

Global Compact

Communication On Progress 2010

Message from the Chief Executive Officer

More than ever our Company made the social, environmental and economical issues the center piece of its strategy.

In 2010, Tarkett joined the United Nation Global Compact to mainstream the ten Global Compact principles in the areas of human rights, labour, environment and anti-corruption in all its business activities across the world.

As a responsible member of the community, the Group applies an ambitious sustainable development policy in relationship with its stakeholders and constantly monitor progress made in these areas.

In the interest of transparency, our continuous progresses are published on a yearly basis in the annual report and sustainable development report available at www.tarkett.com.



Michel Giannuzzi
CEO

Global Compact



Principes

2010 Actions

References / 2010 indicators

Human Rights		
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	Group values deployed across the Group Integration of The United Global Compact principles in many procurement contracts Code of Ethics involving all employees deployed across the Group. Integration of principles of respect and promotion of diversity	Annual report page 49 Annual report page 41
Principle 2 Make sure that they are not complicit in human rights abuses	Integration of ethical principles in recruitment process and people management Put in place of in-house audit plan Deployment of a major safety policy to reduce risks and raise staff awareness of safety in the workplace	Annual report page 41 Reduction of 32% of Lost Time Accidents and by 49% for all accidents in 2010 vs. 2009
Labour		
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Respect of social laws in each of the countries where Tarkett is located Integration of these principles in the Code of Ethics Put in place of representatives bodies in most of the countries Tarkett Forum : the Tarkett's European work council that goes beyond legal constraints	Annual report page 41
Principle 4 The elimination of all forms of forced and compulsory labour	Deployment of a code of Ethics across the Group + internal audits	
Principle 5 The effective abolition of child labour		
Principle 6 The elimination of discrimination in respect of employment and occupation	The Group is committed to fighting discrimination in both recruitment and career management Tarkett promote employee employability and develop employees skills Maintaining equal treatment for all	Annual report page 40-41 24% of Tarkett employees are women 39% of Tarkett employees received training in 2010 800 manager development plans set up
Environment		
Principle 7 Businesses should support a precautionary approach to environmental challenges	In 2010, 90% of the Group's production sites were certified ISO 9001 and ISO 14001 Sustainable development is engraved in the very mission, vision and values of the group Among the 5 Tarkett values: commitment to the environment Monitoring of environmental KPI: Energy and water consumption, waste production and recycling Tarkett strategy is fully aligned with the group's vision and mission - It aims at constantly improving the well-being and quality of life of our product's users by developing sustainable solutions	Annual report page 46 Annual report page 47 Annual report page 18-19
Principle 8 Undertake initiatives to promote greater environmental responsibility	Tarkett has undertaken an ambitious environmental strategy from product design through the end of life treatment, the group devotes considerable time and effort to reducing the carbon footprint of its products, production processes and logistics Member of the KKR's Green portfolio program: Tarkett commits to improve its environmental performance in regards of greenhouse gas emissions, waste, water, forest stewardship and chemical products	103 000 tons of PVC recycled in 2010 Annual report page 18-19
Principle 9 Encourage the development and diffusion of environmentally friendly technologies	In 2010 the Group raised its R&D budget by 21% vs.2009 Group's innovation strategy: - Strengthen our product's eco design: Launch of low emissions products in Europe that are ten times better than European standards - Create the modular solutions for tomorrow - Maintain industrial process leadership Partnership with EPEA to deploy Cradle to Cradle® philosophy: Develop products that go into perpetual technical cycles and can even be upcycled	Annual report page 18-19 Tarkett has a portfolio of over 100 patents
Anti-corruption		
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	Principles part of the Group's values and parts of the code of ethics Training on fair competition practices: Committed to fair and honest competition, Tarkett has established a Group Competition Compliance Program. Integration of Global compact principles in many procurement contracts	Annual report page 49



Tarkett, growing in a **sustainable** **and profitable way**

2010 Annual Report



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The vision of a leading solution designer

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- New areas for growth
- Corporate Governance
- The best designer of integrated flooring solutions
- An ambitious innovation strategy and a major commitment to the environment
- World-Class Manufacturing

Flooring solutions make the difference

22

- Design and functionality define how people experience their living space
- Years in school learning about floors
- Our integrated solutions have made us #1 in healthcare projects
- Proven productivity through stimulating work environments
- With retail outlets, Tarkett floors mean business
- Leading in sports surfaces with advanced technology and over 7,000 installations

A pledge of sustainable performance for all our stakeholders

36

- Sustainable development: a policy applied every day
- Combining respect for individuals with skills development
- Ensuring profitable growth
- Offering our customers the best experience
- Controlling the impact of our activities
- Setting up win-win partnerships
- Co-existing with local communities

Achieving success

52

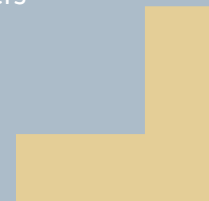
- 2010 Financial results

World leader in flooring and sports surfaces

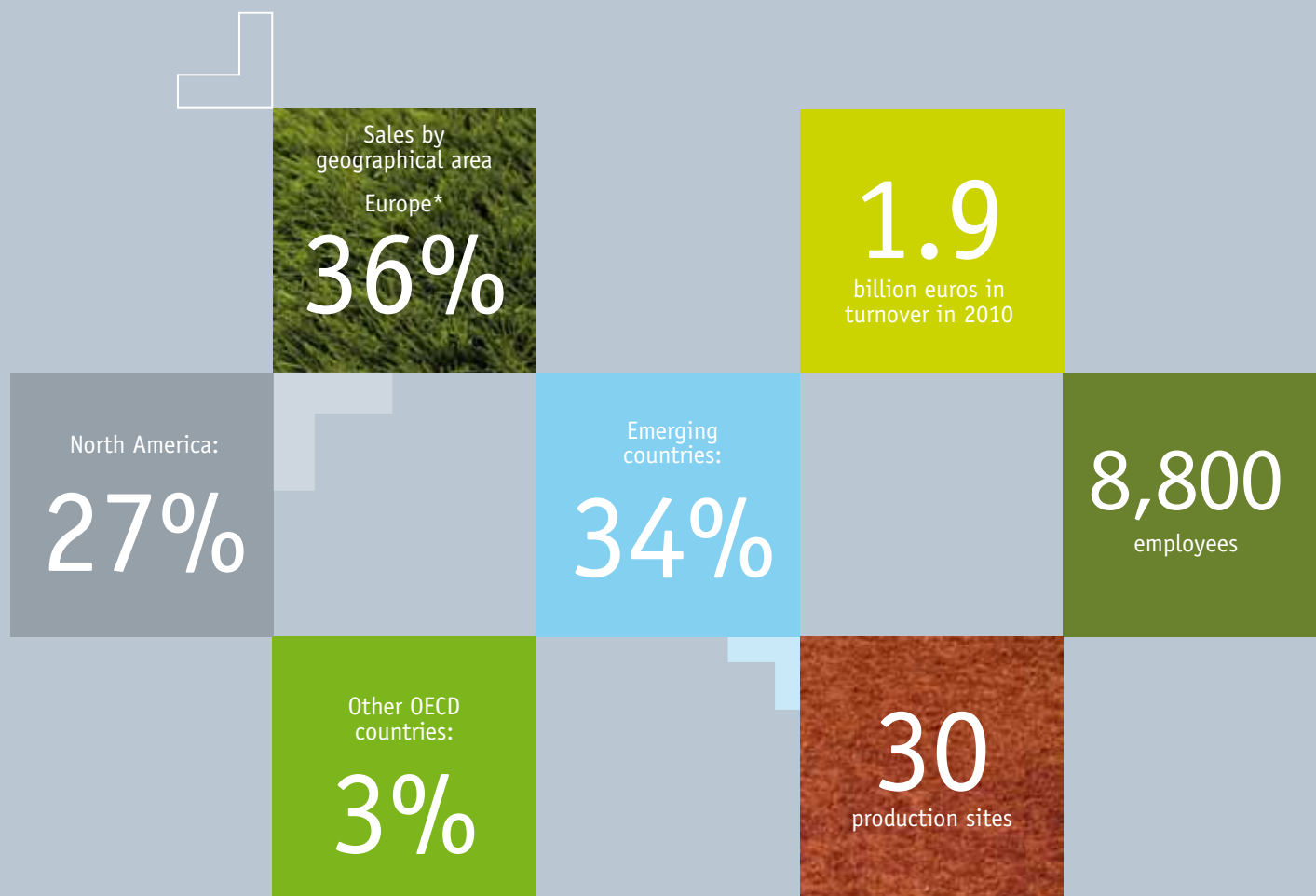


Mission: With 130 years of experience in creating safe, sustainable and inspiring flooring and sports surface solutions, Tarkett enhances every day its customers' quality of life and return on investment across the world.

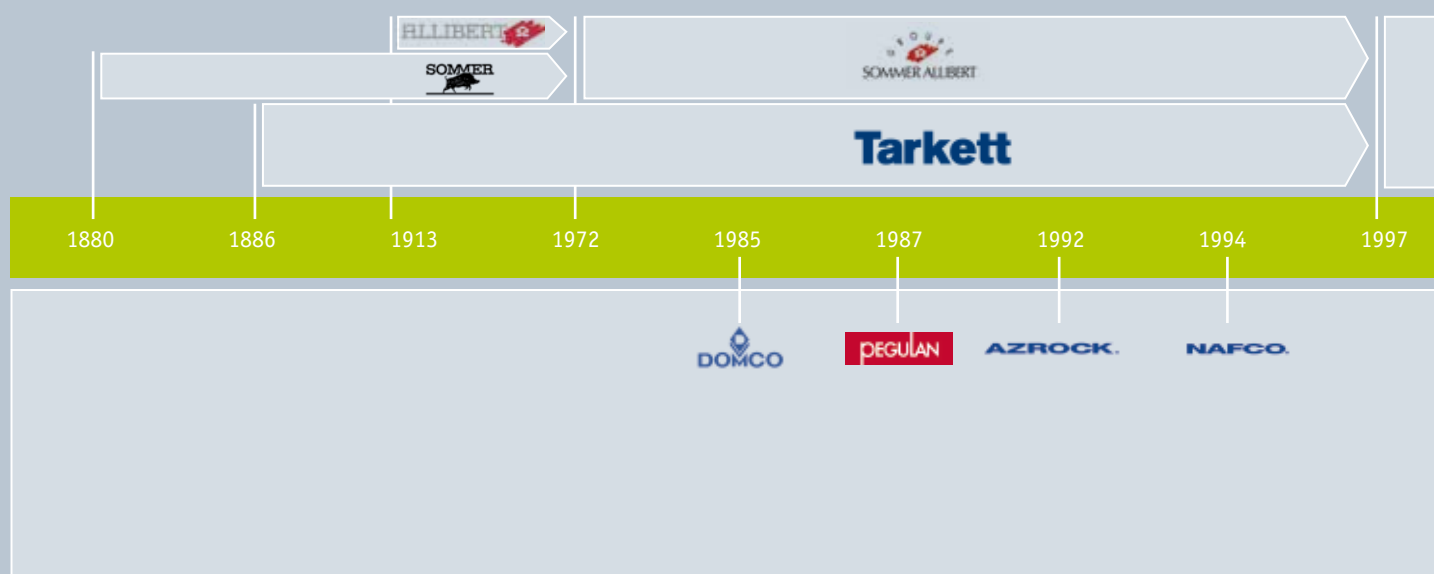
Vision: To be the global leader in innovative flooring and sports surface solutions that generate value for customers in a sustainable way.



