining whether any material deficiencies in the internal control procedures of the Company for preparing and processing accounting and financial information identified during our review have been appropriately disclosed in the Chairman's report.

On the basis of this review, we have no observations to make with regard to the information provided concerning the Company's internal control procedures for preparing and processing accounting and financial information, as contained in the Chairman's report, prepared in accordance with Article L.225-68 of the French Commercial Code.

Other information

We attest that the report of the Chairman of the Supervisory Board includes the other information required by Article L.225-68 of the French Commercial Code.

Paris La Défense, March 2, 2015

The statutory auditors,

KPMG Audit
Department of KPMG S.A.
Philippe Grandclerc
Partner

Mazars
Juliette Decoux
Partner

Eric Schwaller
Partner

CHAPTER 7

INFORMATION ABOUT THE COMPANY, ITS SHAREHOLDERS AND ITS SHARE CAPITAL

7.1 INFORMATION ABOUT THE COMPANY

7.1.1 NAME, REGISTRATION AND CORPORATE FORM

Tarkett is a *Société anonyme* with a Management Board and a Supervisory Board, registered with the Nanterre Trade and Companies Register under number 352 849 327 and with its registered office at 1 Terrasse Bellini - Tour Initiale - 92919 Paris La Défense, France. The telephone number of the registered office is +33 (0)1 41 20 40 40.

The Company is a French *Société anonyme*, governed by applicable French laws and regulations, including the provisions of Book II of the French Commercial Code, as well as by the Company's Bylaws.

7.1.2 DATE OF INCORPORATION AND DURATION

The Company was incorporated on December 29, 1989 for a duration of ninety-nine years as from its registration with the Trade and Companies Register, or until December 29, 2088, unless dissolved earlier or extended.

7.2 INFORMATION ABOUT THE SHARE CAPITAL

7.2.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

The table below shows the Company's shareholders as of December 31, 2014:

Shareholders	Number of Shares	percent of share capital	percent of voting rights
Société Investissement Deconinck (SID)	31,97, 071	50.18%	50.32%
KKR International Flooring 2	13,703,462	21.50%	21.57%
Tarkett GDL SA	81,726	0.13%	0.00%
Tarkett	101,650	0.16 %*	0,00 %
Public float	17,860,787	28.03%	28.11 %
Total	**63,722,696**	**100.00%**	**100.00%**

* Treasury shares held directly by Tarkett do not include shares acquired in the name and on behalf of Tarkett in connection with its liquidity agreement.

7.2.2 SUBSCRIBED SHARE CAPITAL

The Company's share capital amounts to three hundred eighteen million six hundred thirteen thousand four hundred eighty euros (€318,613,480), divided into sixty-three million seven hundred twenty-two thousand six hundred ninety-six (63,722,696) shares of par value €5 each, all of the same class and fully paid up.

As of December 31, 2014, Tarkett has not issued any non-equity securities or securities giving access to the share capital, with the exception of the free shares described in Section 2.5.

As of December 31 2014, the General Shareholders' Meeting had not delegated powers or authorized the Management Board to issue any shares or other securities except as described in Section 7.4.

7.2.3 SHARES CONTROLLED BY THE COMPANY, TREASURY SHARES AND PURCHASE BY THE COMPANY OF ITS OWN SHARES

As of December 31, 2014, the Company directly holds 101,650 of its own shares, or 0.16% of the share capital (See Section 7.2.4 for more information about the Company's share buyback program).

Tarkett GDL S.A., a wholly owned subsidiary of Tarkett, holds 81,726 shares of the Company, or 0.13% of the share capital.

7.2.4 SHARE BUYBACK PROGRAM

7.2.4.1 INFORMATION ON TRANSACTIONS CARRIED OUT IN CONNECTION WITH THE COMPANY'S SHARE BUYBACK PROGRAM DURING 2014 (EXCLUDING THE COMPANY'S LIQUIDITY AGREEMENT)

■ **Summary of share buyback program authorized in 2014**

In accordance with Article L.225-209 of the French Commercial Code, the Annual Ordinary Shareholders' Meeting of May 13, 2014 authorized the Management Board, for a period of 18 months expiring on November 13, 2015, to purchase or cause the purchase of its own shares up to a maximum of 10% of the number of shares outstanding as of December 31, 2013, namely 6,372,629 ordinary shares, and up to a maximum global limit of €15 million. The Shareholders' Meeting also decided that the number of shares held directly or indirectly in connection with this program may at no time exceed 10% of the Company's share capital. The maximum purchase price per share was fixed at €60.

This authorization was intended to enable the Company to purchase its own shares in order to do the following:

- to grant free shares pursuant to Articles L.225-197-1 *et seq*. of the French Commercial Code;
- to grant free shares to employees or officers of the Company or of an affiliate of the Company (in particular the Company's direct and indirect subsidiaries) under any plan that is not subject to Articles L.225-197-1 *et seq*. of the French Commercial Code, and in particular under long term incentive plans ("LTIPs");
- to cancel shares that are bought back but not allocated; or
- to maintain a liquidity market in Tarkett's shares through an investment services provider in the framework of a liquidity agreement that complies with the market ethics charter recognized by the AMF.

■ **Share buybacks**

In accordance with Article L.225-111 of the French Commercial Code, transactions carried out in connection with the Company's share buyback program in effect during the fiscal year are set forth below.

On July 30, 2014, the Management Board used the delegation granted by the Annual Ordinary Shareholders' Meeting on May 13, 2014 in order to distribute shares allocated pursuant to the LTIP 2011-2014, which was reaching its expiration.

The Company acquired 158,274 Tarkett shares from Tarkett GDL SA at a price of €24 per share, and 28 shares previously lent to members of the Supervisory Board were returned to the Company. Thus, as of July 31, 2014, the Company held 158,302 of its own shares.

In accordance with the terms and conditions of the LTIP 2011-2014, 56,652 shares of the Company were immediately transferred to LTIP 2011-2014 beneficiaries who are residents of France for tax purposes.

Tarkett is holding the remaining 101,650 shares acquired as treasury shares until July 2016, when beneficiaries residing outside of France may receive the shares granted to them under the LTIP 2011-2014. As a result, as of December 31, 2014, the Company held 101,650 treasury shares (or 0.16% of its share capital, excluding its liquidity agreement), all of which were allocated to covering the LTIP 2011-2014, and for which the market value was €1,819,538 as of December 31, 2014.

7.2.4.2 LIQUIDITY AGREEMENT

On August 1, 2014, the Company entered into a liquidity agreement for a 12-month, automatically renewable term with Exane BNP Paribas, in accordance with the AMAFI ethics code dated March 8, 2011 and approved by the AMF by decision dated March 21, 2011.

Under the liquidity agreement between Tarkett and Exane BNP Paribas, as of December 31, 2014, the following were in the liquidity account:

- €1,430,936; and
- 64,191 shares.

As of the liquidity agreement's entry into force on August 11, 2014, the account held €2,800,000.

In connection with the liquidity agreement, 269,441 shares were processed in 2014, for a total of €5,825,683. The capital loss realized under the liquidity agreement in 2014 was €220,087.

Liquidity agreement management commissions totaled €15,666.67, excluding tax, in 2014.

7.2.4.3 DESCRIPTION OF SHARE BUYBACK PROGRAM TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING ON APRIL 24, 2015 (13TH RESOLUTION)

This description of the program is intended, pursuant to Articles 241-1 *et seq*. of the AMF's General Regulation, to describe the terms of the Company's share buyback program, which will be submitted for the approval of the Annual Ordinary and Extraordinary Shareholders' Meeting on April 24, 2015.

■ **Breakdown by objective of shares held by Tarkett**

As of December 31, 2014, the Company held 101,650 treasury shares (or 0.16% of its share capital, excluding its liquidity agreement), all of which were allocated to covering the LTIP 2011-2014.

As of December 31, 2014, 64,191 were held in the liquidity account maintained by Exane BNP Paribas.

- **Purpose of the share buyback program**

Tarkett intends to purchase or cause the purchase of its own shares to accomplish the following objectives:

- to grant free shares pursuant to Articles L.225-197-1 et seq. of the French Commercial Code;
- to grant free shares to employees or officers of the Company or an affiliate of the Company (in particular the Company's direct and indirect subsidiaries) under any plan that is not subject to Articles L.225-197-1 *et seq*. of the French Commercial Code, and in particular under long term incentive plans;
- to cancel shares that are bought back but not allocated; or
- to maintain a liquidity market in Tarkett's shares through an investment services provider in the framework of a liquidity agreement that complies with the market ethics charter recognized by the AMF.

- **Maximum percentage of Tarkett's share capital that may be acquired and maximum number and characteristics of shares that may be acquired in connection with the share buyback program**

The maximum percentage of the share capital of which buyback is authorized in connection with the program is 10% of the total shares making up the Company's share capital, namely a number of shares not to exceed 6,372,269 shares as of April 24, 2015, the date of the Annual Ordinary and Extraordinary Shareholders' Meeting, provided, that where the shares are bought in order to maintain liquidity pursuant to the conditions defined by the AMF General Regulation, the number of shares taken into account for purposes of calculating the 10% limit provided for above is the number of shares bought less the number of shares resold during the period of the authorization. In addition, the number of shares that the Company holds may not at any time exceed 10% of the shares comprising the Company's share capital on the date in question.

The shares that the Company would be authorized to acquire would be Tarkett's ordinary shares exclusively, all of the same class, in bearer or registered form, listed for trading on Euronext Paris - Compartment A (ISIN Code FR0004188670).

- **Maximum Purchase Price**

The maximum purchase price in connection with the share buyback program would be €60 per share.

In the event of a change in the shares' par value, a capital increase by incorporation of reserves, a grant of free shares, a stock split or a reverse stock split, a distribution of reserves or of any other assets, a capital redemption, or any other transaction affecting shareholders' equity, the maximum purchase price stated above would be adjusted in order to account for the effect of such transactions on the value of the shares.

- **Maximum amount of funds available for the purposes of this program**

The total amount allocated to the share buyback program could not be greater than €15 million.

- **Buyback terms**

Shares could be bought, sold or transferred at any time (other than during a tender offer for the Company's shares) up to the limits authorized under applicable laws and regulations, on regulated markets or multilateral trading facilities, through systematic internalizers or over the counter, including through block trades (without limiting the portion of the buyback program that may be carried out by this means), by tender or exchange offer, or through the use of options or other derivative financial instruments traded on regulated markets, multilateral trading facilities, through systematic internalizers or over the counter, or by delivery of shares following the issuance of securities giving access to the Company's share capital by conversion, exchange, reimbursement, exercise of a warrant or in any other manner, either directly or indirectly through an investment services provider acting pursuant to the conditions of Article L.225-206 II of the French Commercial Code.

- **Duration of the program**

The share buyback authorization granted by the Annual Ordinary and Extraordinary Shareholders' Meeting on April 24, 2015 would be for a period of 18 months as from such Meeting, or until October 24, 2016.

This description will be sent to the AMF. It will be available free of charge at the Company's registered office, at 1 Terrasse Bellini, Tour Initiale, 92919 Paris La Défense Cedex, and on the Company's website (www.tarkett.com).

7.2.5 SHARE CAPITAL OF ANY COMPANY OF THE GROUP THAT IS THE SUBJECT OF AN OPTION OR OF AN AGREEMENT TO PUT IT UNDER OPTION

7.2.5.1 MORTON EXTRUSIONSTECHNIK GMBH

On July 9, 2010, FieldTurf Tarkett S.A.S. and Morton Holding GmbH ("MHG") entered into a shareholders' agreement governing their relationship as shareholders of Morton Extrusionstechnik GmbH ("MET"). FieldTurf Tarkett S.A.S. and MHG hold 51% and 49% of MET's share capital, respectively. MET manufactures fibers for synthetic turf. It is fully consolidated in the Group's consolidated financial statements included in Section 5.1, "Group Consolidated Financial Statements". The shareholders' agreement provides for put and call options on EasyTurf's shares, which were updated by notarized deed dated January 28, 2014.

As a result, as from December 31, 2018, or earlier in the event of a change of control of FieldTurf Tarkett S.A.S. (other than in connection with a change of control of the entire Sports Surfaces segment), MHG may exercise a put option requiring FieldTurf Tarkett S.A.S. to acquire its entire 49% stake in MET. The exercise price for the put option was fixed at a minimum total amount of €3,340,000 and a maximum total amount of €7,000,000, based on the achievement of performance criteria through December 31, 2018.

In the event of a change in the CEO of MET occurring before December 31, 2018, FieldTurf Tarkett S.A.S. may exercise a call option enabling it to acquire all of MHG's shares of MET. The exercise price for the call option is fixed according to the same terms as the exercise price for the put option descried above, with achievement of the performance criteria being assessed on the option exercise date.

7.2.5.2 EASYTURF, INC.

On May 19, 2010, FieldTurf USA Inc. and DPH Holdings, Inc. (DPH) entered into a shareholders' agreement governing their relationship as shareholders of EasyTurf, Inc. On May 19, 2010, FieldTurf USA Inc. and DPH Holdings, Inc. ("DPH") entered into a shareholders' agreement governing their relationship as shareholders of EasyTurf, Inc. FieldTurf Tarkett USA Inc. and DPH hold 51% and 49% of EasyTurf's share capital, respectively. EasyTurf, Inc. is a manufacturer of synthetic grass for residential users. It is fully consolidated in the Group's consolidated financial statements included in Section 5.1, "Group Consolidated Financial Statements". The shareholders' agreement provides for put and call options on EasyTurf's shares.

As a result, until May 19, 2016 DPH may exercise a put option requiring FieldTurf USA Inc. to acquire all of its shares of EasyTurf, Inc. After such date, DPH will have such a put option in the event of a change of control of FieldTurf USA Inc.

Between May 19, 2014 and May 19, 2016, FieldTurf USA Inc. may exercise a call option to acquire all of DPH's shares of EasyTurf, Inc.

The exercise price for these options will be calculated based on EasyTurf Inc.'s EBITDA, revenue and indebtedness.

7.2.5.3 MARKNO BEHEER B.V.

On August 4, 2011, Fieldturf Tarkett SAS and MarKno Beheer B.V. ("MarKno") entered into a shareholders' agreement governing their relationship as shareholders of AAsportsystems B.V., since renamed Fieldturf Benelux B.V. Fieldturf Tarkett SAS and MarKno hold 51.11% and 48.89% of the share capital of Fieldturf Benelux B.V., respectively. Fieldturf Benelex B.V. sells and distributes outdoor sports surfaces in the Netherlands. It is fully consolidated in the Group's consolidated financial statements included in Section 5.1, "Group Consolidated Financial Statements". The shareholders' agreement provides for put and call options on Fieldturf Benelux B.V.'s shares.

Beginning on August 5, 2016, MarKno may exercise a put option requiring Fieldturf Tarkett SAS to acquire all of its shares of Fieldturf Benelux B.V., and Fieldturf Tarkett SAS may exercise a call option to acquire all of such shares. The exercise price for these options will be calculated based on Fieldturf Benelux B.V.'s EBITDA and net indebtedness.

In the event of the departure of one of MarKno's shareholders as an employee of Fieldturf Benelux B.V. and of the other MarKno shareholder's failure to exercise its option to acquire the shares held by the departing shreholder, Fieldturf Tarkett SAS may exercise a call option to acquire half of MarKno's shares in Fieldturf Benelux B.V. The exercise price for these options will be calculated based on Fieldturf Benelux B.V.'s EBITDA and net indebtedness.

7.2.6 PLEDGES, GUARANTEES AND SURETIES

None

7.2.7 History of the Share Capital over the Past Three Fiscal Years

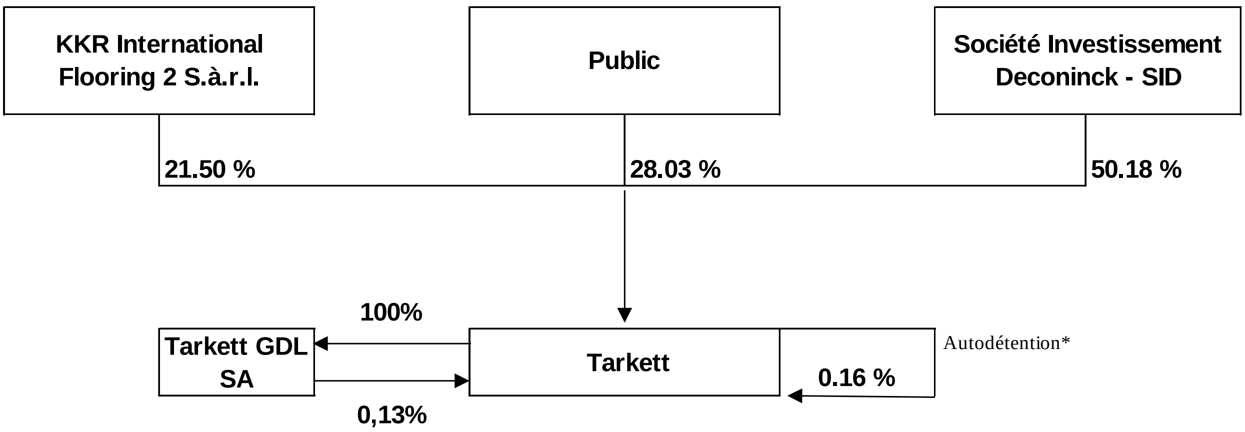
Date	Nature of the transaction	Share capital prior to transaction *(in euros)*	Issuance Premium *(in euros)*	Number of shares before transaction	Number of shares after transaction	Par value after transaction *(in euros)*	Share capital after transaction *(in euros)*
11/21/2013	Capital increase (SIF-Tarkett merger)	316,108,260	383,641,536	15,805,413	31,066,703	20	621,334,060
11/21/2013	Capital decrease (SIF-Tarkett merger)	621,334,060	(359,648,645)	31,066,073	16,253,564	20	325,071,280
11/21/2013	Capital increase (Partholdi-Tarkett merger)	325,071,280	6,285,465	16,253,564	16,413,906	20	328,278,120
11/21/2013	Capital decrease (Partholdi-Tarkett merger)	(328,278,120)	(23,512,500)	16,413,906	15,843,906	20	316,878,120
11/21/2013	Capital increase	316,878,120	0	15,873,906	15,930,674	20	318,613,480
11/21/2013	Division of par value	318,613,480	0	15,843,906	63,722,696	5	318,613,480

7.3 SHAREHOLDER INFORMATION

7.3.1 Simplified Shareholder Chart

The following simplified organizational chart shows the Group's ownership structure as of December 31, 2014.

Percentages represent percentages of the share capital.



* Treasury shares held directly by Tarkett do not include the shares acquired in the name and on behalf of Tarkett in connection with its liquidity agreement.

7.3.2 Principal Direct and Indirect Shareholders

As of December 31, 2014, to the Company's knowledge, the only shareholders directly or indirectly holding more than 5% of the Company's share capital or voting rights are *Société Investissement Deconinck* ("SID") and KKR International Flooring 2 S.à.r.l., an affiliate of the KKR group ("KKR International Flooring"). In addition, Tarkett GDL S.A. and the Company itself hold shares representing less than 0.4% of the Company's share capital and voting rights.

- *Société Investissement Deconinck ("**SID**")*

SID, a French simplified stock company (*société par actions simplifiée*), having its registered office at 1 Terrasse Bellini - Tour Initiale - 92919 Paris La Défense Cedex, registered with the Nanterre Trade and Companies Register under number 421 199 274, is wholly owned, directly and indirectly, by the members of the Deconinck family. Its share capital is €42,333,415.07, divided into 277,689 shares of €152.45 par value each.

As of December 31, 2014, SID's shares of the Company represent 50.18% of the Company's share capital.

- *KKR International Flooring 2 S.à.r.l. ("**KKR International Flooring**")*

KKR International Flooring is a Luxembourg limited liability company (*société à responsabilité limitée*) affiliated with KKR.

Founded in 1976 and managed by Henry Kravis and George Roberts, the KKR group is a global investment firm with a long history in France and approximately USD 98.6 billion in assets under management as of December 31, 2013. With offices throughout the world, the KKR group manages investment funds and accounts covering many types of assets. The KKR group seeks to create value by bringing its operational expertise to the companies in its portfolio and by actively monitoring its investments. KKR & Co. L.P. is listed on the New York Stock Exchange (NYSE: KKR).

As of December 31, 2014, KKR International Flooring's shares of the Company represent 21.50% of the Company's share capital.

- *Shareholding by Executives and Employees*

Certain officers and employees of the Group hold shares of the Company acquired in connection with the Company's incentive plans and free share grant plans.

In 2014, certain officers and employees who are French residents received free shares under the LTIP 2011-2014.

For a description of the Group's share plans and grants made thereunder, see Section 2.5, "Free Shares (LTIP)".

- *Treasury shares: shares held by Tarkett GDL SA (Luxembourg)*

Tarkett GDL SA, a Luxembourg limited liability corporation (*société anonyme*) with share capital of €274,123,080, having its registered office at 2, Op der Sang, L-9779 Lentzweiler and registered with the Luxembourg Trade and Companies Register under number B 92 165, is a holding company that is wholly controlled by the Company and holds equity investments in various Group entities. It holds 81,726 shares of the Company as of December 31, 2014, representing approximately 0.13% of the Company's share capital.

- *Treasury shares: shares held by Tarkett*

Since August 1, 2014, Tarkett has held 101,650 shares of the Company, representing approximately 0.16% of the Company's share capital. The number of shares thus held by Tarkett corresponds to the free shares that will be granted in July 2016 to those beneficiaries of the LTIP 2011-2014 who reside outside of France.

7.3.3 CROSSING OF THRESHOLDS

To the Company's knowledge and on the basis of notifications filed with the AMF, no shareholder reported holding more than 5% of the Company's share capital during the fiscal year ended December 31, 2014.

As of December 31, 2014, the Company has not been informed of any other shareholders holding, directly or indirectly, more than 5% of the Company's share capital or voting rights.

7.3.4 SHAREHOLDERS' VOTING RIGHTS

Article 8 of the Company's Bylaws provides for a double voting right for all fully paid shares held in registered form by the same holder for at least two years. The duration of the shareholding prior to the date of the Company's initial public offering will not be taken into account in determining whether the shares held by a shareholder carry double voting rights. Double voting rights may be applied beginning on November 22, 2015.

In accordance with Article L. 225-123 of the French Commercial Code, in the event of an increase in the Company's share capital through incorporation of reserves, profits or share premium, the newly issued shares will carry double voting rights if they are granted to a shareholder in relation to existing shares that already carry double voting rights.

Double voting rights may be exercised at any shareholders' meeting.

Double voting rights terminate if the shares are converted into bearer form or if their ownership is transferred.

A merger or spinoff of the Company has no effect on the double voting right, which may be exercised within the surviving company if the Bylaws of such company so provide.

7.3.5 CONTROL OF THE COMPANY

As of December 31, 2014, SID directly holds 50.18% of the Company's share capital, and KKR International Flooring holds 21.50%.

SID and KKR International Flooring have entered into a shareholders' agreement governing their relationship (see Section 7.5, "Shareholders' Agreement").

However, the Company believes that there is no risk of control being exercised in an abusive manner. In that regard, the Company has provided that one-third of the members of its Supervisory Board are independent and that each of its two specialized committees includes two independent members and is chaired by an independent member of the Supervisory Board.

To the Company's knowledge, as of December 31, 2014, there are no agreements whose implementation could, at a later date, result in a change in control of the Company.

7.4 FINANCIAL AUTHORIZATIONS

The table below shows financial authorizations in effect as of December 31, 2014.

Financial authorizations in effect as of December 31, 2014.

Nature of authorizations	Expiration and duration of authorization	Maximum par value authorized (in euros)	Usage in 2014
Capital increase by incorporation of premiums, reserves or otherwise Combined General Meeting ("AGM"), November 4, 2013 (13th resolution)	January 22, 2016 (26 months)	160 million	None
Issuance of shares or other securities giving access to the share capital reserved for participants in Company savings plans, with elimination of preferential subscription rights. AGM November 4, 2013 (14th resolution)	January 22, 2016 (26 months)	4 million	None
Authorization to be granted to the Management Board to trade in the Company's shares AGM May 13, 2014 (16th resolution)	November 13, 2015 (18 months)	10% of existing shares as of December 31, 2013	158,302 shares acquired (Management Board decision of July 30, 2014)

The Annual Ordinary and Extraordinary Shareholders' Meeting on April 24, 2015 will be asked to renew those authorizations that will expire during 2015 and the first half of 2016.

Table of financial authorizations proposed for renewal at the Annual Ordinary and Extraordinary General Shareholders' Meeting on April 24, 2015

Nature of authorizations	Expiration and duration of authorization	Maximum par value authorized (in euros)
Authorization to be granted to the Management Board to trade in the Company's shares (13th resolution):	October 24, 2016 (18 months)	10% of existing shares as of December 31, 2014
Capital increase by incorporation of premiums, reserves or otherwise (14th resolution):	June 24, 2017 (26 months)	50 million
Delegation of authority to be given to the Management Board to decrease the share capital by cancellation of treasury shares (15th resolution):	June 24, 2017 (26 months)	10% of existing shares

7.5 SHAREHOLDERS' AGREEMENT

In connection with the Company's initial public offering, on November 26, 2013, SID and KKR International Flooring entered into a shareholders agreement (the "Shareholders' Agreement") to govern their relationship as shareholders of the Company.