Performance wall to wall



* European Union, Switzerland and Norway



Offices in over
100
countries

1.2
million m²
sold per day

As with all great brands, Tarkett has a rich legacy of people, values, expertise and ambitions. The Group, initially made up of Sommer and Allibert, gradually grew from its humble beginnings through acquisitions of companies founded by entrepreneurs having launched hardwood flooring in Sweden, linoleum in Canada, vinyl felt and backing in France and textiles in Serbia. It integrated such industry leaders as Azrock, Domco, Johnsonite, FieldTurf and Sintelon, and more recently Beynon, Fadamac, Aspen, Centiva and Morton Extrusion technik. Tarkett teams are diverse yet share common backgrounds. This diversity continues to be the source of ongoing innovation in materials, technologies, design, and service to make people's lives safer, more comfortable, more productive, and inspire them through colors, patterns and textures in the places where they work, live or play.



2002

2003

2004

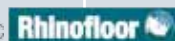
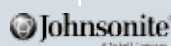
2005

2007

2008

2009

2010



Morton Extrusionstechnik

A wide range of products

Tarkett product lines (% sales per product line)



Vinyl and Linoleum:

64%



Sports:

13%



Rubber and Various:

11%



Wood and Laminate:

12%



As a leader in flooring solutions and sports surfaces, Tarkett offers a very wide range of products on the market from Vinyl and Rubber to Laminate, Wood, Carpet Tiles, Accessories and all kinds of indoor and outdoor sports surfaces. Tarkett solutions feature a wide variety of materials and styles that blend seamlessly into customers' environments. Available in hundreds of alternative colors and shades, patterns and designs, quality standards and price points, our broad range gives us all the necessary options to operate as a true provider of integrated solutions.

Main product brands

Solid positioning around the globe



USA
FieldTurf – Boise State University, Idaho



Mexico
Retail chain, Puebla



USA
Central Dupage Hospital, Winfield, Illinois



Brazil
Hospital Cristovao São Paulo



Portugal
Hospital Da Luz, Lisbon

Sales in over

100

countries

30

production sites

48

sales /
marketing offices

We are a global leader in both commercial and residential segments.

Global leader :

- for vinyl products
- for artificial turf

Regional leader :

- for running tracks in North America
- for wood flooring in Western and Eastern Europe
- for flooring accessories in North America



Events in 2010

From the Vancouver Olympic Winter Games to the introduction of next generation artificial turf, Tarkett consolidated its international presence and influence in 2010.



FEBRUARY

The Tarkett Group at the Vancouver 2010 Olympic Winter Games as an official partner of the French National Sports Olympic Committee (CNOSF).



APRIL

Inauguration of the Mytishchi plant in Russia, specializing in laminate production.



MAY

Azrock wins the Grand Prize of the Starnet Design Awards for its work at Central Dupage Hospital (Winfield, Illinois, USA).

Tarkett Group joins the United Nations Global Compact.

Michel Giannuzzi and Vincent Lecerf win the 2010 CEO/HRD award in France.

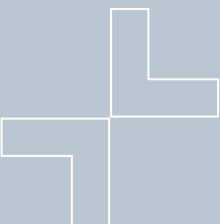
FieldTurf and EasyTurf announce the creation of a partnership in the United States to reinforce their market positions.



JUNE

Tarkett receives the DIY & Household retail award in Russia.

Tarkett's FiberFloor® collection wins American magazine Consumer Digest's prestigious "Best Buy" award.



SEPTEMBER

Tony Parker inaugurates the new ASVEL Basket floor (France) with the same technical characteristics and look as NBA floors installed in the USA.

Tarkett Sports takes a majority stake in Poligras Iberica SA to reinforce its artificial turf positioning in Europe.



OCTOBER

Tarkett pursues its growth in Russia by opening a Customer Service Center in Novosibirsk, Siberia.

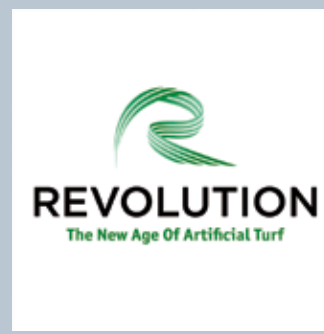
All Johnsonite plants in North America obtain ISO 14001:2004 certification.



NOVEMBER

"Floor in a Box" wins an "Etoile du Design" award in the "marketed products" category in France.

Tarkett acquires the Rhinofloor brand from Armstrong World Industries.



DECEMBER

FieldTurf creates a partnership with Morton Extrusionstechnik to consolidate its international positions in artificial turf.

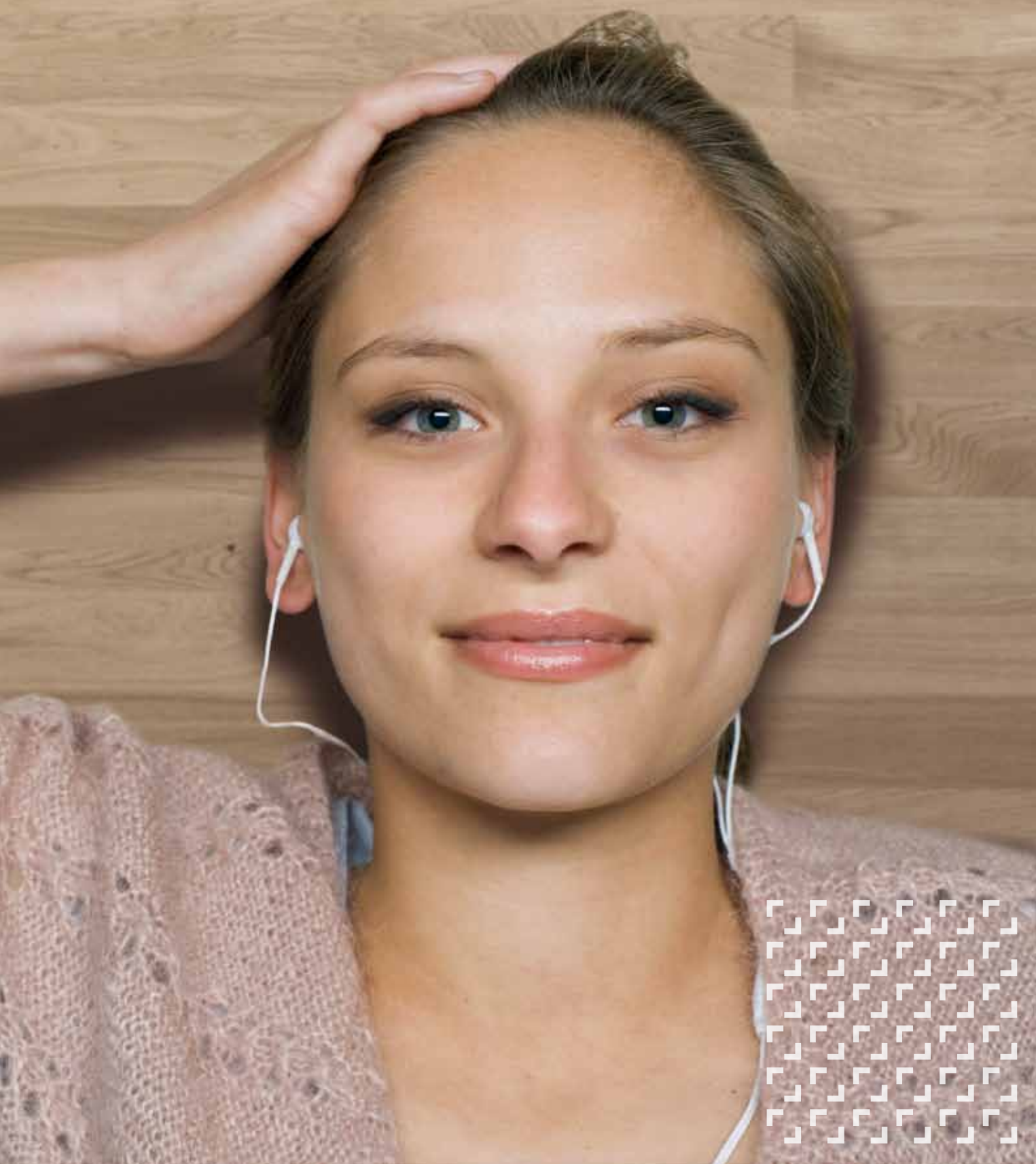
Tarkett acquires Centiva® Flooring to become one of the largest manufacturers of luxury vinyl floor tiles in North America.



THE VISION OF A LEADING SOLUTION DESIGNER

As a leader in the flooring industry, Tarkett continues to grow by expanding into new markets. All around the world, the Group is now known as a designer of integrated, high-performance and sustainable solutions that meet the diverse, complex needs of its customers.





New areas for growth

“We are pursuing profitable growth with a strong focus on our customers, employees and the environment.”



Michel Giannuzzi,
Chief Executive Officer
Chairman of the Management Board

Tell us your thoughts on 2010 from a financial perspective.

2010 was a year of strong recovery. One highlight was the major improvement in Group turnover, up by 12% and soaring as high as 24% in emerging countries which account for 34% of our turnover. Our growth was substantially superior to that of the market as a whole. Our increased sales volumes and the productivity actions set up two years ago helped offset the widespread increase in commodity prices observed since the second quarter of 2010. The strong financial performance of 2010 reflects the soundness of our profitable growth strategy. In 2011 the Group will continue to expand its growth in emerging markets and implement its policy of targeted acquisitions.

What about your acquisitions?

We are pursuing our policy of keeping a balanced approach between organic and external growth. Our acquisitions are based on our three strategic goals:

- introduce innovative products to bolster our solutions portfolio; we have made the acquisition of Morton Extrusion technik in Germany for the production of a new generation of artificial turf and of Centiva® Flooring, which now positions Tarkett as one of the largest producers of luxury vinyl tiles in North America.
- develop new markets; with EasyTurf, North America's premier sales, marketing and installation company for residential and commercial artificial grass landscaping.
- consolidate market position; with the acquisition of a majority stake in Poligras, an artificial turf manufacturer that holds a prominent position in sports surfaces in Spain.

Your strategy revolves around the 5 C's. Can you tell us some of the year's highlights for each one of them?