The parties are deemed to act "in concert" under the Shareholders' Agreement, which includes the following terms:

- As of the IPO listing date, the Supervisory Board was required to include four members appointed upon proposal by SID, two members appointed upon proposal by KKR International Flooring and three independent members. The Shareholders' Agreement does not contain any restriction or voting undertaking with respect to the ongoing composition of the Supervisory Board;

- KKR International Flooring will have the right to nominate one member to each committee of the Supervisory Board so long as one or more of the members appointed upon proposal by KKR International Flooring remains on the Supervisory Board. Apart from this, the Shareholders' Agreement does not contain any other restriction with respect to the composition of the Company's governing bodies, each party remaining free to exercise its voting rights for decisions relating to nomination, co-optation, and removal of members of the Supervisory Board;

- SID and KKR International Flooring are required to consult with each other to seek a common position with respect to any matter of business submitted to a Supervisory Board or shareholders' meeting, although the parties are free to exercise their voting rights at such Supervisory Board or shareholders' meeting if a common position has not been reached. It is noted, however, that if the parties vote differently on one or more of the Key Decisions discussed in Section 7.6.2.1, "Powers and Duties of the Management Board (Article 16 of the Bylaws and Article 3.2 of the Supervisory Board's Internal Regulations)", both the shareholders' agreement and the "concert" will be terminated as described below;

- To the extent reasonably practicable, each of SID and KKR International Flooring is required to notify the other in the event of a proposed sale of the Company's securities (except in the case of a transfer to one or more financial institutions with a view towards offering such securities);

- KKR funds and their affiliates are required to hold 100% of the share capital and voting rights of KKR International Flooring at all times and may only reduce their shareholding in the Company by causing KKR International Flooring to sell the shares it holds directly in the Company. If the KKR funds and their affiliates were to hold less than 100% of the share capital and voting rights of KKR International Flooring, KKR International Flooring would be required to convert all of its shares of the Company into bearer form.

- Each party is prohibited from acting "in concert" regarding the Company with a third party unless prior approval from the other party has been obtained.

The shareholders' agreement was entered into for a term of four years to end on November 21, 2017 and will be automatically terminated (unless the parties choose otherwise) upon the occurrence of certain events, including the following:

- One of the parties ceases to hold 5% or more of the Company's share capital and voting rights;

- The parties cease to hold a minimum of 50% in the aggregate of the Company's share capital and voting rights;

- The parties, through their respective Supervisory Board nominees or during a shareholders' meeting, adopt contrary positions with respect to certain key decisions, described in further detail in Section 7.6.2.1, "Powers and Duties of the Management Board (Article 16 of the Bylaws and Article 3.2 of the Supervisory Board's Internal Regulations)". For these purposes, abstention would not be considered a contrary position;

- The members of the Supervisory Board appointed upon a proposal by KKR International Flooring no longer hold their offices prior to the expiration of the Shareholder Agreement's four-year term, and such members are not replaced by other members appointed upon proposal by KKR International Flooring;

- One of the parties agrees to act "in concert" with a third party, despite the fact that the other party has refused to grant its prior approval;

- SID may terminate the agreement if KKR International Flooring sells more than 5% of its shareholding to a third party (known by KKR International Flooring at the moment of the sale) or allows, to KKR International Flooring's knowledge, a third party to hold 10% (acting alone or "in concert", publicly disclosed prior to the sale) or more of the Company's share capital and voting rights when the purchaser(s) have reasonably been considered hostile in the context of the preliminary information process;

- SID may also terminate the agreement if KKR funds and their affiliates no longer hold, directly or indirectly, 100% of the share capital and voting rights of KKR International Flooring (notwithstanding KKR International Flooring's obligation in such a scenario to convert its shares into bearer form).

7.6 BYLAWS OF THE COMPANY

The Company's Bylaws were drafted in accordance with French laws and regulations applicable to *sociétés anonymes* with Management and Supervisory Boards. The primary provisions described below are taken from the Company's Bylaws as adopted on November 21, 2013.

The Bylaws were modified by decision of the Supervisory Board on February 18, 2015 to reflect the transfer of the Company's registered office, subject to the condition precedent of the transfer's ratification by the next General Shareholders' Meeting.

The Internal Regulations of the Supervisory Board specify the conditions pursuant to which such Board operates.

7.6.1 CORPORATE PURPOSE (ARTICLE 3 OF THE BYLAWS)

The Company's purpose, in France and abroad, is as follows:

- to research, design, develop, operate, direct and manage all commercial, industrial, real estate or financial matters or businesses relating to activities in the flooring industry;

- to participate directly or indirectly in all transactions or undertakings by means of the creation of companies, establishments or groups of a real estate, commercial, industrial or financial nature or to participate in their creation or in the capital increase of existing companies;
- to manage a portfolio of equity investments and securities and the transactions related thereto;
- to own and manage any real property; and
- generally, to carry out any industrial, commercial, financial, securities or real estate transactions that may be directly or indirectly related to the purposes listed above.

7.6.2 MANAGEMENT AND SUPERVISORY BOARDS (ARTICLES 11 TO 23 OF THE BYLAWS)

7.6.2.1 MANAGEMENT BOARD

- ***Nomination (Articles 11 and 12 of the Bylaws)***

The Company is administered and managed by a Management Board under the supervision of a Supervisory Board. The Management Board is composed of at least two and at most five members appointed by the Supervisory Board.

Members of the Management Board are appointed for a term of three years. The Supervisory Board must fill any vacancy within two months. Otherwise, any interested party may petition the presiding judge of the commercial court, ruling on an interim basis, to make a temporary appointment to fill the vacancy.

Members of the Management Board must be natural persons. Their terms are always renewable.

Any member of the Management Board is automatically deemed to have resigned as of the close of the shareholders' meeting approving the financial statements for the fiscal year during which such member reached the age of 65.

Each member of the Company's Management Board is subject to applicable regulations with regard to the holding of multiple offices or positions. Members of the Management Board may not serve as a Managing Director, member of a Management Board, CEO or member of a Supervisory Board of any listed company outside of the Group.

Each member of the Management Board must receive an opinion from the Supervisory Board before accepting any new office or position with a listed company that is not directly or indirectly controlled by the Company.

- ***Removal (Article 11 of the Bylaws)***

Members of the Management Board may be removed by the general shareholders' meeting or by the Supervisory Board. In the absence of cause, their removal may give rise to damages. The removal of a member of the Management Board does not have the effect of terminating such member's employment agreement, if any, with the Company.

- ***Chairman of the Management Board and Managing Directors (Article 14 of the Bylaws)***

The Supervisory Board appoints one of the members of the Management Board to the position of Chairman.

The Chairman of the Management Board represents the Company in its relations with third parties. The Supervisory Board may grant the same representative power to one or more members of the Management Board, which members shall then hold the title of Managing Director.

The Chairman of the Management Board or the Managing Director(s) may delegate powers to a third party. The powers granted pursuant to such delegation, however, must be limited and relate to one or more specific purposes.

The Chairman of the Management Board or any member named a Managing Director by the Supervisory Board may validly make undertakings to third parties on behalf of the Company.

- ***Management Board Meetings (Article 15 of the Bylaws)***

It may be convened by its Chairman or by another member by any means, including orally.

Management Board meetings may be held at the registered office or at any other location indicated in the notice of meeting.

A member of the Management Board may appoint another member of the Management Board to represent him at a meeting. In the event of the Chairman's absence, the Management Board designates one of its members to chair the meeting. The Management Board may also designate a secretary, who need not be a member of the Management Board.

The Management Board may validly meet so long as a majority of its current members are present (including by means of video or telephone conference) or represented.

Decisions are taken by a majority of the members present (including participation by video or telephone conference) or represented. In the event of a tie, the vote of the meeting's chairman does not prevail unless the meeting is chaired by the Chairman of the Management Board.

Minutes of Management Board meetings are recorded in a special ledger kept at the registered office and are signed by the Chairman of the Management Board and by the secretary or another member of the Management Board. Copies or extracts of minutes may be certified by the Chairman, a Managing Director, or a member of the Management Board.

- ***Powers and Duties of the Management Board (Article 16 of the Bylaws and Article 3.2 of the Supervisory Board's Internal Regulations)***

Subject to the powers that the law or the Company's Bylaws grant expressly to the Supervisory Board or the shareholders' meeting, and within the limits of the Key Decisions that require the prior authorization of the Supervisory Board, the Management Board has the broadest powers to act in all circumstances in the name and on behalf of the Company.

At least once per quarter, the Management Board presents a report to the Supervisory Board. Within three months after the close of each fiscal year, the Management Board finalizes and delivers the annual company and consolidated financial statements, as well as the report to be presented to the annual shareholders' meeting, to the Supervisory Board for review. It also provides the Supervisory Board with a proposed allocation of the previous year's results.

In addition, the Supervisory Board may ask the Management Board at any time to provide a report on its management and current operations, in addition to provisional Company accounts, if necessary.

The Management Board convenes the general shareholders' meeting, sets its agenda and carries out its decisions.

Subject to Supervisory Board authorization, the members of the Management Board may allocate their management tasks among themselves. However, such allocation shall in no event have the effect of altering the collective nature of the Management Board's management of the Company.

The Company is bound by the actions of the Management Board even where they are not within the corporate purpose, unless the Company proves that the third party knew that the action exceeded such corporate purpose or could not have been unaware of that fact in light of the circumstances.

However, without prejudice to matters with respect to which prior authorization of the Supervisory Board is required by law, the Management Board must seek the prior authorization of the Supervisory Board before making any of the following decisions ("**Key Decisions**") within the Company and/or its controlled subsidiaries, within the meaning of Article L.233-3 of the French Commercial Code (together, the "**Tarkett Group**"):

(a) grants by any company of the Group of guarantees that exceed an annual aggregate threshold set by the Supervisory Board (although guarantees granted above such threshold will be deemed valid in respect of third parties acting in good faith);

(b) transactions that result in a significant change in the primary business of the Group (flooring and sports surfaces) (although pursuing incidental new activities does not require the Supervisory Board's prior authorization, unless it is otherwise a Key Decision);

(c) provided that it exceeds a certain threshold (either global or per transaction type) set by the Supervisory Board (or failing that, by the Internal Regulations of the Supervisory Board), the acquisition or sale (and generally any transfer of ownership or investment) or collateralization of any asset of the Group as part of a project, such as asset contributions governed by the rules applicable to spin-offs, mergers, corporate restructurings (either internal or involving a third party);

(d) listing shares of any Group company (apart from the Company) on a securities exchange;

(e) the entry by any company in the Group into any loan whose nominal amount (i) exceeds a certain threshold set by the Supervisory Board (or failing that, by the Internal Regulations of the Supervisory Board) or (ii) results in an increase of the aggregate nominal amount of loans above the maximum global amount (in principal) authorized by the Supervisory Board for the applicable period (or failing that, by the Internal Regulations of the Supervisory Board), as well as any material modification thereto;

(f) decisions pertaining to, or resulting in, amendments to the Company's Bylaws and those of any Group company (i) whose assets' book value is greater than a certain threshold set forth in the Internal Regulations of the Supervisory Board or (ii) that owns assets of strategic value for the Group, insofar as such modifications alter the rights of the Group company that controls such subsidiary;

(g) approving joint venture agreements or agreements for other significant partnerships (i.e., those that involve asset contributions by any entity of the Group (including when made by way of a cash payment or of a set-off) that exceed a certain threshold set by the Internal Regulations of the Supervisory Board);

(h) any material change in the accounting principles applied by the Company in preparing its consolidated financial statements (annual or interim), apart from changes required under IAS or IFRS;

(i) adopting the Group's annual budget and any significant changes thereto;

(j) adopting the Group's strategic medium- or long-term plan as well as the annual update thereof (together with the annual budget);

(k) the inclusion in the shareholders' meeting agenda and the exercise of delegations granted by the shareholders' meeting relating to the issuance of shares or other equity-linked securities by the Company (or by another Group company) to a non-Tarkett related party;

(l) any acquisition or sale (and generally any transfer of ownership) of derivatives, foreign exchange contracts, swaps, option agreements or any other speculative financial instrument except when made (i) for the Group's hedging purposes or (ii) as part of a buyback program relating to the Company's shares;

(m) implementing any bankruptcy proceeding of a Group company (i) whose number of employees exceeds a certain number set by the Internal Regulations of the Supervisory Board or (ii) with assets of strategic value for the Group (insofar as these modifications affect the rights of the Group company that controls such subsidiary).

(n) any loan granted by the Group to a third party (apart from customer advances, employee advances and any loan granted in the ordinary course of business);

(o) (i) recruiting or dismissing the Group's senior executives defined under the Internal Regulations of the Supervisory Board, or (ii) any significant change to their compensation (including pension plans or specific departure conditions);

(p) implementing or amending the management incentive plan (including any share or bonus incentive plan);

(q) creating or amending any stock option plan or share award plan relating to shares of the Company or any Group company (or any similar securities) for the benefit of executives or employees of the Group, or of any category of them;

(r) entering into or modifying any significant collective bargaining agreement, pension plan or redundancy plan that exceeds a certain number of employees set by the Internal Regulations of the Supervisory Board;

(s) initiating, stopping or settling any dispute or litigation (including any tax-related dispute) or waiving certain claims that exceed in each case a certain threshold set by the Internal Regulations of the Supervisory Board;

(t) appointing, re-nominating or removing the Company's statutory auditors; and

(u) any grants, corporate sponsorships or other type of donation that exceeds €100,000.

At least once per quarter, the Management Board presents a report to the Supervisory Board. Within three months after the close of each fiscal year, the Management Board presents the annual financial statements to the Supervisory Board for purposes of verification and review.

- ***Compensation of Members of the Management Board (Article 12 of the Bylaws)***

In its nomination decision, the Supervisory Board sets the form and amount of compensation for each member of the Management Board.

7.6.2.2 Supervisory Board

- ***Composition and Term in Office (Articles 17 to 19 of the Bylaws and Article 1 of the Internal Regulations of the Supervisory Board)***

Members of the Supervisory Board serve for a term of four years. By way of exception, the general shareholders' meeting may decide when appointing certain members of the Supervisory Board that their term of office will be shorter than four years, in order to permit rolling renewal of the terms of the various members of the Supervisory Board.

Part of the Supervisory Board is renewed each year, such that the entire Supervisory Board is renewed on a rolling basis over a period of four years.

Members of the Supervisory Board may always be reelected.

The number of Supervisory Board members older than 75 may not be greater than one-third of the Board's then-current membership.

No member of the Supervisory Board may be a member of the Management Board. If a member of the Supervisory Board is appointed to the Management Board, such member's term on the Supervisory Board ends as soon as the new appointment takes effect.

In the event of a vacancy in one or more seats by reason of death or resignation, the Supervisory Board may, between two shareholders' meetings, make interim appointments.

Interim appointments made by the Supervisory Board are submitted for ratification by the next ordinary shareholders' meeting. A member appointed to replace another member remains in office only for the time remaining in predecessor's term.

If the number of members of the Supervisory Board falls below three, the Management Board must immediately convene an ordinary shareholders' meeting to fill the vacancies.

If temporary appointments are not ratified, the prior votes and actions of the Supervisory Board remain valid.

The Supervisory Board ensures, to the extent possible, that at least one-third of its membership is composed of independent members and that the Audit Committee and the Nominations and Compensation Committee each include at least two independent members (including, in each case, the chairman). It is noted that the characterization of independence does not imply a value judgment as to the qualities and skills of the members of the Board.

At the time of each renewal or nomination of a member of the Supervisory Board and at least once per year prior to the publication of the Company's annual report, the Board must evaluate the independence of each of its members (or candidates). During such evaluation, the Board, after receiving the opinion of the Nominations and Compensation Committee, examines the status of each of its members (or candidates) on a case-by-case basis with regard to the criteria referred to below, the specific circumstances and the position of the member or candidate in relation to the Company. The conclusions of this examination are brought to the attention of the shareholders in the annual report and, where applicable, to the shareholders' meeting in connection with the election of members to the Supervisory Board.

Members of the Supervisory Board may be removed at any time by the ordinary shareholders' meeting.

- ***Supervisory Board Officers (Article 20 of the Bylaws and Article 1.3 of the Supervisory Board's Internal Regulations)***

The Supervisory Board elects a Chairman and a Vice Chairman from among its members, in accordance with the provisions of its Internal Regulations.

- ***Powers and Duties of the Supervisory Board (Articles 16 and 22 of the Bylaws and Articles 1.4, 2.8, 2.9 and 3 of the Supervisory Board's Internal Regulations)***

The Supervisory Board oversees the Management Board's management of the Company on an ongoing basis.

At any time during the year, the Supervisory Board carries out the controls and verifications that it deems appropriate and may obtain any documents that it deems useful for such purpose.

Within limits set by the Supervisory Board and with the power to sub-delegate, the Supervisory Board may authorize the Management Board to sell real property, to sell all or a portion of its equity investments, and to give security as well as deposits, backing or guarantees in the name of the Company.

A list of Management Board decisions that require prior approval of the Supervisory Board is included in Article 16 of the Company's Bylaws and Article 3.2 of the Supervisory Board's Internal Regulations (see Section 7.6.2.1, "Powers and Duties of the Management Board").

Each year at the Shareholders' Meeting, the Supervisory Board presents its comments on the Management Board's report and on the financial statements for the previous year.

It may delegate special authority to one or more of its members to accomplish one or more specific objectives.

The Supervisory Board may establish Internal Regulations providing, in particular, for the creation of one or more Supervisory Board committees, of which it determines the composition and powers and, where applicable, the compensation of each of its members. Members of the Supervisory Board and of the Management Board, as well as observers, are required to comply with such Internal Regulations.

Until he or she holds 1,000 Company shares, each member of the Supervisory Board must use half of his attendance fees to acquire shares of the Company. When they take office, members of the Supervisory Board must convert their shares of the Company into registered form. Shares acquired at a later date must also be held in registered form.

Each member of the Supervisory Board must comply with applicable regulations with respect to market abuse and inside information. Moreover, each member must report to the Company any transaction in the Company's securities, in accordance with applicable laws and regulations. The members of the Supervisory Board are reminded of these provisions on an annual basis and from time to time in the event of any significant change.

- ***Information of the Supervisory Board (Article 4.4 of the Supervisory Board's Internal Regulations)***

The Management Board regularly apprises the Supervisory Board of developments in the Group's activity, financial results and financial condition, as well as of any commitments of the Company or the Group, in accordance with applicable provisions of the law, the Company's Bylaws or the Internal Regulations of the Supervisory Board or its committees.

- ***Supervisory Board Meetings (Articles 20 and 21 of the Bylaws and Article 5 of the Supervisory Board's Internal Regulations)***

Supervisory Board meetings are convened by the Chairman. However, the Chairman is required to convene the Supervisory Board whenever at least one member of the Management Board or at least one-third of the members of the Supervisory Board deliver a written reasoned request to the Chairman, within 15 days of receipt of such request. If the Chairman does not respond to such request, the authors of the request may convene the meeting themselves, indicating the meeting's agenda.

Supervisory Board meetings may be convened by any means, including email, with at least five (5) business days' notice. The notice period may be shortened on the proposal of the Chairman of the Supervisory Board if all members of the Supervisory Board are present or represented at the Supervisory Board meeting or if the members who are absent and not represented consent to the meeting being held in their absence.

Meetings take place at the Company's registered office or at any other location indicated in the notice of meeting.

The notice of meeting must contain the meeting agenda.

The Supervisory Board may validly deliberate only if at least one-half of its members are present. To the extent authorized by the law, members participating in a meeting by videoconference, telephone conference, or any other means permitted by law are deemed to be present for purposes of calculating quorum and majority.

Decisions of the Supervisory Board are taken by a simple majority of members present or represented. In the event of a tie, the vote of the Chairman of the Supervisory Board prevails; the vote of the meeting's chair does not prevail unless the meeting is chaired by the Chairman of the Supervisory Board.

Decisions of the Supervisory Board are recorded in minutes to be prepared within 15 days following the meeting and signed by the chairman of the meeting and one member of the Supervisory Board (or, in the event that the meeting's chairman is unavailable, by at least two members of the Board), and kept in a special register held at the Company's registered office.

Copies or extracts of Supervisory Board minutes are certified by the Chairman of the Supervisory Board, the Vice Chairman of the Supervisory Board, or any member of the Management Board.

- ***Compensation of Members of the Supervisory Board (Article 23 of the Bylaws and Article 7 of the Supervisory Board's Internal Regulations)***

The shareholders' meeting may allocate an annual amount of attendance fees to members of the Supervisory Board as compensation for their functions.

Upon the recommendation of the Nominations and Compensation Committee, the Supervisory Board (i) freely distributes to its members the attendance fees allocated to the Board by the shareholders' meeting. A proportion determined by the Board and deducted from the amount of the attendance fees allocated to the Board is paid to the Committee members based in particular on their attendance at Committee meetings; (ii) determines the amount of the compensation allocated to the Chairman and to the Vice Chairman; (iii) may, moreover, allocate exceptional compensation to certain of its members for assignments or mandates that they are asked to perform.

Such compensation will be paid in addition to the attendance fees and pursuant to conditions provided for by law.

- ***Observers (Article 26 of the Bylaws and Article 10 of the Supervisory Board's Internal Regulations)***

The general shareholders' meeting and the Supervisory Board may each nominate observers (who may be individuals or entities) in a number not to exceed two. Observers are nominated for a renewable term of four years, although the body that appoints them may remove them at any time.

Observers are convened to Supervisory Board meetings as observers and may be consulted by the Supervisory Board. They may present observations to the shareholders' meeting on proposals submitted to them. They must receive notice of each Supervisory Board meeting pursuant to the same terms and conditions as those that apply to members of such Board. The Supervisory Board may entrust specific assignments to observers.

The Supervisory Board may, on the recommendation of the Nominations and Compensation Committee, authorize reimbursement of expenses incurred by observers in the interest of the Company.

7.6.3 Rights, Privileges and Restrictions on Shares (Articles 6 to 9 of the Bylaws)

The Company's share capital is composed exclusively of ordinary shares.

The Company's ordinary shares are freely negotiable. The transfer of ordinary shares is carried out by transfer from account to account. Shares may be in registered or bearer form, at the option of the shareholder, pursuant to applicable regulations.

Whenever it is necessary to hold a specific number of shares to exercise any right, or in the event of an exchange or grant of securities giving the right to new shares in return for the return of a specific number of existing shares, any odd-lot shares or shares that fall short of the minimum number required will not provide shareholders with rights vis-à-vis the Company. It is the responsibility of shareholders to group their shares or to purchase or sell the necessary number of shares.

All fully paid shares held continuously in registered form by the same holder for at least two years benefit from double voting rights. The duration of the shareholding prior to November 22, 2013 is not taken into account in determining whether the shares held by a shareholder carry double voting rights.

In accordance with Article L. 225-123 paragraph 2 of the French Commercial Code, in the event of an increase in the Company's share capital through incorporation of reserves, profits or share premium, the newly issued shares will carry double voting rights if they are granted to a shareholder in relation to existing shares that already carry double voting rights.

Double voting rights may be exercised at any shareholders' meeting. Double voting rights terminate if the shares are converted into bearer form or if their ownership is transferred.

Each share gives the right to a portion equal to the share of the capital that it represents with respect to ownership of corporate assets and liquidation proceeds.

Shares are indivisible vis-à-vis the Company.

7.6.4 Modifications to the Rights of Shareholders

To the extent that the Bylaws are silent, modification of the rights attached to the Company's shares is subject to applicable law.

7.6.5 SHAREHOLDERS' MEETINGS (ARTICLE 25 OF THE BYLAWS)

Shareholders' meetings are convened subject to the conditions provided for by law. They meet at the Company's registered office or at any other location indicated in the notice of meeting.

The Management Board is authorized to decide at the time it convenes the shareholders' meeting to broadcast the meeting publicly by videoconference or any other means of telecommunication or transmission, including the Internet. A shareholder may give a proxy to another shareholder or to any other individual or entity to represent him at the shareholders' meeting.

The proxy, as well as, where applicable, its revocation, must be in writing and delivered to the Company in accordance with the conditions provided for by applicable regulations.

Shareholders may participate in meetings either in person or by proxy by proving their identity and their ownership of shares in the form in which such shares are held, pursuant to applicable laws and regulations.

Joint owners of indivisible shares are represented at meetings by one of the joint owners or by a proxy chosen by mutual agreement of the joint owners. In the event that the joint owners fail to reach an agreement as to the choice of a proxy, a proxy may be designated by order of the presiding judge of the commercial court, ruling on an interim basis at the request of the more diligent joint owner.

If the Management Board so provides in the notice of meeting, shareholders may also participate in such meeting by videoconference or other means of telecommunication or electronic transmission, including the Internet, pursuant to legal and regulatory requirements. Such shareholders are deemed present for purposes of calculating quorum and majority.

Meetings are chaired by the Chairman of the Supervisory Board, or, in his absence, by the Vice Chairman, or, in his absence, by any member of the Supervisory Board specially delegated for such purpose by the Supervisory Board. Otherwise, the meeting elects its own chairman.

The two members of the meeting who are present, agree to serve such role and have the greatest number of voting rights serve as scrutineers.

The meeting officers designate a secretary, who need not be a shareholder.

An attendance sheet is kept at each meeting containing the information required by law.

Copies or extracts of the minutes of shareholders' meetings may be certified by the Chairman of the Supervisory Board, the Vice Chairman, a member of the Management Board acting as Managing Director or by the secretary of the shareholders' meeting.

Ordinary and extraordinary shareholders' meetings voting pursuant to their respective quorum and majority requirements exercise the powers assigned to them by the law.

7.6.6 STATUTORY PROVISIONS LIKELY TO HAVE AN IMPACT IN CASE OF A CHANGE OF CONTROL OF THE COMPANY

None.

7.6.7 SHAREHOLDING THRESHOLDS AND IDENTIFICATION OF SHAREHOLDERS

7.6.7.1 CROSSING OF THRESHOLDS (ARTICLE 7 OF THE BYLAWS)

Any individual or entity, acting alone or in concert with others, who comes to own, directly or indirectly, 1% or more of the share capital or voting rights of the Company and thereafter increases or decreases its shareholding by an amount greater than or equal to 1% of the share capital or voting rights, including above the legal threshold, must notify the Company thereof and provide the information required by the AMF by registered mail with acknowledgment of receipt, within four trading days from the date on which any such threshold is met or crossed.