The 5 C's are Customer, Cost, Cash, Commitment (to both the environment and employees) and Creativity. Concerning Customers, our goal is to offer a unique experience. The Group aims to stand out as a provider of integrated solutions. To derive the most from our multi-product offer, we have worked on a new segmentation, now enabling Tarkett to offer specific flooring solutions to meet the various needs of its six core segments: housing, healthcare, education, offices, retail/hospitality and sports. Dedicated solutions have been created for each to satisfy individual tastes and functional or environmental needs. The experience is not only about product solutions but also service. In 2010 we invested in a logistics platform in Novosibirsk, Siberia and in Astana, Kazakhstan to provide our regional customers with unrivalled service quality. As for customer recognition, Tarkett Residential in North America has earned a prestigious "Best Buy" rating from Consumer Digest Magazine for the second time. To further boost team and partner knowledge on our products, we have continued to open new "Tarkett Academies" in Australia and Brazil.

How about Cost and Cash?

The World-Class Manufacturing program currently under deployment has enabled substantial savings in our production costs. As for Cash, we have mainly focused on reducing required inventory and improving overdue accounts receivable the latter benefiting from the wholehearted involvement of our credit department and sales teams. At the same time, we increased our capital expenditures targeting projects likely to generate the strongest return on investment.

What are the Group's Commitments to its employees?

Our workplace safety initiatives brought our lost time accident rate down by 32% in 2010, while several other initiatives developed the Group's talents, training and in-house communication. These endeavors sparked positive feedback from our employees. The April 2010 global in-house opinion poll enjoyed an outstanding 75% participation rate, indicative of our employees' strong commitment to the Group strategy as well as a noticeable improvement in overall satisfaction: 74% of employees being proud to work for Tarkett as opposed to an industry average of 58%.

What about the environment?

To improve the environmental impact of our activities, all of the Group's plants follow key indicators. 90% of our production sites have ISO 9001 and ISO 14 001 certification. Product recycling and eco-design remain a priority. Tarkett pioneered the concept of flooring recycling as early as 1957. In 2010, Tarkett recycled an astonishing 103,000 tons of PVC which makes us the highest in the flooring industry. Our products promote better indoor air quality, with Volatile Organic Compounds (VOC) emissions 10 times lower than the current European standard. All these initiatives confirm that Tarkett is taking strong leadership on sustainable development in the flooring industry.

What are the Group's main areas of innovation?

In 2011, the environment will continue to be a major research driver. We will continue to work on eco-innovation for our products. To this end, Tarkett recently signed a partnership agreement with the German Environmental Protection Encouragement Agency (EPEA) founded by Michael Braungart. Through this partnership, we will start to apply the "Cradle to Cradle"® methodology which aims to develop products that go into perpetual cycles and can even be upcycled. In this model, products eventually have an end of use rather than an end of life. Tarkett is the first French company to apply this methodology both in the development of new materials and product certification.

Corporate Governance



From left to right: Eric Daliere, President Tarkett Sports • Fabrice Barthélemy, Chief Financial Officer • Vincent Iecarf, EVP Human Resources • Michel Giannuzzi, Chief Executive Officer • Patrick Mathieu, President Western Europe • Jeff Buttitta, President North America • Dragan Zarkovic, President Eastern Europe • Anne-Christine Ayed, EVP Research, Innovation & Environment • Pierre-Philippe Simphlet, Secretary of the Board





From left to right:
Alain Vourch, KKR • Eric Deconinck • Jacques Garaïalde, KKR • Bernard-André Deconinck • Josselin de Roquemaurel, KKR • Didier Deconinck

Strong support and commitment of our shareholders

Since January 2007, Tarkett SA has been owned through a holding company by the Deconinck family (50%) and funds affiliated to “Kohlberg Kravis and Roberts” (KKR) (50%). The Group enjoys a stable financial base and involved shareholders that support its profitable growth strategy.

Tarkett SA is legally structured with a Management Board and a Supervisory Board.

Supervisory Board

The Supervisory Board (“Conseil de Surveillance”) is composed of six members: three members of the Deconinck family and three representatives of KKR. The board members meet once a month to review in detail with management the group’s financial performance as well as operating and strategic initiatives.

In line with common governance practices, the Supervisory Board also has three dedicated Committees: the Audit Committee, chaired by Josselin de Roquemaurel from KKR, the Strategy and Marketing Committee, chaired by Eric Deconinck and the Selection and Remuneration Committee chaired by Jacques Garaïalde (KKR).

Management Board

The Management Board (“Directoire”) is chaired by Michel Giannuzzi, Chief Executive Officer and includes Fabrice Barthélemy, Group’s Chief Financial Officer and Vincent Lecerf, Human Resources EVP.

Executive Board

The Executive Board is the Group’s steering body. It includes:

- The Chief Executive Officer
- The four Division Presidents (Western Europe, Eastern Europe, North America and Sports)
- Three functional Vice-Presidents: Finance, Human Resources, Research Innovation & Environment
- The Secretary of the Board.

Audit Committee

Its purpose is to assist the Supervisory Board with the following duties:

- ensuring the reliability and quality of the financial data in Tarkett Group accounts every six months
- validating the quality of financial data with external auditors (KPMG and Praxor) as well as following up on the recommendations arising from audits
- validating the in-house audit plan and ensuring that in-house control processes are performed
- examining the conclusions of the in-house audits and implementing corrective measures

The Audit Committee met twice in 2010.

In 2010, Tarkett performed a risk mapping of all its operations, in order to identify and prioritize the main risks that the company may be exposed to. The ten most important risk factors are subject to dedicated action plans that have been presented to the Supervisory Board.

A Code of Ethics involving all employees

Tarkett has enacted a Code of Ethics distributed to all Group employees. It requires all employees to actively adopt common practices and commit to adhere to exemplary working practices. This requirement helps to guarantee the Group’s reputation on the world markets.



The best designer of integrated flooring solutions

In 2010, Tarkett pursued its profitable growth strategy based on the 5 C's (Customer, Cash, Cost, Commitment, Creativity) and on its position as a provider of high added value solutions.



Strategic focus

- Accelerating profitable growth
- Constantly improving Group financial performance
- Pursuing strategic acquisitions to reinforce our position as a world leader



The Tarkett Awards: the company's recognition program to reward workers helping to make Tarkett a quality company in each of the 5 C's.



Fully integrated flooring solutions



2015 outlook

- **Outgrow the market** by focusing on organic growth and innovation as well as a timely acquisition strategy in three principles: geographical growth, reinforcing the product portfolio and consolidating market positions. All this, to **strengthen our global position.**
- Pursue our **commitment to innovation in products and service, a strategic Group priority**, and offering competitive solutions.
- Extend our **commercial presence** in emerging countries.

Tarkett's strategy is based on five strategic pillars: the 5 C's

Customer: Offer a unique customer experience

- Developing new approaches to products and services to meet our customers' needs
- Enlarging our product portfolio by adding new or additional categories
- Developing business partner and employee training in order to be recognized as the experts in flooring solutions

Cash: Generate cash to fuel our growth

- Optimizing working capital needs
- Investing in projects with high returns on investment

Cost: Reinforce our competitiveness

- Implementing the World-Class Manufacturing program
- Optimizing the quality process
- Leverage scale through strategic acquisitions

- **Commitment: to employees and the environment**
- Guaranteeing workplace safety for all our employees
- Promoting skills development for Group employees by setting up personal interviews, training and succession plans
- Improving the environmental impact of our products and operations

Creativity: Invest in research and innovation

- Anticipating market trends
- Launching innovative, environmentally-friendly products using eco conception
- Involving employees in the innovation process



An ambitious innovation strategy and a major commitment to the environment

Tarkett's innovation strategy is fully aligned with the Group's vision and mission. It aims at constantly improving the well-being and quality of life of our product's users by developing sustainable solutions.

Tarkett is becoming the industry reference for Volatile Organic Compounds (VOC) emissions reduction

Years of highly advanced research and development have resulted in innovative product formulations and optimized manufacturing processes. All flooring products that Tarkett sells in Europe have VOC emissions ten times lower* than current European standards.

* TVOC after 28 days. Emissions under $100 \mu\text{g}/\text{m}^3$, 10 times lower than European standards ($1000 \mu\text{g}/\text{m}^3$).



The three pillars of the Group's innovation strategy:

Strengthen our products' eco design

Improving interior air quality in homes and public places is a major facet of the Group's innovation strategy. In parallel, Tarkett uses its knowledge of materials and industrial processes to develop environmentally-friendly flooring by considering the complete life cycle of a product right from the design stage. For example, the Group launched "TarkoSpray/SpraySmart", a solvent-free glue, "IQ Natural", the first homogeneous vinyl flooring containing over 75% of natural, renewable raw materials. In the USA, Johnsonite launched a new range of rubber tiles, FOLIO™ COLLECTION with a long life cycle and low maintenance. Over time, rubber flooring offers greater resources efficiency than many other materials and the ability for the product to be recycled reduces its impact on the environment.

Create the modular solutions of tomorrow

Design teams all over the world are looking out for new trends, anticipate user expectations and adapt designs to local particularities. Our research activities and regular dialogue with architects and customers are leading to the development of innovative modular concepts. This year, Tarkett launched "Floor In A Box", a new modular product, which is easy to carry and to install, tailored to meet users' needs.

Maintain industrial process leadership

After having developed a map of international experts, Tarkett entered partnerships with the best universities to model and continuously improve its industrial processes. In addition, several networks of internal experts were set up to build on and leverage the technical knowledge of Tarkett R&D teams.

Facets of our innovation strategy:

- Commitment to the environment
- Well-being and quality of life of our customers and end-users
- Competitive positioning and industrial excellence

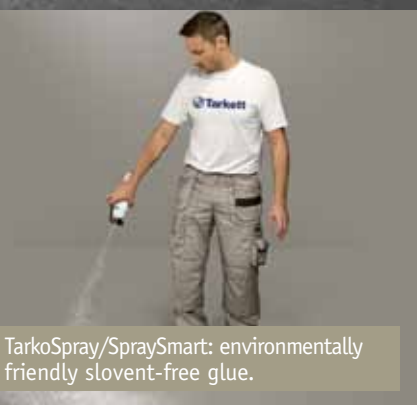


**Inno
Days**



Innodays: Internal initiative organized to generate innovative ideas from across the Group.

With its modular "Floor In A Box" concept, Tarkett revolutionized the flooring market.



TarkoSpray/SpraySmart: environmentally friendly solvent-free glue.

Tarkett, the first French company to join Cradle to Cradle®

In 2011, Tarkett intends to strengthen its green design research. To this end, Tarkett signed a partnership with the German scientific institute EPEA founded by Michael Braungart (Environmental Protection and Encouragement Agency) to deploy the Cradle to Cradle® philosophy.