The sanctions provided for by law for failure to comply with reporting obligations when legal thresholds are crossed shall not apply to thresholds provided for in the Bylaws except by request, recorded in the minutes of the shareholders' meeting, of one or more shareholders holding at least 1% of the Company's capital or voting rights.

Subject to the above provisions, this statutory obligation is governed by the same provisions as those governing the legal obligation, including legal or regulatory provisions with respect to assimilation with previously owned shares.

The Company reserves the right to disclose to the public and to the shareholders either the information reported to it or any failure by the person in question to comply with the above obligation.

7.6.7.2 IDENTIFICATION OF SHAREHOLDERS (ARTICLE 7 OF THE BYLAWS)

The Company has the right to apply applicable regulations to identify the holders of securities granting voting rights at shareholders' meetings, either immediately or in the future.

Holders who fail to comply with Tarkett's request for information within the time period provided for by applicable laws and regulations or who transmit incomplete or inaccurate information will not be permitted to exercise voting rights with respect to any such shares or other equity-linked securities and to receive dividends pertaining thereto (if any) until the date on which such holders comply with Tarkett's request for information.

7.6.8 Changes in Share Capital

To the extent that the Bylaws are silent, the share capital may be increased, decreased or redeemed by any means authorized by law.

7.6.9 Distribution of Profits (Article 28 of the Bylaws)

Each fiscal year's net income is determined in accordance with applicable legal and regulatory provisions.

Under French law, Tarkett is required to allocate 5% of its net income in each fiscal year, after reduction for losses carried forward from previous years, if any, to a legal reserve fund until the amount in that fund equals 1/10 of the nominal amount of its share capital.

Upon proposal by Tarkett's Management Board and in light of the report of the Supervisory Board, Tarkett's shareholders may decide to allocate all or part of distributable profits to special or general reserves, to carry them forward to the next fiscal year as retained earnings, or to allocate them to the shareholders as dividends.

The annual shareholders' meeting for approval of the annual financial statements may grant an option to the shareholders to receive all or part of their dividends or interim dividends in cash or shares, in accordance with French law. Moreover, it may decide that for all or part of the dividends or interim dividends, reserves or premiums to be distributed, or for any share decrease, this distribution or decrease will be made in kind in the form of securities or assets of the Company. Each shareholder's share of the Company's profits and contribution to the Company's losses is equal to the proportion of the share capital held.

7.7 EQUITY INVESTMENTS IN NON-TARKETT GROUP ENTITIES

Information concerning entities in which the Company holds a fraction of the share capital likely to have a significant impact on the valuation of its assets and liabilities, financial condition or results of operations is included in Section 4.1.1.7, "Acquisitions", as well as in Note 3, "Scope of Consolidation", and Note 30, "Principal Consolidated Entities," included in Section 5.2, "Notes to the Consolidated Financial Statements".

7.8 EVENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A TENDER OFFER

To the Company's knowledge, there are no agreements that could lead to a change in control.

The information required by Article L.225-100-3 of the French Commercial Code is included in the Registration Document as follows: the capital structure and direct and indirect holdings in the Company's capital of which the Company is aware are described and detailed in Section 7.2.

Moreover, to the Company's knowledge and other than as described in Sections 2.3 and 2.4, there are no agreements providing for indemnification of members of the Management Board or employees in the event of their dismissal due to a tender offer, nor has the Company entered into any agreement that could be modified or terminated in the event of a change of control of the Company.

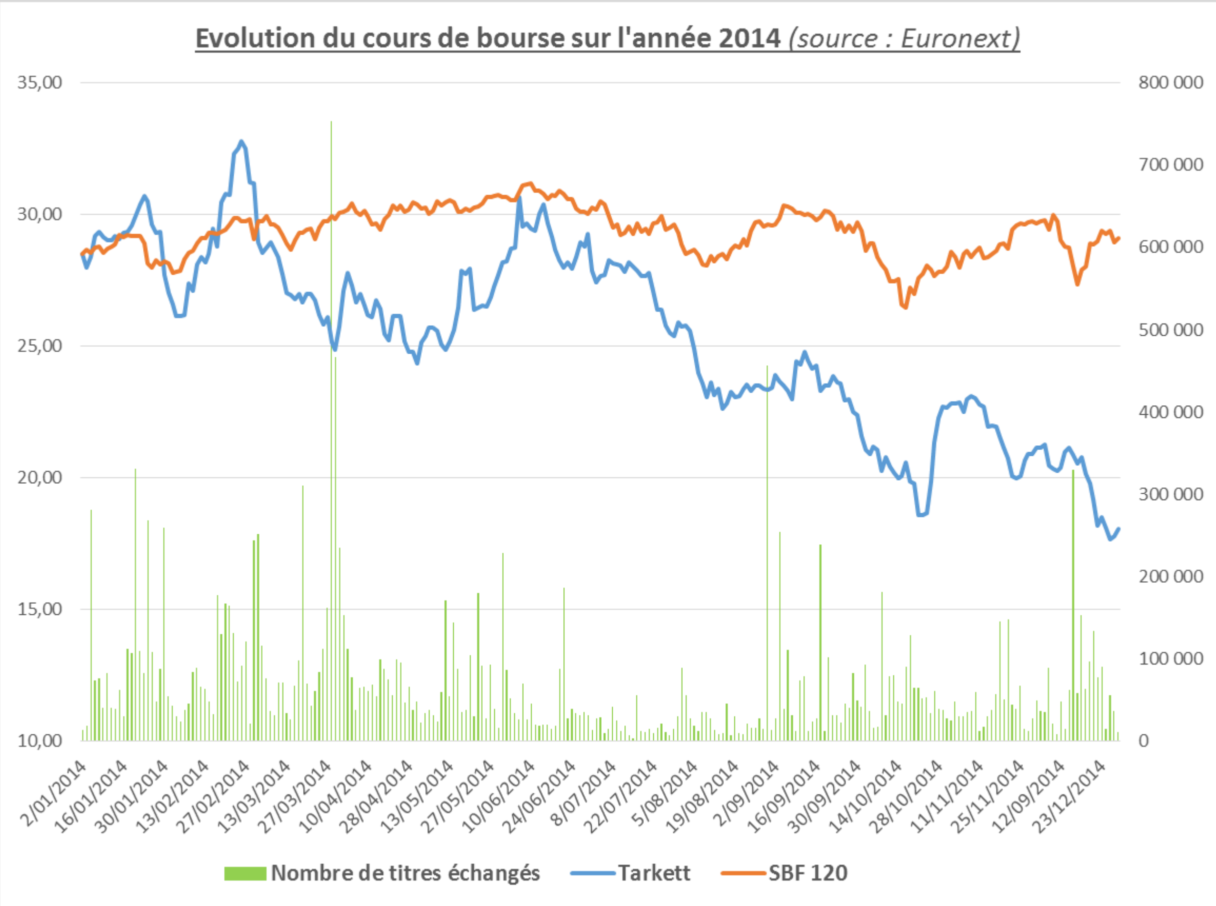
7.9 STOCK EXCHANGE INFORMATION

Tarkett's shares are listed on Euronext Paris - Compartment A - ISIN Code: FR00004188670 - Stock symbol: TKTT.

	2014	2013
Closing Share Price (in euros)		
High	€32.80	€29.00
Low	€17.67	€26.61
As of December 31,	€17.90	€28.52
Number of shares as of December 31	63,722,696	63,722,696
Market capitalization as of December 31 (in millions of euros)	1,141	1,817

Source: Euronext

Changes in stock price



CHAPTER 8
GENERAL SHAREHOLDERS' MEETING

8.1 Draft Agenda and Resolutions Presented to the General Shareholders' Meeting

8.1.1 AGENDA

First Resolution:

Approval of the Company financial statements as of and for the fiscal year ended December 31, 2014;

Second Resolution:

Approval of the consolidated financial statements as of and for the fiscal year ended December 31, 2014;

Third Resolution:

Allocation of the net result for the fiscal year ended December 31, 2014 and determination of the dividend;

Fourth Resolution: Approval of regulated agreements and commitments referred to in Article L. 225-86 et seq. of the French Commercial Code;

Fifth Resolution:

Advisory vote on the components of the compensation due or granted for the 2014 fiscal year to Mr. Michel Giannuzzi in his capacity as Chairman of the Management Board;

Sixth Resolution:

Advisory vote on the components of the compensation due or granted for the 2014 fiscal year to Mr. Fabrice Barthélemy in his capacity as a member of the Management Board;

Seventh Resolution:

Advisory vote on the components of the compensation due or granted for the 2014 fiscal year to Mr. Vincent Lecerf in his capacity as a member of the Management Board;

Eighth Resolution:

Renewal of Ms. Françoise Leroy's term as a member of the Supervisory Board;

Ninth Resolution:

Renewal of Mr. Gérard Buffière's term as a member of the Supervisory Board;

Tenth Resolution:

Appointment of Mr. Eric La Bonnardière as a member of the Supervisory Board to replace Mr. Jean-Philippe Delsol, who is stepping down;

Eleventh Resolution:

Appointment of Mr. Nicolas Deconinck as an observer to replace Mr. Eric La Bonnardière, who is stepping down;

Twelfth Resolution:

Ratification of the transfer of the Company's registered office;

Thirteenth Resolution:

Authorization to be granted to the Management Board to trade in the Company's shares;

Fourteenth Resolution:

Delegation of power to be granted to the Management Board to decide a capital increase by incorporation of premium, reserves, profits or other amounts;

Extraordinary Shareholders' Meeting

Fifteenth Resolution:

Delegation to be given to the Management Board to decrease the share capital by cancellation of treasury shares;

Ordinary Shareholders' Meeting

Sixteenth Resolution:

Powers to carry out the necessary legal formalities.

8.1.2 RESOLUTIONS ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING

First Resolution:

(*Approval of the Company financial statements as of and for the fiscal year ended December 31, 2014)*

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings and after reviewing (i) the report of the Chairman of the Supervisory Board; (ii) the report of the Management Board; (iii) the report of the Supervisory Board; and (iv) the report of the statutory auditors on the annual Company financial statements as of and for the fiscal year ended December 31, 2014, **approves** the Company financial statements as of and for the fiscal year ended December 31, 2014 as presented to them and including the balance sheet, income statement and annexes, showing net income of €111,147,117, as well as the transactions described in such financial statements and summarized in such reports.

Pursuant to Article 223 quater of the French General Tax Code, the General Shareholders' Meeting also **takes note** that total expenses and charges as referred to in Article 39-4 of the French General Tax Code were €42,481 for the most recently ended fiscal year.

Second Resolution

(Approval of the consolidated financial statements as of and for the fiscal year ended December 31, 2014)

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings and after reviewing (i) the report of the Chairman of the Supervisory Board; (ii) the report of the Management Board; (iii) the report of the Supervisory Board; and (iv) the report of the statutory auditors on the annual consolidated financial statements as of and for the fiscal year ended December 31, 2014, **approves** the consolidated financial statements as of and for the fiscal year ended December 31, 2014 as presented to them and including the balance sheet, income statement and annexes, showing net income of €61,175,000, as well as the transactions described in such financial statements and summarized in such reports.

Third Resolution

(Allocation of the net result for the fiscal year ended December 31, 2014 and determination of the dividend)

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, after reviewing the report of the Management Board, and noting that the financial statements as of and for the fiscal year ended December 31, 2014, show a net profit of €111,147,117, **decides**, upon the proposal of the Management Board, to allocate the distributable profit as follows:

Distributable amount for 2014	
Profit for the fiscal year	€111,147,117
Retained earnings from prior years	€636,179,695
Total	**€747,326,812**
Allocation of distributable profit	
Dividend per share of €0.38, correpsonding to a total amount of [1]	€24,144,942
Balance allocated to retained earnings	€723,181,870

(1)The total amount of the distribution referred to above is calculated on the basis of the number of shares with dividend rights as of December 31, 2014 (63,539,320 shares) and may change if the number of shares with dividend rights changes between January 1, 2015 and the ex-dividend date, in particular with respect to the number of treasury shares and final grants of free shares (where the recipient has dividend rights under the relevant plan).

As a result, the General Shareholders' Meeting sets the per-share dividend at €0.38 for the fiscal year ended December 31, 2014, attached to each share with rights thereto.

The General Shareholders' Meeting **specifies** that the Company will not receive any dividend in respect of shares that it holds on the payment date. If, when the dividend is paid, the Company holds any of its own shares, the amounts corresponding to the dividends not paid in respect of such shares will be allocated to retained earnings. As a result, the General Shareholders' Meeting delegates authority to the Management Board to adjust the final amount of the distribution and the final amount of retained earnings, if necessary.

In accordance with Article 243 bis of the French General Tax Code, it is specified that when paid to shareholders who are natural persons and residents of France for tax purposes, this distribution is eligible for the 40% tax deduction provided for in Article 158 3. 2° of the same Code. In addition, it is noted that since July 1, 2012, the social security contribution on dividend distributions is 15.5%.

	Year distributed		
	2014	2013[3]	2012
Total dividends (*in millions of euros*)	39.5 [1]	124.80 [1] [2]	0[1] [2]
Net dividends per share (*in euros*)	0.62	2.00[3]	0

[1] The amounts presented in the table represent total dividends after deduction of treasury shares held by Tarkett GDL and by the Company.

[2] The total amount of the dividend was €130.0 million. The amount shown in the table represents the total amount after deduction of the share of the dividend paid to Partholdi, which merged into Tarkett in November 2013.

[3] The net dividend per share is shown before division of the par value by four in connection with the pre-IPO reorganization on November 21, 2013, which had the effect of multiplying the number of existing ordinary shares of the Company by four.

The dividend will be detached from the shares at the end of the accounting day on July 3, 2015, and the dividend will be paid on July 8, 2015.

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Fourth Resolution

***(**Approval of regulated agreements and commitments referred to in Article L. 225-86 et seq. of the French Commercial Code)*

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, and having reviewed the special report of the statutory auditors on agreements and commitments governed by Articles L.225-86 et seq. of the French Commercial Code, **approves** such report in all of its particulars, as well as agreements concluded or still in force during the fiscal year ended December 31, 2014 and previously authorized by the Company's Supervisory Board, all in accordance with Article L.225-88 of the French Commercial Code.

Fifth Resolution

(*Advisory vote on the components of the compensation due or granted for the 2014 fiscal year to Mr. Michel Giannuzzi in his capacity as Chairman of the Management Board*)

The General Shareholders' Meeting, consulted in accordance with the recommendation of paragraph 24.3 of the Afep-Medef Corporate Governance Code of June 2013, which is the Company's reference code within the meaning of Article L.225-68 of the French Commercial Code, and pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, **issues a favorable opinion** on the components of the compensation due or granted for the fiscal year ended December 31, 2014 to Mr. Michel Giannuzzi as set forth in the 2014 Registration Document.

Sixth Resolution

(*Advisory vote on the components of the compensation due or granted for the 2014 fiscal year to Mr. Fabrice Barthélemy in his capacity as a member of the Management Board*)

The General Shareholders' Meeting, consulted in accordance with the recommendation of paragraph 24.3 of the Afep-Medef Corporate Governance Code of June 2013, which is the Company's reference code within the meaning of Article L.225-68 of the French Commercial Code, and pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, **issues a favorable opinion** on the components of the compensation due or granted for the fiscal year ended December 31, 2014 to Mr. Fabrice Barthélemy as set forth in the 2014 Registration Document.

Seventh Resolution

(*Advisory vote on the components of the compensation due or granted for the 2014 fiscal year to Mr. Vincent Lecerf in his capacity as a member of the Management Board*)

The General Shareholders' Meeting, consulted in accordance with the recommendation of paragraph 24.3 of the Afep-Medef Corporate Governance Code of June 2013, which is the Company's reference code within the meaning of Article L.225-68 of the French Commercial Code, and pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, **issues a favorable opinion** on the components of the compensation due or granted for the fiscal year ended December 31, 2014 to Mr. Vincent Lecerf as set forth in the 2014 Registration Document.

Eighth Resolution

(Renewal of Ms. Françoise Leroy's term as a member of the Supervisory Board)

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, having reviewed the report of the Management Board and noting that the term of Ms. Françoise Leroy is expiring, **decides** to renew Ms. Françoise Leroy for a term of four (4) years to expire at the close of the annual shareholders' meeting called in 2019 to approve the fiancial statements for the fiscal year ending December 31, 2018.
Ms. Françoise Leroy indicated in advance that she will accept the renewal of her term if this Meeting so decides, and that she does not hold any position, nor is she subject to any measure, liable to render her ineligible.

Ninth Resolution

(Renewal of Mr. Gérard Buffière's term as member of the Supervisory Board)

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, having reviewed the report of the Management Board and noting that the term of Mr. Gérard Buffière is expiring, **decides** to renew Mr. for a term of four (4) years to expire at the close of the annual shareholders' meeting called in 2019 to approve the financial statements for the fiscal year ending December 31, 2018.

Mr. Gérard Buffière indicated in advance that he will accept the renewal of his term if this Meeting so decides, and that he does not hold any position, nor is he subject to any measure, liable to render him ineligible.

Tenth Resolution

(Appointment of Mr. Eric La Bonnardière as a member of the Supervisory Board to replace Mr. Jean-Philippe Delsol, who is stepping down)

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, and having reviewed the report of the Management Board, Mr. Jean-Philippe Delsol's letter of resignation from the Supervisory Board and Mr. Eric La Bonnardière's letter of resignation as observer subject to the condition precedent of his appointment to the Supervisory Board, **decides** to appoint Mr. Eric La Bonnardière to the Supervisory Board for the duration of his predecessor's term, which expires at the close of the annual shareholders' meeting called in 2018 to approve the financial statements for the fiscal year ending December 31, 2017.

Mr. Eric La Bonnardière indicated in advance, in the letter of resignation as observer that he delivered to the Company, that he will accept his appointment as a member of the Supervisory Board if this Meeting so decides, and that he does not hold any position, nor is he subject to any measure, liable to render him ineligible.

The General Shareholders' Meeting thanks Mr. Jean-Philippe Delsol for his service to the Company.

Eleventh Resolution

(Appointment of Mr. Nicolas Deconinck as an observer to replace Mr. Eric La Bonnardière, who is stepping down)

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, and having reviewed the report of the Management Board, Mr. Eric La Bonnardière's resignation as observer subject to the condition precedent of his appointment to the Supervisory Board, and the adoption of the tenth resolution, above, **decides** to appoint Mr. Nicolas Deconinck to the position of observer for the duration of his predecessor's term, which expires at the close of the annual shareholders' meeting called in 2017 to approve the financial statements for the fiscal year ending December 31, 2016.

Mr. Nicolas Deconinck indicated in advance that he will accept his appointment as observer if this Meeting so decides, and that he does not hold any position, nor is he subject to any measure, liable to render him ineligible.

Twelfth Resolution

(Ratification of the transfer of the Company's registered office)

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, and having reviewed the report of the Management Board and the decision of the Supervisory Board dated February 18, 2015, **ratifies** the transfer of the registered office from 2 rue de l'Egalité - 92000 Nanterre to Tour Initiale - 1 Terrasse Bellini - 92919 Paris la Défense and the corresponding modification to Article 4 of the Company's bylaws.

Thirteenth Resolution

(*Authorization to be granted to the Management Board to trade in the Company's shares)*

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, and having reviewed the report of the Management Board, **authorizes** the Management Board to purchase or cause the purchase of the Company's shares, with the power to sub-delegate as permitted by law, in accordance with Articles L.225-209 et seq. of the French Commercial Code, for the purpose of:

- granting free shares pursuant to Articles L.225-197-1 *et seq*. of the French Commercial Code; or
- granting free shares to the employees or executive officers of the Company or an affiliate of the Company (in particular the Company's direct and indirect subsidiaries) under any plan that is not subject to Articles L.225-197-1 *et seq*. of the French Commercial Code, and in particular under long term incentive plans; or
- canceling shares that are bought back but not allocated; or
- maintaining a liquidity market in Tarkett's shares through an investment services provider in the framework of a liquidity agreement that complies with the market ethics charter recognized by the AMF.

The Company may buy back a number of shares such that:

- the number of shares that the Company buys during the term of the share buyback program shall not exceed 10% of the shares making up the Company's share capital at any time, as adjusted following any transaction affecting it subsequent to this General meeting (such number being 6,372,269 shares as of December 31, 2014), provided, that where the shares are bought in order to maintain liquidity pursuant to the conditions defined by the AMF General Regulation, the number of shares taken into account for purposes of calculating the 10% limit provided for above shall be the number of shares bought less the number of shares resold during the period of the authorization; and
- the number of shares that the Company holds may not at any time exceed 10% of the shares comprising the Company's share capital on the date in question.

Shares may be bought, sold or transferred at any time (other than during a tender offer for the Company's shares) up to the limits authorized under applicable laws and regulations, on regulated markets or multilateral trading facilities, through systematic internalizers or over the counter, including through block trades (without limiting the portion of the buyback program that may be carried out by this means), by tender or exchange offer, or through the use of options or other derivative financial instruments traded on regulated markets, multilateral trading facilities, through systematic internalizers or over the counter, or by delivery of shares following the issuance of securities giving access to the Company's share capital by conversion, exchange, reimbursement, exercise of a warrant or in any other manner, either directly or indirectly through an investment services provider acting pursuant to the conditions of Article L.225-206 II of the French Commercial Code.

The maximum share purchase price in connection with this resolution is €60.

The General Shareholders' Meeting **delegates** to the Management Board, in the event of a change in the shares' par value, a capital increase by incorporation of reserves, a grant of free shares, a stock split or a reverse stock split, a distribution of reserves or of any other assets, a capital redemption, or any other transaction affecting shareholders' equity, the power to adjust the maximum purchase price stated above in order to account for the effect of such transactions on the value of the shares.

The total amount allocated to the share buyback program shall not be greater than €15 million.

The General Shareholders' Meeting **grants** all powers to the Management Board, with the power to delegate as permitted by law, to decide upon and implement this authorization, to specify, if necessary, its terms and conditions, to carry out the share buyback program, and in particular to place any stock market order, to enter into any agreement, to allocate or reallocate the acquired shares for their intended purposes in accordance with applicable laws and regulations, to set the terms and conditions governing the maintenance of shareholder or option holder rights in accordance with legal, regulatory or contractual provisions, to file any declarations with the AMF or any other competent authority and to carry out all other formalities and, generally, to perform all necessary acts.

As of the date hereof and up to the amount, if any, that has not yet been used, this authorization cancels any power previously given to the Management Board to trade in the Company's shares. It is given for a period of 18 months as from the date hereof.

Fourteenth Resolution

(Delegation of power to be granted to the Management Board to effect a capital increase by incorporation of premium, reserves, profits or other amounts)

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to ordinary shareholders' meetings, having reviewed the report of the Management Board, and in accordance with Article L. 225-130 of the French Commercial Code:

delegates to the Management Board, with the power to sub-delegate as permitted by law, its authority to increase the share capital one or more times in the proportion and at the times of its choosing, by incorporation of premium, reserves, profits or other amounts that may be incorporated pursuant to law and the Company's by-laws, in the form of an issuance of new shares, an increase in the par value of the existing shares, or a combination of both. The maximum nominal amount of the capital increases that may be effected shall not exceed fifty million euros (€50 million) or the equivalent in any other currency or monetary unit established by reference to more than one currency;

in the event that the Management Board uses this delegation of authority, **delegates** to the Management Board all powers, with the power to sub-delegate as permitted by law, to implement this delegation, and in particular to:

- set the amount and the nature of the amounts to be incorporated into the share capital, to set the number of new shares to be issued and/or the amount by which the par value of the existing shares will be increased, to determine the date, which may be retroactive, on which the new shares will carry dividend rights or the date on which the increase in the existing shares' par value will take effect;
- decide, in the event of a distribution of free shares:
  - that fractional rights may not be traded and that the corresponding shares shall be sold; the sale proceeds shall be distributed to the rights holders as provided for under applicable laws and regulations;
  - that the shares distributed pursuant to this delegation in respect of old shares with double voting rights shall have double voting rights immediately upon issuance;
- determine and carry out all necessary adjustments to account for the effect of transactions in the Company's share capital, including in the event of a change in the shares' par value, a capital increase by incorporation of reserves, a grant of free shares or other equity securities, a stock split or a reverse stock split, a distribution of reserves or of any other assets, a capital redemption, or any other transaction affecting shareholders' equity or the share capital (including in the event of a tender offer and/or in the event of a change in control), and to set all other terms to ensure, if necessary, the maintenance of the rights of securities giving access to the share capital (including through cash adjustments);
- take note of the completion of each capital increase and to make the corresponding changes to the bylaws;
- generally, to enter into any agreement, carry out all measures and perform all formalities necessary for the issuance, listing and financial service of the securities issued pursuant to this delegation, as well as for the exercise of the rights attached thereto.

This delegation is given for a period of 26 months as from the date hereof.

Fifteenth Resolution

(Delegation of authority to be given to the Management Board to decrease the share capital by cancellation of treasury shares)

The General Shareholders' Meeting, pursuant to the quorum and majority requirements applicable to extraordinary shareholders' meetings, and having reviewed the report of the Management Board and the special report of the statutory auditors, **authorizes** the

Management Board to decrease the share capital one or more times in the proportions and at the times that it shall choose, by cancellation of any amount of treasury shares that it shall decide within the legal limits, in accordance with Articles L. 225-209 et seq. and L. 225-213 of the French Commercial Code.

The maximum number of shares that the Company may cancel in a 26-month period pursuant to this authorization is ten percent (10%) of the shares comprising the Company's share capital at any time, it being noted that such share capital may be adjusted to account for transactions affecting the share capital subsequent to this General Shareholders' Meeting.

This authorization is given for a period of 26 months as from the date hereof.

The General Shareholders' Meeting **grants** all powers to the Management Board, with the power to sub-delegate, to carry out the cancellation(s) and capital decrease(s) that may be carried out pursuant to this authorization, to modify the bylaws accordingly, and to perform all formalities.