The truly revolutionary Cradle to Cradle® concept offers a new approach to the business paradigm and to corporate culture. Thus, Tarkett wishes to support eco-innovation without conflicting with economic growth and environmental commitment. Rather than systematically seeking to consume less, Tarkett undertakes to design products that go into perpetual technical cycles and can even be upcycled.

Tarkett is the first French Group to promote and adopt this concept both in its approach to new materials and in terms of product certification.



Innovation at the heart of profitable growth

Innovation is a priority for supporting the Group's profitable growth strategy and setting it apart from competition. In this perspective, the Group raised its R&D budget by 21% in 2010 vs. 2009. As a leader in the flooring industry, Tarkett undertakes major Research and Development initiatives to create sustainable solutions with high added value and to maintain its technological advantage.

Prestigious partnerships worldwide

- With Penn State University, to study the safety and performance impact of sports flooring on athletes
- With the University of Michigan, to study the impact of indoor air quality on health
- With the "Ecole Nationale Supérieure des Arts Décoratifs (ENSAD) in France, to imagine and develop the flooring of the future
- With "Ecole des Mines" (Paris),
- With the "Ecole Supérieure de physique et de Chimie Industrielles" (ESPCI) in Paris.

Tarkett, a member of KKR's Green Portfolio

In February 2010, Tarkett joined the KKR Green Portfolio. Designed in partnership with the non-governmental organization Environmental Defense Fund (EDF), the program requires that Tarkett commits to improving its environmental performance, particularly as regards greenhouse gas emissions, waste, water, forest stewardship and chemical products.



Tarkett has a portfolio of over

100
patents

World-Class Manufacturing

The World-Class Manufacturing (WCM) program supports the Group strategy in terms of industrial excellence. For two years, using this method has resulted in concrete improvements to safety, quality, customer service, cost reduction and environmental impact.



WCM Principles

- Improving quality and performance from the customer's standpoint
- Adapting the manufacturing plant to market requirements
- Improving the industrial performance of the Group's business lines
- Optimizing the use of industrial resources to reduce costs

WCM methodology
relies on
the implementation
of industrial
performance audits.



The WCM network

In each site where the program is set up, one manager per pillar is appointed, as well as one coordinator, and then trained in the methodology.

These teams make up the WCM network, which promotes regular sharing of best practices between the Group's various sites.

Aiming at industrial excellence

Launched in February 2009, the WCM program is designed to increase the quality of production and customer service while improving safety, environmental impact, performance and the bottom line. As a continuous improvement tool, the WCM program is based on ten fundamental pillars:

- Safety & working environment
- Cost deployment
- Focus improvement
- Autonomous activities
- Professional maintenance
- Quality control
- Supply chain and customer service
- Early product & equipment management
- People development
- Environment

and relies on the implementation and monitoring of key indicators.

A worldwide program

In 2010, the WCM program was implemented in the majority of the sites in Western Europe, through pilot projects. The main goal was to identify and significantly reduce sources of loss or waste in our production plants. In two years, the program has resulted in conclusive improvements. Bolstered by this positive first result, the WCM program will be deployed in 2011 in all Tarkett plants in North America and Eastern Europe.

Optimize manufacturing processes

To stay competitive and improve the industrial performance of its business lines, Tarkett constantly seeks to optimize its manufacturing processes. The Group has undertaken several initiatives to redesign existing methods and develop innovative industrial processes. In 2010, our Technology Expert Network was created to share knowledge on processes and materials on a global scale.

Positive results in 2010:

Safety: Lost-time
accidents down by

32%

Quality: Customer
complaints down by

30%

FLOORING SOLUTIONS MAKE THE **DIFFERENCE**

No other flooring manufacturer in the world offers a larger range of different flooring types in more countries than Tarkett. This gives us the scope and freedom not only to recommend the perfectly adapted product to each of our customers, but also to offer fully integrated flooring solutions. All are designed to match different styles and tastes as well as maximize performance and savings for all building types and purposes. Providing these solutions is what makes Tarkett unique. Thinking in terms of solutions is what gives us the power to anticipate future customer needs and the development of tomorrow's innovative flooring products.



Design and functionality define how people experience their living space





Tarkett advertising "Best Buy rating" from Consumer Digest magazine on Broadway, NYC.



"Tarkett's innovative product collection in the fiberglass category is industry leading and has allowed FloorExpo to compete and win in today's competitive environment. Tarkett's willingness to be creative and innovative with product and service programs has been a valuable part of the FloorExpo model for success."

Andy Hogan,
Executive VP/CPO – FEI Group

Floor Expo is a network of flooring contractors working in 200+ markets across the USA.

Style, comfort and safety

All these elements play an important role in the physical and emotional well-being of people in their homes. For this reason, Tarkett works with designers, architects and public authorities to create unique flooring solutions, which address the wide diversity of needs and regulatory requirements of contemporary housing projects. A wide choice of trendy colors, patterns and styles for vinyl, linoleum, laminate or wooden floorings have the capacity to transform a simple room into an inspired space while catering to very individual tastes and expectations. Functional benefits such as slip safety, air quality and noise reduction are particularly important for dense municipal housing projects and need to be matched with economical factors such as maintenance costs and return on investment. Constant dialogue with customers and end users as well as over 130 years of experience have made Tarkett the #1 flooring reference in many markets across the world.

Tarkett FiberFloor® awarded prestigious Consumer's Digest 'Best Buy' honor

The Tarkett Residential FiberFloor® Easy Living™ Collection has earned a prestigious Best Buy rating from Consumers Digest magazine in its recent 'Best Buys in Flooring' issue. The publication reports that on average the Consumers Digest Best Buy rating is awarded to less than three percent of the competing models in any given product category. With 207 designs in three overall collections, distinctive colors and textures – including authentic-looking wood grains, rustic tiles and earthy stones – FiberFloor® effortlessly mimics the real thing, while providing the ultimate in value and enhanced performance that meets all the rigors of day-to-day living.



Years in school learning about floors



Nova International School, Skopje, Republic of Macedonia



Metrolina Scholars Academy –
North Carolina – USA



Basisschool – Terneuzen – Netherlands

Metrolina Scholars Academy, USA

"We chose this rubber tile flooring because we are trying to support a strong environmental ethics for our school community. The idea of no stripping with chemicals and waxing with other unpleasant products was a major determining factor in our selection of the flooring."

Marie E. Peine,
Ph.D., Director,
Metrolina Regional Scholars
Academy, Charlotte,
North Carolina – USA

A unique range of flooring

Schools are some of the toughest environments for flooring. So back to school we go, studying our products in real life conditions. Observing our floors' resistance to heavy traffic, staining, noise and denting. We have talked to hundreds of teachers, students and facility managers to learn how to best match their needs. The result is a unique range of flooring products, designed to significantly improve the learning environment and to address the many needs of being durable and cost effective, safe and inspiring and hygienic, noise reducing and stain- and impact- resistant.

One of the most modern schools in Russia

Finished in July 2010, the St Petersburg state school is today considered one of the most modern in Russia. Tarkett installed Acczent Mineral vinyl flooring, known for its resistance to wear and denting, in the classrooms. The surface is treated with Topclean XP PUR for easier maintenance. Part of this project, the multi-activity room has been equipped with wood flooring.

Playing & learning in the best conditions

"Our school was developed to stimulate the imagination and be colorful, providing the very best conditions for both playing and learning. The Tapiflex and Acczent flooring ranges from Tarkett are a vital part of the interior design, providing possibilities for using colors and patterns to best effect. We set out to give the children in our facility an open and secure environment with acoustic and underfoot comfort."

Gaelle Van Zeveren,
Architect, V+G architecten



Our integrated solutions have **made us #1** in healthcare projects



Central DuPage Hospital, Winfield, Illinois - USA

Central DuPage Hospital, Winfield, Illinois

"Thanks to Tarkett Azrock® Cortina® products, we were able to create a design that uses color, light and shape to define a youthful environment rather than typical look alike spaces.

Each sweeping design element leads into the next, creating an experience that is uplifting for young patients during their brief stay at the hospital."

Margi Kaminski,
Designer, RTKL Chicago

G&M Wellness Center, San Diego, California

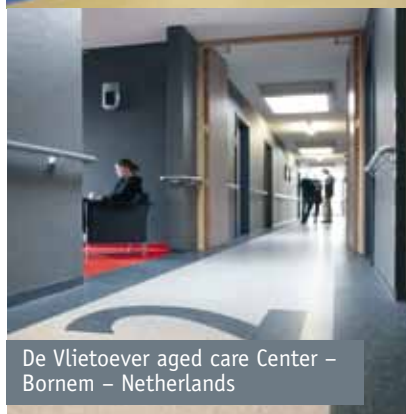
"The Optima tile allowed us to use vibrant colors to help people find their way throughout the facility.

The design was created to give seniors a welcome break from their everyday existence spent in poverty on the streets of San Diego."

Erica Roman,
LEED AP, Interior Designer,
Smith Consulting Architects



St Petersburg birthing Center – Russia



De Vlietoever aged care Center – Bornem – Netherlands

St Petersburg Federal Perinatal Center – Russia

Founded in 1980, the St Petersburg Federal Center for Heart is today one of the largest health care centers of the Russian Federation. Tarkett used its knowledge of the healthcare sector to offer the clinic the most suitable products for its purposes. Over 16,000 m² of IQ Melodia and Toro SC homogenous vinyl were installed in areas equipped with electronic devices, as well as in the operating rooms. To protect sensitive equipment, these floorings feature low resistance in order to dissipate electrostatic charges, both conducting and dissipating electricity. They also inhibit the growth of bacteria and fungi, and are particularly well adapted to high-traffic areas.

Fully integrated solutions

No other flooring projects are more challenging and complex than those for healthcare. Not only must floors meet the specific needs of the building section in question, but different flooring types also have to harmoniously transition in terms of their functionalities and design features. Strict hygiene, air quality standards, static control, water and chemical resistance, acoustics and heavy traffic have to be reconciled with work comfort and ease of maintenance. Additionally, stimulating environments must be created to promote healing. In light of the challenge that these projects represent, any flooring solution has to be fully integrated to perform. Today, our healthcare flooring offer – the most extensive in the market – combined with our expertise and ability to advise and support healthcare professionals every step of the way, have turned Tarkett into the uncontested #1.

Tarkett Azrock® honored with Grand Prize StarNet award

Each year the StarNet Design Awards reward the creativity and talent of StarNet members by recognizing outstanding commercial interiors featuring innovative flooring products and technologies. Entries are judged based on the creative use of flooring, as well as the design concept and overall quality of the solution delivered to the client. Azrock's Cortina Grande® commercial resilient tile offered the design flexibility, aesthetics, maintenance qualities and cost requirements to meet the facility's needs. With a wide range of color options and superior performance warranty, Azrock's Cortina Grande® provided the right flooring solution.