Sixteenth Resolution

(Powers to carry out the necessary legal formalities)

The General Shareholders' Meeting **grants** all powers to the bearer of an original, a copy or an extract of the minutes of this General Shareholders' Meeting to carry out all filings, formalities and publications required by law.

8.2 Management Board's Report on Draft Resolutions Presented to the General Shareholders' Meeting

1. Approval of the Company and consolidated financial statements for fiscal year 2014 (first and second resolutions)

In its first and second resolutions, the Management Board asks the Meeting to approve the Company financial statements and the consolidated financial statements as of and for the fiscal year ended December 31, 2014, which show:

- With respect to the Company financial statements, an income statement showing net profit in the amount of €111,147,117 in 2014 as compared with €237,535,708 in 2013;
- With respect to the consolidated financial statements, net profit in the amount of €63,175,000 in 2014 as compared with €99,077,000 in 2013.

Details of the financial statements and the statutory auditors' reports are included in Chapters 4 and 5 of the Registration Document.

2. Allocation of the results and determination of the dividend amount (third resolution)

The purpose of the third resolution is to ask the Meeting:

(i) to allocate the results;

(ii) to set the dividend at €0.38 per share, payable in cash, for the fiscal year ended December 31, 2014.

The dividend will be paid on July 8, 2015.

3. Regulated agreements and commitments (fourth resolution)

The fourth resolution presents to the Meeting the commitments or agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code that were entered into or remained in force during the fiscal year ended December 31, 2014, as presented in the statutory auditors' special report (included in Section 8.5 of the Registration Document). The Management Board notes that no new agreements were entered into. The agreements mentioned are those entered into during previous fiscal years and that remained in force during the fiscal year ended December 31, 2014.

4. Advisory vote on the components of the compensation due or granted to the members of the Management Board for the 2014 fiscal year (fifth, sixth and seventh resolutions)

Pursuant to the recommendation of Article 24.3 of the Afep-Medef Corporate Governance Code, as revised in June 2013, the Supervisory Board proposes to submit for an advisory vote of the General Shareholders' Meeting the components of the compensation due or granted for the 2014 fiscal year to Messrs. Michel Giannuzzi, Fabrice Barthélemy and Vincent Lecerf, members of the Company's Management Board, as set forth in Section 2.3 of the Registration Document.

The Management Board recommends that you issue a favorable vote on the components of the compensation due or granted for the 2014 fiscal year to Messrs. Michel Giannuzzi, Fabrice Barthélemy and Vincent Lecerf, members of the Management Board.

5. Renewal of the terms of two members of the Supervisory Board (eighth and ninth resolutions)

The terms of Ms. Françoise Leroy and of Mr. Gérard Buffière expire at the close of the General Shareholders' Meeting on April 24, 2015.

The Supervisory Board, upon the recommendation of the Nominations and Compensation Committee, recommends that you renew them for four-year terms.

Françoise Leroy began her career in 1975 as Secretary General of the *Union Industrielle d'Entreprise*. She joined Elf Aquitaine in 1982, where she held various positions in financial management. In 1998, she became the Director of Financial Communications, and then, in 2001, she became Director of Chemical Subsidiaries Operations in the finance department of Total following its merger with Elf Aquitaine. She has also been the secretary general of Total's Chemical division since 2004 and a member of its Steering Committee since 2006. She became Director of Acquisitions-Disposals on January 9, 2012, a position she left in June 2013. Ms. Leroy holds a degree from the *École Supérieure de Commerce et d'Administration des Entreprises de Reims*.

Gérard Buffière is a Director of Imerys, a member of the Supervisory Board of the Wendel Group and a Senior Adviser of the Sagard et Ergon Capital Partners funds. He also manages *Société Industrielle du Parc* and GyB-Industries, which he founded. Mr. Buffière began his career in 1969 in the Mergers and Acquisitions department of Banexi before joining Otis Elevator in 1974. In 1979, he was appointed CEO of the Electricity Control division of Schlumberger, and then, in 1989, Chairman of the Electronic Transactions division. From 1996 until late 1997, he acted as CEO of the Industrial Equipment branch of Cegelec. In early 1998, he joined Imetal, which then became Imerys, as a member of the Management Board responsible for the Materials and Construction and the Minerals for Ceramics divisions, and then, in 2000, the Pigments and Additives division. In 2002, he became the Chairman of the Management Board of Imerys, and was then appointed CEO upon the change in the group's structure in 2005, a position he held until 2011. Mr. Buffière holds a degree from the *École Polytechnique* as well as a Master of Science from Stanford University.

In accordance with the recommendations of the Afep-Medef Code, and on the recommendation of the Nominations and Compensation Committee, the Supervisory Board has determined upon examination that Ms. Françoise Leroy and Mr. Gérard Buffière remain qualified to serve as independent members of the Supervisory Board.

6. <u>Appointment of a new member of the Supervisory Board to replace a resigning member (tenth resolution)</u>

At its meeting on February 18, 2015, the Supervisory Board noted Mr. Jean-Philippe Delsol's resignation from the Supervisory Board, to take effect at the next general shareholders' meeting.

The Supervisory Board proposes to the Meeting, upon the recommendation of the Nominations and Compensation committee, that Mr. Eric La Bonnardière be appointed to the Supervisory Board for the duration of his predecessor's term, to expire at the close of the annual shareholders' meeting called in 2018 to approve the financial statements for the fiscal year ending December 31, 2017.

Mr. Eric La Bonnardière is currently an observer on the Supervisory Board and will resign from that position if the General Shareholders' Meeting appoints him to the Supervisory Board.

Eric La Bonnardière, a graduate of *Supélec* and of the *Ecole des Hautes Études Commerciales* (HEC), began his career in 2006 as a consultant for the strategic consulting firm Advancy, where he focused on projects relating to industries and distribution. In 2009, he cofounded Evaneos.com, and he is currently its Chief Executive Officer.

7. <u>Appointment of an observer to replace a resigning observer, subject to approval of the tenth resolution (eleventh resolution)</u>

Upon the recommendations of the Nominations and Compensation Committee and of the Supervisory Board, and subject to the condition precedent of the approval of Mr. Eric La Bonnardière's appointment as a member of the Supervisory Board, the Management Board recommends that the General Shareholders' Meeting appoint Mr. Nicolas Deconinck to the position of observer for the duration of his predecessor's term, to expire at the close of the annual shareholders' meeting called in 2017 to approve the financial statements for the fiscal year ending December 31, 2016.

Nicolas Deconinck, a graduate of *Sciences-Po* and the University of Paris Dauphine, began his career in 2003 as a marketing analyst with Orange Mobile, and then became a consultant at Bearing Point. In 2006, he founded his own company, Attractive, later renamed So-Active, specialized in women's clothing stores. Since the recent sale of his company, he has been developing a project relating to high-tech devices.

8. <u>Ratification of the transfer of the Company's registered office (twelfth resolution)</u>

At its meeting on February 18, 2015, the Supervisory Board voted to transfer the Company's registered office from 2 rue de l'Egalité - 92000 Nanterre to Tour Initiale - 1 Terrasse Bellini - 92919 Paris la Défense, and to make the corresponding modification to Article 4 of the Company's bylaws.

As a result, and in accordance with Article 4 of the Company's bylaws, the Management Board submits to the General Shareholders' Meeting the ratification of this transfer.

9. <u>Authorization to be granted to the Management Board to trade in the Company's shares (thirteenth resolution)</u>

To ensure that the Company is at all times able to buy back its own shares, a resolution is submitted for your approval to authorize the Management Board, with the power to sub-delegate as permitted by law, to purchase or cause the purchase of shares of the Company, in order to carry out the following transactions:

- granting free shares pursuant to Articles L.225-197-1 *et seq*. of the French Commercial Code; or
- granting free shares to the employees or executive officers of the Company or an affiliate of the Company (in particular the Company's direct and indirect subsidiaries) under any plan that is not subject to Articles L.225-197-1 et seq. of the French Commercial Code, and in particular under the plans named " Long Term Incentive Plans"; or
- canceling shares that are bought back but not allocated; or
- maintaining a liquidity market in Tarkett's shares through an investment services provider in the framework of a liquidity agreement that complies with the market ethics charter recognized by the AMF.

The share buyback program could also be used in order to carry out any market practice permitted by the AMF, and, more generally, to carry out any transaction that complies with applicable regulations.

Tarkett's shareholding is subject to applicable regulations.

Purchases, sales and transfers could be carried out at any time, up to the limits authorized by applicable laws and regulations (other than during a tender offer), and by any means.

The Company could buy back a number of shares such that:

- the number of shares that the Company buys during the term of the share buyback program does not exceed 10% of the shares making up the Company's share capital at any time, as adjusted following any transaction affecting it subsequent to this General meeting (such number being 6,372,269 shares as of December 31, 2014), provided, that where the shares are bought in order to maintain liquidity pursuant to the conditions defined by the AMF General Regulation, the number of shares taken into account for purposes of calculating the 10% limit provided for above would be the number of shares bought less the number of shares resold during the period of the authorization;
- the number of shares that the Company holds may not at any time exceed 10% of the shares comprising the Company's share capital on the date in question.

Shares could be bought, sold or transferred at any time (other than during a tender offer for the Company's shares) up to the limits authorized under applicable laws and regulations, on regulated markets or multilateral trading facilities, through systematic internalizers or over the counter, including through block trades (without limiting the portion of the buyback program that may be carried out by this means), by tender or exchange offer, or through the use of options or other derivative financial instruments traded on regulated markets, multilateral trading facilities, through systematic internalizers or over the counter, or by delivery of shares following the issuance of securities giving access to the Company's share capital by conversion, exchange, reimbursement, exercise of a warrant or in any other manner, either directly or indirectly through an investment services provider acting pursuant to the conditions of Article L.225-206 II of the French Commercial Code.

It is recommended that you set the maximum purchase price at €60 per share.

The General Shareholders' Meeting would delegate to the Management Board the power to adjust the maximum purchase price stated above in order to account for the effect of such transactions on the value of the shares in the event of a change in the shares' par value, a capital increase by incorporation of reserves, a grant of free shares, a stock split or a reverse stock split, a distribution of reserves or of any other assets, a capital redemption, or any other transaction affecting shareholders' equity,

The total amount allocated to the share buyback program could not be greater than €15 million.

As of the date hereof and up to the amount, if any, that has not yet been used, this authorization would cancel any power previously given to the Management Board to trade in the Company's shares.

This authorization would be given for a period of 18 months as from the date hereof.

10. <u>Delegation of power to be granted to the Management Board to effect a capital increase by incorporation of premium, reserves, profits or other amounts (fourteenth resolution)</u>

The Management Board recommends, pursuant to Article L. 225-130 of the French Commercial Code, that the Meeting delegate to the Management Board its power to carry out one or more capital increases by incorporation of premium, reserves, profits, or other amounts.

The maximum nominal amount of the capital increases that could be effected shall not exceed fifty million euros (€50 million).

This authorization would be given for a period of 26 months as from the date of the General Shareholders' Meeting.

11. <u>Delegation to be given to the Management Board to decrease the share capital by cancellation of treasury shares (fifteenth resolution)</u>

The Management Board recommends, pursuant to Article 225-209 of the French Commercial Code, that the Meeting renew for a period of 26 months the authorization given to the Management Board on November 4, 2013 to carry out one or more capital decreases by cancellation of treasury shares and/or of shares that the Company may acquire in connection with the share buyback program.

The maximum number of shares that the Company could cancel in a 26-month period would be 10% of the shares comprising the Company's share capital.

It is noted that during the fiscal year ended December 31, 2014, the Company did not cancel any shares.

This authorization would be given for a period of 26 months as from the date of the General Shareholders' Meeting.

We hope that you will approve all of the resolutions submitted for your vote.

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The Management Board

8.3 Observations of the Supervisory Board on the Management Board's report and the 2014 financial statements

Ladies and Gentlemen:

Our Company's Management Board has called this Annual Ordinary General Shareholders' Meeting, in accordance with law and the Company's bylaws, in order to report to you on the activity and financial condition of our Company and of our Group during the fiscal year ended December 31, 2014, and to submit the financial statements for such fiscal year and allocation of the results for your approval.

We note that the Management Board distributed the annual financial statements, the consolidated financial statements and the management report to the Supervisory Board within the legal time limits.

In accordance with Article L.225-68 of the French Commercial Code, we have examined the annual financial statements, the consolidated financial statements, and the Management Board's management report, and we believe that such documents do not give rise to any particular observations.

We hope that all of the recommendations that the Management Board has made to you in its report will meet with your approval, and that you will decide to adopt the resolutions submitted to you.

The Supervisory Board

8.4 MANAGEMENT BOARD'S MANAGEMENT REPORT ON FISCAL YEAR 2014

The table below identifies the sections of the 2014 Registration Document containing all of the items of the Management Board's management report required by applicable laws and regulations.