Proven productivity through stimulating work environments



Arcelor building – Liège – Belgium



Dental Office – North Carolina – USA



Skanska offices Budapest – Hungary

Johnsonite is the proud recipient of two Awards

Johnsonite received the Award of Excellence, Sponsored by FCNews and the World Floor Covering Association (WFCA), in the Group B Resilient category for the 3rd straight year in a row.

The Award of Excellence by FCNews and the World Floor Covering Association (WFCA) is a way for manufacturers' customers — retailers, distributors, designers, installers, and specifiers — to honor the companies they feel consistently provide the best service. Some of the criteria examined are the professionalism of the sales force, the responsiveness of management, value, design, handling of claims and ease of doing business.

The company also won the top three honors in the Award for Design Excellence (ADEX) 2009-2010 competition, winning the Silver, Gold and Platinum awards for the Space, Harmonium xf and Mesto Configurations lines, respectively.

Johnsonite
A Tarkett Company

Creating a stimulating workplace

In today's efficiency driven business world, we have found that the right choice of flooring can make a significant contribution to creating stimulating and more productive workplace environments. Floors, through their design, styles and functional aspects can make people feel more comfortable, safer and more inspired. Offering excellent life cycle costs and maximizing return on investment, the ample range of Tarkett flooring categories, colors and styles propose the perfect solution for any type of business and every area of high performance office space, from the boardroom to the kitchen.

Environmentally friendly offices

Thanks to Tarkett linoleum, the Skanska offices become even more environmentally friendly. Tarkett laid 6,300 m² of 3.8 mm linoleum in the offices of Skanska, an EU-certified

green building in Budapest. This could well make this office building the greenest in all of Hungary (by LEED standards).

This range of linoleum products was chosen as the best natural, renewable product. Skanska won the trophy for the "greenest building of 2010" awarded by the KÖVET Association. The competition drew entries from 30 companies seeking to make their offices as green as possible by introducing changes with a long-term environmental impact.



Municipal Council, Seixal, Portugal

With retail outlets, Tarkett floors mean **business**



Crown Plaza Hotel – Netherlands

Supplying Telekom Srbija retail chain

"For this chain of stores, our idea was a little peculiar. We wanted to find a way to make this shop different, a way to make it stand out.

Due to strong traffic in Telekom Srbija shops, the Tarkett Optic acoustic range was recommended. It is simultaneously very resilient, easy to install and cheap to maintain – it does not need polish for life. This solution has several benefits for the store: great look, easy and low cost maintenance, high sound reduction and excellent resistance to scuffing, soiling and staining."

Sonja Lukic

Tarkett Marketing -
Backa Palanka, Serbia



Orange Shops – Romania

Tarkett's cooperation with Orange in Romania started in 2009. In 2010 Tarkett will install 8,200 m² in Orange Shops, while a further 6,000 m² are slated for installation in 2011. Small shops average 60-80 m², while large shops are around 180 m².



Telekom Srbija shop – Serbia

Enhancing image and efficiency

A store outlet, boutique or hotel reception area is the predominant showcase of any given retail brand. Vibrant and edgy or relaxed and comfortable, the choice of flooring reflects the desired brand image and helps bring customers through the door. Wood, laminate, linoleum, vinyl or rubber – no other flooring company provides a larger choice of different flooring types, allowing retail owners to always find the perfect solution. And the depth of colors, styles and surface treatments provide an almost unlimited toolbox to match the desired visual effects with the particular durability for customer traffic requirements. And while retail fashions may change, easy installation provides a new cutting-edge look with a minimum of downtime and lost revenues.

Mio furniture Shop – Stockholm – Sweden

Mio is one of Sweden's leading furniture and home decoration chains, with about 60 stores all over the country. In a pilot store for the chain, wood flooring was selected owing to its homelike feel. The flooring challenge was to find a white hardwood flooring that could withstand the extreme effects of people walking straight in from the busy street in the Nordic winter climate. The choice was Tarkett Epoque (Oak Winter), a high-quality wood flooring combining elegance, tradition and comfort. The multi-layered construction provides excellent stability and the extra-thick wear layer can be re-sanded up to five times. The Proteco lacquer finish, one of the strongest in the market, is particularly hard-wearing and long-lasting.

Leading in sports surfaces with advanced technology and over 7,000 installations



Meadowlands Stadium – New York – USA



Revolution Innovative new fiber



Proflex M wood Surface



Universiada hall – Sofia, Bulgaria

Installed in October 2010, Sportable, the portable parquet made by Tarkett Sports, was chosen to renovate the Universiada multi-purpose sports complex. The 2,600-seat hall built in 1961 is a genuine architectural monument. It is also Bulgaria's most famous sports complex and home to the Levski Club, Sofia's most popular basketball team. Tarkett was chosen to renovate the 615 m² floor with a Sportable floor. Approved by such governing sports bodies as FIBA, FFBB, IHF and WVB, it has excellent wear and shock-absorption.

Asvel Basket club, Lyon, France

"In line with Asvel's expectations and benefiting from Tony Parker's input, Tarkett Sports has developed a solution recognized as the benchmark in basketball. Proflex M from Tarkett Sports offers the same technical and esthetic characteristics as North American surfaces.

Proflex M is perfectly designed for high level competition games, and offers athletes unequalled play performance as well as an innovative look."

Gilles Moretton,
President of ASVEL,
French National Basketball
Champion team

Providing the best sports surface experience

For many years, Tarkett has been setting the pace for the industry with high performance sports surfaces that provide playing comfort, safety and strong sensations at any level of sports competition. Today, many of the world's best football, baseball and soccer teams are playing on our 3rd generation FieldTurf artificial turf. Elsewhere, portable parquets go on tour with Champion League Basketball teams and our athletic tracks help break new records. Many of these installations have set new environmental standards, saving millions of gallons of water, thousands of tons of pesticides and fertilizers or simply using all renewable raw materials such as in wooden or linoleum based indoor fields.

Revolution – The new age of artificial turf

Together, FieldTurf and Morton have unlocked the secrets of combining the very best in polymer technology with improved UV inhibitors and a state-of-the-art extrusion process. The creation of this new compound enables FieldTurf to produce a fiber that will resist splitting and reduce degradation caused by the sun's

ultraviolet rays. A result of the passion and ingenuity of its scientists, FieldTurf in-house fiber manufacturing makes it one of the most vertically integrated companies in the industry – with full control over all facets of the turf system – fiber, tufting, coating and installation. This provides FieldTurf clients with a level of quality assurance that simply cannot be matched.

"After looking at all the different synthetic turf providers available, we felt FieldTurf was the best choice. FieldTurf's commitment to player performance and safety was a major factor in our decision."

Houston Nutt,
Head Football Coach,
University of Mississippi - USA

A PLEDGE OF **SUSTAINABLE** **PERFORMANCE** FOR ALL OUR STAKEHOLDERS

As a responsible member of the community, Tarkett considers social, environmental and economic issues in the management of its business and in its relationships with stakeholders. The Group applies an ambitious sustainable development policy, constantly monitoring progress made in these areas.



Sustainable development: a policy applied every day

Tarkett is combining overall performance with respect for the environment and people. Tarkett's sustainable development strategy is grounded in three considerations: corporate governance, social responsibility and environmental responsibility. In 2010, the Group performed a major diagnostic to define its sustainable development strategy and meet the requirements of all stakeholders. This strategy, based on clear, measurable goals, was circulated and applied worldwide in 2010.

Sustainable development is engraved in the very mission, vision and values of the Group

As a leader in the flooring market, Tarkett is conscious of its economic, social and environmental role. In all its activities, throughout the world, the Group pledges to act in harmony with sustainable development requirements and principles.

Tarkett calls on the skills of scientific, technical and industrial specialists for two purposes: to provide innovative services in harmony with social and environmental issues to create sustainable growth and value for shareholders, employees and economic partners. The Group pledges to behave ethically, to respect people, to satisfy its customers and to be responsible in management.

Our strategy: sustainability as a growth factor

Tarkett only considers growth as part of a long-term vision combining competitiveness with sustainable development. The Group pledges to conduct its strategy by focusing on citizenship, the control of risks and sound, effective management.

Generating sustainable, profitable growth

Fighting against global warming, preserving energy and drinking water resources, improving health and education, and promoting diversity, Tarkett actively pledges to take up these major challenges and to contribute to economical, social and environmental progress. As an example, water consumption in all our plants has been reduced by 30% in 2010. The Group strategy is based on a long-term vision, respectful of sustainable development principles. In doing business, Tarkett endeavors to create economic and social value in a responsible, ethical

fashion for all of its stakeholders (e.g. employees, shareholders and suppliers).

Managing technology and production units

In its industrial policy, Tarkett endeavors to improve the competitiveness of its activities while limiting their environmental impact. The Group ensures a constant technological watch to explore new opportunities and increase its industrial efficiency. The company has committed to double its Research and Development budgets in order to design products and processes that are both innovative and sustainable. This guiding principle is applied to the complete product cycle. From design, manufacturing and use through to the end of their life, our products systematically take into consideration environmental concerns.

Principles

- Guarantee workplace safety
- Maintain a risk management policy
- Manage the impact of our activities
- Minimize our energy and resource consumption
- Develop partnerships



Guaranteeing employees safety –
Mytishchi – Russia



Tuft bind testing, a quality control performed at FieldTurf Calhoun facility, USA

Integrating sustainable development in company management

Internal communication

In the course of everyday management, Tarkett develops social and environmental reporting tools to help it make sound decisions and implement suitable action plans.

Tarkett particularly carries out a vast in-house communications program to provide all its employees with a clear vision of the Group's policy and strategy.

Managing health, safety and the environment

Tarkett is a responsible industrial group concerned with preserving the health and safety of its employees. The Group devotes important means and efforts to guaranteeing employee safety and limiting risks in the workplace. In 2010, Lost Time Accidents have been reduced by 32% and all accidents by 49%. The Group is also mindful of preserving the environment and surroundings of communities where its sites are located.

Managing financial resources

In the management of its financial resources, Tarkett focuses on creating sustainable value. To ensure its long-term development, the Group chooses high ROI projects while keeping a close, careful eye on these choices.

1000 days of "No Lost Time" accidents for Johnsonite

In 2010, Johnsonite Canada Inc. received from EMC (Excellence in Manufacturing Consortium) an award for achieving 1000 working days of «No Lost Time» accidents.

Tarkett joins the United Nations Global Compact

In May 2010, Tarkett joined the United Nations Global Compact. Based on ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption, the Global Compact aims at contributing to a more balanced and sustainable global economy. In joining this globally accepted reference organization with over 5,300 other companies worldwide, Tarkett confirms its commitment to sustainable development and responsible commercial practices.



Combining respect for individuals with skills development

Tarkett's human resources policy matches its long-term vision. The Group is committed to guaranteeing the best working conditions and safety for its employees, developing skills, and promoting diversity, employability and equal opportunity for all.

Satisfied employees involved in the Group's strategy

Sent to all of our staff, the Employee Feedback helps us assess the overall satisfaction of employees and identify areas for improvement. The April 2010 poll had a 75% participation rate. Compared to 2008, the findings showed a clear increase in overall employee satisfaction, a solid sense of Group belonging, and strong agreement with company strategy. For example, 77% of Tarkett employees feel strongly committed to the company, as opposed to an industry average of 60%.

Sustainable development at the heart of the Group's HR policy

As a socially responsible company, Tarkett pledges to respect human rights and promote diversity. It ensures that all of its employees have the same rights and career opportunities. The Group promotes involvement of all its employees in sustainable development through awareness campaigns and training. This encourages greater employee responsibility and builds a corporate culture based on good citizenship.

Workplace safety for our employees: a top priority

With a view to its employees' health and well-being, Tarkett guarantees a safe working environment for all. Tarkett's goal is to reach a "Zero Accident Rate". For two years, the Group has deployed a major safety policy to reduce risks and raise staff awareness of safety in the workplace. The program has particularly bolstered in-house communication and risk assessment. It has also reconfigured workstations. Because of these

endeavors, carried out as part of the WCM program, in 2010 the number of lost-time accidents dropped by 32%.

Strengthening trade union relations and in-house communication

Tarkett aims at maintaining the quality of its trade union relations by listening carefully and promoting personalized discussions. In all of its Divisions, the Group has several venues for discussion to promote constructive trade relations. In 2010, Tarkett increased its in-house communication to improve understanding of Group strategy, get employees involved in the 5Cs, and share the company's vision and values. In 2010, the Group launched a newsletter sent to all employees, and conducted an in-house opinion poll. With the poll findings, it was able to set up specific actions tailored to each country.

Keys to our actions

- Integrating sustainable development into staff training
- Promoting staff diversity
- Maintaining equal treatment for all
- Maintaining good trade union relations

Tarkett values:

In a Group of such international scope, built through a series of acquisitions, our values are the basis for a corporate culture that is shared worldwide.

- **Positive customer attitude**
- **Team spirit**
- **Empowerment and accountability**
- **Respect and integrity**
- **Commitment to the environment**



Tarkett Forum team



Develop skills

To ensure it has the skills it will need tomorrow, Tarkett is constantly seeking to develop and enhance its employees' skills. For three years, the Group has carried out an ambitious management skills program based on performance assessment tools and individual support. In 2010, the annual performance and skills assessment interviews were extended to all of our employees. A vast program of tailored interviews and training was developed for the Group's 800 managers.

Promote employee employability

Tarkett permanently ensures that its employees develop the right skills to maintain their long-term employability. In 2010, the Group reinforced its lifelong learning initiatives and started to create succession plans for 10% of its staff. The Group increased its lifelong learning possibilities by opening the Tarkett Academy up to floor installation partners, who will now be able to benefit from the Group's technical expertise. Some 39% of Tarkett employees benefited from at least one training session in 2010.

Promote diversity, fighting discrimination

The quality of employee relationships is one aspect of the value of respect embraced by the Group. In all of its activities, Tarkett is mindful of promoting staff diversity. To offer every individual the same chance of success, the Group is committed to fighting discrimination in both recruitment and career management. Today, 24% of Tarkett employees are women. The Group also implements major initiatives to retain older workers. In 2010, for example, a "Seniors' agreement" was signed in France. Additionally, annual reviews adapted to the second part of their careers have been implemented company-wide.

800
manager development
plans set up

39%
of employees received training
in 2010

Three questions for Alfons Kohl of our Konz site in Germany (General Secretary of the Tarkett Forum)

What is the Tarkett Forum?

How does it work?

The Tarkett Forum is Tarkett's European Works Council, a genuine platform for dialogue and exchange to facilitate European integration. Its creation in Frankenthal, Germany, in 1996, was necessary, even crucial, given the Group's growth. The Group's new international scope, a more customer-oriented sales strategy, and joint international projects with other companies in such fields as marketing, logistics and R&D were all elements requiring reinforced cooperation between management, employees and staff representatives across Europe.

What is your role in the Forum?

My peers appointed me as Secretary of the Forum. As such, I am a mediator between Management and the Forum. The Tarkett Forum team also meets on a quarterly base with General Management; I am responsible for organizing these meetings with my colleagues.

From an employee relations point of view, what is your opinion of Tarkett's growth these past three years?

The past three years have brought many positive developments in our employee relations. Two good examples are the approval of the Code of Ethics and the Employee Feedback survey conducted to measure in-house satisfaction. Social equality and European integration are on-going processes on which we must work tirelessly.

Ensuring profitable growth

The Group pledges to create sustainable value for its shareholders through a sound and meticulous management policy that reconciles profitability and corporate responsibility.



Keys to our actions

- Ensuring strong returns for our shareholders
- Applying an eco design approach to growth strategy
- Managing industrial and operational risks



**YOU CAN BE A LEADER
AND STILL LOVE HAVING PEOPLE WALK ALL OVER YOU.**

By producing over a million square meters a day, we're one of the world leaders in resilient flooring and sports surfaces. www.tarkett.com

130 YEARS OF EXPERTISE UNDER YOUR FEET.

**OUR TURF IS SYNTHETIC.
HOWEVER, IT NEVER STOPS GROWING.**

In 1994, we invented the first new generation of synthetic turf. Today, more than 7000 fields around the world are equipped with it. It's resistant, easy to maintain, and environmentally friendly because it needs no water or pesticides. We can grow our turf even in the desert. www.tarkett.com

130 YEARS OF EXPERTISE UNDER YOUR FEET.

Launched in 2010, Tarkett's corporate advertising campaign aims at building brand equity by developing brand awareness and brand image perceptions.

Strong commitment to our shareholders

Meticulously respecting the principles of transparency, integrity and loyalty will guarantee the Group's long-term development. In line with generally accepted rules of governance, Tarkett has set up clearly defined roles and responsibilities, and developed transparent financial communication for its shareholders. To guarantee the company's long-term viability and image, the Group has designed a Code of Ethics engaging all of our employees to adopt exemplary conduct in their daily activities.

Sustainable, profitable growth

Tarkett pledges to create sustainable value for its shareholders. To achieve this goal we can rely on very strong fundamentals: the Group is a **global leader** in resilient flooring and sports surfaces. It can rely on a **diversified product portfolio** and on **balanced end-markets across geographies** to be more resistant during market cycles. As shown during the 2008-2009 crisis, all countries and market segments do not follow exactly the same economic cycles. As a matter of fact, while residential markets in North America and in Eastern Europe plummeted in 2009, commercial segments such as Healthcare and Education remained strong in North America and in the European Union. In addition, Tarkett's footprint in emerging markets allows us to take advantage of the recovered growth in those regions, particularly Eastern Europe and South America.

Tarkett has proven its ability to adjust its cost structure

In 2009, the Group could not avoid a reduction in sales, as the contraction of the world economies was especially brutal in Eastern Europe and in Sports activities. Nevertheless, the Group had launched an ambitious productivity plan as early as September 2008. This plan focused on direct costs, as well as the reduction of back-office headcount. However, no factory was closed in order to preserve the production capacity.

Thanks to these actions initiated early on and to more favourable input prices, Tarkett improved its EBITDA margin by 110 bps during 2009, at the height of the financial crisis. With leaner and more efficient operations, the Group was fully prepared to take advantage of the rebound of its major markets in 2010. This rebound has taken place in Eastern Europe and other emerging countries and to a lesser extent, in North America and the European Union. However, rising raw materials and energy cost cannot be offset by productivity alone: since June 2010, we have announced and implemented significant price increases in all markets and product lines.

The group has been cash generative through the last market cycle

During the past four years, Tarkett has regularly reduced its financial leverage: the net debt/EBITDA ratio decreased every year, reaching 1.0x at the end of 2010. Even during the crisis, the Group remained cash-generative: in 2009, Tarkett posted a record operating cash-flow of €270m.

A strategy of small or mid size acquisitions is being pursued in order to supplement our organic growth with a focus on emerging markets (South America, China), new product lines (e.g. running tracks), or consolidation of industry (Poligras, Centiva).

Offering our customers the best experience

Customer satisfaction with the quality of our products and services is our top priority. Tarkett pledges to develop high-performance products to improve the well-being of its users and build a sustainable, trust-based relationship with them.



The biggest vinyl flooring factory in the world – Tarkett ZAO, Otradny, Russian Federation



Monarch – history of success

"In 1995, the idea of distributing floor coverings, namely resilient floors, came to me. From 1996 to 1998, the Monarch company had no direct contracts with floor manufacturers. At that time the market of southern Russia, where Monarch operated, was fragmented and there were a lot of small local players who basically purchased goods from large distributors in Moscow. That was when I realized that Monarch needed a strategic partner with a focus and clear strategy on the Russian market, in order to secure the company's growth and development.

The Tarkett/Sintelon joint venture of 2002 gave fresh impetus to our business development, with new products, innovations and non-standard approaches. Today, the Monarch company operates 11 warehouses and has a turnover with Tarkett, our strategic partner, of 90 million euros. And we believe it is only the beginning of a long journey.

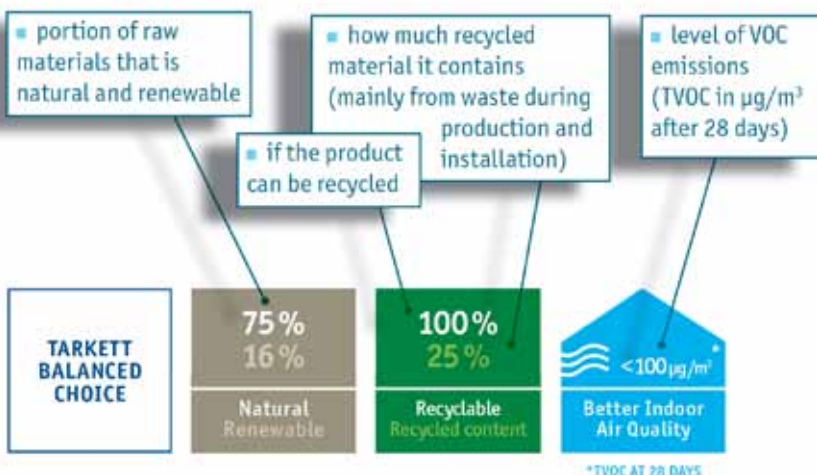
Looking back in the past, my team and I understand that the success of Monarch would not have been possible without the support and assistance of Tarkett."

Andrey Krainov
Monarch, General Director

"Tarkett Observer": explaining design trends for our customers

Each year, Tarkett's international design teams publish a guide «The Tarkett Observer» analyzing the major architectural, cultural and interior decorating trends. The Tarkett collections are enriched and adapted to these major trends in terms of color and texture in order to better anticipate our customers' expectations.