Item in the Management Report	Section of the Registration Document
1. The Group's business	Section 1.4
2. Significant events in fiscal year 2014	Section 1.2
3. 2014 results of operations	Sections 5.1 and 5.4
4. Indebtedness	Section 4.3.3
5. Financial risk management	Section 6.2.2
6. Description of the principal risks and uncertainties to which the Company is exposed	Sections 6.1 to 6.3.
7. Research and development	Section 3.1
8. Subsequent events	Section 4.6
9. Information on trends and forecasts	Section 4.6
10. Allocation of results	Section 8.1
11. Table of results for the past five years	Section 5.5
12. Dividends	Section 5.7
13. Non tax-deductible expenses	Section 8.1
14. Offices and positions held by each Company officer	Section 2.1
15. Organization of the Company's senior management	Section 2.1
16. Subsidiaries and equity investments	Section 5.6
17. Shareholders	Section 7.3
18. Compensation paid to the Company officers	Section 2.3
19. Share subscription or purchase option plans and allocation of performance shares	Sections 2.4 and 2.5
20. Delegations with respect to capital increases	Section 7.4
21. Transactions in the Company's securities carried out by the Company officers and related parties (Article L.621-18-2 of the French Monetary and Financial Code)	Section 2.7
22. Events likely to have an impact in the event of a tender offer	Section 7.8
23. Share buybacks	Section 7.2
24. Table of supplier and client payment terms	Section 5.4
25. Labor, environmental and social information	Sections 3.1, 3.2 and 3.3
26. Report of the Chairman of the Supervisory Board on corporate governance and on internal control and risk management procedures	Section 6.4

8.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the Shareholders:

In our capacity as the Statutory Auditors of your Company, we hereby present to you our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R.225-58 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-58 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in comparing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

We hereby inform you that we were not advised of any agreements or commitments authorized during the past fiscal year to be submitted for the approval of the general meeting pursuant to Article L. 225-86 of the French Commercial Code.

AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS YEARS THAT CONTINUED IN FORCE DURING THE MOST RECENTLY ENDED FISCAL YEAR

Pursuant to Article R.225-57 of the French Commercial Code, we have been informed that the performance of the following agreements, which had been approved by the shareholders' meeting in previous years, continued during the most recently completed fiscal year.

With Société Investissement Deconinck ("S.I.D.")

Persons concerned: Messrs. Bernard-André Deconinck, Didier Deconinck and Eric Deconinck, members of Tarkett's Supervisory Board and shareholders of S.I.D., which holds more than 10% of Tarkett's voting rights.

- <u>Services Agreement</u>

This agreement, authorized by your Supervisory Board on December 17, 2013, provides that your Company will provide S.I.D. with the legal, labor and tax services necessary to its activity.
The service agreement was entered into for a total amount of €75,000 excluding taxes for the fiscal year ended December 31, 2014.

- <u>Assistance Agreement</u>

This agreement, authorized by your Supervisory Board on October 9, 2013, provides that S.I.D., which holds 50.18% of Tarkett's share capital, will provide assistance in the determination of Tarkett's strategic orientation and in making important decisions.
The assistance agreement was entered into for a total amount of €500,000 excluding taxes for the fiscal year ended December 31, 2014.

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS YEARS THAT WERE NOT PERFORMED DURING THE MOST RECENTLY ENDED FISCAL YEAR

In addition, we have been informed that the performance of the following agreements, which had been approved by the shareholders' meeting in previous years, did not continue during the most recently ended fiscal year.

With Mr. Michel Giannuzzi, Chairman of the Management Board.

- <u>Retention bonus</u>

At the time of the listing of Tarkett's shares on NYSE Euronext Paris, Mr. Michel Giannuzzi's employment agreement was terminated, leaving in place his corporate office. A retention bonus in the amount of €300,000 will be paid to him on November 1, 2017 if he remains with Tarkett on such date. The agreement was authorized by your Supervisory Board on September 27, 2013.

- <u>Severance or other benefits due or likely to become due as a result of termination or change of office</u>

Subject to the performance requirements defined below, Mr. Giannuzzi will be entitled to a severance payment equal to two years of his gross base salary and bonus during the twelve months prior to his departure as Chairman of the Management Board (including, if applicable, pursuant to his employment contract). In the event that Mr. Giannuzzi is to receive both severance pay and the non-compete payment described below, the total amount that he receives will be limited to two years of the gross base salary and bonus received during the 12 months prior to his departure as Chairman of the Management Board (including, if applicable, pursuant to his employment contract).

Performance is measured by the extent of achievement of annual performance goals defined by the Supervisory Board upon the recommendation of the Nominations and Compensation Committee, which serve as the basis for calculating variable compensation. The amount is equal to the average performance achieved by Mr. Giannuzzi during the three calendar years preceding his departure. In the event that his departure should occur within the next three calendar years, performance will be measured by the extent of achievement of the annual performance goals used as the basis for calculating the variable portion of his compensation as Chairman of the Management Board and his compensation as an employee.

The severance payment is contingent on achieving 50% to 100% of the performance goals (i.e., no payment will be made unless the performance goal is reached to the extent of at least 50% and full payment will be received if the performance goal is achieved to the extent of 100%). The severance payment will be calculated in strict proportion to the extent of achievement of the performance goal.

Subject to achievement of the performance conditions, the Company will be required to pay this severance payment in the event of Mr. Giannuzzi’s forced departure as Company officer (including, in particular, as a result of a change of control or a disagreement as to strategy) on the initiative of the Supervisory Board, regardless of whether Mr. Giannuzzi is removed or his mandate is not renewed, except in case of serious misconduct.

- Compensation Under a Non-Compete Clause

Mr. Giannuzzi will receive payment in the event that the non-compete clause provided for in connection with his office is triggered.
Mr. Giannuzzi will receive compensation for his non-compete clause in an amount equal to his gross base salary and bonus received during the twelve months prior to his departure from his position as Chairman of the Management Board, payable in 24 monthly payments throughout the duration of his non-compete commitment. This compensation will be deducted from Mr. Giannuzzi’s severance payment, such that the total amount received as severance and non-compete payments will not exceed two years of gross base salary and bonus received during the 12 months preceding his departure. The Company has the right to waive the non-compete clause.

Mr. Gianuzzi did not receive any payment under any of the three agreements mentioned above during the fiscal year ended December 31, 2014.

Paris La Défense, March 2, 2015

The statutory auditors,

KPMG Audit
Department of KPMG S.A.
Philippe Grandclerc
Partner

Mazars
Juliette Decoux
Partner

Eric Schwaller
Partner

CHAPTER 9

ADDITIONAL INFORMATION

9.1 Person responsible of the Registration Document

Mr. Michel Giannuzzi, Chairman of the Company's Management Board.

9.2 Certification of the Person Responsible

"I certify, having taken all reasonable care to ensure that such is the case, that the information contained in this Registration Document is, to my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I obtained a completion letter from the statutory auditors indicating that they have verified the information relating to the financial condition and financial data included in this registration document and that they have read the entire registration document.

The 2014 consolidated financial statements included in the Registration Document were the subject of an auditors' report, which contains an observation included in Section 5.9 on the effect of the application as of January 1, 2014 of IAS 12.41, which Tarkett had not previously applied, on the consolidated financial statements and on the comparative financial information."

March 9, 2015

Michel Giannuzzi

Chairman of the Management Board

9.3 Name and Position of the Person Responsible for Financial Information

Fabrice Barthélemy
Chief Financial Officer
Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense, France
Tel. +33 (0)1 41 20 40 40 02

9.4 Tentative Financial Disclosure Schedule

The financial information that Tarkett discloses to the public will be available on Tarkett's website (www.tarkett.com).

For informational purposes only, Tarkett's financial disclosure schedule through December 31, 2015 is expected to be as follows:

	2015 Schedule
First quarter results	April 21, 2015
General Shareholders' Meeting	April 24, 2015
First half results	July 29, 2015
Third quarter results	October 21, 2015

9.5 Statutory Auditors

9.5.1 Statutory Auditors

KPMG Audit, a department of KPMG S.A.
Represented by Mr. Philippe Grandclerc
3 cours du Triangle
Immeuble Palatin
92939 Paris La Défense Cedex.

KPMG S.A. is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

KPMG S.A.'s term as statutory auditor was renewed at the Combined Shareholders' Meeting of the Company held on May 13, 2014, for a duration of six fiscal years. Its term will therefore expire at the close of the annual shareholders' meeting convened in 2020 to approve the financial statements as of and for the year ended December 31, 2019.

Cabinet Mazars
Represented by Ms. Juliette Decoux and Mr. Eric Schwaller
61 rue Henri Regnault - Exaltis
92400 Courbevoie

Cabinet Mazars is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

Cabinet Mazars was appointed statutory auditor at the Combined Shareholders' Meeting of the Company held on May 13, 2014, for a duration of six fiscal years. Its term will therefore expire at the close of the annual shareholders' meeting convened in 2020 to approve the financial statements as of and for the year ended December 31, 2019.

9.5.2 Alternate Statutory Auditors

KPMG AUDIT S.A.
Represented by François Caubrière
3 cours du Triangle
Immeuble Palatin
92939 Paris La Défense.

KPMG AUDIT S.A. is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

KPMG AUDIT S.A. was appointed as alternate statutory auditor at the Combined Shareholders' Meeting of the Company held on May 13, 2014, for a duration of six fiscal years. Its term will therefore expire at the close of the annual shareholders' meeting convened in 2020 to approve the financial statements as of and for the year ended December 31, 2019.

Mr. Jérôme de Pastors
61 rue Henri Regnault - Exaltis
92400 Courbevoie

Mr. Jérôme de Pastors is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

Mr. Jérôme de Pastors was appointed as alternate statutory auditor at the Combined Shareholders' Meeting of the Company held on May 13, 2014, for a duration of six fiscal years. His term will therefore expire at the close of the annual shareholders' meeting convened in 2020 to approve the financial statements as of and for the year ended December 31, 2019.

9.6 Publicly Available Documents

Copies of this Registration Document are available at no charge at the Company's registered office. This document may also be consulted on the Company's website (www.tarkett.com) and on the AMF's website in its French version (www.amf-france.org).

During the period of validity of this Registration Document, the following French-language documents (or copies thereof) may be consulted:

- the Company's Bylaws;
- all reports, correspondence and other documents, historical financial information, evaluations and declarations prepared by an expert at the Company's request of which a portion is included or referred to in this Registration Document; and
- the historical financial information included in this Registration Document.

All of such legal and financial documents (in French and in English versions where available) relating to the Company and required to be made available to shareholders under applicable regulations may be consulted at the Company's registered office.

Regulated information (*information réglementée*) within the meaning of the AMF's General Regulation is available on the Company's website.

9.7 CORRELATION TABLE

9.7.1 ANNEX 1 TO THE EUROPEAN REGULATION

Annex I to Regulation (EC) No. 809/2001 of the Commission	Section of the Registration Document
1. Person responsible	9.1
2. Statutory auditors	9.5
3. Selected financial information	1.1
4. Risk factors	6.1
5. Information about the issuer	
5.1 History and Development of the Company	7.1.1 – 7.1.2
5.2 Investments	4.2
6. Business	
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6.2. Principal markets	1.5
6.3 Issuer's dependence	1.6.2.1
6.4 Competitive position	1.5.1
7. Organizational chart	
7.1 Brief description of the Group	1.2
7.2 Major subsidiaries	5.6
8. Property, Plant and Equipment	
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9. Operating and financial review	
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10. Liquidity and capital resources	4.3
11. Research and development, patents and licenses	1.6.4
12. Information on trends	4.6
13. Profit forecasts or estimates	N/A
14. Management and Supervisory Boards and senior management	
14.1 Information about members	2.1
14.2 Conflicts of Interest	2.1
15. Compensation and benefits	2.3
16. Operation of the Management and Supervisory Boards	
16.1 Term expiration dates	2.1
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16.3 Information on the Board's committees	2.2.2
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17. Employees	
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17.2 Shareholding and stock-options	2.4 -2.6
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19. Related party transactions	2.8
20. Financial information concerning the Group's assets and liabilities, financial condition and results	
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20.2 Pro forma financial information	N/A
20.3 Financial statements	5.3 - 5.4
20.4 Verification of annual historical financial information	5.8 - 5.9
20.5 Date of most recent financial information	5.1 to 5.4
20.6 Interim and other financial information	N/A
20.7 Dividend distribution policy	5.7
20.8 Judicial and arbitration proceedings	4.5
20.9 Material change in financial or commercial position	4.1
21. Additional Information	
21.1 Share capital	7.2
21.2 Incorporation documents and bylaws	7.6
22. Material contracts	4.4
23. Information from third parties, expert certifications and interest declarations	N/A
24. Publicly available documents	9.5
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9.7.2 ANNUAL FINANCIAL REPORT

Information required by Article L. 451-1-2 of the French Monetary and Financial Code	Section of the Registration Document
1. Management report	8.4
2. Consolidated financial statements	5.1
3. Company financial statements	5.3
4. Statutory auditors' report on the Group's consolidated financial statements	5.9 - 5.10
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7. Report of the statutory auditors on the report of the Chairman of the Supervisory Board on corporate governance and on internal control and risk management procedures	6.5
8. Statement of individuals assuming responsibility for the annual financial report	9.2