For each product, the tag uses percentages to show:



Creating more pleasant surroundings for our users

As an environmentally responsible company, Tarkett develops flooring that contributes to well-being, safety and better indoor air quality. With the advantage of its technological expertise, the Group endeavours to provide its customers with innovative, high performance, sustainable solutions that are environmentally friendly. Tarkett employs eco design methods by using renewable, easily recyclable materials to the greatest extent possible. The Group is constantly developing new methods and specific surface treatments to improve flooring wear, and limit the use of maintenance products.

Bolstering product information

As a leader in its market, Tarkett pledges to provide its customers with detailed information on its floorings and their composition. By creating

the "Make your balanced choice" program, Tarkett provides customers with simple, transparent information through a system of product tags that help them choose the best flooring while balancing their technical and environmental needs and their budget.

Building a quality customer relationship

Tarkett seeks to offer customers an unparalleled experience. In all of its activities, the Group makes the customer its focal concern and encourages employees to adopt a positive attitude towards their customers and users. The Group's baseline, "THE ULTIMATE FLOORING EXPERIENCE", represents a major commitment and is the guideline for all of our staff. Mindful of the quality of service provided to customers, Tarkett has undertaken to reduce the number of recorded complaints, and regularly assesses progress made on this goal.

Controlling the impact of our activities

Because Tarkett is conscious of the ecological impact of our activities, the Group has undertaken an ambitious environmental strategy. From product design through to end-of-life treatment, Tarkett devotes considerable time and effort to reducing the carbon footprint of its products, production processes and logistics.

90% of sites certified ISO 9001 and ISO 14001

All Tarkett flooring is manufactured following the strictest environmental standards. In 2010, 90% of the Group's production sites were certified ISO 9001 and ISO 14001. In addition, the plants are regularly checked by independent auditors to assess their environmental risks.

6
recycling centers

103,000
tons of vinyl recycled

Tarkett's environmental strategy is based on four key concepts:

Consideration for the complete life cycle of products

One major aspect of Tarkett's environmental strategy is the eco conception of its products. For example, the Group develops flooring that uses as many natural and renewable raw materials as possible. At the end of 2010, the Group signed a partnership agreement with the German institute EPEA, founded by Michael Braungart, to implement the Cradle to Cradle® concept. This partnership reinforces the Group's commitment to develop highly recyclable flooring, and represents a genuine change of paradigm in corporate culture. With this step, Tarkett demonstrates its desire to promote eco innovation without bringing it into conflict with economic growth and environmental commitment.

Meticulous resource management

Tarkett constantly seeks to control the ecological impact of its activities by improving its use of natural resources

and power. Each Tarkett product is manufactured following the strictest environmental standards in ISO 9001 and 14001-certified sites which regularly undergo independent audits of their environmental risks. To assess and control the use of resources, the Group has set up four key indicators at all of its production sites. Quantitative goals are set for these indicators, and the results are regularly monitored.

Guaranteeing safer, healthier products contributing to the well-being of all

Tarkett pledges to develop flooring that promotes well-being, safety and performance. All floor covering that Tarkett sells in Europe have VOC emissions 10 times lower than current European standards*. This performance makes Tarkett a benchmark in the flooring industry. Likewise, thanks to surface treatments such as Topclean XP, Tarkett flooring reduces the use of chemical detergents as well as water and power consumption.

Keys to our actions

- Taking into account the complete life cycle of products
- Optimizing resource use on the production sites
- Guaranteeing increasingly safer and healthier products for the well-being of all
- Recycling and helping others recycle



Since 1957, Tarkett has actively engaged in the collection and recycling of flooring.



Houston's Environmental Management System Team received ISO 14001 certification.



FieldTurf's "Green Machine" used for the removal of artificial turf. The turf is rolled up on the machine and the infill is removed/separated prior to being recycled.

Leader in flooring recycling

Tarkett pioneered the concept of flooring recycling as early as 1957. Since then, it has maintained its leadership in end-of-life product management. Through its "Tarkett ReUse/ReStart™" program launched in 2003, the Group has developed the industry's largest flooring recycling scheme. The program, which encourages professionals to recycle flooring scraps and products at end of life, diverted 103,000 tons of vinyl from landfills in 2010. Currently, all Houston manufactured Azrock® products contain 20 to 30% post consumer recycled content. In the United States, Tarkett signed a partnership with Walmart in 2010, to collect the distributor's flooring at end of life and thus recycled 34 million lbs of post consumer waste into new flooring. For Academy Sports + Outdoors, one of the nation's largest sporting goods retailers operating over 100 stores across the southeastern United States, 471 thousand lbs of flooring material have been recycled in 2010. The material reclaimed included both used and unused flooring from Academy retail locations. All of the flooring material was returned to Tarkett's Houston plant and ground up into particles usable to produce future commercial tile at the Houston facility.

* TVOC emissions after 28 days. Emissions lower than 100 µg/m³, 10 times lower than the EU standard of 1,000 µg/m³.

2010 Figures

Energy consumption (KWh/m²)



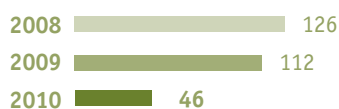
Up slightly over 2009, mainly due to the integration of new production units which will gradually have their energy consumption optimized through combined heat and power generation (in all our wood flooring plants) or energy recycling. On a like-for-like basis, consumption was down 6.3%.

Water consumption (l/m²)



The new closed industrial water circuit set up at several sites (e.g. Narni, Backa Palanka) reduced water consumption by 30%. Today, 13 of our plants are no longer connected to either the local water network or a groundwater well for their industrial needs.

Waste production (g/m²)



To measure waste ending up in landfills only, the Group modified its calculation scope by eliminating waste recycled outside of approved recycling streams. On a like-for-like basis, waste production went down by 5%, to 107 g/m².

Recycling (g/m²)



The level of recycling stayed the same due to the change of scope from 2009 to 2010. On a like-for-like basis, our recycling rate actually went up by about 10%.



Setting up win-win partnerships

Tarkett's supplier strategy is grounded in win-win, long-term partnerships. The Group seeks to build relationships and working conditions with all its suppliers and partners that promote long-term competitiveness in harmony with mutual respect and ethical principles.



Keys to our actions

- Procuring reliable, competitive products
- Assessing supplier performance
- Entering long-term partnerships
- Anticipating business volumes and securing procurement



Evonik, a German-based company that supplies our plants with plasticizers has been awarded "2010 Best Supplier of the Year".



Respect for ethical principles

Tarkett expects its suppliers to use exemplary, transparent working methods. In 2010, we included the United Nations Global Compact in many procurement contracts.

A demanding procurement policy

In its procurement policy, Tarkett is careful to select reliable, competitive and well-documented products. To guarantee its long-term competitiveness, the Group seeks an exemplary service level, in terms of quality, costs and deliveries from its suppliers. Tarkett regularly reviews its suppliers' performance in five key areas: customer service, price, innovation, quality and on-time delivery. In 2010, Tarkett created the "Supplier Awards" to encourage suppliers to constantly excel in meeting our quality requirements. The trophy rewards suppliers that achieved the best performance in all five quality criteria.

Transparent relationships based on long-term partnerships

With its partners and suppliers, Tarkett wants to build lasting, win-win relationships based on a spirit of mutual respect. In exchange for this commitment to quality, Tarkett guarantees suppliers have a lasting

partnership ensuring end customer satisfaction regardless of market conditions or fluctuations. The Group closely works with suppliers to boost product performance, develop green design products, and improve the competitive edge of its solutions. In 2010, despite tensions in the commodities markets, these solid relationships helped Tarkett keep production levels up and avoiding shutdowns.

Anticipating raw material market trends

To secure procurement and promote profitable growth, Tarkett must ensure a continuous supply of raw materials at competitive prices. The Group closely follows developments in the commodities markets and anticipates production volumes in order to efficiently manage potential shortages. Tarkett carries out market studies for commodities worldwide. This guarantees the Group good visibility of future market trends and helps optimize its procurement process.

Co-existing with local communities

Tarkett has set up solid, lasting partnerships with the local communities where its industrial sites are located. Throughout the world, the Group seeks to improve the quality of life of local populations. It is actively involved in sports and social endeavors.



"Collage of possibilities" in favor of population from Haiti.

Keys to our actions

- Weaving our activities into the local economic and social fabric
- Co-existing and getting involved with communities
- Saving local resources
- Preserving the local surroundings

A committed partner to CNOSF

As a world leader in sports surfaces, Tarkett continues its commitment to the French National Olympic Committee (CNOSF). In addition to supporting French sports, this partnership, signed in 2008, lets Tarkett study the needs of various players in order to offer better technical flooring solutions to improve sports performance and safety.



Johnsonite supports "Architecture for Humanity" to rebuild Haiti

During the NeoCon trade fair held in June 2010, Johnsonite invited show attendees to place a sample of its flooring tile on a "Collage of Possibilities" and pledged to increase their product donation to "Architecture for Humanity" for each tile that was placed.

In the end, 3,000 m of Johnsonite® Harmonium xf™ were donated to relief efforts.



Children from the local school visiting the Narni plant, Italy.



Rebuilding of the Lighthouse school near Nashville, Tennessee after the 2010 flooding.



Tarkett Sports has been the French Disabled Sports Federation's technical partner since 2008 and will be supporting them in the development of high-level sports.

Environmental commitment to preserve local surroundings

In all the regions where the Group is located, Tarkett is careful to limit the impact of its activities and preserve the environment of communities living near its sites. Major commitments have been made to save natural resources (water, air, soil) with closed water loops in most of our plants, optimizing drinking water management and reduce green house gas emissions with alternatives to road transport in Sweden. Mindful of preserving the surroundings for local residents, site managers seek to limit sound and visual pollution arising from manufacturing to the greatest extent possible. They regularly carry out awareness campaigns and opinion surveys among the local populations in order to identify areas for improvement.

Social commitments to local communities

Every day, Tarkett endeavors to play an active role in local communities in order to lastingly weave its activities into the local economic and social fabric. In Serbia, Tarkett created a "Tarkett Fund" in order to finance local sport competition and social activities. The Group contributes to the local economy by developing labor pools, promoting dialogue with local authorities, and supporting local social endeavors.

Responsible partnerships in sports and social issues

As a player committed to social issues, Tarkett carries out many actions to promote the quality of life of local populations. Health and sports are two pillars of the Group's partnership policy. In the United States, Tarkett signed a partnership agreement with the US Soccer Foundation to provide sports fields in underprivileged areas. In France, Tarkett has been an active partner of the Fondation Claude Pompidou for several years. This foundation assists aged and hospitalized individuals as well as handicapped children. The Group also assists disabled athletes in this way through its partnership with the Handisport federation.



Fondation Claude Pompidou

ACHIEVING SUCCESS

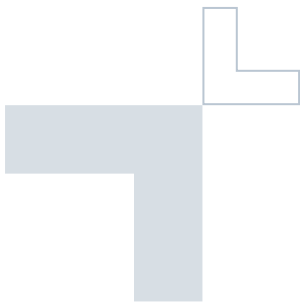




2010 Financial results

After a 17% drop in 2009, sales increased by 12.4% in 2010.

This was driven primarily by organic growth (6.5%), compounded by a favorable impact of exchange rates (3.9%) and by external growth (2.0%).



Strong top line driven by emerging markets

During the year, Tarkett has continued to successfully deploy its strategy of targeted acquisitions. We successively acquired or took majority stakes in EasyTurf (artificial turf for landscaping applications in the USA), Poligras (outdoor sports surfaces in Spain), Enia in Serbia, Morton Extrusion (production of fiber for artificial grass in Germany) and finally Centiva, an American specialist of Luxury Vinyl Tiles (LVT).

Flooring Segment

Organic growth has been very strong in emerging countries, particularly in Eastern Europe (Russia, Ukraine, Kazakhstan, Serbia...) and in South America. In these regions, our sales have grown by 24% at same perimeter and exchange rate.

Sales in emerging markets now represent 34% of consolidated sales.

In Eastern Europe, the recovery has been as sharp as the fall observed during the financial crisis of 2008-09. The residential markets have been driven by the enormous need for housing renovation in Russia, estimated at 2.1bn square meters, i.e. 70% of the 3.0 bn square meters of housing. In addition, Tarkett's presence has been improved with the opening of logistic centers in Kazakhstan and Siberia. Our product offer has also been enlarged with the start-up of our laminate flooring production facility near Moscow.

In South America, our Tarkett Fadamac subsidiary has continued to perform very well. In a buoyant Brazilian market, the quality of our offer and the cross fertilization with other Tarkett entities have delivered the expected strong growth.

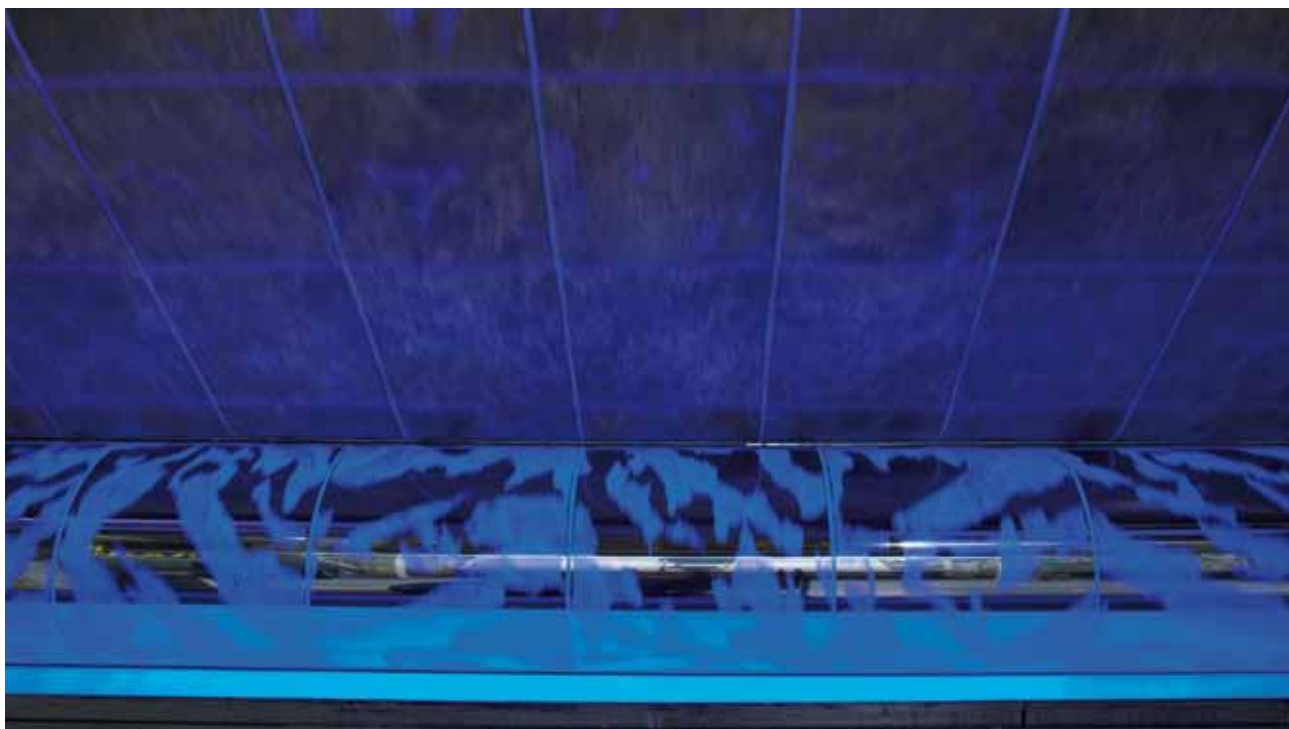
In the European Union and in North America, we estimate that resilient flooring markets have slightly declined; however we have managed to grow our sales in those regions by 2% on a like-for-like basis. Some countries have continued to suffer from the financial crisis (e.g Spain and Italy) while other parts of the world are already on a recovery path (Scandinavia for instance).

Sports Segment

Tarkett Sports designs and sells outdoor sports surfaces such as artificial turf or running tracks. A majority of our customers are local communities, universities or schools. All of these segments have been heavily impacted by the reduction of public spending and have suffered a reduction in sales by 7% compared to 2009 on a like-for like basis.

Recurrent EBITDA progresses despite the impact of raw material prices

EBITDA before unusual items increased by 7.1%, to reach €222 million. The effect of additional volumes and productivity actions implemented since 2009 is partially offset by a steep rise of all raw materials that has taken



place since the end of the first half-year. This rise affects most commodities, from chemical products to linseed oil and most species of wood. Faced with this new challenge, we have announced selling price increases in all our markets and are reinforcing productivity plans in our industrial operations.

EBIT margin strongly improves thanks to reduction in restructuring charges

Depreciation charges increase by 9%, following the start-up of our laminate production facility in Russia. On the other hand, restructuring and impairment cost have been minimal compared to 2009 (€4 million vs. €36 million in 2009).

This reflects that most of the adjustments required by the financial crisis had been implemented in 2008 and 2009. Consequently our EBIT margin improved by 150 bps and reached 7.1% of net sales.

Net result reaches 111 million

Financial expenses have continued to improve vs. the previous year. For the second year in a row, current and deferred taxes benefit from the recognition of previously unrecognized deferred tax assets in North America and Western Europe, following the strengthening of our financial results in those regions.

Sustained cash-flow generation

Despite the strong growth in sales, the Group's working capital only increased by €9m before the effect of perimeter changes. On-going capital expenditures have been maintained well below the amount of depreciation and have been focused on projects enabling to fuel organic growth: opening of service centers in Kazakhstan and Siberia, new product development for North America, quality and productivity improvement. Operating cash-flow remained therefore very strong, at €168 million.

Continued de-leveraging and robust balance sheet structure

Strategic investments amount to €49 million and consist mainly in acquisitions listed above, and in the tail end of our laminate plant in Russia. Interest and taxes paid amount to €51m, up by €14m vs. 2009 due to the one-off tax credits received in 2009.

Net debt is also significantly affected by the weakening of the Euro, as part of our debt is denominated in US dollars. Net debt reaches €226 million, i.e. 1.0 time recurrent EBITDA, giving Tarkett a considerable flexibility to pursue its profitable growth strategy.



Income statement

	2010	2009	2008
	Million EUR	Million EUR	Million EUR
Net sales	1,919	1,708	2,069
Cost of sales	(1,476)	(1,308)	(1,651)
Gross profit	443	400	418
Selling expenses	(202)	(187)	(217)
Research and development expenses	(16)	(13)	(13)
General and administrative expenses	(103)	(104)	(124)
Other operating income & expenses	14	(1)	(31)
Operating profit before financing costs (EBIT)	136	96	34
Unusual items	(4)	(36)	(116)
EBIT before unusual items	140	132	150
% of net sales	7.3%	7.7%	7.2%
of which depreciation	(83)	(76)	(80)
EBITDA before unusual items	222	208	230
% of net sales	11.6%	12.2%	11.1%
Net financial costs	(19)	(26)	(40)
Share of Profit of Associates	(0)	0	(0)
Profit before tax	116	70	(7)
Income tax expense (current & deferred)	(5)	1	(18)
Profit for the year	112	70	(25)
Attributable to:			
Equity holders of the parent	111	69	(28)
Minority interests	0	2	3
	112	70	(25)

Balance sheet

	Dec 31, 2010 Million EUR	Dec 31, 2009 Million EUR	Dec 31, 2008 Million EUR
ASSETS			
Property, plant and equipment	393	372	386
Intangible assets	365	335	343
Investments in associates	-	3	3
Financial assets	24	30	37
Deferred tax assets	93	53	36
Other non-current assets	0	1	2
Non-current assets	876	793	807
Inventories	265	205	262
Trade receivables	274	235	251
Other receivables	57	58	74
Cash and cash equivalents	28	75	116
Assets classified as held for sale	-	-	30
Current assets	624	573	733
TOTAL ASSETS	1,499	1,366	1,540
EQUITY AND LIABILITIES			
Share capital	316	316	316
Share premium and reserves	139	120	119
Retained earnings	134	64	95
Net result for the year	111	69	(28)
Equity attributable to equity holders of the parent	700	568	503
Minority interests	8	4	30
Total Equity	708	572	532
Interest-bearing loans and borrowings	222	291	296
Other Financial Liabilities	20	3	95
Deferred Tax Liabilities	6	3	21
Provisions and other non-current liabilities	137	118	120
Non-Current Liabilities	386	415	532
Trade Payables	196	144	149
Other Liabilities	141	143	135
Interest-bearing loans and borrowings	32	55	137
Other Financial Liabilities	11	8	5
Provisions and other current liabilities	26	28	23
Liabilities classified as held for sale	-	-	27
Current Liabilities	405	379	476
TOTAL EQUITY AND LIABILITIES	1,499	1,366	1,540

Operating cash flow

	2010	2009	2008
	Million EUR	Million EUR	Million EUR
EBITDA before unusual items	222	208	230
Variation in operating working capital	(9)	99	26
On-going Capex	(46)	(37)	(65)
Operating cash flow - before unusual items	168	270	191

Debt Analysis

	2010	2009	2008
	Million EUR	Million EUR	Million EUR
NET DEBT - Opening	(271)	(317)	(350)
Operating cash flow - before unusual items	168	270	191
Unusual items in EBITDA	4	(14)	(16)
Unusual items in operating working capital	(4)	0	7
Non cash flow items	(8)	(3)	(12)
Net Operating cash flow	159	254	170
Net cash used in investing activities	(51)	(175)	(64)
Net cash used in financial and non operating activities	(48)	(37)	(68)
Non Operating cash flow	(98)	(212)	(132)
Net cash flow	60	42	38
Other	(16)	4	(5)
NET DEBT	(226)	(271)	(317)

Notes

Notes



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